फा. सं. ऐरा/20010/एमवाईटीपी/एनएमआईएएल/नवी मुंबई/सीपी-I/2025-26
F. No. AERA/20010/MYTP/NMIAL/Navi Mumbai/CP-I/2025-26

आदेश संख्या 07/2026-27

Order No. 07/2026-27

सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

Airports Economic Regulatory Authority of India

नवी मुंबई अंतर्राष्ट्रीय हवाईअड्डा, नवी मुंबई (एनएमआई) के लिए प्रथम नियंत्रण अवधि (01.04.2025 –31.03.2030) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF DETERMINATION OF AERONAUTICAL TARIFF FOR NAVI MUMBAI INTERNATIONAL AIRPORT, NAVI MUMBAI (NMI) FOR THE FIRST CONTROL PERIOD (01.04.2025 – 31.03.2030)

जारी करने की तारीख : 20 मई, 2026

Date of Issue: 20th May, 2026

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

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GLOSSARY

Abbreviation	Full Form
AAFSL	Adani Aviation Fuel Services Limited
AAHL	Adani Airport Holdings Limited
AAI	Airports Authority of India
ACI	Airports Council International
ADRM	Airport Development Reference Manual
AED	Automated External Defibrillator
AEL	Adani Enterprises Limited
AERA/ Authority	Airports Economic Regulatory Authority of India
AGACSL	Adani Global Air Cargo Solutions Limited
AGL	Above Ground Level
AGLS	Airfield Ground Lighting System
AIC	Aeronautical Information Circular
AMC	Annual Maintenance Contract
AMSL	Above Mean Sea Level
ANS	Air Navigation Services
AO	Airport Operator
AOCC	Airport Operations Control Centre
APAO	Association of Private Airport Operators
APM	Aircraft Performance Monitoring
ARFF	Aircraft Rescue and Fire Fighting
ARR	Aggregate Revenue Requirement
ASR	Airport Surveillance Radar
ASRS	Aviation Safety Reporting System
ASQ	Airport Service Quality
ATC	Air Traffic Control
ATF	Aviation Turbine Fuel
ATM	Air Traffic Movement
ATRS	Automatic Tray Retrieval System
AUCC	Airport Users Consultative Committee
BAOA	Business Aircraft Operators Association
BCAS	Bureau of Civil Aviation Security
BCG	Boston Consulting Group
BHS	Baggage Handling System
BIAL	Bangalore International Airport Limited
BOQ	Bill of Quantity
BRS	Baggage Reconciliation System
BSSPL	Bharat Star Services Private Limited
CA	Concession Agreement
CAM	Cyril Amarchand Mangaldas

Abbreviation	Full Form
CAPEX	Capital Expenditure
CAPM	Capital Asset Pricing Model
CAR	Contractors All Risk/ Civil Aviation Requirement
CFO	Chief Financial Officer
CFT	Crash Fire Tender
CGF	Cargo, Ground Handling and Fuel Farm
CIAL	Cochin International Airport Limited
CIDCO	City and Industrial Development Corporation of Maharashtra Ltd.
CISF	Central Industrial Security Force
COD	Commercial Operation Date
CoE	Cost of Equity
COO	Chief Operating Officer
CPSE	Central Public Sector Enterprise
CPWD	Central Public Works Department
CSMIA	Chhatrapati Shivaji Maharaj International Airport
CTE	Consent to Establish
CTX	Computed Tomography X-ray
CUSS	Common Use Self-Service
CUTE	Common User Terminal Equipment
CWIP	Capital Work-in-Progress
DAS	Distributed Antenna System
DBFOT	Design, Build, Finance, Operate and Transfer
DDM	Dividend Discount Model
DGCA	Directorate General of Civil Aviation
DIAL	Delhi International Airport Limited
DSRA	Debt Service Reserve Account
DVOR	Doppler VHF Omnidirectional Range
EHCR	Employee Head Count Ratio
EHVT	Electric High Voltage Transmission
EPC	Engineering, Procurement and Construction
ERP	Equity Risk Premium
EY	Ernst and Young LLP
FAR	Fixed Asset Register
FBIL	Financial Benchmarks India Private Limited
FCFE	Free Cash Flow to Equity
FCP	First Control Period
FEBP	Fixed Electric Ground Power
FIA	Federation of Indian Airlines
FRoR	Fair Rate of Return
GA	General Aviation
GAL	GMR Airports Limited

Abbreviation	Full Form
GBR	Gross Block Ratio
GBT	Ground-Based Tower
GDP	Gross Domestic Product
GH	Ground Handling
GoI	Government of India
GoM	Government of Maharashtra
GPU	Ground Power Unit
GSE	Ground Support Equipment
GST	Goods and Service Tax
G-Sec	Government of India security
HBS	Hold Baggage Screening
HIAL	Hyderabad International Airport Limited
IATA	International Air Transport Association
IACT	Integrated Air Cargo Terminal
IC	Independent Consultant
ICAO	International Civil Aviation Organization
ICD	Inter-Corporate Deposit
ICF	ICF Consulting India Pvt. Ltd.
IDC	Interest During Construction
IE	Independent Engineer
IGIA	Indira Gandhi International Airport
IIM	Indian Institute of Management
ILS	Instrument Landing System
IMD	India Meteorological Department
IMG	Inter-Ministerial Group
IOSPL	Indian Oil Skytanking Private Limited
IPA	Independent Probity Auditor
ISP	Independent Service Providers
IT & OT	Information Technology and Operational Technology systems
ITC	Input Tax Credits
LF	Load Factor
LoA	Letter of Award
LoI	Letter of Intent
MAG	Minimum Annual Guarantee
MCDA	Multi-Criteria Decision Analysis
MCLR	Marginal Cost of Funds based Lending Rate
MHA	Ministry of Home Affairs
MHS	Material Handling System
MIAL	Mumbai International Airport Limited
MMR	Mumbai Metropolitan Region
Mn	Million

Abbreviation	Full Form
MoCA	Ministry of Civil Aviation
MoPA	Manohar International Airport
MoRTH	Ministry of Road Transport and Highways
MoU	Memorandum of Understanding
MPCB	Maharashtra Pollution Control Board
MPPA	Million Passengers Per Annum
MRO	Maintenance, Repair and Overhaul
MSA	Master Service Agreement
MSETCL	Maharashtra State Electricity Transmission Company Limited
MTHL	Mumbai Trans Harbour Link
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical Revenue
NCAP	National Civil Aviation Policy
NDU	Non-Disclosure Undertaking
NMIA	Navi Mumbai International Airport
NMIAL	Navi Mumbai International Airport Private Limited
NTP	Notice to Proceed
O&M	Operation & Maintenance
OPEX	Operation Expenditure
ORAT	Operational Readiness & Airport Transfer
OWS	Oil Water Separator
PAPI	Precision Approach Path Indicator
PAX	Passenger(s)
PBB	Passenger Boarding Bridge
PBG	Performance Bank Guarantee
PBT	Profit Before Tax
PCA	Pre-Conditioned Aircool
PF	Provident Fund
PHP	Peak Hour Passenger
PIDS	Perimeter Intrusion Detection System
PMC	Project Management Consultant
PMIC	Project Monitoring & Implementation Committee
PPP	Public Private Partnership
PTB	Passenger Terminal Building
PUP	Pedestrian Underpass
PV	Present Value
PWD	Public Works Department
R&M	Repairs and Maintenance
R&R	Rehabilitation & Re-Settlement
RAB	Regulatory Asset Base
RBI	Reserve Bank of India

Abbreviation	Full Form
RCC	Reinforced Cement Concrete
RFP	Request for Proposal
RFQ	Request for Qualification
RPT	Related Party Transaction
RTL	Rupee Term Loan
SAF	Sustainable Aviation Fuel
SBD	Self-Bag Drop
SCP	Second Control Period
SLA	Service Level Agreement
SOR	Schedule of Rates
SPV	Special Purpose Vehicle
SSE	Security Screening Equipment
SRA	Survival Reception Area
TBLR	Terminal Building Ratio
TMRS	Trunk Mobile Radio System
TNLC	Terminal Navigation Landing Charges
UDF	User Development Fee
ULD	Unit Load Device
URC	Ulwe Recourse Channel
VHT	Vapour Heat Treatment
VUP	Vehicular Underpass
VUTP	Vital Urban Transportation Project
WALR	Weighted Average Lending Rate
WMAR	Western Main Access Road
WPI	Wholesale Price Index
YPP	Yield per Passenger

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1. BACKGROUND

1.1 Introduction

1.1.1 Navi Mumbai International Airport (NMIA) (IATA: NMI, ICAO: VANM) has been developed to cater to the aviation requirements of the Mumbai Metropolitan Region (MMR) and is intended to serve both domestic and international passengers as well as cargo.

1.1.2 The MMR is presently served by Chhatrapati Shivaji Maharaj International Airport (CSMIA), which is operated by Mumbai International Airport Limited (MIAL). However, owing to its location within the city limits of Mumbai, CSMIA faces physical constraints on capacity expansion, as outlined below:

a) Airside constraints: CSMIA operates two intersecting runways, which do not permit simultaneous take-offs and landings, thereby limiting aircraft movement capacity per hour.

b) Landside constraints: CSMIA has a designated passenger handling capacity of 55 million Passengers Per Annum (MPPA), comprising Terminal 1 with a capacity of 15 MPPA and Terminal 2 with a capacity of 40 MPPA. The airport recorded passenger traffic of 55.12 MPPA during FY 2024-25.

1.1.3 In view of the airside and landside constraints at CSMIA arising from its location in a congested urban area and to meet the growing aviation demand of the MMR, the Government of India (GoI) vide letter no. AV24011/1/95-VB (Vol. VI) dated July 6, 2007, accorded approval for the development of a new international greenfield airport at Navi Mumbai through Public Private Partnership (PPP) mode ("the project").

1.1.4 Pursuant to GoI approval, the Government of Maharashtra (GoM) vide its Government Resolution No. CID-3307/1541/Pra. Kra-144/07/Na Vi-10 dated. July 30, 2008, approved the implementation of the project and appointed the City and Industrial Development Corporation of Maharashtra Ltd. (CIDCO) as the nodal agency for the purposes of the construction, operations and maintenance of the project.

1.1.5 In view of the GoI approval, GoM approval and other applicable permits, CIDCO, the nodal agency, while prescribing the technical and commercial terms and conditions for construction, operation and maintenance of the airport on Design, Build, Finance, Operate and Transfer ("DBFOT") basis, invited application by its Request for Qualification (RFQ) No. CIDCO/T&C/NMIA/01/2013-14 dated February 5, 2014. Pursuant to the RFQ and based on technical, financial and operation and maintenance criteria set out in the RFQ and the receipt of the security clearance from the Ministry of Home Affairs (MHA), GoI, applicants were pre-qualified to participate in the next stage of the bidding process. CIDCO then called upon qualified bidders to provide their commercial bid in accordance with terms and conditions prescribed in the Request for Proposal (RFP) issued by the letter No. CIDCO/T&C/NMIA/01/2013-14 dated May 4, 2016.

1.1.6 Following the evaluation of the bids received, CIDCO accepted the bid submitted by MIAL and issued its Letter of Award (LoA) bearing No. CIDCO/MD/NMIA/051 dated October 25, 2017, for execution of the project through a Special Purpose Vehicle (SPV).

1.2 Concession Agreement for development of Navi Mumbai International Airport

1.2.1 MIAL was awarded the bid for development of the international greenfield airport at Navi Mumbai and Concession Agreement (CA) was signed on January 8, 2018, via a SPV named Navi Mumbai International Airport Private Limited (NMIAL). The shareholders of NMIAL are MIAL (74% shareholding) and CIDCO (26% shareholding).

1.2.2 The current shareholding pattern of NMIAL is presented below:

Figure 1: NMIAL's Shareholding Pattern

1.2.3 MIAL, a SPV was incorporated on March 2, 2006, for the purpose of operating, maintaining, developing, designing, constructing, upgrading, modernizing, financing and managing the CSMIA. MIAL was initially promoted by a consortium led by the GVK Group which held 74% equity stake with the balance 26% equity held by Airports Authority of India (AAI). The GVK consortia comprised of GVK Airport Holding Pvt Ltd, ACSA Global Limited and Bid Services Division (Mauritius) Ltd.

On July 13, 2021, Adani Airport Holdings Limited (AAHL), a wholly owned subsidiary of Adani Enterprises Limited (AEL), acquired the management control of MIAL from GVK Group. Consequent to the said transaction, AEL/AAHL holds 74% equity stake in MIAL either directly or through a subsidiary, while the remaining 26% continues to be held by AAI.

1.2.4 As per clause 3.1.1 of the CA, NMIAL will develop the airport under the DBFOT model for an initial period of thirty (30) years commencing from the appointed date (date on which every condition precedent is either satisfied or waived, as the case may be, in accordance with the provisions of the CA i.e., July 7, 2018). The initial concession period of 30 years is extendable by a further period of ten (10) years at the option of NMIAL on achievement of performance standards specified in clause 3.1.1 of the CA. Further, clause 3.1.1 of the CA provides for an additional extension of twenty (20) years, to be granted through participation in an international competitive bidding process for determination of the premium payable for such extension, in the form and manner as may be prescribed by CIDCO, at such time.

1.2.5 Some key clauses from the CA are mentioned below. A summary of clauses from the CA are listed in para 16.2 Annexure II – Clauses of Concession Agreement (CA)

Table 1: Key Highlights of the Concession Agreement

Clause No.	Clause heading	Clause description
2.1 b)	Scope of the Project	Design, development, construction and expansion of the Airport in a phased manner, on the Site and as per the requirements broadly set forth in Schedule A, Schedule B, Schedule C and Schedule D and in accordance with the Applicable Laws and Applicable Permits
2.1 c)		Operation, maintenance and management of the Airport in accordance with the provisions of this Agreement, Applicable Laws and Applicable Permits
Schedule A Annex II S No. 1.1	Master Plan	The Master Plan should be developed for the development and implementation of the Project in a phase-wise manner, for a minimum annual passenger handling capacity of 60 million and minimum annual cargo handling capacity of 1.5 million tonnes during the Concession Period.
Schedule A Annex II S No. 2.1.1	Phasing of Master Plan and Development	The Concessionaire shall plan and develop phase I of the Airport to cater to the minimum annual passenger throughput capacity of 10 million (domestic and international) and minimum annual cargo handling capacity of 260,000 tonnes, along with all ancillary facilities.
Schedule A Annex II S No. 2.2.2		The Concessionaire shall initiate construction works for subsequent phases after phase I, within 3 months, upon the earlier occurrence of any one of the two traffic triggers as mentioned in para 1.2.14
Schedule B S No. 2	Airfield Requirements	ICAO Aerodrome Reference Code - 4F
		Critical Aircraft - A380
		Fixed separation distance of 1,580.00 m between the two parallel runway
		Location of Runways are fixed at clause 2.4.1 and 2.4.2
Schedule B S No. 3	Terminal Building	Level of service for Terminal Building – IATA Level of Service "C" (optimum standards) compliant.
		80.00% (eighty per cent) of each of the international and domestic aircraft gates shall be served by the boarding bridges.
		Unit area of the Terminal Building (including all miscellaneous and support spaces), per Peak Hour passenger (including arrival and departure), shall be minimum 30 sqm
		Provide international standard range of retail and other passenger services
		Terminal design must be capable of incremental expansion with minimum impact on extant operations.
Schedule B S No. 4	Defence Area	a) a separate parking area for military aircraft for use, whenever required b) a pocket of 16.42 ha of land for strategic requirement of the Defence Forces
Schedule B S No. 7	Maintenance, Repair and Overhaul (MRO) Facilities	Earmark minimum 13.00 ha of land within the site for development of a MRO facility in the Airport, subject to the requirements specified in clause 12.10 of the CA and as per the applicable standards and specifications.

Clause No.	Clause heading	Clause description
26.1	Concession Fee	In consideration of the grant of Concession, the Concessionaire shall pay CIDCO Concession Fee on annual basis as per clause 26.1.1 in 40 years (30 years + 10 years)
26.2	Premium	Concessionaire to pay to CIDCO, for each year, commencing from the date of the execution of this Agreement, a premium (Premium) equal to 12.60% (twelve decimal six zero percent) of the Gross Revenue during that year, in the form and manner provided in this clause 26.2
25.2	Pre-Operative Expenses	Concessionaire to pay ₹ 110 crore towards pre-operative expenses incurred by the Authority on the Project till execution of the Concession Agreement. The pre-operative expenses shall be paid by the Concession to the Authority as a one-time lump-sum amount within thirty (30) days of phase 1 COD. The pre-operative expenses share be capitalized over Project Assets which will form part of the regulated asset base for the purposes of determination of the Aeronautical Charges.
12.7	Expansion of the Airport	As and when the existing phase(s) of the Airport, achieves the traffic trigger as specified in the Master Plan (mentioned in para 1.2.14), the Concessionaire shall undertake capacity addition and expansion thereof, to meet such shortfall and/or future requirements as described in the Master Plan, Schedule A, Schedule B and other terms of this Agreement.
12.9.7	Pre-Development Works	Assets forming part of the Pre-development Works and financed by the Soft Loan shall be considered as part of the CAPEX for the purposes of the determination of Aeronautical Charges by AERA.
Schedule G S No. 3	Scheduled Completion Date	The Scheduled Completion Date of phase I shall occur on 1,245th day from the Appointed Date.

1.2.6 A Memorandum of Understanding (MoU) was executed on April 11, 2018, between the GoI and NMIAL, with effect from the effective date (being the date of signing of the MoU by the last party thereto) which shall not be later than the appointed date as provided in the Concession Agreement, i.e. July 7, 2018. The MoU inter alia provides indicative support to NMIAL in relation to the development of the airport. Relevant extracts of key provisions of MoU which have been referred to in subsequent section of this Tariff Order are set out below:

- **Approval of shared till**

  "Clause 2.2 Principles for Determination and Revision of Fees

  2.2.1 The Ministry of Civil Aviation, Government of India has, vide its letter no. F. No. AV.24011/1/95-VB dated December 8, 2014 ("Shared Till Approval"), approved the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for the Airport."

- **Consideration of asset under pre-development works and financed by soft loan**

  "Clause 2.2 Principles for Determination and Revision of Fees

  2.2.3 The Concession Fees shall be considered as a part of the operating expense for the purpose of the determination of the Aeronautical Charges.

2.2.4 Any payments made by the Concessionaire to or on behalf of any Government Instrumentality/ agency for providing Reserved Services except Security Services, within the Airport shall be considered as pass through for the purpose of the determination of the Aeronautical Charges.

2.2.9 Asset forming part of the Pre-development Works and financed by Soft Loan shall be considered as part of the capital expenditure for the purposes of the determination of the Aeronautical Charges. The interest on Soft Loan, pertaining to Pre-development Works inside and outside the Site to the extent it is pa.rt of the mandated cost under the Concession Agreement, will be taken into calculation of FRoR at:

(a) 0% cost of capital, if no interest is payable/ paid by the Concessionaire to the Authority on the Soft Loan, and

(b) the applicable rate of interest as may be payable/ paid by the Concessionaire to the Authority on exercise of optional deferment of the linkage date for the repayment of the Soft Loan as per proviso (ii) to clause 12.9.6 of the Concession Agreement to keep the net present value of the Soft Loan as on the Appointed Date, for determination of the Aeronautical Charges.

2.2.10. Incremental capital costs, if any, borne by the Concessionaire for Land Development Works for airport activities over and above the Soft Loan, to the extent required for the Project work as per the terms of the Concession Agreement, would be considered for inclusion in the regulated asset base with appropriate depreciation rate, by AERA for determination of the Aeronautical Charges."

NMIA overview

1.2.7 The site for NMIA is located in Navi Mumbai with an area admeasuring 1,160 hectares. Being the second airport to serve the MMR, NMIA is strategically located between the 8-lane Amra Marg (west) and 4-lane NH-4B (east) in Navi Mumbai. The airport is also connected to the Mumbai Pune Expressway (Sion-Panvel Highway) by Amra Marg. The Airport is also proposed to be accessible from the existing Mankhurd-Belapur-Panvel commuter rail corridor from Khandeshwar Railway Station, and from the Targhar Railway Station on the Nerul-Uran Railway line. The recently commissioned Mumbai Trans Harbour Link (MTHL), a 22 km long bridge, across the Thane creek from Sewri to Ulwe, now directly connects NMIA to South Mumbai.

1.2.8 The project site had challenging topography, including hills in and around the site, river and utilities passing through the site. As per CA, Annexure to Schedule B- Pre-development Works, considering the site topography, several site development works had to be undertaken by CIDCO to enable subsequent construction of the airport project. These site development works to be undertaken by CIDCO were termed as pre-development works and included the following:

a) Cutting of hills in and around the site (including Ulwe hill) up to 8 m above mean sea level and filling of site up to 5.50 m above mean sea level;

b) Ground improvement works

c) Construction of sea wall /retaining wall along the boundary of the site

d) Shifting /relocation of utilities

e) Construction of diversion channel for Ulwe river flowing through the site

f) Re-routing of extra high voltage transmission lines passing through the site

1.2.9 As per Schedule G of the CA, the phase milestones and scheduled completion date, in respect of each phase, shall be submitted, determined and approved by the CIDCO at least 30 days prior to the commencement of the construction works for each of such phases. The scheduled completion date of phase I was to occur on 1,245th day from the appointed date i.e., 7th July 2018. Accordingly, phase I scheduled completion date was December 3, 2021.

1.2.10 Considering the complexity of the pre-development works as mentioned in para 1.2.8, along with land acquisition and resettlement issues, environmental concerns, etc., it is noted that the NMIA has faced delays in achieving the initially scheduled completion date.

1.2.11 As per the MYTP submission, the NMIA was to start domestic commercial operations by May 31, 2025, and international commercial operations by July 31, 2025. Further, as per the email dated September 22, 2025, inauguration of airport was planned on September 30, 2025, with likely commencement of operations by mid to end of November 2025. The airport was officially inaugurated on October 8, 2025 and domestic commercial operations commenced on December 25, 2025 with international operations likely to commence by April 1, 2026.

Development plan for Navi Mumbai International Airport

1.2.12 As per Schedule A - Annex II (clause 2) of the CA, the development of Navi Mumbai greenfield international airport is envisaged in a phased manner, based on a traffic-triggers as set out in subsequent paragraphs below. The master plan for the airport should ensure development and implementation of the airport in a phase-wise manner. Specifically, phase 1 development is required to provide for a minimum annual passenger handling capacity of 10 MPPA and a minimum annual cargo handling capacity of 260,000 tonnes, along with all ancillary facilities.

1.2.13 The Authority noted that the Schedule A - Annex II (clause 2) of the CA specifies the capacity planned for phase I of the airport development and provides that the development of subsequent phases is linked to the achievement of specified traffic triggers. The phase-wise capacity requirements are set out in Table 2 below.

Table 2: Phase-wise airport development capacity proposed in Annex-II (Schedule A) of CA

Phase	Minimum Passenger Handling Capacity (MPPA)	Cargo Handling Capacity (tonnes)
Phase I	10	260,000
Subsequent phases	Linked to traffic triggers as mentioned in para 1.2.14	

1.2.14 As referenced in paragraph 1.2.13 above and Table 2, development of subsequent phases of the airport is required to be triggered upon the earliest occurrence of any one of the following traffic triggers:

a) Actual peak hour passengers exceed the design peak hour passengers for 50% of the time in a period of 6 months on a rolling basis, or

b) Annual passenger traffic in any accounting year is projected to exceed 75% of the design throughput capacity of the Airport, considering observed traffic growth rate over preceding 6 months period

1.2.15 The Authority noted that the MYTP submitted by NMIAL pertains to the development and operationalization of both phase I and subsequent phase II of the airport. In this regard, the Authority sought clarification from NMIAL on whether the proposed development of phase II along with phase I had been approved by CIDCO.

1.2.16 In response, NMIAL vide email March 21, 2025, submitted extract of a letter issued by CIDCO conveying approval for the following:

a) Modification to the master plan under clause 12.2.10 of the CA permitting development of phase II of 10 (ten) million passengers and 540,000 tonnes of cargo handling capacity per annum in terms of clause 12.7 of the Concession Agreement. The phase II construction works shall commence from the fourth quarter of financial year 2022 and COD for phase II shall be achieved by December 30, 2024.

b) The phase milestones for phase I approved to be adopted for phase II also, in accordance with clause 12.5.2 and Schedule G of the Concession Agreement. Further, in accordance with clause 12.5.2 of the Concession Agreement, the financial progress for phase I and phase II shall be monitored based on the aggregate cost of implementation of phase I and phase II, as noted in the financial package. The phase II milestones as agreed by NMIAL and certified by the IE, M/s AECOM, shall be as follows:

Table 3: Phase-II milestone agreed by NMIAL

Physical progress	Financial progress	Revised milestone dates, for phase I	Milestone dates for phase II
10%	10%	June 04, 2022	June 04, 2022
20%	20%	October 04, 2022	October 04, 2022
30%	30%	January 04,2023	January 04,2023
40%	40%	April 04, 2023	April 04, 2023

1.2.17 Due to delay in development of the airport, the revised master plan submitted and approved by CIDCO on May 14, 2024, mentions the phased development as below:

Table 4: Revised phase-wise airport development capacity

Phase	Incremental capacity (MPPA) as per master plan	Cumulative capacity (MPPA) as per master plan
Phase I and II	20	20
Phase III	30	50
Phase IV	20	70
Phase V	20	90

1.3 Tariff determination of NMIA

1.3.1 Given that the designated capacity of NMIAL during FY 2025-30 is at least 20 MPPA, which exceeds the threshold of 3.5 million passengers prescribed under clause (i) of Section 2 of the AERA Act, 2008 as amended by AERA (Amendments) Act 2019 and 2021, the Navi Mumbai International Airport, Navi Mumbai has been designated as a Major Airport by the Authority, vide Public Notice No. 05/2024-25 dated June 21, 2024.

1.3.2 NMIAL submitted a Multi-Year Tariff Proposal (MYTP) for aeronautical tariff determination for the period from April 1, 2025, to March 31, 2030, as the First Control Period on February 7, 2025, in accordance with provision of Article 27 of the CA, as reproduced below:

"On and from Phase I COD and till the Transfer Date, the Concessionaire has the sole and exclusive right to demand, collect and appropriate Fees from the Users for the provision of the Aeronautical Services and Non-Aeronautical Services, including the airlines and passengers, in accordance with the provisions of the AERA Act, extant AERA guidelines and this Agreement including the terms set out in the Schedule U (Memorandum of Understanding), provided that the Concessionaire may determine and collect Fees at such lower rates as may be agreed with the Users or any category of Users in accordance with the Applicable Laws and Applicable Permits. The Aeronautical Charges for use of any or all Aeronautical Services shall be as per rates determined and revised by AERA, in accordance with the provision of the Applicable Laws, Applicable Permits and this Agreement."

Revision of Commercial Operations Date (COD)

1.3.3 As per the MYTP submitted by NMIAL, domestic commercial operations were expected to commence from May 31, 2025 and international commercial operations from July 31, 2025. However, due to project completion and clearance delays, NMIAL has shifted its planned COD several times. NMIAL as per email dated May 22, 2025, had informed that COD shall be delayed to August 2025. The COD was again delayed to September 2025 (as per email dated August 7, 2025) and later to November 2025 (as per email dated September 22, 2025). Further, the airport has been inaugurated on October 8, 2025 and as per NMIAL's email dated November 21, 2025, COD was finalized for December 25, 2025. Now, domestic commercial operations have commenced from December 25, 2025 and international commercial operations are expected to commence from June, 2026.

1.3.4 In view of the above, the Authority propose to consider the revised COD from May 31, 2025, to December 25, 2025.

1.3.5 The technical and terminal building details of NMIA submitted in the MYTP by NMIAL for phase I, II and III are provided in the table below:

Table 5: Technical and terminal building details of NMIA (phase I and II) as submitted by NMIAL

S. No.	Particulars	Details
1.	Total airport land area	1,160 hectares
Airside		
2.	No. of runways (phase I and II)	1 No.
3.	Runway orientation and length	Southern runway- 08R-26L 3,700 m long and 45 m wide
4.	Apron area	7,96,573 sqm
5.	Apron	Total 42 Code C equivalent stands (29 contact, 13 remote)
6.	Cargo apron	Cargo apron accommodating 7 wide body stands
7.	General Aviation apron	17 Code B and 50 Code C stands have been planned. Additionally, one Code C common runup bay facility is proposed on this apron.
Passenger terminal building		

S. No.	Particulars	Details
8.	Passenger terminal location	Terminal-1 is planned in south of median line of NMIA site (to eventually become part of central terminal complex, a cluster of 3 interconnected terminals in phase 4),
9.	Total covered area (Terminal-1)	2,31,354 sqm
10.	Designated passenger handling capacity (Terminal-1)	20 MPPA

Table 6: Technical and terminal building details of NMIA (phase III) as submitted by NMIAL

S. No.	Particulars	Details
Airside		
1.	No. of runways (phase III)	1 No.
2.	Runway orientation and length	Northern Runway- 08L-26R 3,700 m long and 45 m wide
3.	Apron area	9,54,007 sqm
4.	Apron	Total 50 Code C equivalent stands
5.	Cargo apron	4 Code E MARS stands
6.	General Aviation apron	12 Code B stands
Passenger Terminal Building		
7.	Passenger terminal location	Terminal-2 is planned in center of the median line (east of Terminal 1) of NMIA site (to eventually become part of central terminal complex, a cluster of 3 interconnected terminals in phase 4),
8.	Total covered area (Terminal-2)	4,00,000 sqm
9.	Designated passenger handling capacity (Terminal-2)	30 MPPA

1.4 Cargo, Ground Handling and Fuel Farm (CGF) services

The CA details the provision of cargo handling services and fuel facilities at the airport. The CA also states that aeronautical services have the meaning as set forth in AERA Act in relation to the services provided at the airport. Aeronautical services defined in the AERA Act include services relating to cargo, ground handling and fuel facilities as per Section 2 (a) which are provided below:

(a) 'aeronautical service' means any service provided....

i. for ground handling services relating to aircraft, passengers and cargo at an airport;

ii. the cargo facility at an airport;

iii. for supplying fuel to the aircraft at an airport

The Authority's responsibilities defined in AERA Act, 2008 also provide for determination of charges for aeronautical activities of cargo, ground handling and fuel facilities at the Airport. Accordingly, revenue from these services has been considered as aeronautical revenues.

1.4.1 Cargo services

The obligations of NMIAL for providing cargo facilities at NMIA are detailed in Clause 18.4 of the CA which is reproduced below:

"Subject to the Applicable Laws and Permits, the Concessionaire shall or cause to develop, operate and maintain the cargo facilities, which shall include the building structures and equipment required for handling incoming and outgoing cargo, including short-term warehousing thereof in accordance with the provisions of the CA, Applicable Laws, relevant ICAO documents and Annexures and Good Industry Practice."

NMIAL has submitted that the operations and maintenance of both domestic and international cargo facilities are being carried out through an appointed Operations & Maintenance (O&M) service provider, namely M/s Adani Global Air Cargo Solution limited (AGACSL), in accordance with the provisions of Clause 18.4 of the Concession Agreement. The engagement is on a cost-plus basis, wherein AGACSL is entitled to reimbursement of actual O&M costs along with an administrative markup of 15.05%. The arrangement has been formalized through a LoA dated February 19, 2025.

1.4.2 Ground Handling services

The obligations of NMIAL towards provision of infrastructure required for ground handling services at NMIA are detailed in Clause 18.2 of the CA which is reproduced below.

"The concessionaire shall provide or cause to be provided, the infrastructure required for operation of the ground handling services required at the airport for and in respect of the Users like aircrafts, passengers, and cargo, which shall include ramp handling, traffic handling, aircraft handling, aircraft, cleaning, loading and unloading ("Ground Handling Services"). Such infrastructure shall include luggage, conveyor belts, computer terminals, information technology backbone, and associated facilities in accordance with the provisions of this Agreement, Applicable laws and Good Industry Practice"

NMIAL has submitted that the day-to-day ground handling operations, covering both domestic and international Air Traffic Movements (ATMs), are being carried out through an appointed ground handling service provider, namely M/s Indo Thai Airport Management Services Private Limited (Indo Thai), in accordance with the provisions of Clause 18.2 of the Concession Agreement. The engagement is on a revenue-share basis, with a revenue share of 0% for domestic operations and 9.10% for international operations, as formalised through a LoA dated March 17, 2025.

NMIAL has further submitted that Indo Thai has incorporated a wholly owned subsidiary, M/s AGHPort Aviation Services Private Limited, which has been authorised to provide ground handling services at NMIA. The ad-hoc tariff for ground handling services has already been issued in favour of M/s AGHPort Aviation Services Private Limited vide AERA Order No. 19/2025-26 dated September 25, 2025.

1.4.3 Fuel Farm services

The obligations of NMIAL to provide aircraft fueling services are detailed in clause 18.3 of the CA, which is reproduced below.

"The Concessionaire shall provide, or cause to be provided, the infrastructure required for operation of fuelling services on equal access basis for all the aircraft at the airport in a transparent and non-discriminatory manner ("Aircraft Fuelling Services"). Such infrastructure shall include tank farms, common hydrant fuelling systems, and associated facilities in accordance with the provisions of this Agreement, Applicable law, and Good Industry Practice"

NMIAL has submitted that the operations of fuel farms are being carried out through an appointed Operations & Maintenance (O&M) service provider, namely M/s Adani Aviation Fuel Services Limited (AAFSL). The engagement is on rate per KL basis, as stipulated in para 8.2.160. The arrangement has been formalized through a LoA dated February 19, 2025.

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2. METHODOLOGY OF TARIFF DETERMINATION OF NAVI MUMBAI INTERNATIONAL AIRPORT

2.1 Tariff Setting Principles

2.1.1 AERA was established by the GoI vide notification No. GSR 317(E) dated May 12, 2009. The functions 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') which are as below:

a) To determine the tariff for aeronautical services taking into consideration –

(i) the CAPEX incurred and timely investment in the improvement of airport facilities.

(ii) the service provided, its quality and other relevant factors

(iii) the cost for improving efficiency.

(iv) economic and viable operation of major airports

(v) revenue received from services other than the aeronautical services

(vi) the concession offered by the Central Government in any agreement or MoU or otherwise; and

(vii) any other factor which may be relevant for the purpose of this Act:

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

b) To determine the amount of the development fees in respect of major airports.

c) To determine the amount of the passenger service fee levied under Rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.

d) 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.

e) To call for any such information as may be necessary to determine the tariff for aeronautical services; and

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

2.1.2 Aeronautical service is defined by AERA Act as under:

a) "aeronautical service" means any service provided—

(i) for navigation, surveillance and supportive communication thereto for air traffic management;

(ii) for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport;

(iii) for ground safety services at an airport;

(iv) for ground handling services relating to aircraft, passengers and cargo at an airport;

(v) for the cargo facility at an airport;

(vi) for supplying fuel to the aircraft at an airport; and

(vii) for a stakeholder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority;

2.1.3 Airports Authority of India (AAI) being the sole provider of Air Navigation Systems (ANS) services across the country, shall be responsible for providing ANS at Navi Mumbai International Airport (NMIA). The tariff for ANS is presently regulated by the Ministry of Civil Aviation (MoCA) at the national level to ensure uniformity across airports. All assets, expenses and revenues pertaining to ANS are accordingly considered separately by the Ministry while determining the tariff for ANS services. In the present case, as per the arrangement between NMIAL and AAI, NMIAL shall reimburse AAI for any shortfall between the revenue recovered by AAI at MoCA determined rates and the actual operating expenditure incurred by AAI, as well as for any capital expenditure undertaken for ANS at NMIA. Consequently, such reimbursement payable by NMIAL to AAI has been included in the tariff determination by the Authority as part of the aeronautical cost base of the Airport Operator (refer para 8.2.75 for detailed analysis).

2.1.4 The methodology adopted by the Authority to determine Aggregate Revenue Requirement (ARR) is based on AERA Act, 2008 read with AERA (Amendment) Act 2019 and 2021, the AERA (terms and conditions for determination of tariff for Airport Operator) guidelines, 2011 and further guidelines issued by AERA from time to time.

2.1.5 The Authority has adopted the hybrid-till mechanism for tariff determination for the First Control Period wherein, 30% of the non-aeronautical revenues are to be used for cross-subsidizing the aeronautical charges.

2.1.6 The ARR for a given Control Period, under hybrid till, is calculated as:

$$ARR = \sum_{t=1}^{5} ARR_t$$

$$ARR = (FRoR \ x \ RAB_t) + D_t + O_t + T_t - s \ x \ NAR_t$$

Where,

t is the tariff year in the Control Period, ranging from 1 to 5

ARR_t is the Aggregate Revenue Requirement for tariff year 't'

$FRoR$ is the Fair Rate of Return for the Control Period

RAB_t is the aeronautical Regulatory Asset Base for tariff year 't'

D_t is the depreciation corresponding to the Regulatory Asset Base for tariff year 't'

O_t is the aeronautical Operation and Maintenance expenditure for the tariff year 't'

T_t is the aeronautical taxation expense for the tariff year 't'

s is the cross-subsidy factor for revenue from services other than aeronautical services under the hybrid till methodology followed by the Authority, s = 30%.

NAR_t is the Non-Aeronautical Revenue in tariff year 't'.

2.1.7 Based on ARR, Yield per passenger (YPP) is calculated as per the formula given below:

$$Yield\ per\ passenger\ (YPP) = \frac{\sum_{t=1}^{5} PV(ARR_t)}{\sum_{t=1}^{5} VE_t}$$

Where,

$PV(ARR_t)$ is the Present Value of ARR. All cash flows are assumed to occur at the end of the year. The Authority has proposed to consider discounting cash flows, one year from the start of the Control Period.

VE_t is the passenger traffic in year 't'.

2.2 Authority's order applied in tariff proposals in this Tariff Order

2.2.1 The Authority's orders and guidelines applied in this Tariff Order are:

a) Order No. 13 dated January 12, 2011 (Regulatory philosophy and approach in Economic Regulation of Airport Operators) and Direction No. 5 dated February 28, 2011 (Terms and conditions for determination of tariff for Airport Operators) Guidelines, 2011.

b) Order No. 07/2016-17 dated June 13, 2016 (Normative Approach to Building Blocks in Economic Regulation of Major Airports).

c) Order No. 14/2016-17 dated January 23, 2017 in the matter of aligning certain aspects of AERA's Regulatory Approach (Adoption of Regulatory Till) with the provisions of the National Civil Aviation Policy – 2016 (NCAP-2016) approved by the Government of India.

d) Order No. 20/2016-17 dated March 31, 2017 in the matter of allowing Concession to Regional Connectivity Scheme (RCS) Flights under RCS – Ude Desh ka Aam Nagarik (UDAN) at Major Airports.

e) Order No. 35/2017-18 dated January 12, 2018 and Amendment No. 01 to Order No. 35/2017-18 dated April 09, 2018 in the matter of determination of useful life of Airport assets.

f) Order No. 42/2018-19 dated March 05, 2019 in the matter of Determination of Fair Rate of Return (FRoR) to be provided on Cost of Land incurred by various Airport Operators in India.

2.3 Control Period

2.3.1 NMIAL has submitted MYTP for aeronautical tariff determination for the First Control Period starting from April 1, 2025, to March 31, 2030 on February 7, 2025 with planned domestic commercial operations date of May 31, 2025 and international commercial operations date of July 31, 2025.

2.3.2 The domestic commercial operations at NMIA have commenced from December 25, 2025 and international commercial operations are expected to commence from June, 2026.

2.3.3 The Authority noted that, in accordance with Section 13(2) of the AERA Act, 2008 (read with subsequent amendments in 2019 and 2020), each Control Period shall span five (5) years. Accordingly,

the Authority proposes to consider the First Control Period covering the period from April 1, 2025, until March 31, 2030. Further, the Authority has computed ARR considering the Airport COD date of December 25, 2025, till March 31, 2030.

2.4 Past tariff determination history

2.4.1 NMIAL submitted a request for ad-hoc tariff proposal on February 12, 2025. The Authority noted that the regular tariff determination was under process and since this may take some time, the Authority considered the request for ad-hoc tariff order for Navi Mumbai International Airport.

2.4.2 The Authority vide Order No. 06/2025-26 dated June 20, 2025, allowed NMIAL to levy and collect the tariff for aeronautical services on an Ad-hoc basis w.e.f. COD to March 31, 2026, or till the determination of the regular aeronautical tariff for the First Control Period, whichever is earlier.

2.4.3 The Authority vide the Order No. 19/2025-26 dated September 25, 2025 has allowed M/s AGHPort Aviation Services Private Limited to levy and collect, on an ad-hoc basis, tariff for ground handling services at the airport w.e.f. COD till 31st March 2026 or till the determination of the regular tariff for the ISP for its First Control Period, whichever is earlier.

Further, the Authority vide Order No. 26/2025-26 dated March 13, 2026, the Authority decided to extend the existing tariff, as applicable as on March 31, 2026 for a period of 6 months i.e. w.e.f. 1st April 2026 to September 30, 2026 or till the determination of regular tariff whichever is earlier.

2.5 MYTP submission by NMIAL

2.5.1 As per provision to clause 3.1 of the airport guidelines, the Airport Operator (s) are required to submit to the Authority for its consideration a MYTP for the respective Control Periods within the due date as specified by the Authority.

2.5.2 NMIAL submitted Multi Year Tariff Proposal (MYTP) for the First Control Period (FY2025-26 to FY 2029-30) on February 7, 2025, along with the financial model (in MS Excel spreadsheet also on February 7, 2025). Further, the date wise chronology of events is given in **Table 8** below.

2.5.3 The Authority has appointed an Independent Consultant, M/s Crisil Limited, to analyse the MYTP submitted by NMIAL for the First Control Period.

2.5.4 The Authority, through its Independent Consultant had examined the MYTP submitted for the First Control Period, by verifying the data from various supporting documents submitted by NMIAL such as audited financials, Fixed Asset Register (FAR), documentary evidence of the process of approval of capital expenses, operation and maintenance expenses, examining the building blocks in tariff determination and ensuring that the treatment given is consistent with the Authority's methodology, approach, etc.

2.5.5 The Authority requested various clarifications on the information shared by NMIAL to assess the reasonableness of the proposed capital expenditure, operating expenditure, Non-Aeronautical Revenue, FRoR, etc. for finalizing this Tariff Order. NMIAL provided additional information based on clarifications sought and queries raised by the Independent Consultant to AERA from time to time. All of this information had been used to finalize this Tariff Order.

2.5.6 The Authority observed that the assessment of the CAPEX, expansion plans and its phasing is a technical matter and therefore requires analysis to be undertaken by domain experts. In this backdrop, the Authority has appointed M/s Engineering Projects (India) Ltd (EPIL) as the CAPEX Consultant for evaluation and analysis of CAPEX incurred or proposed to be incurred for the development of the airport infrastructure.

2.5.7 The Authority understands that it is the sole responsibility of the Airport Operator to maintain proper books of accounts and Fixed Asset Register (FAR) diligently and present accurate information in its submissions. The Authority relies on the information available in the audited financial reports and FAR for its analysis. The Authority expects that the Airport Operator will ensure the accuracy of the information captured in its books of accounts and FAR and that there is no duplication of expenses.

Related Party Transactions

2.5.8 The Authority, through its Independent Consultants, obtained details regarding the tendering procedures implemented by NMIAL and has reviewed the associated contract agreements concerning operating expenses and revenues entered with related parties.

2.5.9 The Authority, on review of certain contracts, noted that following services will be provided by related parties at Navi Mumbai Airport:

Table 7: Services to be provided at NMIA by related parties

S. No.	Nature of services	Name of related party	Description of relation
1.	Master Services Agreement (Master Concessionaire for non-aeronautical airport services)	Adani Airport Holdings Limited (AAHL)	AAHL is the majority shareholder (74%) in MIAL, which in turn is the majority shareholder (74%) in NMIAL. AAHL's indirect majority shareholding in NMIAL is 54.76%
2.	Aviation Fuel Facility O&M services provider	Adani Aviation Fuel Services Limited (AAFSL)	100% shareholding with AAHL
3.	Cargo O&M services provider	Adani Global Air Cargo Solutions Limited (AGACSL)	100% shareholding with AAHL
4.	Ground Handling operations	AGHPort Aviation Services Private Limited	100% shareholding with AAHL
5.	Digitalization Platform	Adani Digital Labs Private Limited	100% shareholding with AAHL

2.5.10 The Authority also noted the following Clauses 5.6.2 and 5.6.3 from the Concession Agreement entered between NMIAL and CIDCO:

"5.6.2 For procurement of goods, works or services and for award of leases, licenses, sub-licenses or any other rights or privilege where the consideration exceeds Rs. 25,00,00,000 (Rupees twenty-five crore) in any Accounting Year (collectively the "Contracts"), the Concessionaire shall invite offers through open competitive bidding by means of e-tendering and shall select the awardees in accordance with the policy specified under Clause 5.6.1. For the avoidance of doubt, the Parties agree that the Concessionaire may, in its discretion, pre-qualify and short-list the applicants in a fair and transparent manner for ensuring that only experienced and qualified applicants are finally selected on arm's length in a manner that is commercially prudent and protects the interests of the Users. The Parties further agree that the Concessionaire shall not enter into any Related Party Transaction or Contract with any

Related Party except with (a) with the prior written consent of the Authority, which consent shall not be unreasonably withheld as a reserved item/affirmative action in accordance with the terms of the Shareholders' Agreement; and (b) such transaction is on arm's length basis and is in compliance with the provisions of the Companies Act, 2013. The Parties also agree that before granting any consent hereunder, the Authority shall be entitled to seek such information as it may reasonably require in relation to the Contract and the Related Party with whom the Contract is proposed to be executed and in the event the Authority does not approve or reject the proposal within 30 (thirty) days of the date on which the required information has been provided, it shall be deemed that the Authority has no-objection to such Contract.

5.6.3 Notwithstanding anything contained contrary elsewhere, the Concessionaire shall adhere to the following contracting principles in respect of any of the Related Party Transactions:

a) *No shareholder of the Concessionaire, and/or Key Managerial Person that has an interest in the contract, can be involved in the design of the contract, or the contracting process or decision-making;*

b) *Where a shareholder of the Concessionaire, Key Managerial Person or any Related Party intends to tender for the contract, an independent probity auditor must be appointed to review and monitor the tender to ensure a complete arms' length arrangement. It is clarified that the independent probity auditor shall not be a Related Party of the Concessionaire or any of its shareholders. Concessionaire shall agree to the appropriate terms of reference and the selection procedure of the independent probity auditor as laid down by the Authority; and*

c) *The Concessionaire shall constitute an audit committee headed by a nominee of the Authority which would be responsible for auditing all the Related Party Transactions. The Board of the Concessionaire shall provide the terms of reference of the audit committee at the time of its constitution. The Concessionaire shall enter into any Related Party Transaction only after obtaining approval of audit committee in writing. Any amendment / modification in the terms and conditions of the Related Party Transaction shall also require prior approval of the audit committee."*

2.5.11 NMIAL has submitted that in, in accordance with the provisions of the Concession Agreement referenced above, an Independent Probity Auditor (IPA), namely M/s CNK & Associates LLP was appointed to review the tender process for the following services to be provided at Navi Mumbai International Limited (NMIA):

a) Master Services Agreement for non-aeronautical airport services at NMIA, awarded to Adani Airport Holdings Limited (AAHL)

b) Operation and Maintenance (O&M) services for Aviation Fuel Facilities at NMIA, awarded to Adani Aviation Fuel Services Limited (AAFSL)

c) Cargo terminal Operation and Maintenance (O&M) services at NMIA, awarded to Adani Global Air Cargo Solutions Limited (AGACSL)

d) Ground handling operations at NMIA, awarded to AGHPort Aviation Services Private Limited

e) Digitalization platform services at NMIA, awarded to Adani Digital Labs Private Limited

M/s CNK & Associates LLP pursuant to the requirements of the engagement has reviewed and observed the online tender process followed by NMIAL, to ensure that it is in compliance with the process laid down in the Concession Agreement with CIDCO and submitted its report for the above transactions.

The Authority noted that, the IPA has submitted in its reports that NMIAL has followed the standard process and has conducted the bidding process in a fair and transparent manner with respect to the tender documents. The IPA has further reported that the online bidding process has been conducted as per the terms of the Concession Agreement in respect of related parties and the proposed award of contract are at arm's length in accordance with Clause 5.6.3 of the Concession Agreement.

2.5.12 The Authority expects that NMIAL and CIDCO (Concession granting agency), to exercise their rights and/or obligations under the Companies Act, 2013 and per the terms of the CA detailed above, 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.

2.5.13 The sequential timeline of drafting of this Tariff Order has been presented below:

Table 8: Timelines for submission of MYTP and other communication by NMIAL

Dates	Activity
February 7, 2025	MYTP submission by NMIAL along with Annexures
February 12, 2025	NMIAL submitted proposal for ad hoc tariff
February 14, 2025	Initial list of requirements, additional information, clarifications sent to NMIAL
February 19, 2025	NMIAL submitted initial response to queries submitted via email on February 14, 2025
February 27, 2025 – April 27, 2025	Exchange of multiple email regarding additional queries and clarifications
April 28 to April 30, 2025	Site visit to Navi Mumbai Airport and sought clarifications w.r.t contracts for actual cost incurred for initial RAB, proposed CAPEX & actual CAPEX incurred / planned for first year of Control Period, O&M, NAR etc.
May 2 to May 8, 2025	Exchange of multiple email regarding additional queries and clarifications post site visit
May 22, 2025	Communication from NMIAL for shifting of COD to August 2025
June 20, 2025	Issuance of ad hoc tariff for Navi Mumbai International Airport
July 2, 2025	List of additional queries / clarifications sent to NMIAL
July 4 and July 5, 2025	Joint site visit by AERA tariff team, Independent Consultant and CAPEX consultant team
July 17, 2025	NMIAL submitted additional response to queries submitted
July 30, 2025	List of pending information and revised status of contracts and expected COD was asked for from NMIAL
August 1 & 2, 2025	NMIAL submitted additional information as response to queries
August 07, 2025	Shifting of COD to September 2025
August 22, 2025	NMIAL provided details of master plan
September 22, 2025	Shifting of COD to November 2025
November 21, 2025	Shifting of COD to December 2025
December 12, 2025	NMIAL provided AUCC minutes

Dates	Activity
December 23, 2025	Joint site visit by Authority, AERA tariff team, Independent Consultant and CAPEX Consultant.
December 25, 2025	NMIAL submitted note on blasting claim settlement, clarification regarding fuel tank and details of award of contract for housekeeping and other works
December 31, 2025	Two new RPT's were informed by NMIAL for ground handling services and digital transformation services
January 7, 2026	Communication from NMIAL regarding information sought for CNS/ATM expenditure
January 24, 2026	NMIAL provided a letter from AAI for break-up of CAPEX & OPEX for CNS/ATM
January 31, 2026	NMIAL provided amended sub debt (ICD) agreement
February 16, 2026	NMIAL provided insurance policy and R&M works agreements
March 9, 2026	NMIAL provided board meeting minutes for Digital Platform Services

2.5.14 All the figures presented in this Tariff Order have been rounded off up to two decimals.

2.5.15 After examining the MYTP and other details submitted by NMIAL, the Authority issued Consultation Paper No. 08/2025-26 on March 17, 2026. Stakeholder comments and AO counter comments were scheduled for submission by April 17, 2026 and April 27, 2026 respectively. Following the release of the Consultation Paper, the Authority convened a meeting with stakeholders on April 2, 2026. The minutes of the meeting are available on AERA's website.

2.5.16 The following stakeholders provided comments on Consultation Paper No 08/2025-26 dated March 17, 2026 and their response are available on the AERA's website:

(i) Navi Mumbai International Airport Limited (NMIAL)
(ii) Bangalore International Airport Limited (BIAL)
(iii) GMR Airports Ltd. (GAL)
(iv) Yamuna International Airport Private Limited (YIAPL)
(v) Association of Private Airport Operators (APAO)
(vi) International Airport Transport Association (IATA)
(vii) Consumer Unity and Trust Society (CUTS) International
(viii) Business Aircraft Operators Association (BAOA)
(ix) Lufthansa German Airlines
(x) Interglobe Aviation Ltd. (Indigo)
(xi) Air India
(xii) Vishal Gupta
(xiii) Dr. DC Patra
(xiv) Sumedh Bhagwat

Table 9: Name of the Stakeholders who submitted comments/views on Regulatory Building Blocks

Component impacting tariff determination of the First Control Period	Name of the Stakeholders who commented/submitted views on regulatory building blocks/tariff determination process
Methodology of Tariff Determination of Navi Mumbai International Airport	Dr. DC Patra, Lufthansa German Airlines

Component impacting tariff determination of the First Control Period	Name of the Stakeholders who commented/submitted views on regulatory building blocks/tariff determination process
Pre-Cod Losses for the period from FY 2018 to COD	NMIAL, Lufthansa German Airlines, BIAL
Traffic for the First Control Period	IATA
Capital expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the First Control Period	NMIAL, IATA, Indigo, Lufthansa German Airlines, Sumedh Bhagwat
Fair Rate of Return for First Control Period	NMIAL, GAL, Dr. DC Patra, Indigo, IATA, Sumedh Bhagwat, YIAPL, Air India
Inflation for the First Control Period	NMIAL, YIAPL
Operation and Maintenance Expenses for the First Control Period	NMIAL, Air India, IATA, Indigo, Lufthansa German Airlines.
Non-aeronautical Revenue for the First Control Period	NMIAL, GAL, Sumedh Bhagwat, Indigo, Lufthansa German Airlines, IATA
Taxation for the First Control Period	NMIAL, GAL
Quality of Service for the First Control Period	NMIAL
Aeronautical Revenue/Tariff rate card	NMIAL, Air India, Indigo, APAO, BAOA, IATA, CUTS International, Vishal Gupta

2.5.17 No inputs were received from the Ministry of Civil Aviation (MoCA) as part of the Consultation Process.

2.5.18 The counter comments from NMIAL on the comments from the Stakeholders were received on April 27, 2026. Thus, the Stakeholders' Consultation process concluded on the receipt of counter comments by NMIAL.

2.6 Stakeholders' comments regarding Methodology of Tariff Determination of Navi Mumbai International Airport

2.6.1 During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to the Methodology of Tariff Determination for the First Control Period. The comments by the stakeholders are presented below:

2.6.2 Dr. DC Patra's comment on RPT within the Contractual Network is as follows:

"Related Party Transactions within the Contractual Network

Five major aviation-related activities have been awarded to entities that are closely related to the sponsoring company, Adani Airport Holdings Limited, which holds 54% controlling stake in the SPV, Navi Mumbai International Airport Private Limited. (Refer 2.5.9, page 32). This contractual arrangement appears to be inconsistent with Clause 5.6.2 of the Concession Agreement, which restricts related party transactions unless specific safeguards are met.

The Concession Agreement does, however, provide conditional flexibility through oversight mechanisms; namely, review by an Independent Probity Auditor, scrutiny by the Audit Committee, and prior written approval by the competent authority. It is noted that AERA has taken cognizance of this issue and has relied upon the certification of the Independent Probity Auditor (M/s CNK & Associates

LLP), which affirms that due process of tendering has been followed and that the contracts have been awarded on an arm's length basis. From economic perspective, such a related-party network may not be inherently inefficient. On the contrary, it may enable operational synergies, better coordination, and economies of complementarity through resource pooling and integrated service delivery. This kind of related party network may help seamless airport operation management. These efficiencies could potentially lower transaction costs and improve overall system performance.

However, the existence of procedural compliance does not automatically guarantee that the full economic benefits of such integration are passed on to airport users. Given the potential for embedded margins within intra-group transactions, there is a reasonable basis for regulatory intervention on tariff determination. Accordingly, it is proposed that AERA may consider identifying and quantifying the efficiency gains arising from this related-party structure and mandate an appropriate pass-through of such gains to passengers in the form of reduced operating cost allowances. As an indicative approach, a calibrated adjustment, potentially in the range of 10–20% of relevant operating expenses attributable to such transactions, may be examined, subject to detailed financial scrutiny and benchmarking."

2.6.3 Lufthansa German Airline's comment on Related Party Transactions/ Practices is as follows:

"Related Party Transactions/ Practices

Conducting ground handling and other services by the Airport operators through their subsidiaries are detrimental to aviation efficiency and can lead to higher costs. International guidelines also advocate for competitive, market-determined ground handling to ensure fair, safe and cost-effective services. This practice dilutes the effectiveness of the arm's length principle.

Lufthansa Group (LHG) strongly objects to the systematic awarding of critical airport operations to Adani Group entities, specifically AGACSL (Cargo), AAFSL (Fuel), Adani Digital Labs, and AAHL (MSA) under terms that incorporate "transfer pricing as an added cost." This framework utilizes inefficient "cost-plus" models and restrictive bidding to shift financial risks to airlines while guaranteeing margins for the operator's affiliates."

2.6.4 Lufthansa German Airline's comment on Single Till is as follows:

"Single Till

The Airports Economic Regulatory Authority of India Act, 2008 (as amended from time to time) provides for the determination of aeronautical tariff by taking into account revenues generated from services other than aeronautical services as well, thereby implying the adoption of a Single Till methodology. Therefore, in light of the statutory provisions and established regulatory principles, the Single Till methodology should be consistently applied for the determination of aeronautical tariffs at Noida International Airport (DXN), a major airport."

2.7 NMIAL's responses to Stakeholders' comments regarding Methodology of Tariff Determination of Navi Mumbai International Airport

2.7.1 NMIAL's response to Dr. DC Patra's comment on RPTs within the Contractual Network is as follows:

"Under the prevailing tariff framework, Operating Expenditure is already subject to prudence checks, benchmarking, and efficiency assessment by the Authority during MYTP determination. The proposed calibration of a 10–20% adjustment, absent a demonstrated inefficiency, would be methodologically

unsound, subjective, and inconsistent with evidence-based regulation. The existing regulatory framework already provides adequate safeguards to ensure that only efficient and reasonable costs are allowed.

The comment by the stakeholder reflects limited understanding of the regulatory building blocks. The Authority has increased the Non-Aeronautical Revenue substantially multifold higher than what is projected by NMIAL. The stakeholder should have advocated that the yardstick of 10-20% should be applied for all related party transactions instead of only limiting to certain aspects."

2.7.2 NMIAL's response to Lufthansa German Airline's comment on Related Party Transactions/ Practices is as follows:

"LHG's comments reflect inadequate reading of the Consultation Paper, wherein the Authority has explicitly detailed the comprehensive due diligence undertaken in respect of the bidding and award processes for Cargo, Fuel, and Digital Platform Services, and after examination of the tender structures, governance controls, and commercial terms, has found these processes to be fair, transparent, and compliant with regulatory and probity requirements.

The assumption that the use of group entities automatically implies inefficiency or profit shifting is speculative and not supported by evidence. Similar intra-group service arrangements are prevalent across industries, including aviation, and do not inherently lead to cost inflation when governed by competitive and transparent processes.

Historically Cargo services are provided by AICLASS at AAI Owned Airports, AAI provides the ATC services at AAI and AAI JVC Airports. As long as services as per market determined efficient costs are provided by a competent party, irrespective of its relationship with the service receiver, it does not tantamount to shifting of profits. This pre-conceived assumption by LHG is very myopic and narrow. It is a well-known fact that Lufthansa Aero Technic is MRO service provider to Lufthansa Airline, that does not mean that Lufthansa Group is moving its profit from Airlines to MRO business. Indigo Airlines uses various group capabilities in the hotel, real estate, simulation, crew training services (referred from Annual Report) does not tantamount to shifting of margins.

With regards to MSA for Airport Services, pls refer to Point 23 (para 9.3.1 of Tariff Order) *of NMIAL's Comments on the Consultation Paper, dated 17th April 2026."*

2.7.3 NMIAL's response to Lufthansa German Airline's comment on Single Till is as follows:

"LHG's comment reflects a misreading of the AERA Act, 2008. The assertion that the AERA Act mandates a Single Till approach is incorrect, as the Act provides flexibility to adopt different regulatory frameworks based on policy considerations and concession structures.

While it is correct that the AERA Act empowers the Authority to take into account revenues from non-aeronautical services, the statute does not mandate the application of a Single Till methodology as a matter of law for all Major Airports.

In the case of greenfield and PPP airports such as Noida International Airport and Navi Mumbai international Airport, the applicable tariff framework must necessarily be read in conjunction with the Concession Agreement, provisions of the National Civil Aviation Policy (NCAP) 2016 and AERA Order no. 14/2016-17 dated 23rd January 2017.

Imposing a Single Till regime merely on the basis of a generalized reading of the AERA Act would be inconsistent with settled principles and could undermine the financial viability of new infrastructure projects.

The regulatory objective under the AERA Act is not to maximize cross-subsidization at any cost, but to ensure:

- *efficient and viable airport operations,*
- *reasonable returns on capital,*
- *transparency and cost reflectivity, and*
- *long-term capacity creation.*

Hybrid/Shared Till frameworks explicitly balance these objectives."

2.8 Authority's analysis on Stakeholders' comments regarding the Methodology of Tariff Determination of Navi Mumbai International Airport

Related Party Transactions within the Contractual Network

2.8.1 The Authority has noted the observations of Dr. DC Patra regarding RPTs and the potential for efficiency gains arising from such arrangements. The Authority also takes note of the submissions of NMIAL that the existing regulatory framework already provides for prudence checks, benchmarking, and assessment of operating expenditure during tariff determination.

The Authority observes that Related Party Transactions (RPTs) are governed by the provisions of the Concession Agreement, including oversight through mechanisms such as Independent Probity Auditor, Audit Committee and requisite approvals, to ensure that such transactions are undertaken on an arm's length basis. Also, the Companies Act, 2013 also stipulates the necessary compliance as per its provisions in respect of RPTs.

The Authority is of the view that the existing approach has adequate provisions of safeguards; however, the issues raised will be kept under consideration for appropriate examination in the present and future tariff exercises.

At the same time, the Authority has noted suggestions relating to identification and potential pass-through of efficiency gains and will review in the context of the regulatory framework, availability of verifiable data and established principles of cost-based tariff determination.

Related Party Transactions/ Practices

2.8.2 The Authority has examined the submissions made by Lufthansa Group and NMIAL's counter comment thereafter regarding the engagement of related party entities for provision of airport services.

The Authority notes that the Concession Agreement governing NMIAL permits Related Party Transactions (RPTs), subject to prior approval of the CIDCO after the checking by Independent Probity Auditor and Audit Committee and adherence to arm's length principles, transparency and compliance with applicable laws and provisions of Companies Act, 2013. The Authority further notes that NMIAL has indicated adherence to such provisions in its procurement and contracting framework.

The Authority notes that Concession Agreement between CIDCO and NMIAL, allows NMIAL to enter into RPT only after written approval of CIDCO as a reserved item and such transaction is at arm's length certified by an Independent Probity Auditor and is in compliance of the Companies Act, 2013.

The Authority further notes that AO has indicated adherence to such provisions in its procurement and contracting framework.

In this context, the Authority is of the view that the existence of Related Party arrangements, per se, does not imply inefficiency or regulatory non-compliance, provided that such transactions are undertaken in accordance with the provisions of the Concession Agreement and Companies Act, 2013 are demonstrably at arm's length.

However, the Authority reiterates that, for the purpose of tariff determination, all costs whether arising from Related Party or Third-Party arrangements are subject to detailed prudence check. The Authority shall consider only those costs that are:

- Supported by appropriate benchmarking and market comparators
- Competitively discovered and well justified as efficient and
- Not resulting in any undue burden on airport users

The Authority further emphasizes that it does not recognize any automatic pass-through of costs arising from related party arrangements. Any inefficiencies, lack of transparency, or absence of adequate justification may lead to appropriate disallowances.

Single Till

2.8.3 After careful consideration of Lufthansa Group's comment and NMIAL's counter comment regarding single till, the Authority is of the view that Determination of tariff under Hybrid Till mechanism is as per the recommendation of the National Civil Aviation Policy 2016 (NCAP 2016) of GoI and as per the AERA Order No. 14/2016-17 dated 12th January 2017 pertaining to AERA tariff guidelines in this regard. The excerpt from the same is as below:

"(i) The Authority will in future determine the tariff of major airports under "Hybrid Till" wherein 30% non-aeronautical revenues will be used to cross subsidize aeronautical charges. Accordingly, to that extent, the airport operator guidelines of the Authority shall be amended. The provisions of the guidelines issued by the Authority, other than regulatory Till, shall remain the same."

Therefore, Hybrid Till mechanism has been followed since then to determine the aeronautical tariff uniformly across all the major airports. It is also relevant to note that 30% Hybrid Till model, as currently implemented in the background of NCAP, strikes an appropriate balance between the interests of the airport operator and airport users. This provides a uniform and transparent framework for the purpose of tariff determination that considers both Aero and Non-Aero activities. Also, the Authority notes that the Concession Agreement (Clause 27.3.2) specifies that the Aeronautical Charges shall be regulated an set/re-set, in accordance with the shared till approval of MoCA.

2.9 Review of Tariff Order

2.9.1 In terms of Section 13(2) of the Airports Economic Regulatory Authority of India Act, 2008, while tariffs are typically determined once for a five-year Control Period, the Authority is empowered to revisit/review/amend such tariffs from time to time during the said period, if considered appropriate and in public interest. The above provision provides the Authority with a statutory and regulatory basis to undertake, if deemed necessary, a limited review during the Control Period in order to examine material traffic or revenue deviations. Accordingly, in the specific context of Navi Mumbai International Airport's 1st Control Period, the Authority may, purely on a need basis and in the long-

term interest of ensuring viability and growth of a new greenfield airport system and in public interest would consider undertaking a review of the Tariff Order at an appropriate interval within this Control Period as deemed necessary, without undermining the overall regulatory certainty.

2.10 Construct of this Tariff Order

2.10.1 This Tariff Order has been developed/ constructed in the following sequence of Chapters:

a) The background of the Airport is explained in Chapter 1.

b) Methodology of Tariff determination has been detailed in this chapter i.e. Chapter 2. Thereafter, comments of NMIAL and other stakeholders, response of NMIAL to other stakeholders' comments and the Authority's analysis are set out.

c) Chapter 3 presents Pre-COD losses for the period from FY 2018 to COD. This is followed by the Authority's examination of the same as set out in Consultation Paper No. 08/2025-26 dated March 17, 2026. Thereafter, the comments of NMIAL and other stakeholders, response of NMIAL on other stakeholders' comments, Authority's analysis and final decision are set out.

d) Chapter 4 presents the submission of NMIAL regarding Traffic projections for the First Control Period set out in the Consultation Paper No. 08/2025-26 dated March 17, 2026. Thereafter, the comments of NMIAL and other stakeholders, response of NMIAL on other stakeholders' comments, Authority's analysis and final decision are set out.

e) Chapter 5 includes the submission of NMIAL regarding CAPEX, depreciation and RAB for the First Control Period along with the Authority's detailed examination, adjustments, rationalisation and proposals on the aeronautical CAPEX, depreciation and RAB for the First Control Period as set out in the Consultation Paper No. 08/2025-26 dated March 17, 2026. Thereafter, the comments of NMIAL and other stakeholder, response of NMIAL on other stakeholders' comments, Authority's analysis and final decision are set out.

f) Chapter 6-11 includes the submissions of NMIAL regarding various building blocks pertaining to the First Control Period including FRoR, Inflation, Operation and Maintenance expenses, Non-Aeronautical Revenue, Taxation and Quality of Service along with the Authority's examination and proposals on each matter set out in the Consultation Paper No. 08/2025-26 dated March 17, 2026. Thereafter, the comments of NMIAL and other stakeholder, response of NMIAL on other stakeholders' comments, Authority's analysis and final decision are set out.

g) Chapter 12 presents the ARR as decided by the Authority for Navi Mumbai International Airport for the First Control Period. Thereafter the comments of stakeholders, response of NMIAL to other stakeholders' comments, the Authority's analysis and final decisions are set out.

h) Chapter 13 presents Aeronautical Revenue for the First Control Period. Thereafter the comments of stakeholders, response of NMIAL to other stakeholders' comments, the Authority's analysis and final decisions are set out.

i) Chapter 14 summarizes the Authority's decisions on key aspects related to tariff computation.

j) Chapter 15 is the Tariff Order issued by the Authority for Navi Mumbai International Airport for the First Control Period.

k) Chapter 16 contains Annexures:

i. Annexure I: Tariff Rate Card approved by the Authority for Navi Mumbai International Airport for the First Control Period.

ii. Annexure II: Clauses of Concession Agreement

iii. Annexure III: Clauses of MoU

Appendix

Appendix 1 – Independent Study of Capital Expenditure for Development of Navi Mumbai International Airport (Greenfield) at Navi Mumbai

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3. PRE-COD LOSSES FOR THE PERIOD FROM FY 2018 TO COD

3.1 NMIAL's submissions regarding the period from FY 2018 to COD

3.1.1 NMIAL had, together with the projections for the First Control period, submitted the details of shortfall for the period from FY 2018 till March 31, 2025, amounting ₹ 79.84 crore.

3.1.2 NMIAL had submitted certain expenses incurred prior to the COD as Pre-COD losses. These Pre-COD losses were primarily on account of expenses related to the development of airport infrastructure that was not capitalized. NMIAL had requested the Authority to consider these Pre-COD losses as part of the tariff computation.

3.2 Authority's examination regarding the period from FY 2018 to COD at Consultation Stage

3.2.1 It was noted that Navi Mumbai being a greenfield airport, the airport had been under construction prior to the COD date of December 25, 2025. The investments and expenditure incurred by NMIAL in the regulatory building blocks were not available for utilization by users/passengers prior to COD. Therefore, the users/passengers couldn't be asked to pay any aeronautical tariffs before availing of facilities offered by the airport. In such a scenario, operational losses/gains prior to the airport becoming operational (i.e. COD) were proposed not to be carried forward to the First Control Period as per the practice being followed by the Authority.

3.3 Stakeholders' comments regarding Pre-Cod Losses for the Period from FY 2018 to COD for Navi Mumbai International Airport

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to the Pre-Cod Losses for the Period from FY 2018 to COD. The comments by the stakeholders are presented below:

3.3.1 NMIAL's comment on Pre-Cod Losses for the period from FY 2018 to COD is as follows:

"All expenses were incurred by NMIAL solely for developing Navi Mumbai Airport. Under established regulatory principles, prudently incurred costs for regulated assets must be recoverable through tariffs, irrespective of accounting treatment. As a regulated entity, NMIAL can recover such costs only through future tariffs, and denial of this recovery would be against natural justice. Further, AERA's True-Up mechanism provides for recovery of past-period costs in subsequent tariff periods.

NMIAL has incurred losses of Rs 33 Cr upto the Financial Year ending 31st March 2024. This was on account of non-capitalization of certain expenses due to the then prevailing accounting standards (relevant extract reproduced below for quick reference). Hence, these expenses had to be charged to the Profit and Loss statement, and this resulted in losses prior to the start of airport operations.

Indian Accounting Standard (Ind AS) 16
Property, Plant and Equipment

...

19 Examples of costs that are not costs of an item of property, plant and equipment are:
(a) costs of opening a new facility;

(b) costs of introducing a new product or service (including costs of advertising and promotional activities);
(c) costs of conducting business in a new location or with a new class of customer (including costs of staff training); and
(d) administration and other general overhead costs.
Other incidental expenditures. which are mainly in the nature of administrative costs such as statutory rates and taxes like stamp duty, Legal & professional charges, Corporate expenses, etc. are recognized as expense as and when incurred and shown under Net Losses during the period prior to start of operations.

The Authority's observation that costs prior to start of airport operations are "not available for utilization by users/passengers" does not negate their recoverability. NMIAL was incorporated solely for the purpose of developing, operating, and maintaining Navi Mumbai International Airport, and accordingly, every cost incurred by NMIAL is intrinsically linked to the eventual provision of aeronautical services to users. Same is evident from perusal of Para 5.13 of Concession Agreement which is reproduced below:

5.13 Sole purpose of the Concessionaire

The Concessionaire has been set up for the sole purpose of exercising the rights and observing and performing its obligations and liabilities under this Agreement, i.e., the design, development, implementation, operation and management of the Project.

The timing of passenger utilization cannot be the determinative test for cost recovery where the costs were necessarily incurred to create the assets and systems that enable such future utilization.

Due to prevalent accounting standards, substantial portion of costs were capitalized whereas a small portion of cost was charged off to the Profit and Loss account. It is pertinent to highlight that the distinction between capitalized costs and Profit and Loss expenses is only an accounting construct, driven by applicable accounting standards, and does not reflect the economic substance or purpose of the expenditure. A substantial portion of NMIAL's costs have been capitalised, while a limited portion—mandatorily—has been expensed. Both categories, however, are equally integral to the creation of the airport infrastructure and unavoidable in nature.

All these costs have been incurred towards construction of the airport facilities and such costs are incurred by every Corporate Entity. The Authority's guidelines itself provide the framework and recognize that certain costs may be capitalized to Projects and certain other costs could be considered as part of the Profit and Loss (not capitalized). NMIAL has exactly followed the same to comply with the extant accounting standards and guidelines applicable.

NMIAL cannot be disadvantaged or penalized for complying with statutory accounting standards and regulatory guidelines. Such an outcome would be contrary to principles of natural justice, particularly when the losses arise solely due to compliance obligations and not due to inefficiency or imprudence.

As a regulated entity, NMIAL has no independent commercial mechanism to recover such losses other than through the Aggregate Revenue Requirement (ARR) determined by the Authority.

In case the Authority is not in agreement with the accounting principles of charging these costs to Profit and Loss Accounts, then NMIAL proposes to consider these costs as Capitalized Expenditure under the

regulatory books of accounts. It is well established principle, which is also emphasized by the Honorable Supreme Court, that regulatory accounting books can have different treatment than the books of accounts."

3.3.2 BIAL's comment on Treatment of expenses incurred prior to the COD of the airport is as follows:

"Treatment of expenses incurred prior to the COD of the airport

NMIAL has submitted certain expenses incurred prior to COD of airport as pre-COD losses. These pre-COD losses are primarily on account of expenses related to the development of airport infrastructure that could not be capitalized. NMIAL had requested the Authority to consider these pre-COD losses as a part of the tariff computation. However, the Authority has declined to accept the same and has proposed not to carry forward the same to the First Control Period. These expenses could not be capitalised because of the applicable accounting standards and therefore had to be charged to the profit and loss account. This has resulted in accounting losses even though the airport was not yet operational. The way costs are treated for accounting purposes does not change the fact that these expenses were necessary for building the airport. From a regulatory point of view, the key question that needs to considered is whether these costs were prudently incurred or not, for creating the airport infrastructure.

We kindly request the Authority to consider these expenses as a part of tariff computation, subject to prudence check."

3.3.3 Lufthansa Group's comment on Rejection of Historical Operational Inefficiencies (Pre-COD Losses) is as follows:

"Rejection of Historical Operational Inefficiencies (Pre-COD Losses)

• The Pre-COD losses have rightly been disallowed.

• Total Disallowance: NMIAL requested recovery of ₹79.84 crore in losses incurred from FY 2018 to COD.

• Regulatory Consistency: We strongly support CP Paragraph 3.3.1, where the Authority formally proposes "not to consider the pre-COD losses" as part of the tariff calculation. Under Clause 15.1.1 and Clause 27.1.1 of the CA, the operator's right to collect fees only begins "on and from Phase I COD"; seeking any pre-operational from the airlines losses violates this contractual limitation."

3.4 NMIAL's response to Stakeholders' comments regarding Pre-Cod Losses for the Period from FY 2018 to COD for Navi Mumbai International Airport

3.4.1 NMIAL's response on BIAL's comment regarding the Pre-COD Losses is as follows:

"Pre-COD expenses are legitimate costs which should be considered as a part of tariff computation either O&M or RAB."

3.4.2 NMIAL's response on Lufthansa Group's comment regarding Rejection of Historical Operational Inefficiencies (Pre-COD Losses) is as follows:

"Pls refer to Point 1 of NMIAL's Comments on the Consultation Paper, dated 17th April 2026 (para 3.3.1 of Tariff Order)*"*

3.5 Authority's analysis on Stakeholders' comments regarding Pre-Cod Losses for the Period from FY 2018 to COD for Navi Mumbai International Airport

Pre-Cod Losses

3.5.1 The Authority notes that the losses incurred by NMIAL during the pre-COD period have arisen primarily from pre-operative expenditures incurred during the development and construction phase of the airport. The NMIAL has submitted that such expenditures have been recorded in accordance with applicable accounting standards and supported by audited financial statements. However, the Authority reiterates that determination of aeronautical tariff is governed by the provisions of the AERA Act, 2008 and the applicable AERA Tariff Guidelines, which are based on principles of economic regulation and the linkage between efficient costs incurred and user services provided and are not solely based on accounting treatment.

The Authority observes that, prior to COD, the Airport was not available for commercial operations and no aeronautical services were rendered to users. Accordingly, airport users did not derive any benefit from the facilities during the pre-COD period.

The Authority notes that while the accounting treatment of pre-COD losses may be in line with extant accounting provisions, the exclusion of such losses for tariff determination purposes aligns with the Authority's regulatory framework and guided by the objective of safeguarding the interests of all airport users.

It is also noted that in the Memorandum of Understanding (MoU) executed between Navi Mumbai International Airport and the Government of India, under the section relating to "Principles of Determination and Revision of Aeronautical Charges", paragraph 2.6.6 provides that *"Any under-recovery or over-recovery of Aeronautical Revenues in respect of ad-hoc or final aeronautical charges approved by AERA for the first control period (currently 5 (five) years) commencing from the Phase I COD, shall be carried forward and adjusted, while determining the allowable Aeronautical Revenue in the second tariff control period, as per the regulations and guidelines issued by AERA from time to time, provided that such carry-forward or adjustment, shall be available only with respect to under-recovery or over-recovery of Aeronautical Revenues determined by AERA as per AERA Act and extant AERA Guidelines"*. From the above, it is evident that the regulatory framework expressly links the commencement of the control period to COD. Accordingly, revenues and costs arising only during control period, are to be considered under the regulatory framework of tariff determination. Therefore, losses, if any, incurred during the pre-COD period are not envisaged to be carried forward for adjustment under the tariff framework. This is also consistent with the intent of the applicable legislative and regulatory provisions.

Accordingly, consistent with the proposals set out at the Consultation Stage, the Authority maintains its position that pre-COD operational losses for the period from Company inception to COD cannot be considered for the determination of aeronautical tariff for NMIAL for the First Control Period.

Treatment of expenses incurred prior to the COD of the airport

3.5.2 The Authority has examined the submissions made by BIAL and the counter comment of NMIAL regarding the treatment of expenses incurred prior to COD. Authority's response is mentioned in para 3.5.1 of this Tariff Order. Accordingly, the Authority retains its decision to exclude such expenses from tariff computation for the First Control Period.

Rejection of Historical Operational Inefficiencies (Pre-COD Losses)

3.5.3 The Authority notes the submission of Lufthansa Group regarding treatment of expenses incurred prior to COD and NMIAL's counter comment thereafter. Authority's response is mentioned in para 3.5.1 of this Tariff Order.

Accordingly, the Authority retains its decision to exclude such expenses from tariff computation for the First Control Period.

3.6 Authority's decisions regarding the pre-COD losses for the period from FY 2018 to COD

Based on the material before it and its analysis, the Authority decides the following with regards to the Pre-COD losses for the period from Financial Year 2018 to Airport COD:

3.6.1 Not to consider the pre-COD losses as part of tariff for the period from Company inception to COD for Navi Mumbai International Airport.

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4. TRAFFIC FOR THE FIRST CONTROL PERIOD

4.1 NMIAL's submission on traffic for the First Control Period

4.1.1 NMIAL in its MYTP submission stated that it had appointed M/s ICF Consulting India Pvt. Ltd. (ICF), an independent agency, to study and project the traffic at Navi Mumbai International Airport. ICF had undertaken assessment of MMR aviation market, constraints at CSMIA and macro-economic factors impacting aviation demand for NMIA for the First Control Period.

4.1.2 ICF forecasted the passenger traffic movement for domestic and international flights at NMIA using an econometric approach and regression analysis after considering various parameters including but not limited to:

a) Overall aviation industry in India- trends of traffic growth

b) Overall MMR market - airlines fleet forecast

c) Unserved origin destination routes at MMR

d) GDP growth rates

e) Catchment study based on distance and travel time

4.1.3 Traffic forecast approach considered by ICF is summarized below:

Passenger traffic

M/s ICF divided the traffic forecast for passengers into three parts (levels), i.e., at MMR, CSMIA and NMIA with unconstrained and constrained scenarios.

1. MMR unconstrained passenger forecasts

a) Due to the constraints at CSMIA, ICF assessed the actual unconstrained market size of MMR by considering traffic levels from a year before these constraints begun.

b) To estimate the most suitable unconstrained growth rate for CSMIA, during the constrained period, ICF analyzed passenger growth rates from FY 2016-17 to FY 2023-24 for Delhi and other Tier 1 airports. Basis this comparison, Tier 1 growth rates were found to be the best fit for projecting the unconstrained MMR size.

c) ICF conducted a short-term bottom-up analysis for FY 2024-25 to FY 2026-27, using actual seat and passenger data to estimate the growth and adjust the same for demand and supply differences. If the traffic exceeded pre-COVID levels seen in FY 2018-19 for MMR, forecast followed unconstrained growth, otherwise, a smooth recovery growth was considered for FY 2025-26 and FY 2026-27, basis recent traffic growth performance of CSMIA.

d) For econometric forecasts from FY 2026-27 onwards, ICF tested regressions involving multiple markets and explanatory variables. Based on the best fit in the long term, forecast was driven by elasticities to GDP (Indian GDP for domestic market; a blend of India and regional GDPs for the international market). The period selected for the regression analysis was from FY 2013-14 to FY 2018-19.

2. CSMIA unconstrained and constrained passenger forecasts

a) ICF derived CSMIA's unconstrained traffic from the unconstrained MMR traffic, considering MMR's growth rates from FY 2023-24 onwards. They forecasted ATMs based on a combination of seats per ATM, fleet mix and load factors (LF), using historical and current data for different regions.

b) The constrained passenger forecast at CSMIA is derived by adjusting the unconstrained ATMs for capacity constraints, particularly peak-hour limits, leading to split of constrained and spilled ATMS.

c) The final constrained ATMs are then multiplied by the passenger per ATM ratio, to arrive at the constrained passenger forecasts at CSMIA.

3. NMIA unconstrained and constrained passenger forecasts

a) The unconstrained traffic of NMIA included the natural catchment area's share from the first year of operations and the split traffic from CSMIA (difference between unconstrained and constrained CSMIA) starting FY 2029-30.

b) The natural MMR share of NMIA was estimated by using mobile data mapping to analyse passenger catchment based on travel time to NMIA and CSMIA. The study mapped 500+ pin codes, considering both current and planned infrastructure to assess airport preference.

c) The spill from CSMIA to NMIA was estimated on basis of phased traffic absorption of NMIA. Initially, NMIA assumed to capture its natural catchment, followed by spillover traffic from constrained CSMIA.

d) Navi Mumbai International Airport's actual traffic was constrained by passenger handling limits, with starting at 20 MPPA in FY 2025-26, 50 MPPA in FY 2029-30 and scaling up to 90 MPPA by FY 2034-35. A 15% sweat capacity is also factored into account for peak flexibility.

Air Traffic Movements (ATMs)

a) The number of passenger ATMs was forecasted based on a combination of seats per ATM, fleet mix and LF.

b) Seats per ATMs were calculated based on combination of historical and current seats per ATMs being operated from CSMIA and other different regions

c) To forecast the seats per ATM, fleet orders for the future were studied to put together a fleet forecast, to give an expected seats per ATM for each of the regions.

d) Further, based on how the LF at CSMIA and different regions had evolved in the past and based on the assumption that the airlines will do better in each of the regions with every passing year, the LFs were assumed to be rising, increasing the passenger per ATM gradually.

Cargo demand

a) Cargo demand was segmented geographically and by commodity, aligning airport catchments to relevant cargo types.

b) MMR's air cargo catchment was analyzed based on road transit time, competition from other hubs and leakage to alternative hubs.

c) Due to the strong correlation observed, GDP based forecast (R2 = 0.97) was selected as the baseline scenario, with optimistic and pessimistic scenarios adjusting projections ± 5%.

d) Over 30 macroeconomic factors including industrial production, exchange rates and private consumption were used to refine segment wise forecasts for exports, imports and domestic cargo.

e) Bottom-up sectoral analysis of key commodities (e.g. pharmaceuticals, automobiles, electronics, e-commerce etc.) was performed to understand growth trends and their impact on air cargo demand.

f) MMR's market share was categorized based on hinterland reach and competing airport dynamics.

g) Capacity distribution between NMIA and CSMIA was assessed, with NMIA expected to become the primary hub for international cargo.

4.1.4 Traffic forecast for NMIA as submitted by NMIAL for the First Control Period is presented below:

Table 10: Traffic for the First Control Period submitted by NMIAL for Navi Mumbai International Airport

Year	Passenger (in Mn)			ATM (In Nos)			Cargo (In MT)		
	Dom.	Int'l	Total	Dom.	Int'l	Total	Dom.	Int'l	Total
Traffic									
2025-26	9.35	2.63	**11.98**	61,458	14,871	**76,329**	57,297	207,755	**265,051**
2026-27	14.40	4.91	**19.31**	92,970	27,367	**120,337**	87,164	309,639	**396,803**
2027-28	16.00	6.00	**22.00**	101,446	32,953	**134,399**	119,198	510,675	**629,872**
2028-29	16.00	6.00	**22.00**	101,446	32,953	**134,399**	119,198	510,675	**629,872**
2029-30	23.99	9.91	**33.90**	149,384	54,470	**203,854**	153,409	652,478	**805,887**
Total	**79.73**	**29.46**	**109.19**	**506,704**	**162,614**	**669,316**	**536,265**	**2,191,221**	**2,727,486**
Growth %									
2026-27	54%	87%	61%	51%	84%	58%	52%	49%	50%
2027-28	11%	22%	14%	9%	20%	12%	37%	65%	59%
2028-29	–	–	–	–	–	–	–	–	–
2029-30	50%	65%	54%	47%	65%	52%	29%	28%	28%

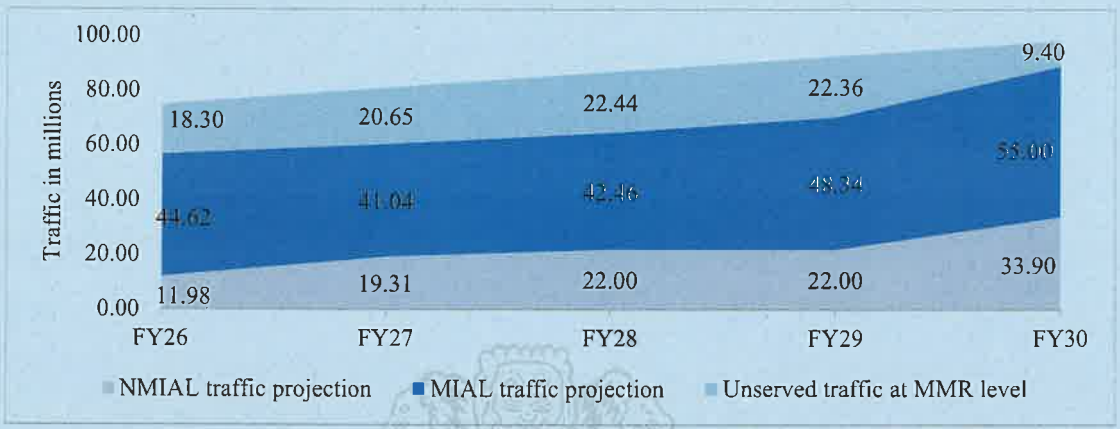
4.2 Authority's examination regarding traffic for the First Control Period at Consultation Stage

Passenger traffic

4.2.1 The Authority noted that NMIA (greenfield) is the second international airport in the MMR. Considering the constraints at CSMIA, the two airports were expected to complement each other to meet the aviation demands of the region.

4.2.2 The Authority reviewed the traffic study conducted by ICF for NMIA and noted that the MMR's unconstrained traffic projections indicated that even with the combined traffic handled by both airports in the MMR, a significant demand will remain unserved until FY 2029-30.

Figure 2: Passenger traffic projections at MMR (FY 2025-26 to FY 2029-30)



Note: Tariff order for 4th Control Period of MIAL provides traffic projection till FY 2028-29. For FY 2029-30, traffic equal to CSMIA capacity of 55 MPPA had been considered.

4.2.3 The Authority observed that during the period from FY 2013-14 to FY 2018-19, traffic growth at CSMIA was approximately 0.65 times that observed at Indira Gandhi International Airport (IGIA), New Delhi, as shown in Table 11 below. This divergence was primarily due to capacity constraints at CSMIA. While CSMIA and IGIA exhibited comparable traffic levels until 2012, IGIA subsequently experienced higher growth due to absence of such constraint. Accordingly, the unconstrained growth projections for the MMR appear reasonable when assessed in the context of historical trends at other metro airports without capacity constraints.

Table 11: Comparison of traffic growth trend at CSMIA & IGIA

Particular (in Mn)	FY 2013-14	FY 2018-19	CAGR	Ratio(A/B)
CSMIA Domestic	21.88	34.39	9.47%	0.65
CSMIA International	10.34	14.42	6.88%	
CSMIA Total - A	**32.22**	**48.81**	**8.66%**	
IGIA Domestic	24.19	50.52	15.87%	
IGIA International	12.68	18.70	8.09%	
IGIA Total - B	**36.87**	**69.23**	**13.43%**	

4.2.4 The Authority further noted that the passenger traffic forecast of 11.98 million for FY 2025-26, as submitted by NMIAL was premised on the assumption that domestic operations would commence by May 31, 2025 and international operations by July 31, 2025. However, in view of the delay and subsequent revisions in planned COD (domestic operations commenced on December 25, 2025 and international operations scheduled to commence from April 1, 2026), the traffic projection for FY 2025-26, being the initial year of the First Control Period requires suitable adjustments to reflect the reduced period of operations during the year.

4.2.5 The Authority noted that between FY 2025-26 to FY 2029-30, notwithstanding the operationalization of NMIA, traffic at CSMIA is expected to remain constrained due to capacity limitations. Consequently, there exists a significant quantum of latent and unserved passenger demand at the MMR level, estimated at approximately 18 to 22 MPPA (as per Figure 2). Such demand is expected to be progressively absorbed by NMIA over the First Control Period.

4.2.6 In view of the revised Commercial Operations Date (COD) of December 25, 2025, passenger traffic projections was realigned to reflect change of COD against May 31, 2025. Accordingly, domestic traffic for FY 2025-26 were moderated and assumed for a truncated operational period of three months, instead of ten months considered earlier in NMIAL's submission. Further, international operations are then assumed to commence from April 1, 2026.

4.2.7 The Authority observed that NMIAL indicated a traffic trigger for initiation of Phase III development during FY 2026-27. Accordingly, in its Multi-Year Tariff Proposal (MYTP), NMIAL proposed commencement of Phase III development in FY 2026-27 with envisaged operationalization in FY 2029-30.

4.2.8 However, in view of the delay in commencement of commercial operations at NMIA, the Authority was of the considered view that the traffic trigger for Phase III is likely to materialize towards the later part of FY 2026-27. Consequently, the Authority had assumed that construction activities for Phase III would commence in FY 2027-28. Further, considering the scale and complexity of the proposed expansion works under Phase III, the Authority had assumed a minimum construction period of approximately three (3) years and hence estimated its likely completion in FY 2030-31.

4.2.9 In view of the above, passenger traffic projections attributable to Phase III capacity augmentation, as considered by NMIAL in its submission, have not been factored into the Authority's traffic assessment for the First Control Period. During the intervening construction phase, NMIAL is expected to undertake optimal asset utilization measures to sweat existing terminal (T1) capacity to accommodate the traffic growth. Based on these revised assumptions, the Authority therefore proposed the passenger projections for the First Control Period as below:

Table 12: Passenger traffic proposed by Authority for the First Control Period at Consultation stage

Year	Passenger (in Million)		
	Domestic	International	Total
2025-26	2.81	-	2.81
2026-27	14.4	4.91	19.31
2027-28	18.66	7.34	26
2028-29	18.66	7.34	26
2029-30	18.66	7.34	26
Total	**73.19**	**26.93**	**100.12**

Air Traffic Movement (ATM)

4.2.10 The Authority reviewed the assumptions considered by NMIAL as per ICF study for projecting the ATMs for the First Control Period. These assumptions included forecast based on seats per ATM, fleet orders for the future put together a fleet forecast, to give an expected seats per ATM for each of the regions. Then, Current Load Factors (LFs) were mapped, based on passenger data from Adani managed airports and seat data from OAG. Based on historical evolution of the LFs at CSMIA for the regions and the assumption that the airlines will do better in each of the regions with every passing year, the LFs have been assumed to be rising, increasing the passenger per ATM gradually.

4.2.11 Further, the Authority noted that, in view of the revised COD of December 25, 2025, ATM projections need to be realigned to reflect change of COD against May 31, 2025, considered earlier in NMIAL's submission.

4.2.12 Accordingly, domestic ATMs for FY 2025-26 were moderated and assumed for a truncated operational period of three months, instead of ten months considered earlier in NMIAL's submission. Further, international operations were then assumed to commence from April 1, 2026.

4.2.13 Further, phase III construction is likely to be completed by FY 2030-31 as explained in para 4.2.8, therefore ATM projections attributable to Phase III capacity augmentation, as considered by NMIAL in its submission, have not been factored into the Authority's assessment of ATM for the First Control Period. During the intervening construction phase, NMIAL is expected to undertake optimal asset utilization measures to sweat existing terminal (T1) capacity to accommodate the traffic growth. Based on these revised assumptions, the Authority therefore proposed the ATM projections for the First Control Period as below:

Table 13: ATMs proposed by Authority for the First Control Period at Consultation Stage

Year	ATM (in Nos)						
	Domestic	General Aviation	Total Domestic	International	Freighter	Total International	Total (Dom. + Int.)
2025-26	18,437	2,818	21,255	-	-	-	21,255
2026-27	92,970	12,304	105,274	27,367	3,535	30,902	136,176
2027-28	118,311	15,816	134,127	40,313	4,537	44,850	178,977
2028-29	118,311	15,816	134,127	40,313	4,537	44,850	178,977
2029-30	118,311	15,816	134,127	40,313	4,537	44,850	178,977
Total	**466,340**	**62,570**	**528,910**	**148,306**	**17,146**	**165,452**	**694,362**

Cargo demand

4.2.14 The Authority had reviewed the assumptions considered by NMIAL in projecting the cargo volume for the First Control Period. These assumptions include projections derived from the GDP-based model, combined with the multivariate analysis (includes analysis via 30 macroeconomic factors, which are key drivers for air cargo growth) which provides a fair representation of the market's likely trajectory in the coming years and the same was further validated via bottom-up analysis.

4.2.15 As per the ICF study, NMIA is expected to become the primary international airport for MMR. On this account, high-yield international belly capacity is expected to get concentrated in NMIA, given higher proportion of international pax connections. In addition, domestic belly capacity is also likely to be split between CSMIA and NMIA. In view of the revised COD of December 25, 2025, cargo volume projections have been realigned to reflect change of COD against May 31, 2025, considered earlier in NMIAL's submission.

4.2.16 Accordingly, domestic cargo volume for FY 2025-26, have also been moderated and assumed for a truncated operational period of three months, instead of ten months considered earlier in NMIAL's submission. Further, international operations were then assumed to commence from April 01, 2026.

4.2.17 Further, phase III construction is likely to be completed by FY 2030-31 as explained in para 4.2.8, therefore cargo projections attributable to Phase III capacity augmentation, as considered by NMIAL in its submission, have not been factored into the Authority's cargo assessment for the First Control Period. During the intervening construction phase, NMIAL is expected to undertake optimal asset utilization measures to sweat existing cargo terminal capacity to accommodate the cargo growth. Based

on these revised assumptions, the Authority therefore proposed the cargo projections for the First Control Period as below:

Table 14: Cargo volume proposed by Authority for the First Control Period at Consultation Stage

Year	Cargo Volume (in MT)		
	Domestic	International	Total
2025-26	17,189	-	**17,189**
2026-27	87,164	309,639	**396,803**
2027-28	139,014	624,725	**763,739**
2028-29	139,014	624,725	**763,739**
2029-30	139,014	624,725	**763,739**
Total	**521,395**	**2,183,814**	**2,705,209**

4.2.18 Based on the overall above analysis, the traffic proposed by authority for NMIA, for the First Control Period is as follows:

Table 15: Traffic proposed by the Authority for the First Control Period at Consultation Stage

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Domestic Passenger (in Mn)						
Domestic Pax submitted by NMIAL (Table 10)	9.35*	14.4	16	16	23.99	**79.73**
Domestic Pax proposed by Authority-A (Table 12)	2.81**	14.4	18.66	18.66	18.66	**73.19**
% Change as per Domestic Pax submitted by NMIAL		54%	11%	0%	50%	
% Change as per Domestic Pax proposed by Authority		412%	30%	0%	0%	
International Passenger (in Mn)						
International Pax submitted by NMIAL (Table 10)	2.63*	4.91	6	6	9.91	**29.46**
International Pax proposed by Authority-B (Table 12)	0***	4.91	7.34	7.34	7.34	**26.93**
% Change as per International Pax submitted by NMIAL		87%	22%	0%	65%	
% Change as per International Pax proposed by Authority		-	49%	0%	0%	
Total Passengers (in Mn)						
Total Pax submitted by NMIAL (Table 10)	11.98	19.31	22	22	33.9	**109.19**
Total Pax proposed by Authority-(C=A+B) (Table 12)	2.81	19.31	26	26	26	**100.12**

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30	Total
% Change as per Total Pax submitted by NMIAL		61%	14%	0%	54%	
% Change as per Total Pax proposed by Authority		587%	35%	0%	0%	
Domestic ATM (in Nos)						
Domestic ATM submitted by NMIAL (Table 10)	61,458*	92,970	1,01,446	1,01,446	1,49,384	**5,06,704**
Domestic ATM proposed by Authority-D (Table 13)	21,255**	1,05,274	1,34,127	1,34,127	1,34,127	**5,28,910**
% Change as per Domestic ATM submitted by NMIAL		51%	9%	0%	47%	
% Change as per Domestic ATM proposed by Authority		395%	27%	0%	0%	
International ATM (in Nos)						
International ATM submitted by NMIAL (Table 10)	14,871*	27,367	32,953	32,953	54,470	**162,614**
International ATM proposed by Authority-E (Table 13)	0***	30,902	44,850	44,850	44,850	**165,452**
% Change as per International ATM submitted by NMIAL		84%	20%	0%	65%	
% Change as per International ATM proposed by Authority		-	45%	0%	0%	
Total ATM (in Nos)						
Total ATM submitted by NMIAL (Table 10)	76,329	120,337	134,399	134,399	203,854	**669,318**
Total ATM proposed by Authority-(F=D+E) (Table 13)	21,255	136,176	178,977	178,977	178,977	**694,362**
% Change as per Total ATM submitted by NMIAL		58%	12%	0%	52%	
% Change as per Total ATM proposed by Authority		541%	31%	0%	0%	
Domestic cargo volume (in MT)						
Domestic cargo volume submitted by NMIAL (Table 10)	57,297*	87,164	119,198	119,198	153,409	**536,265**
Domestic cargo volume proposed by Authority-G (Table 14)	17,189**	87,164	139,014	139,014	139,014	**521,395**

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30	Total
% Change as per Domestic cargo submitted by NMIAL		52%	37%	0%	29%	
% Change as per Domestic cargo proposed by Authority		407%	59%	0%	0%	
International cargo volume (in MT)						
International cargo volume submitted by NMIAL (Table 10)	2,07,755*	3,09,639	5,10,675	5,10,675	6,52,478	**2,191,221**
International cargo volume proposed by Authority-H (Table 14)	0.00***	3,09,639	6,24,725	6,24,725	6,24,725	**2,183,814**
% Change as per International cargo submitted by NMIAL		49%	65%	0%	28%	
% Change as per International cargo proposed by Authority		-	102%	0%	0%	
Total cargo volume (in MT)						
Total cargo volume submitted by NMIAL (Table 10)	2,65,051	3,96,803	6,29,872	6,29,872	8,05,887	**2,727,486**
Total cargo volume proposed by Authority-(I= G+H) (Table 14)	17,189	3,96,803	7,63,739	7,63,739	7,63,739	**2,705,209**
% Change as per Total cargo submitted by NMIAL		50%	59%	0%	28%	
% Change as per Total cargo proposed by Authority		2208%	92%	0%	0%	

**Proportionately for 10 months considering COD of May 31, 2025*

***Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

****Considered 0, as international operations are likely to start from April 1, 2026*

4.3 Stakeholders' comments regarding Traffic for the First Control Period for Navi Mumbai International Airport

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to the Traffic for the First Control Period. The comments by the stakeholders are presented below:

4.3.1 IATA's comment on Traffic Realism and Affordability During Greenfield Ramp-up is as follows:

"Traffic Realism and Affordability During Greenfield Ramp-up

IATA notes that the Authority has appropriately revised NMI's traffic projections to reflect the delayed Commercial Operations Date (COD) of 25 December 2025, including prorating domestic traffic for FY 2025 26 to a truncated three-month operational period and assuming commencement of international operations from 01 April 2026. IATA also notes the Authority's decision not to factor Phase-III-related traffic into the current control period, given the revised construction and operational timelines. Notwithstanding these adjustments, traffic realization in the early years remains inherently uncertain in a dual-airport system. Airline representatives present at the stakeholder consultation meeting highlighted that operating from both BOM and NMI would require parallel setups, resulting in duplicated manpower, higher operating costs, and reduced efficiency. In addition, higher charges at NMI, combined with surface access and infrastructure readiness constraints, are expected to limit the pace of traffic migration in the initial years.

IATA further notes that the traffic forecasts do not appear to fully reflect the operational capacity available within Phase I and II infrastructure. International benchmarks demonstrate that well-designed single-runway airports with multiple line-up points, high-speed exits, and no curfew can accommodate significantly higher ATM volumes than those assumed for NMI in the 2027–2030 period. In this context, there appears to be scope for delivering capacity in stages through selective operational enhancements such as additional security lanes, check-in capacity, remote stands and enabling cargo facilities, which could support continued growth and better utilization of existing infrastructure prior to full Phase-III commissioning. We also observe that the forecasts do not explicitly reflect transfer passenger operations or the potential interaction between increased ATM capacity and cargo growth. Both factors could meaningfully influence traffic and revenue outcomes during the ramp-up phase. Where there is unserved or constrained demand within the Mumbai dual-airport system, every effort should be made to capture such demand through phased capacity enhancements, rather than deferring growth until the delivery of Phase III. Greater clarity on the assumptions underpinning the traffic projections would assist stakeholders in providing more constructive and evidence-based feedback.

In light of the above, IATA suggests that:

• Early-year traffic assumptions should be treated with caution, as they directly influence unit costs and tariff affordability during the ramp-up phase. Greater transparency of the behavioural and operational assumptions underpinning the forecasts would enable stakeholders to provide more meaningful and informed feedback.

• Where traffic forecasts are not realized, the current framework places a disproportionate share of downside risk on airlines and passengers through under-recovery being carried forward into future periods. In light of NMI's delayed COD and greenfield ramp-up, continued prudence is essential to ensure cost recovery aligns with actual traffic materialization and does not unduly burden early users."

4.4 NMIAL's response to Stakeholders' comments regarding Traffic for the First Control Period for Navi Mumbai International Airport

4.4.1 NMIAL's response of IATA's comment on Traffic Realism and Affordability During Greenfield Ramp-up is as follows:

"The Authority has undertaken a detailed and rigorous examination of the traffic forecasts for NMIA, based on the comprehensive traffic study conducted by ICF and submitted by NMIAL. Further, it is pertinent to note that the traffic forecasting exercise conducted by ICF was not undertaken in isolation. Inputs from airlines and other stakeholders were sought upon and incorporated as part of the forecasting process, including operational considerations relevant to a dual-airport environment.

Accordingly, the resulting forecasts already reflect a balanced view of expected airline behaviour, market development constraints, and ramp-up challenges typically associated with a greenfield airport.

IATA's contention that traffic assumptions may be optimistic, while simultaneously asserting that existing infrastructure capacity is underutilized, is internally inconsistent. A position that simultaneously argues for both overestimation of demand and underutilization of capacity undermines the credibility of the concern.

In respect of the concern that downside traffic risk disproportionately impacts airlines and passengers through under-recovery being carried forward, it is reiterated that the true-up mechanism is a foundational element of the Authority's tariff framework. True-up of over-recovery or under-recovery based on actual traffic and financial outcomes during tariff determination for subsequent Control Periods is an inherent safeguard prescribed under the Tariff Guidelines. This mechanism operates symmetrically and is designed to protect all stakeholders by ensuring that airport operators neither retain windfall gains nor suffer permanent revenue shortfalls due to forecasting variances. The carry-forward of under-recovery is a regulatory necessity to preserve the long-term financial viability of airport infrastructure, without which sustained service provision and capacity augmentation would be jeopardised. It is also important to emphasise that early users of a greenfield airport inevitably face a degree of transitional cost exposure, as capital investments are incurred ahead of full traffic materialisation. This is a well-recognised feature of infrastructure development globally and does not, by itself, constitute an inequitable allocation of risk. The Authority has mitigated this risk by ensuring traffic assumptions more than available capacity, exclusion of Phase-III capacity from the current Control Period, and reliance on phased development principles consistent with actual readiness.

The Authority has considered aggressive traffic going up to annual 26 million passenger throughputs in the major part of the control period. Whereas the available terminal capacity is limited to 20 million per annum. In case IATA suggests rationalizing the traffic. then it will be counter-productive for airlines and users as yield per pax will increase which will lead to increase in recovery. Hence it is not clear if IATA has really applied rational thinking while commenting on the traffic related matter.

It must also be recognized that early-stage traffic uncertainty is an inherent and unavoidable characteristic of greenfield infrastructure. Early users benefit from fully available infrastructure and therefore cannot be completely insulated from the transitional cost dynamics associated with initial ramp-up."

4.5 Authority's analysis on Stakeholders' comments regarding Traffic for the First Control Period for Navi Mumbai International Airport

Traffic Realism and Affordability During Greenfield Ramp-up

4.5.1 The Authority has carefully examined the submissions made by IATA as well as the counter-comments provided by NMIAL on the issue of traffic projections, ramp-up dynamics and affordability during the First Control Period.

The Authority notes that at Consultation stage (para 4.2 of Tariff Order), traffic forecasts for NMIA have been determined based on a comprehensive assessment of the MYTP submitted by NMIAL. The Authority further notes that the revised COD of December 25, 2025 and phased commencement of operations have been duly factored into the traffic projections.

With respect to IATA's concern regarding uncertainty in traffic realization in a dual-airport system and the pace of traffic migration, the Authority observes that such uncertainties are inherent in the ramp-up phase of any greenfield airport. As also highlighted by NMIAL, the traffic forecasting exercise has not been undertaken in isolation and incorporates inputs from airlines and other stakeholders, along with operational considerations relevant to a dual-airport environment. Accordingly, the Authority is of the view that the adopted forecasts represent a balanced and evidence-based assessment of expected airline behaviour and market development constraints.

The Authority has also considered NMIAL's submission that the traffic projections reflect a calibrated ramp-up trajectory and are aligned with infrastructure availability and development phasing. The Authority has factored the annual passenger throughput in an optimistic basis so that it reasonably and appropriately moderates the YPP and thus, the Airport charges. The Authority also notes that the projections are consistent with the planned capacity of Phase I and Phase II infrastructure and do not rely unduly on aggressive capacity assumptions.

On the issue of affordability and the risk of under-recovery during the ramp-up phase, the Authority notes IATA's concern that the existing framework may place a disproportionate burden on airlines and passengers. In this regard, the Authority concurs with NMIAL that the true-up mechanism under the regulatory framework provides an appropriate safeguard by enabling adjustment of over-recovery or under-recovery based on actual traffic and financial outcomes in subsequent Control Periods. This mechanism ensures that demand uncertainties during the ramp-up phase are addressed over time without leading to inequitable allocation of risks.

Further, the Authority notes NMIAL's submission that early-stage infrastructure development typically entails front-loaded investments and initial users may be exposed to certain transition cost dynamics. The Authority observes that such characteristics are inherent to greenfield airport development globally and cannot be entirely mitigated without adversely impacting long-term financial sustainability and capacity augmentation.

4.5.2 In view of the above, the Authority is of the considered opinion that the traffic projections adopted at the Consultation Stage are reasonable, appropriately validated and consistent with regulatory principles. Accordingly, the Authority does not find merit in modifying its approach to traffic forecasting for the First Control Period.

4.6 Authority's decisions regarding traffic for the First Control Period

Based on the available facts and analysis thereupon, the Authority decides the following with regard to traffic forecast for the First Control Period.

4.6.1 To consider the passenger, ATM and cargo traffic for the First Control Period for NMIA as per Table 15.

4.6.2 To true up the traffic volume (passenger, ATM and cargo) on the basis of actual traffic in the First Control Period while determining tariff for the Second Control Period.

5. CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FIRST CONTROL PERIOD

5.1 Background

5.1.1 RAB is an essential element in the process of aeronautical tariff determination. The return to be provided on RAB constitutes a considerable portion of the ARR. 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 are justified and the return on investment provided solely on the assets related to the core operations (i.e., aeronautical services) of the airport.

5.1.2 The Authority noted that NMIAL initially proposed to develop NMIA, a greenfield airport in Navi Mumbai in a phased manner during the tenure of the concession period. As specified in Annex- I- schedule A, Clause 2.1.1 of CA, phase I of the airport development is required to be undertaken for a design capacity of 10 MPPA. Due to delay in development of airport, the revised master plan was submitted by NMIAL to CIDCO vide letter dated August 30, 2024 and the master plan was revised as per letter from CIDCO dated September 18, 2025. This development included key infrastructure such as the passenger terminal building, runway, taxiways, aprons, ATC tower, cargo facilities, airside and landside access roads and other support systems. Further, expansion in subsequent phases will be triggered upon reaching pre-defined traffic thresholds as outlined in Annex- I- schedule A, Clause 2.2 of CA.

5.1.3 To facilitate this development, NMIAL was required to prepare and submit a master plan which is in accordance with Civil Aviation Requirements (CAR) as prescribed by the DGCA, ICAO guidelines and conforming to good industry practice and in line with the specifications / requirements set out in the CA.

5.1.4 As per clause 6 of Annex II to Schedule A of the CA,

"The Concessionaire shall prepare and submit a Master Plan for the Airport within 90 days of the execution of this Agreement, setting out the proposed development for the entire Airport, planned over the Concession Period. The Master Plan shall include short term and long-term traffic forecast and link all planned major development to these forecasts. The finalized Master Plan including its revision, amendments, modifications and updation from time to time shall form part of this agreement."

5.1.5 CIDCO received in-principle approval from MoCA for establishment of the NMIA vide its letter dated July 6, 2007.

5.1.6 The development plan of phases I & II of NMIA (20 MPPA capacity) was approved by the Board of CIDCO and the same was communicated to NMIAL vide letter no CIDCO/JMD-I/NMIA/E-84860 dated December 24, 2021. The Authority noted that NMIAL prepared and submitted a draft master plan and received feedback from DGCA, AAI and BCAS.

5.1.7 NMIAL reviewed the comments and suggestions and updated the master plan report, wherever applicable and submitted the final master plan to CIDCO on August 30, 2024. Subsequently, CIDCO's

Board approved this master plan on September 18, 2025 and DGCA license was granted on September 30, 2025.

5.1.8 In accordance with Clause 12.2.1 and Annex II to Schedule A of the CA, NMIAL prepared the development plan for phases I and II of NMIA in compliance with the revised master plan of NMIA and the requirements set forth in the CA. The facilities being built at NMIA for phases I and II were as follows:

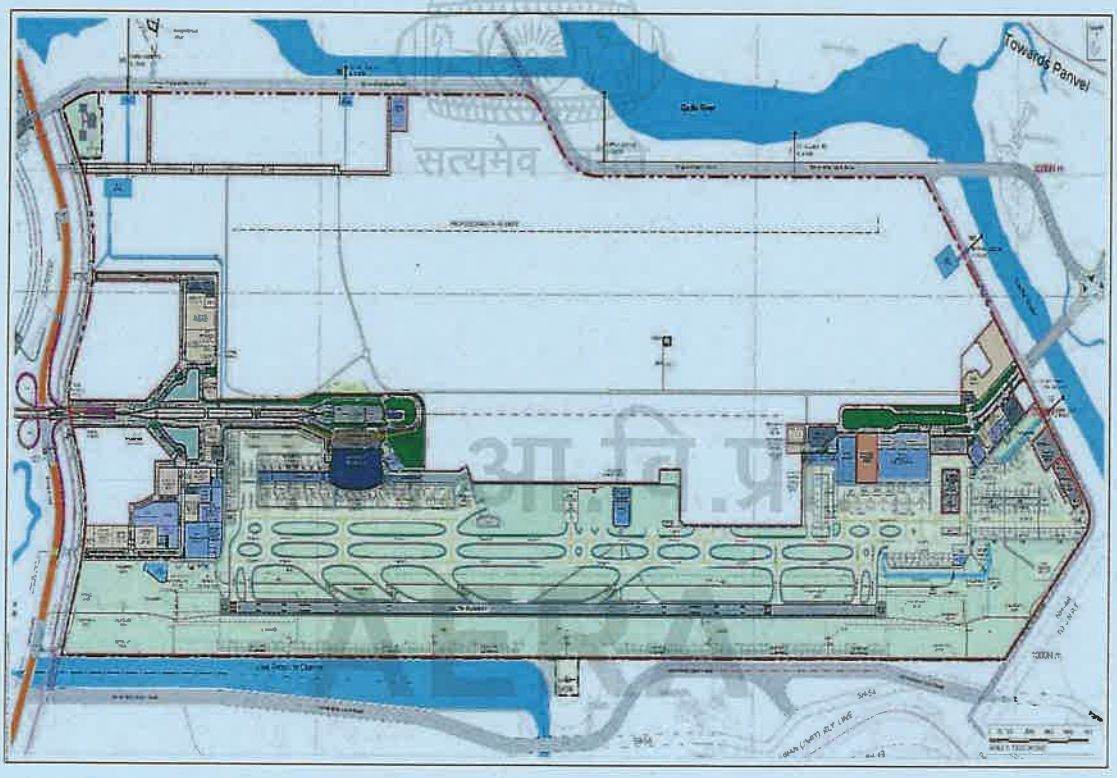
a) Runway (orientation 08R-26L) of 3,700 m length along with all associated works to make it suitable for Code F operations

b) Terminal building along with city side development for 20 MPPA capacity

c) Cargo facilities including apron, cargo terminal for International and Domestic cargo and other allied facilities

5.1.9 The figure below shows the planned facilities included as part of the development plan for phases I and II.

Figure 3: Master plan indicating planned facilities included as part of development plan for phases - I and II



5.1.10 The Authority noted that NMIAL is mandated to develop project facilities for NMIA as stipulated in Schedule C of Annexure 1 of the Concession Agreement while complying with Clause 22.7.1 of the CA, which required NMIAL to achieve and maintain the Airport Service Quality (ASQ) rating of at least 4.50 out of 5 and / or appear within top 20 percentile of all airports, in its category.

5.1.11 Independent Consultant engaged by Authority undertook site visit from April 28, 2025, to April 30, 2025 and assessed the CAPEX proposed for the First Control Period. Further, AERA Tariff team along with its Independent Consultants also undertook site visits at the airport on July 4, 2025 and July 05, 2025 and subsequently, Authority, AERA tariff team and Independent Consultants visited NMIA on December 23, 2025. During the site visits, the Independent Consultant engaged with the technical team of NMIAL, to understand the planned phasing of airport infrastructure, traffic estimation methodologies and the short, medium and long-term development plans for the Airport.

5.1.12 As part of the site visits, discussions were held with the design and planning teams to understand the scope of CAPEX plan submitted by NMIAL for the First Control Period. These discussions included a review of the project plan, drawings, physical progress at site and the phasing of projects to align with projected passenger traffic and operational needs.

5.1.13 Further, interactions were held with the project team of NMIAL to examine the contract award process, change order process, basis of cost estimation where contracts were yet to be awarded, contingency provisions and benchmarking against industry / normative standards for similar infrastructure projects.

5.1.14 The Authority observed that the assessment of airport development and its phasing is a technical matter, which required analysis by the domain expert. The Authority undertook an independent CAPEX study through an expert agency, M/s Engineering projects India Limited (EPIL) herein referred as CAPEX consultant. EPIL had analyzed the tendering procedures adopted by NMIAL and relevant contract agreements related to CAPEX submitted by NMIAL. The Authority, through its Independent Consultants, carried out an analysis of the submissions made by NMIAL regarding capital additions and RAB and performed the following:

a) Examined the proposal of NMIAL in terms of the designated capacity of the airport/scope with reference to passenger growth/ATM/cargo volumes and assessed cost effectiveness of the proposal.

b) Examined the building standards, designs and pavement works including cost thereon submitted by NMIAL to be in line with IMG/IATA/ICAO norms.

c) Analyzed the reasonableness of the proposed cost with reference to the tentative ceiling decided by the Authority vide order No. 07/2016-17 dated June 13, 2016, based on the details of the rates and quantity as per Government / industry approved norms.

d) Sought documentary evidence and verified the process of approval of CAPEX projects including bidding process for award of various work orders and checked reasonableness of time schedule of completion of work submitted by NMIAL.

e) Sought and verified various technical and study reports provided by NMIAL, drawings and plans, BOQs, cost estimates and break-up, detailed justification and explanation, copies of LoI, LoA, Purchase Orders and Work Orders, Contracts, Change Orders etc. as applicable, provided by NMIAL.

f) Reviewed the submissions presented as part of the CAPEX study report prepared by the CAPEX consultant (EPIL). EPIL had analyzed the tendering procedures adopted by NMIAL and relevant contract agreements related to CAPEX submitted by NMIAL.

5.1.15 The Authority, through its Independent Consultant, had sought and examined NMIAL's submission based on the following information / criteria:

a) Nature of the expenditure

b) Necessity / requirement of the expenditure

c) Number of passengers projected for the First Control Period

d) Terminal capacity projected for the First Control Period

e) Other short-term and long-term plans of NMIAL

f) Sustainability of airport operations

g) Passenger consideration

h) Safety and security of the airport

i) Process of approval and sanction for various work orders / purchase orders

5.1.16 Based on the facts outlined above, the Authority, through its Independent Consultant, examined the entire CAPEX plan in detail, considering the historical traffic trends in Mumbai as a state and future traffic estimates for CSMIA and NMIAL, such that only essential, reasonable and efficient CAPEX is considered as part of RAB for the First Control Period with a view to encourage the investors while maintaining a balanced approach between the sustainable operations of NMIAL and the interest of the airport users.

5.1.17 Towards the objective as mentioned above, the Authority examined in detail the aeronautical CAPEX and RAB submitted by NMIAL and presented its view in the following order:

a) Aeronautical CAPEX Proposed for the First Control Period

b) Asset allocation ratios and aeronautical allocation of CAPEX

c) Aeronautical depreciation for the First Control Period

d) Regulatory Asset Base for the First Control Period

5.1.18 Based on the above, the Authority, through its Independent Consultants, had rationalised the CAPEX for projects where necessary and accordingly proposed capital additions for the First Control Period.

5.2 NMIAL's submission regarding CAPEX for the First Control Period

5.2.1 NMIAL submitted a total CAPEX of ₹ 22,531 crore for phases I and II and ₹ 34,337 crore for phase III and ₹ 464 crore for minor CAPEX in the MYTP dated February 7, 2025, for the First Control Period. The details of which were set out below:

Table 16: Project cost for phases I and II as submitted by NMIAL

(₹ in crore)

S. No.	Asset category	Cost
1	Land development works	1,919
2	Airside development	2,030

S. No.	Asset category	Cost
3	Passenger Terminal Building (PTB)	3,727
4	Landside development	1,002
5	Support facilities 1	964
6	Utilities excl. PNG	452
7	PNG	7
8	Support facility buildings 2	137
9	Cargo	466
10	Fuel farm and fuel hydrant system	544
11	GPU & PCA	60
	Hard cost (A)	**11,306**
	Cost towards PMC/Statutory payments/ORAT/pre-operative expenses etc. (B)	**2,876**
	Financing Allowances (C)	**4,324**
	Payments to CIDCO (D)	**360**
	Pre-development cost (E)	**3,665**
	Total cost (A+B+C+D+E)	**22,531**

Table 17: Project cost for phase III as submitted by NMIAL

(₹ in crore)

S. No.	Asset category	Cost
1	Airside development	4,856
2	Passenger terminal development	7,514
3	Landside development	2,762
4	Support facilities development	3,256
5	Utilities development	3,382
6	Cargo development	1,274
7	Equipment	354
	Total - Hard cost (A)	**23,397**
8	PMC, consultancy cost, etc.	5,849
9	Financing Allowances	5,091
	Total soft cost (B)	**10,940**
	Total project cost (A+B)	**34,337**

Table 18: Sustainable/minor CAPEX during First Control Period as submitted by NMIAL

(₹ in crore)

S. No.	Asset Category	Cost
1	Security	129
2	IT	64
3	Engineering and maintenance	59
4	Airside operation	55
5	Fire	49
6	Horticulture	8
7	Terminal	4

S. No.	Asset Category	Cost
8	Fuel Farm	4
	Grand total (A)	**371**
	Soft cost (B)	**93**
	Total (A+B)	**464**

5.2.2 As per submission, the phases I and II of NMIA included development of 20 MPPA passenger capacity and 0.50 MMTA cargo handling capacity. Phases I and II had been implemented in southern half of NMIA site, taking advantage of firm rocky base of Ulwe hill for the construction of terminal-1, with the 3,700 m long southern runway.

5.2.3 Terminal-1 is planned in center of NMIA site (to eventually become part of central terminal complex- a cluster of 3 interconnected terminals in phase 4), with the Western Main Access Road (WMAR) of airport providing direct access to passengers coming from Mumbai via MTHL & Ulwe coastal road on to Airport Link road and to those coming from Navi Mumbai via Amra Marg/NH 348. The dual parallel taxiways located along runway 08R-26L to south of T1 provide aircraft access to its apron accommodating 29 contact stands (Code C equivalent) & associated remote stands. The dual taxiways also lead aircraft to cargo & GA aprons (with 7 cargo & 67 General Aviation apron stands) located on eastern side of NMIA airfield.

5.2.4 The interim ATC tower (the main 104 m high ATC tower is planned in phase III) combined with south ARFF is planned in centre of phase I and II airfield, offering clear visibility of aprons and runway ends. Solar farm is planned on airside area in this phase, south of runway 08R26L, along with rooftop solar panels on T1 and other buildings constructed in phase I and II. The power and water supply to NMIA had been sourced from MSETCL and CIDCO network mains respectively. Sewerage Treatment Plant of 4.50 MLD capacity for phase I and II, water plant, underground Fuel Hydrant System connected to all aircraft stands and solid waste recycling plant are developed by NMIAL within NMIA site.

5.2.5 To ensure security of the airport and prevent encroachment & trespassing, boundary walls are being built all along airport site boundary. In accordance with BCAS guidelines, the airside operational area is enclosed by 2.40 m high precast RCC boundary wall with additional 0.60 m high concertina wire. Watch towers had also been planned at required locations along the operational boundary wall, along with Perimeter Intrusion Detection System (PIDS) and airside perimeter road.

5.2.6 As per submission, NMIA passenger traffic is projected to reach its phase I and II capacity of 20 MPPA and cargo handling capacity of 0.50 MMTA by FY 2027-28. Accordingly, NMIAL had planned to commence implementation of phase III of NMIA development from FY 2025-26 onwards for additional 30 MPPA airport capacity. Phase III development of NMIA shall be implemented in northern half of the airport site, without impacting extant on-going airport operations of phase I and II in southern half of the site.

5.2.7 As per NMIA submission, some of the key airport infrastructure projects of phase III development include construction of northern 08L-26R, 3700 m long Code F runway (with associated AGL & ILS) & full-length dual parallel taxiways, multi-level passenger terminal-T2 of 30 MPPA passenger handling capacity with both domestic & international pax processing with associate apron for contact and remote stands, 104 m high ATC tower, T2 multi-level roadway system with flyovers/at-grade roads/under-

passes, T2 underground car parking for 3,500 cars, dedicated domestic cargo terminal, separate express cargo terminal, expansion of international cargo terminal, expansion of Fuel Farm, development of GA & MRO hangars, development of western elevated metro corridor with two stations within NMIA boundary along with eastern elevated metro corridor with one station, construction of underground APM station at T2 with associated underground APM tunnels to T1, T3 and T4, construction of two airside vehicular underpasses from T2 to T4 with ramps to mid-field remote apron, landside vehicular underpass on WMAR to T2 underground parking.

5.2.8 Terminal T2 shall be the largest terminal at NMIA, hosting domestic, international & Transfer passenger processes. It was planned as an integrated terminal with a central head-house for processing of pax with four piers connected to contact stands. The southwest pier of T2 shall be connected to east pier of T1 (in phase III), while its northwest pier shall be later connected to east pier of T3 (in phase IV).

5.2.9 Part of airside underground APM infrastructure shall be constructed in phase III, owing to construction of T2 apron and terminal above it. Therefore, required sections of underground APM tunnels connecting T1, T2, T3 & T4 should be constructed in this phase. Two airside underpasses should also be constructed from T2 apron to T4 passing below the mid-field apron and cross field taxiways. Similarly, first phase of elevated landside APM with an elevated Central Terminal Complex (CTC)/T2 APM Station in T2 landside area shall be constructed. In the eastern part of the airport dedicated domestic & express cargo terminals should be constructed along with expansion of international cargo terminal with ASRS & vertical ULD system.

5.2.10 As per the submission, NMIA airport development projects proposed in First Control Period are in accordance with requirements of CA of this project and are limited to the essential airport infrastructure works of phase I and II (20 MPPA) and phase III (30 MPPA) of NMIA required to serve the projected air traffic demand, from FY 2026 to FY 2030. These projects can be broadly classified under the following categories:

a) Airside development projects

b) Passenger terminal development projects

c) Landside development projects

d) Cargo development projects

e) Support facility development projects

f) Utility development projects

g) Pre-development works / enabling works

5.2.11 For detailed evaluation of the CAPEX proposed for NMIA, Authority had engaged EPIL (a CPSE, GoI) for "*Analysis of Capital Expenditure for Development of greenfield Airport Facilities at Navi Mumbai International Airport*". EPIL had submitted its report which analyzes the CAPEX, pre-operatives, design, PMC and contingency expenditure, for development of greenfield facilities at NMIA herein referred to as "CAPEX study report". The scope of EPIL as given in the report is as follows:

a) To analyze the reasonableness of the proposed project cost which includes CAPEX study of apron, taxiway, terminal building, runway, support buildings and pre operatives, design, PMC and contingencies, with reference to orders issued by AERA based on the details of the rates and quantity as per government/industry approved norms

b) Prepare detailed analysis for submission before Authority

c) Review each building block in cost report to analyze that the treatment given to it is in line with the AERA's methodology, approach, studies and CA i.e.

- Identification and understanding of drivers of cost
- Study/benchmark the cost with Indian airports and international airports
- Review measurement and quantification of costs with respect to alignment to methodologies, directions, guidelines stipulated by AERA

d) Justification of unawarded CAPEX

e) To review and justify the reasonableness of time schedule for completion of work

f) EPIL had submitted its final analysis to Authority vide email dated January 14, 2026

Financing allowance

5.2.12 NMIAL in its submission stated that it had computed the financing allowance in accordance with section 5.2.7 of AERA guidelines. As per NMIAL following is the computation of financing allowance:

Table 19: Financing allowance as submitted by NMIAL for the First Control Period

(₹ in crore)

Particulars	Ref.	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Opening CWIP for regulatory books	A	-	55	1,974	3,246	4,057	5,272	7,652	11,046	16,182
+ Cashflows (excl IDC)	B	55	1,837	1,059	512	832	1,839	2,586	3,934	5,553
- SC (Capital receipts from stakeholders incl. grants if any)	C	-	-	-	-	-	-	-	-	-
- Assets capitalized	D	-	-	-	-	-	-	-	-	22,531
x Cost of debt	E	0.00 %	8.50%	8.50%	8.51%	8.56%	8.75%	9.03%	9.23%	10.34%
Financing allowance	F = (A+(B-C-D)/2)*E	-	83	213	298	383	542	808	1,201	796
Closing CWIP for regulatory books	G=A+B-C-D+F	55	1,974	3,246	4,057	5,272.	7,652	11,046	16,182	-
Financing Allowance		**4,324**								

5.2.13 Further, NMIAL in its submission had considered financing allowance of ₹ 5,091 crore for phase-III expansion for the purpose of calculating RAB for the First Control Period.

Means of finance for the CAPEX planned in the First Control Period

5.2.14 The details of the means of finance (debt and equity) for the CAPEX planned under different phases as submitted by NMIAL are summarized below:

Table 20: Project means & finance as submitted by NMIAL for the First Control Period

(₹ in crore)

Project	Total Project Cost	Equity	Debt	Inter Corporate Deposit	Internal accrual	Soft loan
Phase I & II	20,380*	1,653	12,770	2,722		3,235
Minor/sustainable CAPEX	464		301.60		162.40	
Phase III	32,556		21,161.40		11,394.60	

** The project cost includes IDC of ₹ 1,862 crore and DSRA of ₹ 310 crore. For calculation of ARR, project cost for phases I & II, after subtracting the IDC & DSRA and adding the financing allowance of ₹ 4,324 crore, would be ₹ 22,531 crore.*

5.2.15 The cost associated with the financing allowance had been further elaborated in Chapter 6.

5.3 Authority's examination regarding CAPEX, Depreciation and RAB for the First Control Period at Consultation Stage

Authority's examination of CAPEX

5.3.1 The Authority, through its Independent Consultants, undertook a detailed review of the proposed CAPEX for the First Control Period to assess its necessity, prudence and reasonableness, with the objective of safeguarding user interest while ensuring efficient and sustainable airport operations.

5.3.2 The Authority reviewed the CAPEX study report prepared by M/s EPIL which covered scope of work, financial estimates and technical parameters of the proposed project. The justifications submitted by NMIAL were evaluated against approved scope, prevailing cost benchmarks and applicable AERA guidelines. As part of its assessment, CAPEX consultant analyzed the CAPEX pertaining to phases I and II amounting to ₹ 18,208 crore excluding the financing allowance amounting to ₹ 4,324 crore.

The Authority through its Independent Consultants examined the proposed CAPEX with respect to project necessity, capacity adequacy, availability of cost-effective alternatives, compliance with applicable IMG/IATA norms. The reasonableness of the proposed cost with reference to the tentative ceilings as determined by the Authority has also been examined. The observations and recommendations of CAPEX consultant have been duly considered by the Authority while finalizing its assessment of CAPEX for the First Control Period.

User Consultation

5.3.3 The Authority noted that NMIAL conducted an Airport Users Consultative Committee (AUCC) meeting on February 28, 2025, with all the stakeholders and discussed about CAPEX proposed to be undertaken during the First Control Period of FY 2025-26 to FY 2029- 30. The meeting was attended by various

airport stakeholders including but not limited to airline officials, IATA, FIA, AAI, CIDCO, APAO, BAOA, BCBA.

5.3.4 As per the minutes of the meeting, the Authority observed that NMIAL had broadly discussed the following with the stakeholders:

a) The CAPEX projects at Navi Mumbai International Airport (NMIA) proposed to be considered for tariff determination by AERA for the First Control Period (April 2025 to March 2030)

b) The project-wise costs, including breakup of cost for airside development, terminal development, landside development, cargo development, support facilities development, utilities development and soft cost

c) The Airport's master plan, multi-modal connectivity and traffic forecast

d) The phase-wise development plan, including phase I & II and phase III

5.3.5 The Authority also noted that several stakeholders have provided feedback, some of which are summarized below:

a) Concerns were raised regarding the cost of the Airport metro and APM system, with some stakeholders suggesting that the airport developer/operator should bear part of the metro project cost, which had already been examined by AERA for several other airports before NMIA.

b) IATA and other stakeholders raised concerns regarding the project cost, airspace challenges and the need for separate consultations/AUCC for phase III.

NMIAL responded to these concerns, stating that the project cost had been provided with a breakup of costs and that AERA will suitably review NMIAL's proposal accordingly.

Bidding Procedure and Scope of EPC contracts

5.3.6 The Authority through its independent consultants, based on the information made available by NMIAL along with necessary documents, noted that NMIAL had awarded contracts to the successful bidder through open competitive bidding by means of e-tendering. The project cost of contracts was arrived at, based on price discovery through an open tendering process where reputed contractors with experience in similar projects were shortlisted for tendering.

The tendering process was undertaken through an open competitive bidding as per Clause 5.6.2 of Concession Agreement between NMIAL & CIDCO, which states as under:

"*For procurement of goods, works or services and for award of leases, licences, sub-licenses or any other rights or privilege where the consideration exceeds Rs.25,00,00,000 (Rupees twenty-five crore) in any Accounting Year (collectively the "Contracts"), the Concessionaire shall invite offers through open competitive bidding by means of e-tendering and shall select the awardees in accordance with the policy specified under Clause 5.6.1. For the avoidance of doubt, the Parties agree that the Concessionaire may, in its discretion, pre-qualify and shortlist the applicants in a fair and transparent manner for ensuring that only experienced and qualified applicants are finally selected on arm's length in a manner that is commercially prudent and protects the interests of the Users. The Parties further agree that the Concessionaire shall not enter into any Related Party Transaction or contract with any related party*

except with (a) with the prior written consent of the Authority, which consent shall not be unreasonably withheld as a reserved item/affirmative action in accordance with the terms of the Shareholders' Agreement; and (b) such transaction is on arm's length basis and is in compliance with the provisions of the Companies Act, 2013. The Parties also agree that before granting any consent hereunder, the Authority shall be entitled to seek such information as it may reasonably require in relation to the Contract and the Related Party with whom the Contract is proposed to be executed and in the event the Authority does not approve or reject the proposal within 30 (thirty) days of the date on which the required information has been provided, it shall be deemed that the Authority has no objection to such Contract."

5.3.7 The Authority noted that below tenders were awarded as per the terms of the Concession Agreement:

a) EPC (Phase I and Phase II) for Greenfield Airport Construction was awarded to M/s Larsen & Turbo Limited (EPC- 1) & (EPC-2). EOI notice was published in Business Standard Newspaper and NMIAL website on August 24,2018. CIDCO Vide Letter No. CIDCO/T&C/CT&CP/NMIA dated June 21, 2019 had accorded approval (Vide Board Resolution Dated June 11, 2019) for selection of EPC Contractor M/s L &T.

b) Contract for Construction of Miscellaneous structures including IACT building & fuel farm was awarded to NCC Ltd as non-EPC contract - EOI notice was published in Business Standard Newspaper and website on December 23, 2022.

c) ITC for Baggage Handling System (BHS) was awarded to M/s Beumer India Pvt. Ltd. EOI notice was published in Business Standard Newspaper and website on September 27,2022.

d) SITC for Passenger Boarding Bridges (PBB) was awarded to M/s Shenzen CIMC-Tianda Airport Support Ltd. EOI notice was published in Business Standard Newspaper and website on October 19, 2022.

e) SITC for Hold Baggage System (HBS) & Security Screening Equipment (SSE) - Package 1 was awarded to M/s Rapiscan Systems Pvt. Ltd. EOI notice was published in Business Standard Newspaper and website on August 29, 2023.

f) Supply of Aviation Turbine Fuel awarded to M/s Bharat Petroleum Corporation Limited (BPCL). Since, there are limited companies who are authorized to supply and sell jet fuel in Indian Domestic Market and have required approvals for same from Govt of India and DGCA. RFP was floated to limited agencies and additionally notice was published in Business Standard Newspaper on December 13, 2024, for participation in the RFP.

Further, the Authority noted that the RFQ for all work packages other than mentioned above were floated through NMIAL internal procurement portal and it was explained that they have adopted the procedures laid out in their Standard Procurement Manual formulated specifically for this Project

Also, it was noted that the contract for Airport Connectivity to Coastal Road within NMIA site was awarded to M/s J Kumar & J.M. Mhatre (JV) on nomination based upon approval from M/s CIDCO. M/s CIDCO vide letter dated September 27, 2023, had requested NMIAL to consider M/s J. Kumar-J. M. Mhatre (JV), for execution of the said work due to paucity of time and in the interest of timely completion of this critical link and to ensure continuity in the design and execution.

Bifurcation of CAPEX for the First Control Period

5.3.8 The Authority noted that NMIAL for the First Control Period, had proposed total CAPEX of ₹ 57,332 crore, out of which ₹ 22,531 crore pertains to phases I and II and ₹ 34,337 crore pertains to phase III and balance pertains to minor/sustainable CAPEX of ₹ 464 crore.

5.3.9 The Authority noted that as per the submission by NMIAL, the capitalization of the phase III project is assumed to be in FY 2029-30. However, it is likely that due to the delay in operationalization of phases I and II, the development of phase III will also be delayed. Therefore, the Authority proposed to consider the CAPEX for phase III on incurrence basis subject to its reasonableness, and prudence check during the true up exercise in Second Control Period.

5.3.10 During the site visit by the CAPEX consultant, tariff consultant along with AERA official from July 3 to July 5, 2025 and later NMIAL submitted a revised CAPEX proposal for the First Control Period. A comparative between the original MYTP figures and the revised proposal is shown below:

Table 21: Breakdown of CAPEX submitted by NMIAL for NMIA for the First Control Period

(₹ in crore)

Asset category	Ref.	Cost as per MYTP	Revised cost submitted by NMIAL
Site preparation & earthworks along with pre-development works done by CIDCO	A	5,584	5,664
Airside development works	B	2,030	2,041
Passenger Terminal Building	C	3,727	3,584
Landside development works	D	1,002	881
Support facilities 1	E	964	933
Utilities & PNG	F	459	461
Support facilities 2	G	137	121
Integrated Air Cargo Terminal (IACT)	H	466	409
Fuel Farm & Fuel Hydrant System	I	544	513
GPU & PCA	J	60	57
Expected claims	K	-	1,133
Others (hard cost)-claims for idling (settlement of cost impact due to hill cutting & blasting activities @ NMIA)	L	-	59
Total hard cost	Sum (A: L)	**14,973**	**15,856**
Cost towards PMC/statutory payments/ORAT/ pre-operative expenses etc.	M	2,876	2,839
Payment to CIDCO	N	360	360
Financing allowances	O	4,324	4,324
Total soft cost	**Sum(M:O)**	**7,560**	**7,523**
Total	**Sum(A:O)**	**22,531**	**23,379**
Sustainable / minor CAPEX	P	464	464
Total including minor CAPEX	**Sum(A:P)**	**22,995**	**23,843**

Land Development Works and its related costs

Background

5.3.11 The land development costs as per the MYTP for the Navi Mumbai International Airport (NMIA) project comprises the pre-development works undertaken by CIDCO amounting to approximately ₹3,800 crore and the subsequent site preparation and earthworks undertaken by NMIAL amounting to approximately ₹1,900 crore. These works were carried out across the entire land parcel of approximately 1,160 hectares (2,866 acres), which forms the development footprint for Phase I and Phase II of the airport.

During the site visits conducted by the Tariff Consultant and CAPEX Consultant on April 28, 2025 to April 30, 2025, AERA Tariff division officials along with Tariff and CAPEX consultants on July 3, 2025 to July 5, 2025 and the Authority along with Tariff Consultant, CAPEX consultant and AERA officials on December 23, 2025, number of discussions were held with representatives of NMIAL and CIDCO regarding the land development works undertaken at site, based on which the key aspects of site development as brought out by NMIAL and CIDCO are elaborated below.

Natural Topography and Site Conditions Prior to Development

5.3.12 The NMIA project site is located south of Panvel Creek, with Thane Creek to the west and the Gadhi River to the east. Prior to the commencement of pre-development works in 2017, the site exhibited highly varied natural topography and complex geotechnical characteristics. The terrain generally sloped from the south and west towards the north and east and included several natural features such as extensive low-lying areas in the northern, central and eastern portions, Ulwe Hill with an elevation of approximately 104 metres and Ganeshpuri Hill located in the northern portion of the site. The Ulwe River flowed through the central portion of the site from south to north. In addition, two Extra High Voltage Transmission (EHVT) lines traversed the eastern and western parts of the site and nine village gaothans existed across the western, northern and southern portions of the airport site.

Figure 4:NMIA Site Conditions (2017)

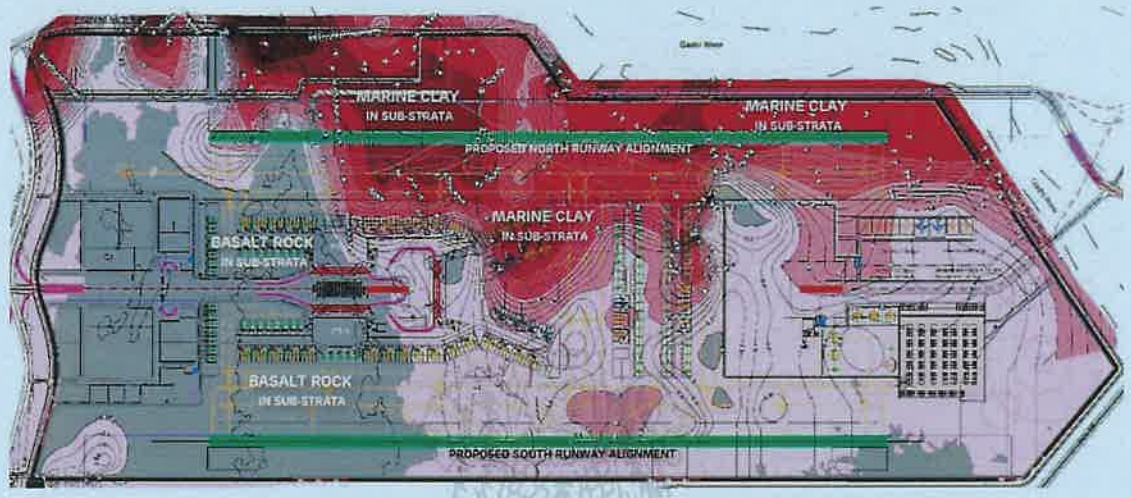


Figure 5: NMIA Site Sub-Soil Conditions (2017)

5.3.13 The natural drainage pattern of the area/site directs water flow towards Panvel Creek in the north and the Ulwe River in the east. Large portions of the northern, central and eastern areas are low-lying and prone to flooding during the monsoon season and high tide conditions. Sub-soil conditions across the site vary significantly, with soft marine clay deposits observed in the northern and eastern portions of the site. These natural topographical and geotechnical conditions posed significant challenges and required comprehensive land development works across the entire NMIA site.

Pre-Development Works Undertaken by CIDCO

5.3.14 The most prominent feature of the site was Ulwe Hill with a height of approximately 104 metres, followed by Ganeshpuri Hill, together covering a footprint of more than 250 hectares. Apart from being a major obstacle within the Obstacle Limitation Surface (OLS) of the proposed airport, Ulwe Hill also fell directly within the alignment of both the southern and northern runways of the greenfield airport.

Figure 6: Ulwe Hill Cutting at NMIA site - Progressive Developments

5.3.15 In view of the diverse natural topographic and geo-technical conditions and complex site characteristics, extensive pre-development works were undertaken by CIDCO to render the land suitable for airport construction and enable commencement of construction of Airport infrastructure by NMIAL. These works are defined as Pre-Development Works under the Concession Agreement for the NMIA project and were subsequently novated to NMIAL. As per clause 12.9.1 of the Concession Agreement, the Pre-Development Works as specified in Annexure of Schedule B of the Concession Agreement includes:

(i) cutting of hills (including Ulwe Hill) up to approximately 8 metres above mean sea level (AMSL) and filling of low-lying areas up to approximately 5.5 metres AMSL;

(ii) ground improvement works;

(iii) construction of sea wall or retaining wall and road along the boundary of the site,

(iv) shifting and relocation of existing utilities;

(v) construction of the Ulwe River diversion channel (Ulwe Recourse Channel – URC); and

(vi) re-routing of Extra High Voltage Transmission Lines passing through the project site.

5.3.16 Consequently, cutting of Ulwe Hill constituted a critical prerequisite for commencement of airport construction works. The basalt rock obtained from the hill cutting operations served as an essential resource for filling the extensive low-lying areas in the northern half of the airport site. These works enabled the development of a platform at 5.5 metres AMSL, which formed the base for further site development activities. CIDCO had awarded the land development works in multiple packages (Packages 1 & 2 and Packages 3 & 4) during 2016 and the works commenced in April 2017. Under these contracts, hill cutting operations were undertaken to reduce elevations to approximately 8.0 metres AMSL, while fill areas were developed to achieve a platform level of approximately 5.5 metres AMSL. The land development works executed by contractors appointed by CIDCO were completed in June 2022.

Development Works Undertaken by NMIAL

5.3.17 Following completion of the above works by CIDCO, NMIAL was required to raise the site level further from approximately 5.5 metres AMSL to about 8.5 metres AMSL in order to create a stable development platform suitable for airport infrastructure. This activity required large quantities of rock fill, which were primarily obtained from cutting Ulwe Hill, Ganeshpuri Hill and other hillocks located within the site.

5.3.18 Overall, approximately 60 million cubic metres of rock and earth material excavated from Ulwe Hill and other hillocks within the site were utilized to fill the low-lying areas located in the northern, central and eastern portions of the NMIA site.

5.3.19 Subsequently, after the filling of the site up to 5.5 metres AMSL, it was observed that Ulwe Hill retained additional rock material which required cutting and disposal to achieve the final required levels. Accordingly, NMIAL appointed Larsen & Toubro (L&T) to undertake additional hill cutting and filling works from 5.5 metres AMSL to approximately 8.0 metres AMSL and the excess hill cutting and off-site disposal works were completed in 2024.

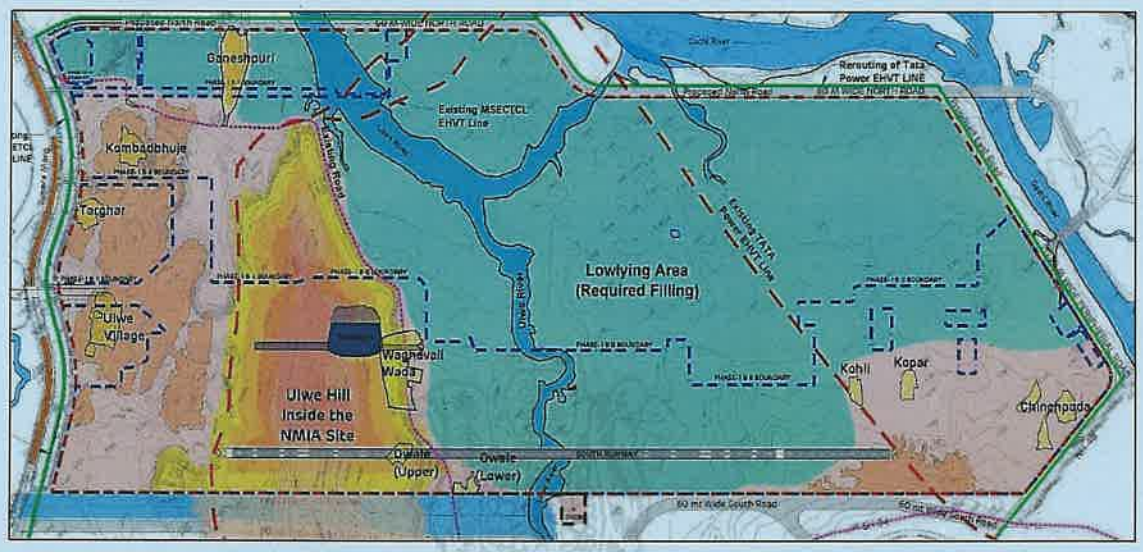


Figure 7: Aerial view of NMIA site depicting site level/contours

Technical Necessity for Land Development of Entire 1,160 hectares

5.3.20 From a technical perspective, it was evident that a significant portion of Ulwe Hill lies within the footprint of Phase I and Phase II development and also obstructs the Obstacle Limitation Surface of the southern runway. Therefore, the hill had to be cut during Phase I and Phase II itself in order to create the required level platform for airport development. Further, a substantial quantity of the excavated rock from Ulwe Hill was required to fill the extensive low-lying areas across the NMIA site, particularly in the northern, central and eastern parts.

5.3.21 No development and initiation of construction of any element of Airport infrastructure including Phase I and Phase II of NMIAL would have been possible unless the entire Ulwe Hill and other hillocks were cut and the excavated material was utilized for filling within the airport site. The terrain conditions in the northern portion of the site required land filling to be carried out approximately 5–6 years in advance to allow sufficient time for soil consolidation and stabilization. These technical considerations necessitated that land development works need to be undertaken across the entire site area of 1,160 hectares, through cutting operations in the western and southwestern portions and filling operations in the northern, central and eastern portions.

Efficient Utilisation of Excavation Rock Material

5.3.22 The excess rock generated because of hill cutting operations could not have been commercially disposed of outside the airport site only to be procured again at a later stage for development of subsequent phases. Utilization of the excavated rock within the airport site avoided unnecessary transportation and disposal costs and eliminated the need to procure similar material at higher market rates for future phases. This approach therefore represents efficient resource utilization and prudent cost optimization in support of the overall aeronautical development plan.

Authority's assessment and views

5.3.23 Based on the site visits, site inspection and review of the CIDCO/NMIAL technical studies through the independent Tariff and Capex consultants engaged by AERA, AERA tariff division officials and based on the site visit of the Authority along with Tariff Consultant, CAPEX Consultant and AERA Tariff Division officials on December 23, 2025, the Authority assessed that the land development activities at the NMIA site are highly interdependent in nature in view of the inherent complexities of terrain, hydrology and surrounding infrastructure necessitating multiple development components to be executed in an integrated and simultaneous manner.

5.3.24 Any attempt to carry out these works in isolation or on a piecemeal basis would create significant engineering, safety and operational challenges and could render the site unsuitable for airport operations and future development and expansion. Furthermore, the scale, magnitude and technical complexity associated with the development of NMIAL site are unprecedented in the Indian airport sector. In a comparable instance, the full land development cost was allowed in the case of Manohar International Airport, Goa, during tariff determination for its First Control Period. In view of the above, the Authority was of the view that the components of Pre-Development Works listed in the Concession Agreement under the Annex to Schedule B could not have been undertaken on a piecemeal basis. For example, hill cutting couldn't be done partially or else would be an obstacle in the airport operations path, river running across the site couldn't be diverted partially, etc. Therefore, activities such as hill cutting, river diversion and relocation of utilities inherently require simultaneous execution on entirely basis across the entire site in order to enable development and construction of the airport infrastructure (Terminal Building, Runways, Apron, Taxiways, ATC Tower etc.) to begin for the airport operations to commence. The entire Pre-Development Works therefore act as enabling activities for the commencement of aeronautical operations and are intrinsically linked with the development of different phases of airport starting with phase I and II.

5.3.25 In view of the above analysis, the Authority was of the view that the components of Pre-Development Works listed in the Concession Agreement under the Annex to Schedule B could not have been undertaken on a piecemeal basis due to diverse natural topographic and geo-technical conditions of the site along with its complex characteristics as brought out in the preceding paras. Activities such as hill cutting, river diversion and relocation of utilities inherently require simultaneous execution on entirety basis across the entire site in order to enable the commencement of airport operations. The entire Pre-Development Works therefore act as an enabling activity for the commencement of aeronautical operations starting with Phase I and Phase II development.

5.3.26 Also, the aeronautical portion of Phase I and Phase II lies within the footprint of hill-cut areas and previously flood-prone zones, making full-site leveling a prerequisite for the construction of airside infrastructure. Further, the excess hill cut material could not have been economically moved outside the airport site only to be re-procured later for future development phases at higher market rates. Utilization of the excavated material within the site therefore represents optimal resource utilization. The requirement for advance land filling in the northern portion of the site to allow adequate soil stabilization also demonstrates that the works were undertaken in accordance with the specific geotechnical requirements of the site. Moreover, the Concession Agreement does not envisage phasing of the Pre-

Development Works and as per Clause 12.9.1 of the Concession Agreement, the Concessionaire was required to complete the Pre-Development Works already initiated by CIDCO.

5.3.27 In view of the technical, operational, contractual and peculiar geographical conditions as highlighted and deliberated above, the Authority in the light of the relevant provisions in the Concession Agreement, MOU between GoI and NMIAL, AERA Act 2008 & AERA orders proposed to consider the land development cost for the entire site of area 1,160 hectare and its further comprehensive analysis is as detailed below:

A - Site preparation & earthworks along with pre-development works done by CIDCO

NMIAL had submitted the cost of ₹ 5,664 crore towards site preparation and earthworks done by NMIAL and pre-development works carried out by CIDCO. The details are as follows:

Table 22: Cost towards Site preparation & earthworks along with pre-development works done by CIDCO submitted by NMIAL

(₹ in crore)

S. No.	Asset Category	Cost
I	Pre-development works done by CIDCO	3,747
II	Site preparation & earthworks by NMIAL	1,917
	Total	**5,664**

(i) Pre-development works by CIDCO

In view of the existing diverse natural topographic & geotechnical conditions, several site development works had to be initiated by CIDCO to enable subsequent construction of airport infrastructure by NMIAL. The CAPEX for pre-development works claimed in the MYTP submitted by NMIAL was ₹ 3,665 crore. Subsequently, the amount was revised to ₹ 3,747 crore based on reconciliation till October 2025 by CIDCO and later informed by NMIAL vide email dated November 11, 2025. Breakup for pre-development works done by CIDCO had been provided in the table below:

Table 23: Details of pre-development works done by CIDCO

(₹ in crore)

S. N.	Package	Estimated value as per CIDCO	Completion value / Revised estimated value as per CIDCO	Awarded cost	Completion cost i/c liabilities Up to Oct'25
1	**Land development works awarded by CIDCO** - Ulwe hill cutting & filling up to 5.5 m ASML & Ulwe river channel diversion work				
(a)	Package I & II	545	687	529.37	585.17
(b)	Package III	699	481	699.43	491.23
(c)	Package IV	805	703	804.91	749.43
(d)	Other misc. works included in pkg.-I & II, III & IV under Sr. No. (a), (b) & (c) above: (i) Balance land development works at hindered area	-	-	-	21.18

S. N.	Package	Estimated value as per CIDCO	Completion value / Revised estimated value as per CIDCO	Awarded cost	Completion cost i/c liabilities Up to Oct'25
	(ii) Disposal & spreading of soil/slush material from package-IV (iii) Carrying out tree census in core area (iv) Tree cutting in core area				
	Sub Total-(A)	**2,049**	**1,871**	**2,033.71**	**1,847.01**
2	**Ulwe recourse channel**				
	Excavation of rock in URC & cutting & removal of excess rock from airport site	-	-	-	86.65
	Sub Total-(B)	-	-	-	**86.65**
3	**Re-routing of extra High Voltage Transmission lines passing through the site**				
(a)	Tata Power EHVT line	615	679	615	596.31
(b)	MSETCL EHVT line	456	456	456	456
	(i) Providing service road for rerouting of MSETCL EHVT line parallel Aamra Marg from village Vahal to PCB bridge end and RCC duct for airport power supply (ii) Construction of 260 long bridge near Vahal over Ulwe river diversion channel & construction of heavy duty electric duct Vahal crossing for rerouting of MSETCL EHVT line (iii) Construction of approach roads upto 2nd stage earmarked for EHVT substation at Belapur, Khandeshwar and Panvel node. (iv) Construction of 12 m/20 m approach road i/c SW drain for rerouting of EHVT Line (v) Construction of balance RCC duct for electric supply to NMIA (vi) Construction of approach road for Tata Power & MESTCL switching station plots near the core area	300	300	300	45.79
	Sub Total-(C)	**1,371**	**1,435**	**1,371**	**1,098.10**
4	**Excess hill cutting & its disposal outside NMIA Site**				
	Excess hill cutting & its disposal outside NMIA Site,	-	359	120.53	715.14

S. N.	Package	Estimated value as per CIDCO	Completion value / Revised estimated value as per CIDCO	Awarded cost	Completion cost i/c liabilities
					Up to Oct'25
	Sub Total-(D)	3,420	359	120.53	715.14
	Total (A+B+C+D)	3,420	3,665	3,525.24	3,746.90
	Say	3,420	3,665	3,525	3,747

These site development works were undertaken by CIDCO summarized in the above table are termed as pre-development works and are stipulated in the Annex (Schedule – B) of the CA. These works are elaborated below:

1. **Land development works**

The work includes land development at the site having 1,160 Ha area, which was comprising of undulations and Ulwe hill range passing across having altitude of 104 m AMSL along with deep marshy land. The pre-development works on the entire site was essential to not only level the site at 5.5 ASML but also to enable the laying of utility networks for proper functioning of aeronautical infrastructure and associated works required to be developed in subsequent phases. Also, the levelled and graded site and surroundings are required for uninterrupted aeronautical operations and for ensuring effective drainage of the entire site.

Further, the existing hill on the site was required to be levelled upfront for ensuring uninterrupted Airport operations in future because the cutting and levelling work requires controlled blasting, which would lead to interruptions of operations. The details of works undertaken are as below:

a. **Cutting of hills**

The works includes cutting of the hills to make the site level at 5.5m AMSL over which the development of various aeronautical infrastructure and facilities were planned for NMIA. CIDCO had divided the entire site into four parts (Package I, II, III & IV), to undertake the development works simultaneously for expeditious completion.

b. **Other Miscellaneous works**

The work comprises of ground improvement works which includes disposal & spreading of soil/slush material, soil stabilization, site levelling & compaction as ground improvement measures and construction of sea wall / retaining wall and northern boundary road which includes site protection works along with northern boundary by constructing retaining walls to prevent back water & erosion.

2. **Diversion of the Ulwe river channel (Ulwe Recourse Channel / URC)**

This work includes diverting the Ulwe river away from the proposed site.

a. Cutting of 120 m/ 200 m wide channel along the southern boundary of the Airport for diversion of the Ulwe river of 3.5 km length near the bridge on SH-54 to Moha creek. This also includes construction of 10 m bund on either side of channel and the lining of channel.

b. Crossing on the Aamra Marg by culvert/bridge

3. **Re-routing of extra High Voltage Transmission lines passing through the site**

The work includes the diversion of Electric High Voltage Transmission line (EHVT) which was imperative to facilitate the availability of clear site on which aeronautical infrastructure was required to be taken up.

The diversion of EHVT were assigned to M/s Tata Power and M/s MSETCL on deposit work basis. The other associated works such as service road for rerouting EHVT Line, construction of 260 m long bridge near Vahal over Ulwe river, construction of approach road for sub-station Belapur etc. The works were undertaken by M/s Tata Power & M/s MSETCL on deposit work basis.

4. Excess hill cutting & its disposal outside NMIA Site

After the completion of entire pre-development work on the entire site, there was still a part of hill left, which was required to be disposed of.

The Independent Consultants had examined all the tender documents / agreements of the work packages for the above pre-development works and found that the works were awarded based on the competitive bidding as per CIDCO procurement policy and followed codal procedures. For the hill cutting works, the quantity was also assessed based on available records and quantity claimed towards cutting was found to be reasonable. The rates quoted by the bidders were also scrutinized by comparing them with market rates, duly analysed based on MORTH/ PWD rate, which was also found to be reasonable.

In addition to the above, completion of Rehabilitation & Re-Settlement (R&R) of nine village gaothans located on NMIA site by CIDCO was primary pre-requisite for both pre-development works by CIDCO and subsequent airport development works by NMIAL. R&R and all pre-development work have been completed by CIDCO. The expenditure incurred by CIDCO for R&R is not part of NMIA project cost.

Further, the Authority had examined the key provisions of the Concession Agreement signed between NMIAL and CIDCO, the Memorandum of Understanding (MoU) executed between Ministry of Civil Aviation, Government of India and NMIAL and the provisions of AERA Act and AERA order related to treatment and analysis of the pre-development expenses which are elaborated below.

5. Provisions for consideration of Pre-Development work as part of Capital Expenditure:

(i) Concession Agreement executed between NMIAL and CIDCO (Concessioning Authority)

The key provisions of the CA in relation to the soft loan forming the part of the CAPEX are as below:

- **Clause 12.9.1**: *"The concessionaire acknowledges the authority has undertaken certain pre-development works at the site as specified in annex of Schedule **B (“Pre-development Works”)**, and the concessionaire hereby accepts the receipt of the site under clause 10.2 subject to the continuation of such Pre-development works. Subject to the provision of clause 12.9.2, the amount paid/payable by the authority for the implementation of the Pre-development works up to an amount of ₹ 3420 crore shall be deemed as soft loan (**“Soft Loan”**) for the purpose of this agreement. The Authority acknowledges, agrees and undertakes that it shall provide the Soft loan in accordance with the provisions of this clause 12.9.*"

- **Clause 12.9.2**: *"An amount of ₹ 430 crore out of the Soft loan shall be considered as Authority's equity capital infusion in the Concessionaire in consideration for the subscription of Authority's share, and the Soft loan shall be subject to reduction of such amount from repayment accordingly".*

- **Clause 12.9.3**: "*The concession agrees and undertakes that any amount or expenditure in excess thereof in respect of the land development works forming part of the pre-development works, which are assigned or novated to it in accordance with the terms here of and have resulted due to change in scope attributable to the concessionaire, shall be born directly, entirely and solely by the concessionaire and the authority shall not provide any compensation, cost, amount in form of additional soft loan or otherwise for any such excess. Any additional cost incurred on the implementation of the land development works otherwise, shall be paid by authority in the form and manner provided in the LDS agreement. Any such additional amount that may be paid by the authority shall not be considered as part of the soft loan".*

- **Clause 12.9.7**: "*Assets forming part of the pre-development works and financed by the soft loan shall be considered as a part of* ***capital expenditure for the purposes of the determination of aeronautical charges by AERA****".*

(ii) Memorandum of Understanding (MoU executed between Ministry of Civil Aviation, Government of India and NMIAL

The key provisions of the MoU dated April 11, 2018, between MoCA, GoI and NMIAL forming part of CA, stipulate incremental capital and inclusion in RAB as below:

- **Clause 2.2.9** "*Asset forming part of the pre-development works and financed by soft loan shall be considered as* ***part of capital expenditure*** *for the purposes of the* ***determination of aeronautical charges****. The interest on soft loan, pertaining to pre-development works inside and outside the side to the extent it is part of mandate cost under the concession agreement, will be taken into calculation of FROR at:*

  a) 0% cost of capital, if no interest is payable/ paid by the concessionaire to the Authority on the soft loan and

  b) The applicable rate of interest as maybe payable/paid by the concessionaire to the authority on exercise of optional deferment of the linkage date for the repayment of the soft loan as per proviso (ii) to clause 12.9.6 of the concession agreement to keep the net present value of the soft loan as on the appointed date for determination of aeronautical charges".

- **Clause 2.2.10**: "*Incremental capital cost, if any, born by the concessionaire for land development works for airport activities over and above the soft loan, to the extent required for the project work. As per the terms of the concession agreement, would be considered for the inclusion in the* ***regulated asset base*** *with appropriate depreciation rate, by AERA for determination of aeronautical charges".*

(iii) Provision of AERA, Act, 2008

- Section 13(1)(vi) of the AERA Act, 2008 states that the Authority shall consider any concession offered by the Central Government through an agreement, memorandum of understanding, or any other similar arrangement while performing its regulatory functions.

- In this context, Clauses 2.2.9 and 2.2.10 of the Memorandum of Understanding signed on April 11, 2018 between Navi Mumbai International Airport Limited (NMIAL) and the Government of India provide certain concessions related to the development of the Navi Mumbai International Airport project. Therefore, under the above provision of the AERA Act, the AERA is required to take these concessions into account. This means that the pre-development costs incurred for the airport project, as provided under Clauses 2.2.9 and 2.2.10 of the MoU stipulated as part of Concession Agreement executed between NMIAL and CIDCO need to be considered as part of the capital expenditure for the airport and included in the Regulatory Asset Base. Accordingly, the Authority had proposed to consider the pre-development cost as part of RAB for the computation of tariff for NMAIL.

(iv) AERA Order 35/2017-18 in the matter of determination of Useful Life of Airport Asset

- The Authority, after taking into account the above considerations, had capitalized the pre-development expenditure as part of the Regulatory Asset Base (RAB). This capitalized amount had been amortized over a period of 40 years, which corresponds to the duration of the Concession Period. The amortization had been carried out for the purpose of calculating depreciation in accordance with AERA Order No. 35/2017-18, which prescribes the useful life of capital assets under the relevant provisions of the order.

- Specifically, the said order provides that Land Development Cost relating to leased land should be amortized over the lease period. In line with this regulatory provision, the authority had treated the pre-development costs associated with land as a capitalized asset and spread the cost over the remaining concession/lease period of **40 years**. Accordingly, based on the above regulatory framework and treatment, the authority had also considered the land development cost as part of the RAB. Consequently, this cost had been made eligible for the calculation of Return on Assets, in the same manner as other capital assets that form part of the RAB. This approach ensures consistency with the regulatory guidelines and provides parity in the treatment of land-related development costs with other capitalized infrastructure assets included in the RAB.

6. Reconciliation of Pre Development Cost

Based on the examination of provisions of the Concession Agreement and MoU above, the Authority noted that the expenditure of ₹3,420 crore incurred by CIDCO had been stipulated towards pre-development works and that it forms part of the overall project cost of the NMIA project.

However, in the MYTP submitted by NMIAL, the Airport Operator initially claimed a pre-development cost of ₹3,665 crore. Subsequently, this amount was revised to ₹3,747 crore based on the reconciliation of costs carried out by CIDCO up to October 2025 which was later communicated by NMIAL through an email dated November 11, 2025. The details of this revised cost are summarized in Table 22 above.

Now, the CAPEX Consultant (M/s EPIL), considering the facts available and examination of supporting information submitted by NMIAL, in its assessment recommended limiting the pre-development cost to ₹3,420 crore for the First Control Period. This amount of ₹3,420 crore was already stipulated in the Concession Agreement and represents verified expenditure incurred by CIDCO. The Authority also noted that this recommendation of Capex Consultant is subject to submission of final reconciled and formally approved cost figures by CIDCO and NMIAL.

Accordingly, the Authority proposed to consider the recommendation of the Independent Consultants for the pre-development cost to ₹3,420 crore for the First Control Period and is also of the recommended view that any difference or revised amount, if confirmed later by CIDCO and NMIAL, may be considered post-analysis of reasonability and necessity at the stage of stakeholder consultation, prior to the issuance of the Tariff Order.

I. Site preparation & earthworks by NMIAL

NMIAL was required to undertake development works over the site prepared by CIDCO at an elevation of 5.5M AMSL, to achieve the final finished level of 8M AMSL. NMIAL submitted that an amount of ₹ 1,917 crore had been incurred towards site preparation & earthwork activities. The submitted cost also includes ₹ 105 crore towards price adjustment and ₹ 73 crore towards various change orders associated with the said works.

Table 24: Cost towards site preparation & earthworks as submitted by NMIAL

(₹ in crore)

S. No.	Asset category	Cost
1	Site preparation & earthworks	1,917.00
	TOTAL	**1,917.00**

Table 25: Detailed breakup of cost towards site preparation & earthworks

(₹ in crore)

S. No	Asset category	Cost
1	Site preparation & earthwork (cut & fill works)	
a	Quarrying operation by controlled blasting incl transportation for all lead & lifts	1,615
b	Rock fill embankment using rock available at site (incl crushing of rock) (<500 mm)	
c	Rock fill embankment using rock available at site (incl crushing of rock) (<300 mm)	
d	Rock fill embankment using rock available at site (incl crushing of rock) (<125 mm)	
e	Earthwork in fill using soil brought from outside all lead & lifts	
f	Clearing jungle including uprooting of rank vegetation, grass etc.	
g	Settlement gauge supply, installation, survey & monitoring etc.	
2	Supply of grade M5 concrete from NMIAL (estimated value)	3
3	Construction of miscellaneous structures-reduction towards supply of concrete to NMIAL	7
4	Misc. works	290
5	Removal of rank vegetation, shrubs	1.40
6	Removal of rank vegetation, shrubs	1.00
	Total	**1,917**

NMIAL awarded the EPC contract (EPC-1) for the site preparation and earthworks on August 31, 2019, with the condition that a Notice to Proceed (NTP) will be issued before commencement of work.

However, the NTP was issued in May 2022 due to COVID-19 disruptions and associated delays, resulting in a 32-month gap between contract award and actual commencement. Accordingly, a price adjustment of ₹105 crore was made to EPC-1 contract.

It is observed that the delay in handover of the site was not attributable to the contractor. Further, the CAPEX consultant had found price adjustment reasonable due to the outbreak of global COVID-19

pandemic and increase in cost of basic input materials due to delay period of two & half years (32 months). The cost of the work pertaining to site preparation & earth work amounting to ₹ 1,917 crore was analyzed & examined based on MORTH/CPWD DSR rate analysis and market rates and found to be reasonable, necessary and thus proposed.

Based on the analysis as brought out above from para 5.3.11 onwards, the cost considered by Authority towards pre-development works done by CIDCO and the site preparation & earthworks done by NMIAL were summarized in table below:

Table 26: Cost towards site preparation & earthworks along with pre-development works done by CIDCO considered by Authority at Consultation stage

(₹ in crore)

S. No.	Asset category	Cost by NMIAL	Cost considered by Authority	Variance
I	Pre-development works done by CIDCO	3,747	3,420	(-) 327
II	Site preparation & earthworks by NMIAL	1,917	1,917	-
	Total	**5,664**	**5,337**	**(-) 327**

B - <u>Airside development works</u>

NMIAL had submitted CAPEX of ₹ 2,041 crore towards airside development works (airside pavements & other miscellaneous airside works), which also includes ₹ 211 crore towards approved price adjustment claims including GST.

Table 27: Detailed breakup of airside development works under EPC-2 as submitted by NMIAL

(₹ in crore)

S. No.	Asset	Cost
1	Runway	149
2	RESA	5
3	Runway system-grading/Graded strip	42
4	Taxiway	254
5	Taxiway system-land grading	31
6	Apron	398
7	Aircraft parking for CIDCO	3
8	Isolation bay	5
9	NAVAIDS	6
10	Airside roads	47
11	Airfield Ground Lighting System (AGL)	257
12	Storm water drainage system	404
13	Airport perimeter / BW wall	61
14	PIDS	27
15	Watch tower including crash gate	2
16	DVOR	3
	Sub-Total-(A)	**1,693**
17	Non-EPC works (M/s NCC)	16
18	Misc works (Less than 5 crore)	13
	Sub-Total	**1,722**

S. No.	Asset	Cost
19	Unawarded works (GA Apron expansion work)	319
	Total	**2,041**

The Authority through its Independent Consultants noted that NMIAL had awarded the EPC-2 contract for the airside development works on August 31, 2019, with the condition that a Notice to Proceed (NTP) to be issued before commencement of works. However, the NTP was issued in May 2022 due to COVID-19 disruptions and associated delays, resulting in a 32-month gap between contract award and actual commencement. Accordingly, a price adjustment of amount is ₹ 211 crore was made to EPC-2 contract.

It was observed that the delay in handing over of the site was not attributable to the contractor and the same was due to the outbreak of global COVID-19 pandemic which was beyond control. Therefore, price adjustment claimed due to increase in cost of basic input materials due to delay period (32 months) was found reasonable.

The Authority further noted that the total amount of ₹ 2,041 crore claimed against Airside Development works also includes an amount of ₹ 319 crore against unawarded cost. Out of this unawarded cost of ₹ 319 crore, NMIAL had recently awarded General Aviation (GA) apron work for an amount of ₹ 278 crore vide a change order dated July 25, 2025 in EPC-2 contract. The components of this change order include pavement, drains, OWS, Jet Blast Deflector, AGL, utilities work & provisional sum works towards utilities works, removal of silt pond & enabling works. Therefore, the difference of ₹ 41 crore which was still unawarded had not been considered.

Analysis of reasonability of cost of airside pavement (runway, taxiway, apron)

The Authority through its Independent Consultants had examined the CAPEX in accordance to AERA order No. 07/2016-17 on June 13, 2016, which provided the normative cost for the construction of pavement (Apron, Taxiway and Runway). The Authority compared the cost awarded relating to Runway, Apron and Taxiway works with inflation-adjusted normative rate.

The normative cost of Airside pavement is slightly higher against the cost per sqm. submitted by NMIAL which is ₹ 4,987 per sqm. Further, the rate was also analysed based on MoRTH/ CPWD rate analysis and the same was found to be reasonable.

The comparative of airside works as submitted by NMIAL and as observed by the Authority through its Independent Consultants is set out in table below:

Based on the above analysis, the cost considered by Authority is given in table below:

Table 28: Airside Development works cost considered by Authority for First Control Period at Consultation stage

(₹ in crore)

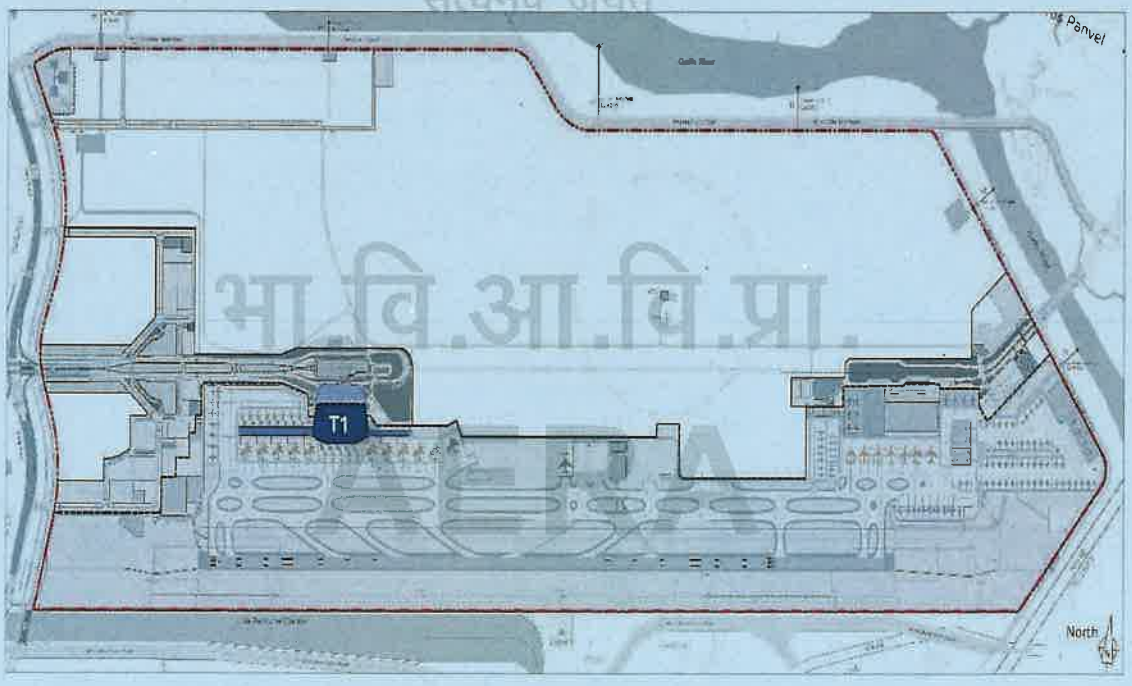
S. N.	Asset Category	Cost by NMIAL	Cost considered by Authority	Variance
1	Airside Development works	2,041	2,000	(-) 41

C - PASSENGER TERMINAL BUILDING (PTB)

NMIAL had submitted capital expenditure of ₹ 3,584 crore for PTB (T-1). This also includes ₹ 148 crore towards price adjustment claims including GST. Terminal building had been designed to cater for 20 MPPA passengers at present and to meet specified standards and operational requirements to ensure optimal passenger experience and regulatory compliance. Key requirements as extracted from Clause-3 of Schedule-B in Annex-II of CA, were summarized below:

- Level of Service: The terminal shall comply with IATA Level of service "C" standards, representing optimum service quality for passenger handling.
- Boarding bridge coverage: A minimum of 80% of both international and domestic aircraft gates shall be equipped with boarding bridges to facilitate efficient and safe boarding and deboarding operations.
- Terminal area standards: The unit area of the terminal building inclusive of all miscellaneous and support spaces, shall be at least 30 sqm. per peak hour passenger (covering both arrivals and departures).
- Passenger services and retail facilities: The terminal design shall provide a comprehensive range of international-standard retail and passenger services, ensuring convenience and comfort. Additionally, the layout shall allow for incremental expansion with minimal disruption to ongoing operations.

Figure 8: Phase 1 & 2 master plan highlighting location of Terminal-1



This design approach ensures that terminal-1 is both fully compliant with the Concession Agreement requirements and capable of delivering high-quality passenger experience while accommodating future growth efficiently.

Table 29: Detailed cost break-up of cost for terminal building submitted by NMIAL

(₹ in crore)

S. No.	Asset	Remarks	Cost
1	Shell & core	Part of EPC 2	616
2	Façade systems incl. steel	Part of EPC 2	237
3	Roofing system incl. steel	Part of EPC 2	471
4	Interior finishes	Part of EPC 2	629
5	MEP works	Part of EPC 2	366
6	ICT	Part of EPC 2	215
7	Other airport system (VHT, PBB, BHS, SBD)	Part of EPC 2	42
8	HBS SSE (EIE)	Awarded Cost	103
9	BHS (EIE)	Awarded Cost	249
10	PBB (EIE)	Awarded Cost	76
11	VHT (EIE)	Awarded Cost	57
12	Misc works (< ₹ 25 crore)	Awarded Cost	349
13	NCC (NON-EPC)- softscape work at PTB	Awarded Cost	8
14	Terminal art works	Unawarded Cost	71
15	Security equipment (body scanner/CTX/ATRS)	Unawarded Cost	26
16	Other miscellaneous works	Unawarded Cost	70
TOTAL=SUM (1:16)			**3,584**

The facilities planned in the terminal building is in compliance with the requirements set out in the Concession Agreement for the effective passenger processing and facilitation. The details are summarised as below:

Table 30: Summary of facilities planned at terminal building

S. No.	Facilities for 20 MPPA terminal building	Units	Count	Remarks
1	Number of terminal entrances control points	nos.	24	1. Queuing time- 5 mins (As per CA) 2. Peak 15 mins factor of PHP- 45% of combined peak 3. Utilization Factor-90% 4. Processing time- 15 sec
2	Kerb side CUSS kiosks	nos.	24	
3	Number of terminal entrances for departure check-in Pax	nos.	4	1. Queuing time (check-in economy) - 10 mins (As per CA) 2. Queuing time (check-in business) - 5 mins (As per CA) 3. Queuing time (SBD all) - 5 mins (As per CA) 4. Peak 15 mins factor of PHP Dom- 45% 5. Peak 15 mins factor of PHP Int'l- 40% 6. Queuing inefficiency factor-100% 7. Queuing time (CUSS Kiosks-Eco & Business) - 2 mins (As per CA)
4	Combined economy check-in desks	nos.	60	
5	Combined premium check-in desks	nos.	6	
6	Combined Self Bag Drops (SBD)	nos.	22	

S. No.	Facilities for 20 MPPA terminal building	Units	Count	Remarks
7	Total check-in desks	nos.	88	
8	Check in hall CUSS kiosks	nos.	48	
9	Transfer desk CUSS one each at domestic and international transfer	nos.	2	Minimum requirement
10	Pre-security DOM CUSS	nos.	1	
11	Pre-security INT CUSS	nos.	1	
12	Day hotel to arrival hall CUSS	nos.	1	Passenger facility requirement
13	Departure emigration control points	nos.	26	1. Queuing time- 5 mins (As per CA) 2. Peak 15 mins D-I factor of PHP-35% 3. Utilization factor-100% 4. Processing time with Indian & non-Indian passports- 72 secs 5. Pax with Indian passport- 65% 6. Pax with non-Indian passport- 35%
14	Pre-embarkation security x-ray machines (Domestic)	nos.	12	1. Queuing time- 5 mins (As per CA) 2. Area per pax-1 sqm (IATA LoS C) 3. Peak 15 mins factor of PHP-30% 4. Queuing inefficiency factor-100%
15	Pre-embarkation security x-ray machines (International)	nos.	5	
16	Pre-embarkation security x-ray machines (swing)	nos.	2	
17	Dom-Dom transfer security x-ray machines	nos.	2	CA service quality requirements: 1. Minimum connect time for 80% of the transfer passengers - I to I – Up to 60 min. & D to D – up to 60 min. 2. Transfers I-I in peak hour passengers - 4.40% 3. Transfers D-D in peak hour passengers -10%
18	Int'l-Int'l transfer security x-ray machines	nos.	2	
19	Number of domestic contact gates (Code C equivalent)	nos.	21	1. Connecting bridges to 13 Nos. Code-C stands & 8 nos. MARS stands 2. 72% of total domestic contact gate 3. 28% of total international contact gate.
20	Number of international contact gates (Code C equivalent)	nos.	8	
21	Total number of contact gates	nos.	29	
22	Number of domestic bus gates	nos.	9	As per CA, 80% of each of the international & domestic gates shall be served by the boarding bridges & remaining 20% is served by bus gates.
23	Number of international bus gates	nos.	3	
24	Total number of combined bus gates with swing	nos.	10	
25	Number of arrival bus gates domestic	nos.	1	Minimum requirement
26	Number of arrival bus gates international	nos.	1	

S. No.	Facilities for 20 MPPA terminal building	Units	Count	Remarks
27	Medical screening desks	nos.	11	More than requirement, may restrict up to 6
28	Arrival immigration control points	nos.	40	1. Queuing time- 5 mins (As per CA) 2. Peak 15 mins international arriving factor PHP-45% 3. Utilization factor-90% 4. Processing time with Indian, non-Indian passports, 5. TVOA- 120 secs (As per CA) 6. Pax with Indian passport- 67%, Pax with non-Indian passport- 33% 7. % of transfer Pax going through immigration- 5%
29	Domestic reclaim belts	nos.	4	CA service quality requirements: to fulfil domestic - first bag - 10 min., last bag - 30 min. from on blocks time. International -first bag - 15 min., last bag – 40 min from on blocks time.
30	International reclaim belts	nos.	3	
31	Swing condition reclaim belts	nos.	2	
32	Combined reclaim belts	nos.	9	
33	Customs x-ray inspection counters (RED + green channel)	nos.	5	1. Peak hour arrival Pax in peak 15 mins- 45% 2. Processing time- 9 sec 3. Utilization factor 90%

Assessment of terminal building area per Peak Hour Passenger (PHP)

The PTB area proposed was examined in accordance to IATA norms. As per IATA norms the area in sqm/PHP is stipulated as 30 sqm. The built-up area of PTB is 2,31,354 sqm for 6,745 PHP is slightly higher than the requirement of IATA norms but found to be in compliance with Concession Agreement which stipulates for a min. area of 30 sqm. per PHP.

The floor wise area break-up for the terminal building is given below:

Table 31: Area Statement of Terminal-1

Floor wise terminal area (in sqm)	
Basement	34,008
L0 arrivals	76,430
L1 arrival mezzanine	45,836
L1 BHS mezzanine	1,912
L2 departure	66,943
L3 departure mezzanine	6,225
Total built-up area	**2,31,354**

Table 32: Peak Hour Passengers of Terminal-1

Traffic (Peak Hour Passenger) for 20 MPPA	As per NMIAL
Domestic departure PHP	2,566
Domestic arrival PHP	2,436

Traffic (Peak Hour Passenger) for 20 MPPA	As per NMIAL
International departure PHP	962
International arrival PHP	781
Total PHP (including arrival and departure)	**6,745**

Analysis based on Concession Agreement requirement is as below:

Total built-up area = 2,31,354 sqm.

Total Peak hour passenger (PHP) = 6,745

Therefore, unit area of terminal building = 2,31,354 / 6,745 = 34.30 sqm (> 30 sqm)

The unit area of the building is 34.30 sqm which is in line with Concession Agreement i.e. "*the unit are of terminal building shall be of minimum 30 sqm.*"

Assessment of cost of passenger terminal building

The Authority noted that the CAPEX towards Passenger Terminal Building as submitted by Airport operator is ₹ 3,584 crore which is also inclusive of unawarded works amounting to ₹ 167 crore as below:

a. Digital & physical artwork

NMIAL had submitted ₹ 71 crore for digital & physical art program including construction works. It is noted that two contracts on digital art had already been awarded by NMIAL. Since, it's an additional requirement raised by NMIAL which is yet to be awarded, therefore, the proposed amount of ₹ 71 crore under non-EPC work had not been considered and same would be considered at the time of issuance of final Tariff Order based on actual incurrence.

b. Security equipment's (Body scanners/CTX/ATRS)

NMIAL had submitted ₹ 26 crore towards security equipment's (Body scanners/CTX/ATRS) under non-EPC works but later on the same was removed in the revised CAPEX submitted by NMIAL under unawarded work dated September 9, 2025.

Therefore, ₹ 26 crore had not been considered by the Authority.

c. Other misc. works (Scope gap/Additional changes)

NMIAL had submitted ₹ 68 crore in revised list of unawarded work as miscellaneous works towards Scope gap/Additional changes and the same had not been considered based on the reasons below:

a. No details/break-up submitted for review & acceptance

b. This expenditure is yet to be incurred

Therefore, ₹ 68 crore had been disallowed & may be considered at the time of issuance of final tariff order based on actual incurrence.

Hence a total amount of ₹ 167 crore (₹ 71 crore + ₹ 26 crore + ₹ 70 crore) would be considered at the time of issuance of final tariff order based on actual incurrence basis.

Hence, proposed cost for the PTB had been restricted to ₹ 3,417 crore (₹ 3,584 crore- ₹ 167 crore).

The Authority through its Independent Consultant also assessed the cost of the Passenger Terminal Building (PTB) based on CPWD Plinth Area Rates (PAR), DSR and prevailing market rates and had also benchmarked the estimates with comparable airport projects. Accordingly, the total estimated cost of the PTB works out to ₹ 3,417 crore, corresponding to a per sqm. cost of ₹ 1,47,696 per sqm, which is slightly higher than AERA calculated normative benchmark/rates based on Order No. 07/2016-17 dated June 6, 2016, determined the normative cost for Terminal Buildings.

As per AERA order Clauses (iv) and (v) of the Authority's Order, in cases where the rates are higher than the ceiling rates approved by the Authority, the justifications submitted by the Airport Operator along with details of actual cost incurred are required to be examined by a duly constituted Committee of Experts and the final costs are to be adopted based on the recommendations of such committee. Further, the ceiling rates are generally applicable to new projects where the works are yet to be awarded, while in the case of awarded projects the capital costs are required to be examined by the designated committee. In the present case, the works have already been awarded and the costs have been incurred by the Airport Operator. Accordingly, the cost submissions have been examined by the Authority's CAPEX consultant, Engineering Projects (India) Limited (EPIL) and based on such examination, the Authority proposed to consider the capital costs as verified by the CAPEX consultant for the purpose of the present tariff determination.

Authority also noted that the PTB comprises of equipment's and building material of richer/advanced specifications which were not part of the normative cost such as CT Xray/ Dual view Xray integration with ATRS, full body scanners, IGBC LEED gold certification, self-baggage drop, arrival remote sensing, automatic tag reader in arrival baggage, advanced BHS with superior features like auto sortation, E gates with biometric Digi Yatra, PM WANI etc. were also provided. As per Concession Agreement, the PTB should cater for 80% contact stands. Accordingly, the per sqm. cost is found to be reasonable.

Therefore, Authority proposed to consider the cost of PTB as mentioned below:

Table 33: Terminal building cost considered by Authority at Consultation stage

(₹ in crore)

S. No.	Asset category	Cost by NMIAL	Cost considered by Authority	Variance
1	Passenger Terminal Building	3,584	3,417	(-) 167

D - LANDSIDE DEVELOPMENT WORKS

NMIAL had submitted CAPEX of ₹ 881 crore towards landside development works. This landside development works at the NMIA site also includes payment towards price adjustment for ₹ 33 crore.

Table 34: Break-up of landside development works as submitted by NMIAL

(₹ in crore)

S.N.	Description of item	Cost
1.	**EPC-1-** site preparation & earthwork	**65**
2.	**EPC-2**	
a	MLCP	181
b	At grade parking	11
c	Main access at grade road i/c foot path (west + east)	136

S.N.	Description of item	Cost
d	Drainage	69
e	Elevated road	157
f	Vehicular Underpass (VUP) i/c Ramps	34
g	Pedestrian Underpass (PUP)	8
h	Metro rail civil structure	13
i	Foot over bridge/Connecting bridge	17
	Sub-Total (2)	**626**
3.	**Non-EPC works (M/s NCC)**	19
4.	**VHT EPC**	4
5.	**Coastal Road to NMIA**	46
8.	**Works with value between 5 crore to 25 crore**	73
6.	**Works with value < 5 crore**	13
	Sub-Total (3:6)	**155**
7.	**Unawarded works**	**34**
	Total (1:7)	**881**

Unawarded cost

It is further noted that the land development cost of ₹ 881 crore also included ~₹ 34 crore towards unawarded works. The break-up of ₹ 34 crore included landscaping works of ₹ 11.67 crore and rest ₹ 22 crore for change orders in various existing contracts. The details are as below:

a) Landscaping works

NMIAL had recently awarded two contracts for landscaping works with total amounting to ₹ 11.67 crore and the details are as below:

i. Landscaping work (Pkg-3, EMAR) to M/s Grotech Landscape Development Private Ltd of ₹ 7.85 crore.

ii. Supply of plants & plants supplements for landscaping works to M/s Grotech Farms & Nursery of ₹ 3.82 crore.

Thus, an amount of ₹ 11.67 crore had been considered towards landscaping works.

b) The balance ₹ ~22 crore as claimed against change orders in various existing contracts is not proposed to be considered, since no details submitted for its review & acceptance. Therefore, the differential amount of ₹ 22 crore is still unawarded and thus disallowed. However, the same shall be considered on actual incurrence basis.

The cost of landside development works was duly analysed by Authority through its independent consultants based on CPWD PAR, DSR & Market rates. Hence the proposed cost for landside development works had been considered as ₹ 859 crore.

Table 35: Landside development cost considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Landside development works	881	859	-22

E - SUPPORT FACILITY - 1

NMIAL had submitted a CAPEX of ₹ 933 crore for support facility-1. This cost also includes unawarded works of ₹ 35 crore towards airport operational equipment & vehicles and ₹ 53 crore towards change order.

Table 36: Detailed cost break-up for support facility-1 submitted by NMIAL

(₹ in crore)

S. No.	Item	Cost
1	**EPC-2 Scope**	
a	ATC technical block	50
b	Airport maintenance building	39
c	Meteorological station /IMD facility	14
d	ARFF facility & interim ATC tower	49
e	Airfield Ground Lighting Substation (CCR)-east	11
f	Airfield Ground Lighting Substation (CCR)-west	10
g	ASR 2 buildings	10
h	SMR buildings	2
i	Airside security gate-east	8
j	Airside security gate-west	6
	Sub-Total- (a: j)	**199**
k	VHT (EPC-02)	3
l	HBS SSE (EPC-02)	8
	Sub-Total-II (k: l)	**11**
2	**Non-EPC Scope**	
a	Airport administration building west	115
b	Police station	17
c	Airport health organization	17
d	Airport operational staff facility (CISF barracks)	83
e	Reserved housing	85
f	General Aviation terminal only shell & core works	54
g	MOER/data centre	25
h	Central storage	18
	Sub-Total- (a: h)	**414**
3	VHT (non-EPC)	16
4	Crash Fire Tender (CFT)	56
5	Airside vehicles & equipment's	59
6	Plant & machinery	90
	Sub-Total (3:6)	**221**

S. No.	Item	Cost
	Total (1:6)	**845**
7	Unawarded works	88
	Total (1:7)	**933**

The unawarded works of ₹ 35 crore toward airport operational equipment and vehicles and cost of ₹ 53 crore towards change order are further elaborated below.

1. Airport operational equipment & vehicles

Authority noted that, in support facility-1 under non-EPC works, an amount of ₹ 59 crore had already been considered in the CAPEX against "Airside operational equipment's & vehicles". Thus, it's an additional requirement and not yet awarded. Therefore, additional requirement of ₹ 35 crore against "Airside operational equipment's & vehicles" had not been considered & would be considered on actual incurrence.

2. Change orders in various existing contracts

NMIAL had submitted ₹ 53 crore against change orders in various existing contracts under non-EPC works and the same had not been considered, based on following:

a) No details/break-up submitted for review & acceptance.

b) This expenditure is yet to be incurred.

Hence a total amount of ₹ 88 crore (₹ 35 crore + ₹ 53 crore) had not been considered & would be considered on actual incurrence basis.

All the works under support facility-1 have been examined and analysed by Independent Consultants based on CPWD PAR, DSR and Market rates and were found to be reasonable. Accordingly, the Authority proposed to consider cost towards support facility – 1 as follows:

Table 37: Support facility - 1 cost considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Support Facility -1 works	933	845	-88

F- UTILITIES & PNG WORKS

NMIAL had submitted a CAPEX of ₹ 461 crore towards utilities and PNG works, which includes ₹ 19 crore towards approved price adjustment claims. This work is part of EPC-2 contract and had been completed. The details of the work are as follows:

Table 38: Cost towards utilities & PNG works as submitted by NMIAL

(₹ in crore)

S. No	Asset	Cost
1	Utilities & PNG works	461

Table 39: Cost break-up of Utilities & PNG works submitted by NMIAL

(₹ in crore)

S. No.	Asset	Cost
1	Water supply & pump house	15
2	Power Distribution Substation (DSS)	21
3	Power Receiving Substation (RSS)	56
4	Sewerage treatment plant	24
5	Chiller plant building	42
6	Solid waste facility	4
7	Triturator	1
8	IT (data centre for IT)	4
9	Electrical infra network	179
10	PHE piping network	24
11	IT networking	48
12	Utilities	36
13	PNG	7
	Total= Sum (1:13)	**461**

The cost of utilities & PNG is analysed by the Authority through its Independent Consultants and is based on CPWD PAR, DSR and Market rates. Also, the rates were examined at other similar Airports and the proposed CAPEX towards utilities and PNG works, found to be reasonable. Accordingly, the Authority proposed to consider cost towards utilities and PNG works as follows:

Table 40: Utilities & PNG works cost considered by Authority at Consultation stage

(₹ in crore)

S. No	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Utilities & PNG works	461	461	0

G - SUPPORT FACILITY- 2

NMIAL had submitted CAPEX of ₹ 121 crore towards support facility-2 facilities. The details are as follows:

Table 41: Detailed cost break-up for support facility 2 as submitted by NMIAL

(₹ in crore)

S. No.	Asset	Cost
1	**Support facility 2: under non-EPC-M/s NCC Ltd**	
a	GSE maintenance facility south west (A29A)	54
b	Airside fuel station south west (A32A)	10
c	INTO plane facility (south side) (A40A)	9
d	INTO plane facility (south side) (A40B)	9
e	Fuel station south east (S14B)	8

S. No.	Asset	Cost
f	Fuel station south west (S14D)	6
g	Hazardous waste facility	3
	Total (a: g)	**99**
h	VHT (NON-EPC)	2
	Total (a: h)	101
i	Unawarded works	**20**
	Grand Total (a: i)	**121**

The Authority noted that out of the total cost of ₹ 121 crore towards support facility-2, works of ₹ 20 crore were yet to be awarded. This unawarded cost is claimed for installation of solar power 2.5 MW on the roof of terminal T1. This unwarded cost of ₹ 20 crore were proposed, since it is part of the master plan and also it being sustainable initiative towards enhancement of green energy concept at NMIA Airport.

The cost of works in support facility-2 analysed by the Independent Consultants based on CPWD PAR, DSR, Market rates and compared with other comparable similar airports was found reasonable.

Based on the above analysis and scrutiny by CAPEX consultant, the Authority proposed considering the cost submitted by NMIAL for support facility-2 works as follows:

Table 42: Support facility – 2 costs considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost proposed by Authority	Variance
1	Support Facility - 2 works	121	121	0

H - Integrated Air Cargo Terminal (IACT)

NMIAL had submitted CAPEX of ₹ 409 crore towards IACT to support the development of critical cargo infrastructure. The works were awarded under a non-EPC contract. The scope of this package includes the following works:

a. IACT building

b. Facilitation block

c. Cargo entrance block

d. Service block

e. Utility block

f. Entry and exit gates

g. Security cabins

h. Internal utility services

i. Internal roads, drainage systems and parking

j. Truck docking and maneuvering areas

k. Material Handling System (MHS) and associated equipment

In accordance with the requirements of the Concession Agreement and the projected cargo demand for phases I and II of NMIA, the IACT had been planned with a designed handling capacity of 0.50 MMTPA. This IACT facility includes a ground-floor warehousing area measuring 283.65 m × 120 m, equipped to support comprehensive cargo processing operations along with all necessary ancillary facilities.

Table 43: Cost towards Integrated Air Cargo Terminal as submitted by NMIAL

(₹ in crore)

S. No.	Asset	Cost
1	Integrated Air Cargo Terminal	409

Table 44: Detailed cost break-up for IACT

(₹ in crore)

S. No.	Asset	Cost
a	Construction of miscellaneous structures	351
b	Engineer, supply and installation of the mill works to the location specified in drawing for cargo area at NMIA	1
c	VHT	2
d	HBS &SSE	16
e	Design, supply, installation, testing & commissioning of 26 sqm galvanized castor mats at NMIA	11
f	Supply, installation, testing & commissioning of 13 types of cargo equipment at NMIA.	16
g	Supply of 16 nos forklift & 2 nos tow tug	6
h	Supply, installation, testing & commissioning of roller & belt conveyor at NMIA	2
i	Supply & installation of IHP pallet racking system	1
j	Supply, installation, testing & commissioning of 49 nos dock levelers	1
k	Supply of 2000 nos pallets for cargo at NMIAL	1
l	Cargo terminal equipment	1
	Total = Sum (H1:H12)	**409**

Table 45: Integrated Air Cargo Terminal (IACT) cost analysis

(₹ in crore)

S. No.	Description of Item	Cost *(₹ in crore)*	Remark
		(A)	
1.	Integrated Air Cargo Terminal (IACT)	352	Total built-up area of 53,561 sqm
2.	IACT equipment cost	38	
3.	VHT/HBS/SSE	19	
	Total	**409**	
	Unit rate/sqm	76,362	

The cost of IACT had been analyzed by the CAPEX consultant based on CPWD PAR DSR, Market rates and other similar airports and found the cost submitted by NMIAL pertaining to IACT for ₹ 76,362 per sqm. as reasonable, considering the similar building at other Airports. Accordingly, the Authority proposed to consider cost towards IACT as follows:

Table 46: IACT considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	**Integrated Air Cargo Terminal**	409	409	0

I - <u>Fuel Farm & Fuel Hydrant System</u>

In line with operational requirements for phases I and II, NMIAL had developed a dedicated Fuel Farm with a total ATF storage capacity of 24,000 KL, along with an underground fuel hydrant network designed to supply fuel directly to all aircraft stands, ensuring safety, operational reliability and efficiency in refueling processes.

During the development of phases I and II, it was envisaged that NMIA will receive ATF through a dedicated pipeline and via tank truck deliveries to the Fuel Farm. The stored fuel would be accommodated in four ATF storage tanks, each with a capacity of 6,000 KL, supported by an integrated pipeline receipt system. Additionally, the facility includes two underground tanks of 100 KL each for storing Sustainable Aviation Fuel (SAF), which could be blended with ATF as required. With these additions, the total storage capacity for phases 1 & 2 amounts to 24,200 KL.

For the ultimate development phase, the peak ATF demand had been estimated at 2,300 KL/hour. To meet this requirement, the project includes a 14.19 km fuel hydrant pipeline network, with pipe diameters ranging from 24 inches to 12 inches serving as the main header and subloop lines. A 24-inch pipeline connection has also been reserved for future expansion.

A brief detail of ATF is as below:

- Outright Purchase (5700 KL): Rate per KL (Jet A-1) @ ₹ 62,847 per KL

  (i) Tank soaking- 2,400 KL

(ii) FF pieline soaking- 300 KL

(iii) Hydrant line soaking- 3,000 KL

Part of which shall be part of dead stock and balance will be used for soaking and flushing the system as per regulatory guidelines.

- Rented fuel (6,300 KL): Inventory carrying rate per day per KL @ ₹ 11.02

  a) Will be returned back to supplier or transferred upon COD.

  b) NMIAL had claimed only rental charge on 6,300 KL.

NMIAL had submitted CAPEX of ₹ 513 crore for the development of the Fuel Farm and Fuel Hydrant System.

Table 47: Cost towards Fuel Farm & Fuel Hydrant System as submitted by NMIAL

(₹ in crore)

S. No.	Asset	Cost
1	Fuel Farm & Fuel Hydrant System	513

Table 48: Detailed cost break-up for Fuel Farm & Fuel Hydrant System

(₹ in crore)

S. No.	Asset	Remark	Cost
1	Construction of miscellaneous structures	Non-EPC	439
2	Supply of ATF	Non-EPC	37
3	Supply, installation, testing & commissioning of 15 nos hydrant dispenser	Non-EPC	14
4	Supply, installation, testing & commissioning of 5 nos hydrant dispenser	Non-EPC	5
5	Supply, installation, testing & commissioning of 4 nos. refuellers	Non-EPC	5
6	Supply, installation, testing & commissioning of 5 nos hydrant dispenser	Non-EPC	5
7	Supply of 20 nos chassis (TATA LPT 712 DCR 39CBC 125 B6M5 TT) along with PTO, CRTM & comprehensive insurance	Non-EPC	3
8	Supply of chassis along with PTO, CRTM, comprehensive insurance	Non-EPC	2
9	Design, supply, installation, testing & commissioning of 2 nos refuellers of 25 KL at NMIA	Non-EPC	2
10	Supply, installation, testing & commissioning of 2 nos pit cleaner	Non-EPC	1
	Total = Sum (1:10)		**513**

During the site visit by Independent Consultants in July 2025, while there was a provision of 5 fuel tanks in the fuel farm system proposed by NMIAL, but only 4 tanks were found to be installed.

Accordingly, the price implication of 1 fuel tank along with its accessories which worked out to ₹ 42 crore as per original agreement was proposed not to be considered. A clarification from the Airport operator was also sought by the CAPEX consultant.

In this regard, NMIAL had submitted a letter dated December 4, 2025, by M/s NCC (executing contractor), mentioning that cost in BOQ pertains to 4 above ground ATF tanks only and that 5 tanks mentioned in BOQ was a typo error. Further, Authority examined the submission of Airport operator and directed Airport operator to submit final payment details during stakeholder comments, to enable Authority to take a view on the matter.

The cost of Fuel Farm & Fuel Hydrant System analyzed by Independent Consultants was based on CPWD PAR, DSR, Market rates and also compared with other similar airports. The cost per sqm. submitted by NMIAL for fuel farm is ₹ 79,678 per sqm. is found to be reasonable.

As per cost analysis and scrutiny, the cost submitted by NMIAL had been adjusted for cost of 1 No tank amounting to ₹ 42 crore, as shown in table below.

Table 49: Cost analysis of Fuel Farm & Fuel Hydrant System

(₹ in crore)

S. No.	Description of Item	Cost by NMIAL	Remarks
1.	Fuel Farm, Fuel tank & Fuel Hydrant System	439	Fuel Farm - civil work: 10,057 sqm Fuel Farm infra development: 49,056 sqm Total area: 59,113 sqm Fuel Hydrant System: 14.19 kms Proposed to be considered as per cost analysis based on CPWD PAR & market rate
2.	Fuel Farm Equipment	38	Awarded cost proposed to be considered based on PO submitted, market rates and also compared with other comparable similar airports
3.	Supply of ATF	37	
	Total (A)	**513**	
4	Adjusted for 1 No. tank (B)	(-) 42	Cost of 1 no tank (Out of 5 tanks, only 4 executed at site)
	Net Cost (A-B)	**471**	

Based on the above analysis, Authority proposed to consider the cost for Fuel Farm and Fuel Hydrant System as follows:

Table 50: Fuel Farm & Fuel Hydrant System cost considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Fuel Farm & Fuel Hydrant System	513	471	(-) 42

J - Ground Power Unit (GPU) & Pre-Conditioned Air (PCA)

A GPU at an airport stands for Ground Power Unit, a critical piece of airport equipment that provides electrical power (AC/DC) to aircraft when their engines are off, running systems like lights, avionics and air conditioning without burning fuel, reducing costs and emissions.

PCA at an airport stands for Pre-Conditioned Air, a crucial ground support system that deliver temperature-controlled, filtered air to parked aircraft, replacing the need for noisy, fuel-burning Auxiliary Power Units (APUs) for passenger comfort and equipment cooling.

NMIAL had submitted CAPEX of ₹ 57 crore towards procurement and installation of Ground Power Units (GPU) and Pre-Conditioned Air (PCA) systems, which are essential for supporting aircraft on the ground, by supplying electrical power and conditioned air, without reliance on aircraft auxiliary power units.

Table 51: Cost towards Ground Power Unit (GPU) & Pre-Conditioned Air (PCA) by NMIAL

(₹ in crore)

S. No.	Asset	Cost
1	Ground Power Unit (GPU) & Pre-Conditioned Air (PCA)	57

The CAPEX consultant had conducted a detailed market analysis to evaluate the cost benchmarks for similar systems across comparable airports and found the cost proposed by NMIAL to be reasonable and in line with prevailing market rates.

Accordingly, based on the above analysis the Authority proposed to consider the cost for GPU and PAC as follows:

Table 52: Cost towards GPU & PCA considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost proposed by Authority	Variance
1	GPU & PCA	57	57	0

K - Expected Claims

NMIAL had submitted an expected claim of ₹ 1,133 crore raised by the EPC contractor pertaining to price adjustment and is currently under examination by NMIAL.

Table 53: Cost towards expected claims as submitted by NMIAL

(₹ in crore)

S. No.	Asset	Cost
1	Expected claims	1,133

The Authority noted the submission by NMIAL regarding claims raised by the EPC Contractor. The Authority also noted that these claims are presently undergoing detailed examination by NMIAL and remain under negotiation. The admissibility, quantum and final settlement value of such claims are yet to attain finality are subject to technical validation, commercial negotiation and Board approval.

In view of the inherent uncertainty and the time required for closure of the claim process, the Authority proposed not to consider these as part of RAB at this stage. However, Airport Operator had been directed to provide updated position during process of seeking stakeholder comments to enable Authority to take a view on this matter. Accordingly, the Authority proposed to consider the admissible amount for the claims, if any, based on actual settled values at the time of determination of tariff of Second Control Period, subject to evaluation of efficiency and reasonableness of cost.

Table 54: Cost towards expected claims considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Expected claims	1,133	0	-1,133

L - Others (Hard cost) Claims for Idling

NMIAL had submitted claims of ₹ 59 crore raised by the EPC contractor which pertains to cost impact emerging from idling of resources during the blasting activities for hill cutting at NMIA for EPC Contract – 2. The EPC Contract – 2 was executed between NMIAL and EPC contractor on August 31, 2019, as per which the time for completion of works was 940 days from Notice to Proceed.

CIDCO, amongst its obligations, was required to achieve the excess hill cutting and disposal outside NMIA boundary by May 31, 2022, for NMIAL to achieve the Scheduled Completion Date and COD for phases I and II earlier planned for December 2024. However, CIDCO's hill cutting works were completed on March 21, 2024 and thereafter other subsequent works including removal of undulations, etc. were completed by June 2024.

NMIAL had submitted that due to the hill cutting works carried out by CIDCO on the NMIA site, frequent stoppages were caused in its works which disrupted the continuity and hindered the Airport development works to be undertaken by the EPC contractor. The EPC contractor had thus submitted blasting/idling claims to NMIAL which included the following aspects.

- Idling of Workmen / Productivity Loss
- Transportation of Workmen
- Idling of Plant & Machinery
- Additional Workmen Sheds

NMIAL had agreed to the claim amount of ₹ 50 crore plus GST based on deliberations and discussion with EPC contractor as one time settlement against the blasting/idling claims as shown below.

Table 55: Cost towards claims for idling as submitted by NMIAL

(₹ in crore)

S. No.	Asset	Cost
1	Claims for idling	59

Authority through its Independent Consultants have examined the claims and found that there is no clause in the EPC contract which permits compensation to the contractor against the idling of works. Also, the Airport Operator had not provided detailed calculations for the claim finalized as well as the details of the claim submitted by the EPC contractor.

Accordingly, the Authority proposed not to consider the cost towards claims for idling, as follows:

Table 56: Cost towards Claims for Idling considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance in crore
1	Claims for idling	59	0	-59

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M - <u>Cost towards PMC/Statutory payments/ORAT/Pre-operative expenses etc.</u>

NMIAL had submitted a cost towards PMC/ Statutory payments/ ORAT / pre-operative expenses etc. of ₹ 2,839 crore. The details of which are as follows.

Table 57: Cost towards PMC/Statutory payments/ORAT/Pre-operative expenses etc. submitted by NMIAL

(₹ in crore)

S. N.	Asset category	Cost
I	Technical services	1,296
II	Pre-operative expense	1,020
III	Preliminaries	172
IV	Insurance & permits	68
V	Financing cost	283
	Total	**2,839**

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The Authority through its Independent Consultants had examined each component in the successive paragraphs as below:

I. Technical services

NMIAL had submitted a total of ₹ 1,296 crore towards technical services for phases I and II covering a broad range of specialized consultancy assignments, including:

- Airside master planning and pavement design

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- Peer review services
- Traffic forecasting and transportation master planning
- Landside transport infrastructure and road traffic solutions
- Landside commercial development programme
- Landscape master planning, design and updates
- Technical review of BOQs for support and utility buildings (including landscaping)
- Architectural and engineering design consultancy for terminal, support facilities and cargo complex
- Consultancy for Material Handling Systems (MHS)
- Planning, design and engineering services for the ATF Fuel Farm and Fuel Hydrant System
- Preparation of concept master plan and RFP documentation for fuel facilities
- Consultancy for factory licensing and PESO approvals for Fuel Farm
- Consultancy services for LEED certification and related sustainability requirements

The above works are segregated under the two major categories:

(A) ₹ 671 crore for design consultancy services (awarded contracts)

(B) ₹ 625 crore under other technical services for unawarded/anticipated consultancy requirements.

The Authority through its CAPEX consultant reviewed the services under these two categories:

Under Category (A) pertaining to ₹ 671 crore for design consultancy services (awarded contracts), the Authority had not considered the below services with total cost of ₹ 71 crore, elaborated below.

1. ₹ 37.17 crore (Consultancy Services awarded to GVKPIL)

   It is noted that GVKPIL is a subsidiary of GVK and this engagement was through direct nomination by GVK Board approval. However, Clause 5.6 of the Concession Agreement mandates competitive procurement for contracts exceeding ₹ 25 crore. Since no competitive bidding was conducted for this service, the same had not been considered.

2. ₹ 33.90 crore (Other technical services)

   The Authority noted that these services are related to review of BOQs, master plan and design updates and terminal and landside commercial programme for which similar other contracts have been awarded. This was not considered since it is a duplication of the service.

Under category (B) pertaining to other technical services for unawarded/anticipated consultancy requirements for ₹ 625 crore. The Authority noted that NMIAL had not provided any supporting details for these services and expenditure on these services is yet to be incurred. Hence, it was proposed that the corresponding cost will be considered after details of actual incurrence if any during issuance of Tariff Order. Accordingly, the Authority proposed the total cost for the above categories A and B as shown in table below:

Table 58: Cost towards technical & other technical services considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Technical & other technical services	1,296	600	-696

II. Pre-operative expenses

NMIAL had submitted an amount of ₹ 1,020 crore as pre-operative expenses for the combined development of phases I and II. These pre-operative expenses comprise a wide range of establishment and administrative costs necessary for project initiation and early-stage development activities. The key cost components include:

- Salaries, wages and bonuses of NMIAL staff
- Professional charges, including fees paid to external consultants
- Travel and conveyance expenses
- Manpower service charges
- Depreciation and amortization of IT assets
- Legal and statutory expenses
- Fees, subscriptions and membership charges
- Rent and infrastructure usage charges
- Miscellaneous administrative and operational costs

The Authority through its Independent Consultants noted that as per the certification provided by the Chartered Accountant for this expenditure of NMIAL, the actual expenditure incurred towards pre-operative activities up to September 2025 amounts to ₹ 933 crore. Accordingly, the Authority proposed to consider ₹ 933 crore under pre-operative cost as shown in the table below. Further, Authority would consider any revision to this cost during the Tariff Order stage based on the analysis of the Airport operators submission.

Table 59: Cost towards pre-operative expense considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Preoperative expense	1,020	933	-87

III. Preliminaries

NMIAL submitted the preliminary expenses of ₹ 172 crore, which comprise a range of activities and essential preparatory work required for project mobilization and operational readiness such as:

- Establishment of NMIAL project office

- Site enabling works such as site office setup, access road development, construction power substations and utilities
- Perimeter fencing
- IT infrastructure (desktops, laptops, software, licenses, etc.) for office and site usage
- Geotechnical investigations and various site surveys
- Engagement of specialized consultancy services (e.g., ORAT)

The Authority noted that cost of ₹ 59 crore is related to the construction of NMIAL project office, which was considered under soft cost by NMIAL. Since the facility constitutes a permanent structure, it was proposed to reclassify this expenditure under hard cost. Accordingly, total preliminaries expenses including this cost would be now ₹ 113 crore.

Excluding the cost pertaining to project office, other components under preliminaries totaling ₹ 113 crore include the following:

a. ₹ 67 crore – Towards site enabling works, already executed.

b. ₹ 30 crore – Towards ORAT consultancy services awarded to M/s Munich Airport International GmbH.

c. ₹ 16 crore – Provision kept for balance ORAT services which is yet to be awarded. Further, these services are essential for operational readiness hence considered. The final awarded cost would be considered at the Tariff Order stage.

The Authority, through its Independent Consultants reviewed the above cost of ₹ 113 crore and found it to be reasonable. Accordingly, the Authority proposed considering preliminary expenditure as follows:

Table 60: Cost towards preliminaries considered by Authority at Consultation stage

(₹ in crore)

S. No	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Preliminaries	172	113	-59

NMIAL Project office

The cost of ₹ 59 crore towards development of project office had been analysed and it was noted that the project office complex accommodates the planning, design and construction departments of NMIAL and temporarily houses the corporate and operations departments, which would later be relocated to their permanent facility in the administration building.

Establishing a permanent project office is essential for managing ongoing expansion and operational oversight. The project office is a G+2 permanent structure, complemented by a G+1 staff facilitation centre, developed on a total plot area of 11,936.68 sqm with a constructed area of 5,766 sqm. Given its role as a long-term operational facility supporting the airport's phased development, the project office was classified under hard cost.

The Authority through its Independent Consultants had examined the awarded cost based on CPWD PAR, DSR & Market rates and found ₹ 59 crore pertaining to project office as reasonable.

IV. Insurance & permits

NMIAL had submitted a cost of ₹ 68 crore towards expenditure under insurance & permits, incurred towards various statutory and regulatory requirements essential for project execution. This includes premium payments for CAR (Contractors All Risk) insurance policies, charges for obtaining CTE (Consent to Establish) approval from MPCB, water connection fees, payments related to the 33 kV GIS feeder, stamp duty charges and processing fees paid to multiple local authorities for securing mandatory clearances and approvals.

Table 61: Cost towards insurance & permits submitted by NMIAL

(₹ in crore)

S. No.	Asset	Cost
1	Insurance & permits	68

Based on verification of the documents submitted by NMIAL, the costs amounting to ₹ 23 crore out of ₹ 68 crore is yet to be incurred as detailed below. However, it pertains to statutory obligations and therefore considered justifiable. Based on above, ₹ 68 crore is considered admissible and proposed in soft cost under insurance & permits.

Table 62: Statutory payment and permits pertaining to ₹ 23 crore

S.No	Item Description	Estimated amount in crore
1	Security deposits various Govt. departments for various Licenses (like lift, VHT, DG set etc.)	2
2	Security Deposit Electricity	10
3	DGCA Aerodrome License	3
4	Application fee for water charges / electricity/ Gas, factory license etc.	
5	Fee for approval / NoC from (PWD/ CPWD), Lift escalation installation & electric substation (RSS & DSS), Transformer, DG set	
6	Calibration of weighing scale	
7	License for operating commercial outlets under shop act	
8	MPCB consent to operative (CTO) for phase I & II	4
9	MPCB consent to operate for all DG set	0.50
10	Environmental Impact Assessment (EIA) related compliance	3
11	Miscellaneous	0.50
	Total	**23**

Based on the above analysis, Authority proposed to consider as follows:

Table 63: Cost towards insurance & permits considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Insurance & permits	68	68	0

V. Financing cost (Upfront fees to Lenders)

NMIAL had submitted a cost of ₹ 283 crore towards financing costs, specifically the upfront fees payable to lenders.

As per para **5.1.4 (e) of the AERA Guidelines for Tariff Determination, 2011**, the relevant extract of which is given below, the financing charges are to be included as part of capital cost.

"……financing costs associated with debt considered for the determination of weighted average cost of debt shall be considered in the capital costs of the project and not an adjustment to the cost of debt….."

This treatment ensures compliance with regulatory guidelines and reflects the appropriate capitalization of financing-related expenditures, hence proposed by Independent Consultants.

Based on the above analysis, Authority proposed to consider the following:

Table 64: Cost towards financing cost considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
1	Financing cost	283	283	0

The summary of PMC/Statutory payments/ORAT/Pre-operative expenses etc. considered by Authority was provided below:

Table 65: Summary of cost towards PMC/Statutory payments/ORAT/Pre-operative expenses etc. considered by Authority at Consultation stage

(₹ in crore)

S. N.	Asset category	Cost by NMIAL	Cost considered by Authority	Variance
I	Technical services	1,296.00	600.00	696.00
II	Pre-operative expense	1,020.00	933.00	87.00
III	Preliminaries	172.00	113.00	59.00
IV	Insurance & permits	68.00	68.00	-
V	Financing cost	283.00	283.00	-
	Total	**2,839.00**	**1,997.00**	**842.00**

N - Payment to CIDCO

Table 66: Details for payment to CIDCO submitted by NMIAL

(₹ in crore)

S. No.	Asset category	Cost
I	Allotment of land	60.00
II	Concession fee and one-time pre-operative expenses	150.00
III	Building approvals	150.00
	Total	**360.00**

I. Allotment of land

As part of the CNS-ATM infrastructure requirements, land had been allotted to AAI for the installation of ASR-1 (Airport Surveillance Radar) and DVOR (Doppler VHF Omnidirectional

Range) systems. The land allotted pertains to additional land allotted by CIDCO beyond 1,160 Ha of land allotted earlier for airport development. Hence, CIDCO asked for a payment of ₹ 60 crore from NMIAL, towards additional land allotted to AAI for ASR-1 and DVOR. The payment asked by CIDCO for additional land had not been considered, due to the following reasons:

a) Payment had not been made yet.

b) The term of payment of lease premium is not defined

c) The treatment of cost towards the additional land parcel, should be in line with 1,160 Ha of land, which was provided earlier, free of cost

d) The ASR-1 had been scheduled in phase 3 of airport development.

Therefore, based on above ground, the cost pertaining to allotment of additional land for ₹ 60 crore had not been considered.

II. Concession fee and one-time pre-operative expenses

NMIAL is required to pay ₹ 110 crore towards one-time pre-operative expense to CIDCO. In addition, NMIAL is also required to pay ₹ 40 crore (calculated for period of 8 years effective from Appointed Date of July 7, 2018, till COD of December 25, 2025, for an amount of ₹ 5 crore per Concession Year) in accordance with the obligations stipulated under the Clauses of the Concession Agreement, reproduced below:

- Clause 25.2.1 *"The Concessionaire shall pay Rs. 110,00,00,000/- (Rupees One Hundred Ten Crore) towards pre-operative expenses incurred by the Authority on the Project till the execution of this Agreement"*
- Clause 25.2.2 "*The pre-operative expenses shall be paid by the Concessionaire to the Authority as a one-time lump-sum amount within 30 (thirty) days of the Phase I COD"*
- *Clause 26.1 "In consideration of the grant of Concession, the Concessionaire shall pay to the Authority by way of concession fee ("**Concession Fee**"), the following amounts to the Authority on annual basis"*
- *Clause 26.1.3 "The Concession Fees shall be payable in advance within 7 (seven) days of the commencement of each Concession Year during the Concession Period"*
- *Clause 1.1 Definitions: ""**Concession Year**" means each period of 1 (one) year, commencing from the Appointed Date and ending on the expiry of 365 days for all years except the leap year and 366 days for a leap year, provided that such period shall end on the Transfer Date for the last Concession Year"*

Accordingly, the Authority noted the stipulations for the payment of one-time pre-operative expenses and Concession Fee as the Concession Agreement and thus proposed to consider the amount of ₹ 150 crore towards payment to CIDCO.

III. Building Approvals

NMIAL had submitted ₹ 150 crore towards building approvals which pertain to statutory charges paid for obtaining mandatory clearances required for project execution and commissioning. This includes costs associated with securing the:

a) Provisional fire NOC

b) Fees for obtaining the commencement certificate (including layout plan scrutiny and building approval charges)

c) Charges for issuance of the occupancy certificate

d) Vital Urban Transportation Project (VUTP) charges

As per Clause 5.1.7 (a) of the CA which states that "The Concessionaire shall, at its own cost & expense procure all Applicable permits in conformity with applicable laws". Further, clause 6.1.2 also states that " (a)The Authority shall, provide reasonable support and assistance to cause to procure all Applicable permits required from any Government Instrumentality, at the cost & expense of the Concessionaire".

Out of ₹ 150 crore, NMIAL had already paid ₹ 90 crore for various building approvals. However, ~₹ 60 crore cost is yet to be paid against occupancy certificate which includes essential charges such as drain connection charges, PSIDC charges, infra charges etc. Being statuary and mandatory compliance and based on the verification of documents by the Independent Consultants as submitted by NMIAL, an amount of ₹ 150 crore had been considered, as these payments constitute statutory obligations. Based on the above analysis, Authority proposed to consider as follows:

Table 67: Cost towards payment to CIDCO considered by Authority at Consultation stage

(₹ in crore)

S. No.	Item	Cost by NMIAL	Cost considered by Authority	Variance
I	Allotment of Land	60.00	0.00	-60.00
II	Concession fee and one-time pre-operative expenses	150.00	150.00	0.00
III	Building approvals	150.00	150.00	0.00
	Total	**360.00**	**300.00**	**-60.00**

O – Financing allowances

NMIAL in its submission had stated that it had computed the financing allowance in accordance with section 5.2.7 of AERA guidelines. As per NMIAL, the computation of financing allowance had been provided in Table 19.

As per AERA Guidelines, 2011 and the Authority's principles followed in the recent tariff orders in case of Greenfield Airports, the Authority proposed to provide for Financing Allowance. The Authority

considers the capital projects that are being commissioned within the First Control Period to be initial phase of capital expenditure and accordingly financing allowance will be calculated for the Projects that are capitalized within the First Control Period of the Airport.

The Authority carried out a detailed review of the Capital Expenditure for both the demonstration of need and the reasonableness of costs incurred.

The Authority, based on the revised capital expenditure as proposed, had arrived at the financing allowance by applying the formula as provided under section 5.2.7 of the AERA Guidelines 2011. The following changes have been made by the Authority in this regard:

- The revised CWIP had been considered in same proportion as submitted by NMIAL for each financial year. This had been done based on the ratio derived by dividing the total asset capitalisation submitted by NMIAL and asset capitalisation proposed by Authority.
- For the purpose of Cost of Debt, the Authority adopted the actual applicable rate of interest.
- The Financing Allowance had been computed considering all assets would be capitalized on December 25, 2025

The Financing allowance as recomputed by the Authority considering the revised COD is ₹ 2,892 crore. The detailed computations are as per the table below:

Table 68: Financing Allowance as proposed by Authority for the First Control Period at Consultation Stage

(₹ in crore)

Particulars	Ref.	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Opening CWIP for regulatory books	A	0	42	1507	2440	2994	3838	5542	7965	11544
+ Cashflows (excl IDC)	B	42	1408	791	358	590	1336	1874	2763	5405
- SC (capital receipts from stakeholders incl grants if any)	C	0	0	0	0	0	0	0	0	0
- Assets capitalized	D	0	0	0	0	0	0	0	0	-17,480
x cost of debt	E	7.50%	7.50%	7.52%	7.72%	8.17%	8.47%	8.74%	7.50%	9.48%
Financing allowance	**F = (A+(B-C-D)/2)*E**	**0**	**56**	**143**	**197**	**254**	**368**	**549**	**817**	**522**
Closing CWIP for regulatory books	G=A+B-C-D+F	42	1507	2440	2994	3838	5542	7965	11544	-9
Financing allowances		**2,905**								

Financing allowance had been worked out based on aeronautical assets proposed to be capitalized in First Control Period. Apart from same, some assets have been proposed on incurrence basis. Accordingly, financing allowance will be recalculated during true up based on actual aero capitalisation in First Control Period, at the time of tariff determination of Second Control Period.

P - Sustainable / Minor CAPEX

NMIAL had submitted ₹ 464 crore as sustainable/Minor CAPEX to be incurred for the First Control Period.

The Independent Consultants have analyzed the submissions made by NMIAL regarding minor CAPEX proposed for the First Control Period as follows:

Table 69: Sustainable/Minor CAPEX submitted by NMIAL and recommended by consultant

(₹ in crore)

Department	Proposed operational CAPEX	Recommended by consultant	Remarks
Security	129.00	95.00	• NMIAL planned to install 27 no's CTX machine at expected cost of ₹ 106 crore • 4 no's CTX machine is already considered currently by NMIAL out of 27 nos. • It is proposed to consider only 16 CTX machine against proposed 8 Full Body Scanner (@ 2.50 crore each) (i.e., in Ratio 1:2). Accordingly, a proportionate amount of ₹ 73.43 crore (@ ₹ 4.59 crore per CTX machine) only had been allowed out of ₹ 105.56 crore submitted by Airport operator • Full body scanner of ₹ 15 crore had been considered based on Airport operator submission • Radiological detection equipment of ₹ 5 crore had also been considered based on Airport operator submission • Other security equipment's of ₹ 1.26 crore had been considered as submitted by Airport operator • Thus only ~₹ 95 crore (73.43 + 15 + 5+ 1.26) had been considered and mis. works & contingency amount shall be allowed on actual incurrence basis.
IT	64.00	10.00	Sustenance active component (network switches, firewall, router) and passive components (network CAT-6 & OFC cabling), IT infra & data centre and SAP license amounting to ~₹ 10 crore had been considered as submitted by Airport operator and balance works shall be allowed on actual incurrence basis.
E&M works	59.00	36.00	Out of ₹ 59 crore only ₹ 36 crore had been considered towards essentially required works for operationalization of the Airport. Whereas balance work shall be allowed on actual incurrence basis.

Department	Proposed operational CAPEX	Recommended by consultant	Remarks
Airside operation	55.00	10.00	The works pertains to ASMGCS level 4(Advanced-Surface Movement Guidance and Control System) and other operational works amounting ₹ 55 crore. Upon examination it was found that work pertaining to ₹ 45 crore could be deferred till ASMGCS level 4 is implemented by AAI at NMIA Site since implementation of FTG concept can be taken only when ASMGCS Level 4 is implemented by AAI, which will take at least 1-2 years of time span. Hence out of ₹ 45 crore only ₹ 4.24 crore had been considered towards related enabling works. In addition, RCR vehicles, charging points, navigation software etc. amount to ₹ 5.76 crore had been considered. Balance works shall be considered on incurrence basis.
Fire	49.00	3.00	The work majorly pertains to ARFF fire station facilities, Aircraft fire training simulator amounting to ₹ 45 crore shall be considered on incurrence basis, whereas other essential items had been considered amounting to ₹ 3 crore.
Horticulture	8.00	8.00	-
Terminal	4.00	4.00	-
Fuel farm	4.00	4.00	-
Total	**371.00**	**169.00**	
Soft cost	93.00	13.00	Considered Soft Cost 8% of total recommended Sustaining CAPEX (i.e., 8.00% x 169=13)
Grand Total	**464.00**	**182.00**	

Based on above recommendation, the Authority proposed to consider as follows:

Table 70: Sustainable/Minor CAPEX considered by Authority at Consultation Stage

(₹ in crore)

Department	Cost considered by Authority
Security	95.00
IT	10.00
Engineering and maintenance	36.00
Airside operation	10.00
Fire	3.00
Horticulture	8.00
Terminal	4.00
Fuel farm	4.00
Total	**169.00**
Soft cost	13.00
Grand Total	**182.00**

Credits available with respect to Goods and Service Tax (GST)

5.3.28 NMIAL would be eligible to claim GST Input Tax Credit (ITC) on procurement of certain movable property. The Independent consultant had calculated ITC of ₹ 314 crore, which was deductible from the CAPEX incurred by NMIAL.

Table 71: Details of eligible ITC claims

(₹ in crore)

S. No.	Contracts	ITC
1	VHT EPC	10
2	VHT non-EPC	3
3	PBB	11
4	BHS	38
5	GPU/PCA	8
6	HBS and SSE -package 1	17
7	HBS and SSE -package 2&3	6
8	CFT	7
9	Contracts more than 5 crore and less than 25 crore- total 80 contracts	86
10	Contracts less than 5 crore – total 640 crore	50
11	PTB (EPC2)@16.25% on 30% of award value (70:30 ratio)	31.45
12	AGL (airside works)	46.28
	Total	**314**

The Authority noted that NMIAL would be eligible to claim GST Input Tax Credits on procurement of certain movable property. The Authority expects that NMIAL 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 in the Second Control Period. The Authority may examine the accounting of input tax credits and make necessary adjustments in this regard at the time of determination of tariffs for the Second Control Period.

The Authority proposed to consider the recommendation of Independent Consultants for the ITC deduction as per **Table 71** above.

Summary of Authority Examination of Assets submitted CAPEX by NMIAL

5.3.29 Based on the above analysis, Authority had proposed to consider the recommendation provided by EPIL. The same was provided below:

Table 72: CAPEX proposed by Authority for NMIA for the First Control Period at Consultation Stage

(₹ in crore)

Asset category	Cost submitted by NMIAL	Revised cost submitted by NMIAL	Cost proposed by Authority	Cost proposed by Authority after adjustment of GST credit
Site preparation & earthworks along with pre-development works done by CIDCO	5,584.00	5,664.00	5,337.00	5,337.00
Airside development works	2,030.00	2,041.00	2,000.00	1,952.00
Passenger Terminal Building	3,727.00	3,584.00	3,417.00	3,254.00
Landside development works	1,002.00	881.00	859.00	846.00
Support facilities 1	964.00	933.00	845.00	817.00
Utilities & PNG	459.00	461.00	461.00	461.00

Asset category	Cost submitted by NMIAL	Revised cost submitted by NMIAL	Cost proposed by Authority	Cost proposed by Authority after adjustment of GST credit
Support facilities 2	137.00	121.00	121.00	121.00
Integrated Air Cargo Terminal (IACT)	466.00	409.00	409.00	404.00
Fuel farm & Fuel Hydrant System	544.00	513.00	471.00	467.00
GPU & PCA	60.00	57.00	57.00	50.00
Expected claims	-	1,133.00	-	-
Others (hard cost) - claims for idling (settlement of cost impact due to hill cutting & blasting activities @ NMIA)	-	59.00	-	-
Project office	-	-	59.00*	59.00
Total Hard cost (A)	**14,973.00**	**15,856.00**	**14,036.00**	**13,768.00**
Cost towards PMC/Statutory payments/ORAT/ Pre-operative expenses etc.	2,876.00	2,838.00	1,997.00	1,952.00
Payment to CIDCO	360.00	360.00	300.00	300.00
Financing allowances	4,324.00	4,324.00	2,905.00	2,905.00
Total Soft cost (B)	**7,560.00**	**7,522.00**	**5,202.00**	**5,157.00**
Minor CAPEX (C)	**464.00**	**464.00**	**183.16**	**183.16**
Total (A+B+C)	**22,995.00**	**23,842.00**	**19,421.16**	**19,108.16**

**Note: Project office was part of soft cost (cost towards PMC/Statutory payments/ORAT/ Pre-operative expenses etc.), hence removed from soft cost and shown as separate line item.*

5.3.30 The Authority proposes to reduce (readjustment) 1% of the uncapitalized project cost from the ARR / target revenue as re-adjustment in case any 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 NMIAL 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 NMIAL and is also encouragement for NMIAL to commission/ capitalize the proposed assets as per the approved CAPEX plan/ schedule.

5.4 Aeronautical Allocation of CAPEX for the First Control Period

NMIAL Submission

5.4.1 Authority noted that NMIAL considered aero allocation as 100% for the First Control Period.

Authority's examination on asset allocation into aero and non-aero at Consultation Stage

5.4.2 The Authority had obtained the area statement of the terminal building and noted that NMIAL designated 25,356 sq.m. for non- aeronautical out of total area of 2,31,354 sq.m. due to which TBLR works out to be 89.04%:10.96%. It was observed that the area allocation towards non-aeronautical activities at the other PPP airports such as DIAL, MIAL, BIAL and HIAL are much higher than 10%. Even the IMG norms on passenger terminals recommend the non-aeronautical area allocation to be between 8% - 12%

for any airport, while for bigger airports, i.e., with passenger traffic exceeding 10 million, commercial area could be up to 20% of the overall area. Considering that NMIAL is a newly established greenfield airport, the Authority believes that it will attract a substantial amount of non-aeronautical services. For the First Control Period, the Authority proposed a TBLR of 88%:12%.

5.4.3 The Authority proposed to consider land development as a separate line item. Further the Authority is of the view that land development is utilized commonly for aeronautical, non-aeronautical and other activities, thus the aeronautical proportion of site preparation & earthworks and land development costs was calculated as follows:

Table 73: Aero allocation of Site preparation & earthworks along with pre-development works done by CIDCO

Particulars	Area (Ha)	Share of area	Cost distribution	Allocation	Total cost after allocation
City side	98.94	8.53%	455.00	-	-
Land side	104.76	9.03%	482.00	88%	424.00
Terminal building	19.54	1.68%	90.00	88%	79.00
Airside	936.76	80.76%	4,310.00	100%	4,310.00
Total	**1,160.00**	**100.00%**	**5,337.00**	**90%**	**4,813.00**

5.4.4 Based on the above, the aero allocation for the First Control Period had been presented below:

Table 74: Aero allocation for the First Control Period

(₹ in crore)

Items	Asset Categorization	Classification	CAPEX proposed by Authority	Ratio	CAPEX after allocation
Site preparation & earthworks along with pre-development works done by CIDCO*	Land Development	Common	5,337.00	90%	4,813.00
Runways pavement	Runway, Taxiway and Apron	Aero	196.00	100%	196.00
Taxiways pavement	Runway, Taxiway and Apron	Aero	285.00	100%	285.00
Apron pavement	Runway, Taxiway and Apron	Aero	695.00	100%	695.00
AGL	Runway, Taxiway and Apron	Aero	211.00	100%	211.00
Airside drains	Other Building	Aero	404.00	100%	404.00
Airside perimeter road	Access Road	Aero	77.00	100%	77.00
Airside - other plant & machinery	Plant & Machinery	Aero	84.00	100%	84.00
PTB - civil works and MEP	Terminal Building	Common	2,435.00	88%	2,143.00
IT works	Plant & Machinery	Common	141.00	88%	124.00
Security package	Security Equipment	Aero	106.00	100%	106.00
PBB	Plant & Machinery	Aero	65.00	100%	65.00
BHS	Plant & Machinery	Aero	211.00	100%	211.00
VHT	Plant & Machinery	Common	44.00	88%	39.00
PTB	Plant & Machinery	Common	310.00	88%	273.00

Items	Asset Categorization	Classification	CAPEX proposed by Authority	Ratio	CAPEX after allocation
Main access roads	Access Road	Common	565.00	88%	497.00
Landscape	Other Buildings	Common	38.00	88%	33.00
Elevated road	Access Road	Common	18.00	88%	16.00
MLCP	-	Non-Aero	226.00	0%	-
ATC technical block	Other Buildings	Aero	50.00	100%	50.00
Airport maintenance building	Other Buildings	Common	39.00	88%	34.00
Meteorological station /IMD facility	Other Buildings	Aero	14.00	100%	14.00
ARFF facility & interim ATC tower	Other Buildings	Aero	49.00	100%	49.00
Airfield Ground Lighting Substation (CCR)	Runway, Taxiway and Apron	Aero	21.00	100%	21.00
ASR 2 buildings	Other Buildings	Aero	10.00	100%	10.00
SMR buildings	Other Buildings	Aero	2.00	100%	2.00
Airside security gate	Other Buildings	Aero	14.00	100%	14.00
Airport administration building	Other Buildings	Common	115.00	88%	101.00
Police station	Other Buildings	Common	17.00	88%	15.00
Airport Health Organization	Other Buildings	Common	17.00	88%	15.00
Airport operational staff facility (CISF barracks)	Other Buildings	Common	83.00	100%	83.00
Reserved housing	Other Buildings	Common	85.00	100%	85.00
Crash Fire Tender Other Buildings	Plant & Machinery	Aero	49.00	100%	49.00
Terminal & airport operational Equipments & vehicles (other than CFT)	Plant & Machinery	Aero	129.00	100%	129.00
VVIP terminal	Terminal Building	Aero	55.00	100%	55.00
Support facilities	Other Buildings	Common	25.00	88%	22.00
MOER/Data centre	Other Buildings	Common	25.00	88%	22.00
Central store	Other Buildings	Common	18.00	88%	16.00
Water supply & pump house	Other Buildings	Common	15.00	88%	13.00
Power Distribution Substation (DSS)	Plant & Machinery	Common	21.00	88%	18.00
Power Receiving Substation (RSS)	Plant & Machinery	Common	56.00	88%	49.00
Sewerage treatment plant	Other Buildings	Common	24.00	88%	21.00
Chiller plant building	Other Buildings	Common	42.00	88%	37.00
Solid waste facility	Other Buildings	Common	4.00	88%	3.00
Triturator	Other Buildings	Common	1.00	100%	1.00
IT (data centre for IT)	IT Equipment	Common	4.00	100%	4.00
Electrical infra network	Plant & Machinery	Common	180.00	88%	158.00
PHE piping network	Plant & Machinery	Common	24.00	88%	21.00
IT networking	IT Equipment	Common	48.00	88%	42.00
Utilities	Plant & Machinery	Common	36.00	88%	32.00
PNG	Plant & Machinery	Common	7.00	88%	6.00
GSE maintenance facility	Other Buildings	Aero	54.00	100%	54.00
Airside fuel station	Other Buildings	Aero	10.00	100%	10.00
INTO plane facility	Other Buildings	Aero	18.00	100%	18.00
Fuel station	Other Buildings	Aero	14.00	100%	14.00

Items	Asset Categorization	Classification	CAPEX proposed by Authority	Ratio	CAPEX after allocation
Hazardous waste facility	Other Buildings	Common	3.00	100%	3.00
Additional facilities	Other Buildings	Common	22.00	88%	19.00
Cargo building	Cargo building	Aero	352.00	100%	352.00
Cargo equipment	Cargo equipment	Aero	52.00	100%	52.00
Fuel farm tanks	Fuel	Aero	434.00	100%	434.00
Fuel equipment	Fuel	Aero	33.00	100%	33.00
GPU	Plant & Machinery	Aero	49.00	100%	49.00
Sub-Total (A)			**13,768.00**		**12,501.96**
Cost towards PMC/Statutory payments/ORAT/ Pre-operative expenses etc.	Distributed#	Common	1,952.00	90.81%€	1,773.68
Payment to CIDCO	Distributed#	Aero	300.00	100%	300.00
Sub-Total (B)			**2,252.00**	-	**2,073.00**
Financing allowances (C)			**2,905.00**	**100%**	**2,905.00**
Minor CAPEX (D)			**183.16**	**88%**	**161.57**
Total (A+B+C+D)			**19,108.16**		**17,641.85**

**Site preparation & earthworks along with pre-development works done by CIDCO had been allocated based on designated area for airside, cityside, landside and terminal building.*

 # The Soft cost is distributed among heads under asset category in the ratio of capex proposed by Authority.

€ The ratio had been calculated based on Aero CAPEX proposed by Authority by the total CAPEX proposed by Authority.

5.4.5 Asset category wise aeronautical capital additions for the First Control Period was presented below:

Table 75: Asset category wise aeronautical additions proposed by the Authority for the First Control Period at Consultation Stage

(₹ in crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Terminal building	3,359.97	-	-	-	-	3,359.97
Runway, taxiway and apron	2,155.05	-	-	-	-	2,155.05
Cargo building	537.84	-	-	-	-	537.84
Cargo equipment	79.27	-	-	-	-	79.27
IT equipment	74.06	1.08	3.09	6.19	0.57	84.99
Security equipment	162.16	15.26	71.67	0.27	0.29	249.66
Plant and machinery	1,999.23	15.85	15.98	1.18	3.26	2,035.51
Other buildings	1,780.67	0.45	0.61	0.91	0.85	1,783.50
Access road	901.78	-	-	-	-	901.78
Land development	5,726.94	-	-	-	-	5,726.94
Fuel	714.03	-	2.85	-	-	716.88
Furniture & fixtures	0.51	1.26	0.41	0.40	0.47	3.06
Vehicles	0.28	5.00	0.71	1.24	0.18	7.41
Total	**17,491.80**	**38.90**	**95.33**	**10.19**	**5.62**	**17,641.85**

5.5 Depreciation for the First Control Period

NMIAL submission regarding depreciation for the First Control Period

5.5.1 NMIAL in its submission stated that it had considered the useful life of an asset in line with the AERA order No. 35/2017-18. Accordingly, the major asset heads for the purpose of capitalization and the useful life of asset along with the effective rate of depreciation considered by NMIAL in submission are as follows:

Table 76: Useful life adopted by NMIAL

Asset	Depreciation rate as per MYTP
Terminal building	4.0 %
Runway, taxiway and apron	5.0 %
Cargo building	4.0 %
Cargo equipment	13.3 %
Boundary wall	20.0 %
Software	33.3 %
IT equipment	33.3 %
Security equipment	13.3 %
Plant and machinery	13.3 %
Other buildings	3.3 %
Access road	10.0 %
Land development	2.5 %
Fuel	13.3 %
Furniture & fixtures	14.3 %
Vehicles	20.0 %
Office equipment	20.0 %
Intangible assets	14.3 %

5.5.2 The following table summarizes NMIAL estimation of aeronautical depreciation for all assets in First Control Period.

Table 77: Aeronautical depreciation submitted by NMIAL for the First Control Period

(₹ in crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Terminal building	124.54	170.30	175.48	175.02	390.52	**1,035.87**
Runway, taxiway and apron	98.60	118.31	118.63	118.31	254.77	**708.61**
Cargo building	17.78	25.03	25.10	25.03	58.47	**151.43**
Cargo equipment	14.29	20.17	20.41	20.60	20.73	**96.20**
Boundary wall	-	-	-	-	9.15	**9.15**
Software	-	-	-	-	-	**-**
IT equipment	26.27	35.30	40.27	22.51	50.03	**174.37**
Security equipment	10.44	15.24	25.62	34.63	34.76	**120.69**
Plant and machinery	339.98	451.14	459.42	460.42	535.55	**2,246.50**
Other buildings	87.25	109.57	110.17	110.09	312.11	**729.19**
Access road	58.99	70.59	70.79	70.59	169.82	**440.79**
Land development	143.46	171.68	172.15	171.68	171.68	**830.65**
Fuel	98.17	121.03	121.61	121.53	169.40	**631.75**
Furniture & fixtures	0.05	0.21	0.37	0.45	0.53	**1.61**
Vehicles	0.04	0.73	1.48	1.74	3.39	**7.38**
Office equipment	-	-	-	-	-	**-**
Intangible assets	-	-	-	-	-	**-**
Total	**1,019.85**	**1,309.31**	**1,341.50**	**1,332.60**	**2,180.92**	**7,184.17**

Authority's examination regarding depreciation for the First Control Period at Consultation Stage

5.5.3 The Authority noted that NMIAL did not compute depreciation for the First Control Period on some of the assets based on the rates prescribed by AERA vide Order No. 35/2017- 18 dated January 12, 2018, in the matter of determination of useful life of airports assets. The Authority proposed to consider the rates as per order No. 35/2017- 18 dated January 12, 2018.

5.5.4 The Useful life adopted by the Authority and NMIAL is presented below:

Table 78: Comparison of useful life of assets adopted by NMIAL and proposed by the Authority

Asset	Useful life adopted by NMIAL	Useful life adopted by Authority
Terminal building	25	30
Runway, taxiway and apron	20	30
Cargo building	25	30
Cargo equipment	8	15
Boundary wall	5	5
Software	3	3
IT equipment	3	6
Security equipment	8	15
Plant and machinery	8	15
Other buildings	30	30
Access road	10	10
Land development	40	33
Fuel	8	8
Furniture & fixtures	7	7
Vehicles	5	8
Office equipment	5	5
Intangible assets	7	7

5.5.5 Considering the revised useful life as per table above and changes to the value of CAPEX, allocation ratio and year of capitalization consequent to revision of expected COD to December 25, 2025 (refer para 2.3.3), the Authority had computed the aeronautical depreciation of assets for the First Control Period. The following table summarizes the revised depreciation proposed by the Authority:

Table 79: Total aeronautical depreciation proposed by the Authority for the First Control Period at Consultation Stage

(₹ in crore)

Particulars	FY26*	FY27	FY28**	FY29	FY30	Total
Terminal Building	29.73	111.89	112.19	111.89	111.89	**477.59**
Runway, Taxiway and Apron	19.10	71.76	71.96	71.76	71.76	**306.35**
Cargo building	4.76	17.91	17.96	17.91	17.91	**76.45**
Cargo Equipment	1.41	5.29	5.30	5.29	5.29	**22.57**
IT equipment	3.45	12.44	12.81	13.56	14.12	**56.38**
Security equipment	2.87	11.33	14.25	16.62	16.64	**61.72**
Plant and Machinery	35.46	133.88	135.30	135.51	135.66	**575.81**
Other Buildings	15.77	59.30	59.48	59.35	59.38	**253.28**
Access Road	23.97	90.18	90.42	90.18	90.18	**384.92**
Land development	46.12	173.53	174.00	173.53	173.53	**740.70**

Particulars	FY26*	FY27	FY28**	FY29	FY30	Total
Fuel	25.31	95.18	95.63	95.56	95.56	**407.24**
Furniture & fixtures	0.04	0.16	0.28	0.34	0.40	**1.23**
Vehicles	0.02	0.35	0.70	0.83	0.91	**2.81**
Total	**207.99**	**783.18**	**790.32**	**792.32**	**793.23**	**3367.04**

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*
*** Leap Year*

5.6 Regulatory Asset Base (RAB) for the First Control Period

NMIAL's submission regarding RAB for the First Control Period

5.6.1 As per NMIAL's submission, the RAB for the First Control Period is as detailed below:

Table 80: RAB submitted by NMIAL for the First Control Period

(₹ in crore)

Particulars	Ref.	FY 26	FY 27	FY 28	FY 29	FY 30	Total
Opening RAB	A	-	21,577	20,638	19,487	18,196	
Additions to RAB	B	22,597	371	190	41	34,134	**57,333**
Depreciation	C	1,020	1,309	1,341	1,333	2,181	**7,184**
Deletions on RAB	D	-	-	-	-	-	
Closing RAB	E=A+B-C-D	21,577	20,638	19,487	18,196	50,149	
Average RAB	F=(A+E) ÷ 2	10,789	21,108	20,063	18,842	34,172	

Authority's examination regarding RAB for the First Control Period at Consultation Stage

5.6.2 The Authority carefully examined the calculation of RAB and NMIAL's submission in this regard. Considering the above, the RAB for the First Control Period as considered by the Authority is shown below:

Table 81: RAB proposed by the Authority for the First Control Period at Consultation Stage

(₹ in crore)

Particulars	Ref.	FY 26	FY 27	FY 28	FY 29	FY 30	Total
Opening RAB	A	-	17,283.81	16,539.53	15,844.54	15,062.41	
Additions to RAB (Refer Table 75)	B	17,491.80	38.90	95.33	10.19	5.62	17,641.85
Depreciation (Refer Table 79)	C	207.99	783.18	790.32	792.32	793.23	3367.04
Deletions on RAB	D	-	-	-	-	-	-
Closing RAB	**E=A+B-C-D**	**17,283.81**	**16,539.53**	**15,844.54**	**15,062.41**	**14,274.81**	
Average RAB	**F=(A+E) ÷ 2**	**8,641.90**	**16,911.67**	**16,192.04**	**15,453.48**	**14,668.61**	

5.7 Stakeholders' comments regarding Capital Expenditure (CAPEX), depreciation and Regulatory Asset Base (RAB) for the First Control Period

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to Capital Expenditure (CAPEX), depreciation and Regulatory Asset Base (RAB) for the First Control Period. The comments by the stakeholders are presented below:

5.7.1 NMIAL's comments regarding Pre Development Cost for the First Control Period are as follows:

"Reconciliation of Pre Development Cost

The Authority has already taken cognizance of the detailed breakup of Rs 3,747 Cr in its Consultation Paper Table 22 on page no. 63 which is based on the detailed statement of Pre-Development Works Payments received from CIDCO and submitted to the Authority's Capex Consultant on 24th November 2025. Further, out of this Rs 3,747 Cr, payment of Rs 3,631 Cr had already been done by CIDCO till October 2025 and same is evident from statement of Pre-Development Works Payments submitted to the Authority (attached herewith as Annexure 1). These payments represent actual, incurred, and irrevocable costs forming part of the overall project cost of NMIA.

We respectfully submit that allowing Pre-Development Costs limited to Rs 3,420 Cr may not fully reflect the verified and documented payment information already available with the Authority. The relevant expenditures have been incurred and paid and are supported by detailed cost statements received directly from CIDCO. Deferment of recognition of these costs may therefore lead to an unintended under-recovery of legitimate project expenditures.

Without prejudice to the Authority's proposal to examine any future revisions for reasonability and necessity, NMIAL respectfully requests that the Authority, at a minimum, consider and allow the Pre-Development Costs actually paid by CIDCO amounting to Rs 3,631 Cr. NMIAL further submits that any balance amount beyond the costs already paid, once finally reconciled and confirmed by CIDCO, may appropriately be considered at the time of true-up in the subsequent Control Period."

5.7.2 NMIAL's comments regarding Digital and physical artwork contracts are as follows:

"Previously, NMIAL has shared with Authority's Capex Consultant a list of contracts awarded up to June 2025, amounting to Rs 3,417 Cr. Subsequently, NMIAL has awarded additional contracts amounting to Rs 111.9 Cr. The list of such contracts is provided below:-

S. No	Description	Rs Cr
1	System Integration for LED Screens (DAP)	16.31
2	Free Issue Supply of Manpower to EPC contractor for complete forecourt ceiling works.	10.25
3	Content Production (Phase 2) for Digital Art Program at NMIA	10.06
4	SITC of Security Screening Equipment (SSE) Works - Package 3 (Automatic Tray Retrieval Systems (ATRS) i.e. 04 Nos at NMIA	7.13
5	Change Order - Additional Scope for Weather Canopy & Forecourt Skylight Works at NMIA	6.21
6	Survival Reception Area (SRA) & Casualty Centre - Mechanical (Sprinkler Extinguisher, HVAC), Electrical and Signage Works @ Terminal MIA	5.44
7	Centralized Control Management System for Digital Art Program at NMIA	5.29
8	Onboarding of Artist for Developing Content for Digital Art Program at NMIA	4.89
9	Supply and Installation of Airport Seating Works	4.75
10	Change Order - Additional Scope for Digital Art Program (DAP) Electrical & IT Works at NMIA	3.63
11	Supply, Installation, Integration, Testing, Commissioning, Operation Trials and associated works for Distributed Antenna System (DAS) and Trunk Mobile Radio System (TMRS) for Ancillary Buildings at NMIA	3.60
12	Supply Installation Testing and Commissioning of Passenger Wi-Fi for NMIA Phase 1 & 2	3.42

S. No	Description	Rs Cr
13	Deployment of Boomlifts for Metal Ceiling Works in Forecourt Area @ NMIA	3.22
14	Supply of LED Screens & Hardware for Digital Art Program at NMIA	3.10
15	Supply of Plants for indoor & outdoor Landscape works for terminal 1 (including Forecourt) at NMIA	2.68
16	Chhatrapati Shivaji Maharaj Sculpture at NMIA	2.67
17	Supply of Kinetic Artwork for Zone 4 at NMIA	2.42
18	SITC temporary ceiling work - PVC material	1.71
19	Deployment of Manpower for Metal Ceiling Works at Forecourt Departure Area.	1.71
20	Addition of Scope - Outdoor Rooftop Antenna to Ground-Base Tower (GBT) & TMRS Civil & Electrical works, AED consideration of Data Point for AED Devices & Crash Alarm System Works - CO No. EPC-2/CO/040 (08915)	1.67
21	SITC Of 12 Nos WI-FI Dispensing Kiosk at NMIA	1.55
22	Content Production for Digital Art Program at NMIA	1.48
23	Developing recreated music tracks for Zone 4-Heartbeat of Maharashtra-Kinetic Artwork under DAP at NMIA	1.48
24	Developing recreated music tracks for Zone 4-Heartbeat of Maharashtra-Kinetic Artwork under DAP at NMIA	1.48
25	Licensing Work for Organizing, Conducting and Hosting Non-ticketed Art Installation Titled "Bollywood Reels" at NMIA	1.31
26	IT & OT Cyber Security Audit for NMIA	1.19
27	Roof Finishes Works for CIP Lounge @ NMIA	1.16
28	Change Order - Forecourt Temporary Ceiling @ NMIA (CO No. EPC-2/CO/031)	1.08
29	SITC For Access Control, Video Surveillance and Attendance System Work for Ancillary / Miscellaneous Buildings (Including Cargo Building) at NMIA - SRA & Casualty Centre	1.02
	Total	**111.9**

Due to file size constraints and the confidentiality of supporting documents, we shall share supporting documents for contracts over Rs 5 Cr each with the Authority's Capex Consultant separately.

In view of the above submissions, we request the Authority to consider addition of Rs 111.9 Cr towards the Authority proposed cost of Terminal Building, subject to balance unwarded amount of Rs. 55 Cr to be considered at the time of true-up during the tariff determination of next control period."

5.7.3 NMIAL's comments regarding Cost of Fuel Storage Tanks for the First Control Period are as follows:

"Cost of Fuel Storage Tanks

NMIAL had submitted capex of Rs. 513 cr. for fuel farm and fuel hydrant system. Break-up of the same is provided below:

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AERA

Breakup of the Cost of Fuel Facility (Rs Cr)	
Fuel Farm	*242*
Fuel Hydrant System	*196*
Sub-Total (A)	*438*
Fuel Dead Stock	*37*
Fuel Equipment	*38*
Sub-Total (B)	*75*
Total (A+B)	*513*

It is to be noted that actual work award related to Fuel Farm and Fuel Hydrant system of cumulative value of Rs 438 Cr is a BoQ/item rate-based contract awarded to NCC. Out of this Rs 438 Cr contact amount awarded to NCC, Rs 242 Cr pertains to Fuel Farm facility and Rs 196 Cr is for Fuel Hydrant system.

The Authority has rationalised the cost of the Fuel Farm facility by Rs 42 Cr, based on the assumption that construction works were undertaken for four (4) tanks, whereas the contract envisaged five (5) tanks. In this regard, NMIAL vide letter dated 04 December 2025, issued by NCC (attached herewith as Annexure 2), has clarified that the cost reflected in the Bill of Quantities (BoQ) pertains to four above-ground ATF tanks only, and that the reference to five tanks in the BoQ was inadvertent and attributable to a typographical error.

While final reconciliation of the BoQ is currently in progress, we request the Authority to consider the actual final cost incurred towards the fuel farm facility during True-Up of the First Control Period in the tariff determination for the Second Control Period."

5.7.4 NMIAL's comments regarding Cost towards expected claims for the First Control Period are as follows:

*"**Cost towards expected claims***

The process of reconciliation, verification and finalisation of claims between NMIAL and the EPC contractor is currently ongoing. It is likely to take certain time due to complexity and scale of the project. NMIAL will submit the final settled claim amounts to the Authority, along with requisite supporting documents for consideration, at the time of determination of tariff for the Second Control Period.

NMIAL notes and appreciates the Authority's proposal to consider the admissible amount of such claims, if any, at the time of determination of tariff for the Second Control Period, subject to evaluation of efficiency and reasonableness of cost."

5.7.5 NMIAL's comments regarding Cost towards claims for idling for the First Control Period are as follows:

*"**Cost towards claims for idling***

The EPC Contract – 2 was executed between NMIAL and L&T on 31st August 2019. As per the terms of the EPC Contract, the Time for Completion of the Works was 940 days from Notice to Proceed. CIDCO/ Authority accorded approval for resetting the Commercial Operation Date (COD) of Phase I and II of NMIA from December 2021 to December 2024. CIDCO, amongst other obligations, was required to achieve the excess hill cutting and disposal outside NMIA boundary by 31st May 2022, in

order for NMIAL to achieve the Scheduled Completion Date for Phase I and II COD by 30th December 2024. Accordingly, considering the time for completion of EPC Contract 2 works and the overall Completion of Project, NMIAL had issued the Notice to Proceed for EPC Contract – 2 in May 2022, so as to achieve the Scheduled Completion Date /COD by December 2024. Subsequently after the settlement of blasting claims, COD was shifted to December 2025 due to varied reasons.

L&T (EPC contractor) claimed that due to hill cutting works carried out on Site, frequent stoppages were caused in its works which disrupted the continuity and hindered its ability to execute the EPC 2 Contract. This resulted in idling of resources during blasting hours and thereafter causing hindrances to Work.

CIDCO's hill cutting works were to be completed by 31st May 2022. However, the same was only completed on 21st March 2024 and thereafter other subsequent works including removal of undulations, etc. were completed by June 2024. It is undeniable fact that the hill cutting works by CIDCO impacted the Airport development works. Due to ongoing blasting works, L&T was required to stop its works within the impacted zone during the blasting period. Following claim aspects were evaluated and found to be admissible:

•Idling of Workmen / Productivity Loss

•Transportation of Workmen

•Idling of Plant and Machinery

•Additional Workmen Sheds

After detailed deliberations and discussions, NMIAL and L&T mutually agreed to a settlement amount of Rs 50 Cr (plus applicable GST).

Para 32 of Volume 2 of the EPC Contract sets out the provisions relating to claims, including the procedures to be followed, the circumstances in which claims may arise, and the mechanism for submission and consideration of such claims by the Contractor. In the present case, the circumstances leading to loss of productivity were not attributable to the EPC Contractor and were beyond its control. Accordingly, NMIAL accepted the claims raised by L&T in accordance with the provisions of Para 32.

Notwithstanding the same, in accordance with the principles of the Indian Contract Act, 1872, and established judicial precedents, the contractor is entitled to claim compensation for losses suffered and additional expenditure incurred due to idling of resources, including manpower and equipment, arising from the employer's failure to provide an unencumbered site. Such failure constitutes prevention of performance and amounts to breach, thereby entitling the contractor to damages under Sections 55 of the Act.

Section 55 – Failure to Perform at Fixed Time

• If time is of the essence and the employer fails to provide the site as agreed, the contractor can claim compensation for losses caused by delay.

In view of the above submissions, we request the Authority to consider the cost towards claim by the Contractor for idling of resources."

5.7.6 NMIAL's comments regarding Cost towards technical services for the First Control Period are as follows:

"Cost towards Technical Services

(A) Authority's Submission regarding services taken from GVKPIL

NMIAL availed project development and related implementation services from GVKPIL. These services were utmost required to deal with complex issues pertaining to the project site. Moreover, GVKPIL had built expertise in the same over number of years in similar complex projects in varied infrastructure sectors. Specialised agencies to execute such complex, large scale projects are not readily available. Taking into account the criticality of the issues and stringent timelines, co-ordinating with multifarious agencies was also not a feasible option, both from time and costs perspective. Hence, considering the above issues, GVKPIL was appointed by NMIAL to give project development and related implementation services. This transaction was approved by both Audit Committee and Board of Directors of NMIAL, following due internal governance processes. CIDCO, the Concessioning Authority, has not raised any objection to this transaction. Also, NMIAL has provided all the supporting documents of this contract to the Capex Consultant on 25th July 2025 (copy of the Contract and copy of the Board Resolution for engagement of GVKPIL)

NMIAL therefore requests that the Authority re-evaluate this expenditure through the objective of efficient and prudent cost incurrence, taking into account:-

•The specialised and non-generic nature of the services rendered;

•The demonstrable necessity of such services for timely and effective project execution;

•The governance approvals obtained and the absence of objections from the Concessioning Authority;

(B) Authority's Submission regarding various services considered duplicate

Letter of Award for development and operation of NMIA was awarded to NMIAL in October 2017. Over the past 8 years, Master Plan of NMIA has undergone substantial changes to align with requirements of Concessioning Authority CIDCO, provisions of the Concession agreement, combined implementation of phase I and II, due to substantial delay in the project execution and construction primarily due to COVID disruptions and delay in execution of CIDCO's land development works. Additionally, NMIAL had to address the requirement of multiple airport stakeholders such as AAI, IMD, Customs etc. which provide various reserved services at airports.

We had submitted detailed particulars of the technical consultancy services awarded along with the respective timeline of award of these consultancy contracts to help the Authority's Capex Consultant on 22nd August 2025 (attached as Annexure 3 herewith) to appreciate that there was no duplication of work. The revised studies on certain aspects had been carried out owing to significant time lapse between planning and commencing construction because of reasons beyond the control of Concessionaire. Therefore, there is no duplication of cost and updated studies were necessary to be undertaken in the interest of the Project. Non-undertaking of such studies would have exposed the project to design mismatches, coordination failures, cost overruns, and delays at later stages.

We request the Authority to consider our detailed information submission in its entirety and recognize the inevitable requirement of these services at different points in time, and accordingly, include the cost in the total Aeronautical Capex cost.

(C) Authority's Submission regarding unawarded/anticipated consultancy

We appreciate the Authority's position on the matter. The reconciliations, vendor checklist, final BoQ wise verification and confirmation etc. are still on-going, and it will take more time due to scale and complexity of the project. We shall provide the Authority with all the relevant information and supporting documents for its perusal as and when available.

Therefore, we request the Authority to consider the same for true-up of the First Control Period during determination of tariff of the next control period."

5.7.7 NMIAL's comments regarding Consideration of Pre-Operative Expenses Incurred for the First Control Period is as follows:

"Consideration of Pre-Operative Expenses Incurred

NMIAL has further submitted certification by Chartered Accountant for actual expenditure incurred up to 31st December 2025 amounting to Rs 1,067.83 Cr to the Authority's Capex Consultant on 11th March 2026 (attached as Annexure 4 herewith). We request the Authority to consider the same subject to true-up during the tariff determination for the next control period."

5.7.8 NMIAL's comments regarding Consideration of cost for land allotted for use by AAI for the First Control Period is as follows:

"Consideration of cost for land allotted for use by AAI

Our pointwise response to the concerns raised by the Authority in considering this expenditure is as:-

a) Payment has not been made yet.

The payment is yet to be made. Therefore, we request the Authority to consider this expenditure on actual payment basis.

b) The term of payment of lease premium is not defined

NMIAL has submitted to the Authority the letter from CIDCO (referred to as Annexure XVII in the Appendix 1 – Independent Study of Capital Expenditure) regarding payment of lease premium and the cost submitted by NMIAL is entirely in accordance with the said letter. In case there is any additional amount payable in future on account of lease premium for the same purpose, NMIAL shall submit the necessary documents to the Authority as and when such a situation arises.

c) The treatment of cost towards the additional land parcel, should be in line with 1,160 Ha of land, which was provided earlier, free of cost

The Concession Agreement has clearly defined the Site as the specified 1,160 Ha of land. Land allotted to the Airports Authority of India (AAI) for air navigation equipment is outside the boundary of the Site. NMIAL had also submitted to the Authority's Capex Consultant on 2nd July 2025, the letter from AAI (attached herewith as Annexure 5) explaining the requirement of such land outside the Site considering

the terrain of the Site being unsuitable for the navigation and surveillance facility of AAI and the basis of selection of such land outside the Site. Therefore, land outside the Site is not made available free of cost since the same is not part of 1160 Ha land leased to NMIAL under the Concession Agreement.

Para 2.1 of Schedule A of Concession Agreement states that:

"The Authority is neither under any obligation nor will the Concessionaire be entitled to demand any additional land at any time during the Concession Period for undertaking any part of the development or implementation of the Project."

d) The ASR-1 has been scheduled in phase 3 of airport development.

We had provided letter from CIDCO (referred to as Annexure XVII in the Appendix 1 – Independent Study of Capital Expenditure) containing breakup of amount for DVOR and ASR-1. Out of the total ~Rs 59.14 Cr, Rs 19.74 Cr is for ASR-1 and the same may be considered as part of cost pertaining to Phase III (which the Authority has decided to consider on actual incurrence basis).

We hereby request the Authority to consider the balance amount of ~ Rs. 39.4 Cr (which is for DVOR) as part of cost pertaining to Phase I and II."

5.7.9 NMIAL's comments regarding 1% penalty on capex not incurred is as follows:

"1% penalty on capex not incurred

The Authority has proposed to disincentivize the Airport Operator by reducing 1% of the project cost in case of delay in implementation of the project. Such a proposal puts NMIAL in double jeopardy because any delay in completion of project implies denial of return and depreciation and further any excess revenue generated is clawed back with carrying costs. It is abundantly clear that it is in the interest of NMIAL to complete the project as per schedule, however there could be delays due to various uncertainties.

As per the Hon. TDSAT's Judgement dated 11th September 2025 pertaining to Mangaluru, Ahmedabad, Lucknow, Thiruvananthapuram, Jaipur and Guwahati Airports:

(Page 196) Para 288

... AERA has no power, jurisdiction and authority to readjust in the ARR of the Airport Operator or readjust/reduce 1% of un-capitalised project cost from ARR/Target Revenue during True-Up exercise of next Control Period, if any particular project is not capitalised as per CAPEX schedule, approved in the tariff order.

As per TDSAT Judgement dated 06th October 2023 in MIAL SCP and TCP:

"308. Moreover, in absence of any provision for penalty under OMDA or SSA or AERA Act, 2008, no such penalty can be imposed, otherwise highly discriminatory position will prevail because today 1% of project cost penalty is imposed and subsequently it may be increased to 1.5%. If 1% penalty is allowed then 1.5% penalty would also have to be allowed then in forth coming years, as there are unguided powers, the penalty might be 3% also and, thereafter it can be 5% or more also. There will be no end to penalty in absence of any provision under OMDA, SSA and AERA Act, 2008. It ought to be kept in mind that unguided and uncontrolled power always leads to discrimination. In case of one

airport operator penalty imposed will be 1% and in case of another airport operator it can be 2% because there is no law, there is no contract, there is no provision and there are no guidelines. The balance has already been created under OMDA and SSA in the methodology of true up in next control period and as stated hereinabove, as per the said methodology, excess amount recovered shall be trued up with carrying cost in next control period. Therefore, in the aforesaid example, if Rs.83 Crores has been recovered, the true up amount in the next control period, if the project is not commenced or completed within the time bound schedule, would be at Rs.121 Crores which is in fact more than sufficient revenue clawed back from the airport operator and perhaps for this very reason no powers have been given to AERA for imposing penalty. Hence, we hereby quash and set aside the decision of AERA of carrying out 1% of readjustment to project cost and applicable carrying cost in the target revenue at the time of determination of tariff for next control period.

309. Here in the facts of the present case, AERA has failed to appreciate the prevailing pandemic situation of COVID-19 and its aftermath. Curfew type situation or lockdown type situation was prevailing. Labourers were not available and hence, there is bound to be delay in execution of the project work. Such a big factor ought to have been appreciated by AERA. The genuine difficulty of airport operator ought to have been appreciated.

310. Thus, Issue No. XVII is answered in negative i.e. the decision of AERA of carrying out 1% re-adjustment to Project Cost and applicable carrying cost in the Target Revenue at the time of determination of Tariff for 4th Control Period is incorrect, improper and not justified."

Also, as per the HIAL TDSAT order dated 14th February 2024, a similar pronouncement has been made. Refer below extract from the TDSAT order:

"508. AERA has penalized for delay in execution of projects, the airport operator – Appellant which is equal to reduction of 1% of the total cost of project from ARR.

509. Much has been argued out by the counsels for both the sides on this issue, it has also been submitted by Learned Senior Counsel for the Appellant that the issue of imposition of penalty has already been decided by this Tribunal by a detailed judgment and order dated 06.10.2023 in AERA Appeal No.2 of 2021 and AERA Appeal No.9 of 2016, in a discussion in Issue No. XVII of that Judgement.

510. Looking to the facts and circumstances of the present case and also keeping in mind the AERA Act, 2008 and Concession Agreement under dated 20.12.2024 (Annexure-A3 to the memo of this appeal) there is no provision under the AERA Act, 2008 nor in there is any provision in the Concession Agreement which contemplates the levy of penalty much less levy of penalty 1%there is no provision in the AERA Act nor in the Concession Agreement which contemplates the levy of any penalty and as such the levy of 1% penalty on delayed execution is beyond the power of AERA."

In light of the above reasons, we request the Authority not to include this proposal in the final tariff order."

5.7.10 NMIAL's comments regarding Terminal Building Allocation Ratio for the First Control Period is as follows:

"***Terminal Building Allocation Ratio to be considered on actual basis and not a notional ratio***

In the Hon. TDSAT's Judgement dated 11th September 2025 pertaining to Mangaluru, Ahmedabad, Lucknow, Thiruvananthapuram, Jaipur and Guwahati Airports it is pronounced that IMG norms are not applicable to PPP Airports and the actual allocation ratio are to be considered. The relevant extract from the judgement is as:-

280 ... IMG Norms are not applicable to PPP airports. Clause 'G' of the IMG Norms is explicitly clear ...

282 ... the terminal building allocation ratio cannot be a notional number. The terminal building should not be different than actual. We, therefore, quash and set aside the decision of AERA in impugned order dated 12.01.2023 (Annexure A-1) as far as Terminal Building Allocation Ratio and Gross Fixed Allocation Ratio is concerned and we, hereby direct AERA to consider the actual area measurement submitted by appellant and on that basis, the Terminal Building Allocation Ratio shall be finalised.

In line with the above TDSAT Judgement, we request the Authority to consider TBLR based on actual usage of 89% instead of notional ratio of 88%, and also to True Up subsequently based on actual usage during the relevant Control Period."

5.7.11 NMIAL's comments regarding Land Development Allocation Ratio for the First Control Period is as follows:

"Land Development Allocation Ratio to be considered as 100% Aeronautical based on necessity to commence Airport Development and not a notional ratio.

As has been rightly recognized by the Authority based on its extensive due diligence of the Land Development Works:

Para 5.3.23 Based on the site visits, site inspection and review of the CIDCO/NMIAL technical studies through the independent Tariff and Capex consultants engaged by AERA, AERA tariff division officials and based on the site visit of the Authority along with Tariff Consultant, CAPEX Consultant and AERA Tariff Division officials on December 23, 2025, the Authority has assessed that the land development activities at the NMIA site are highly interdependent in nature in view of the inherent complexities of terrain, hydrology and surrounding infrastructure necessitating multiple development components to be executed in an integrated and simultaneous manner.

5.3.24 Any attempt to carry out these works in isolation or on a piecemeal basis would create significant engineering, safety and operational challenges, and could render the site unsuitable for airport operations and future development and expansion... activities such as hill cutting, river diversion and relocation of utilities inherently require simultaneous execution on entirely basis across the entire site in order to enable development and construction of the airport infrastructure (Terminal Building, Runways, Apron, Taxiways, ATC Tower etc.) to begin for the airport operations to commence. The entire Pre-Development Works therefore act as enabling activities for the commencement of aeronautical operations...

As can be understood from above, even in situations wherein no non-aeronautical activity would have been undertaken on the Airport site, land development of the entire site still needed to be done to enable commencement of aeronautical operations at the Airport.

Further, the following Para of the Concession Agreement doesn't envisage any allocation ratio for the Pre-Development Works:

12.9.7 Assets forming part of the Pre-development Works and financed by the Soft Loan shall be considered as a part of the capital expenditure for the purposes of the determination of Aeronautical Charges by AERA.

The above Para clearly states that the Pre-Development Works forming part of the capital expenditure is to be considered as is in entirety for the purposes of the determination of Aeronautical Charges. In view of the above, we request the Authority to treat entire Land Development Works as 100% Aeronautical.

In the situation that the Authority does not fully agree with our above submission, we request the Authority to at least consider allocation ratio to be the Gross Block Ratio for NMIA (proposed by the Authority to be 95.37% in Table 118 of the Consultation Paper), consistently with its decision for Mopa Airport, Goa. Relevant extract of the Tariff Order for Mopa Airport, Goa reproduced below for quick reference.

5.4.7 ... the Authority was of the view that land development was utilized commonly for aeronautical, non-aeronautical and other activities, thus Gross Block Asset ratio as computed in Table 105 will be applied to determine the aeronautical proportion of land development costs. In view of the above, we request the Authority to treat entire Land Development Works as 100% Aeronautical."

5.7.12 NMIAL's comments regarding Police Station and Airport Health Organization is as follows:

*"**Police Station and Airport Health Organization to be considered as 100% Aeronautical and not as Common asset.***

Both Police Station and Airport Health Organization serve crucial safety and health wellness provision at an airport. These are mandatory requirements for all the airport users. By virtue of the necessity of services provided, these cannot be treated as Common, rather these services need to be recognized as 100% Aeronautical assets.

Further, the Memorandum of Understanding (MoU) signed by NMIAL with the Government of India specifies the following:

2.3.2 The GoI hereby undertakes to procure the performance of the Reserved Services by each Designated GoI Agency. In this regard, the Concessionaire shall provide free of charge, except the cost of utilities (such as electricity, water, etc. which shall be recoverable by the Concessionaire, and in accordance with Good Industry Practices), office space along with necessary office utilities for operational areas for the performance of their respective services and discharging their statutory functions ...

Concession Agreement defines Reserved Services in Para 19.1.1, which includes security services and mandatory health services. Police Station is a part of security services while Airport Health Organization is a part of mandatory health services.

Also, Para 2.3.2 of State Government Support Agreement expressly states that:

"The GOM shall undertake at its own cost to provide normal and routine policing at the Airport for maintenance of law and order. The Concessionaire shall make available at the Airport reasonable office accommodation at its cost to enable the GOM to carry out the said function."

Further, the Authority has considered 100% aeronautical allocation for Police Station and Airport Health Office in its latest Tariff Order for Guwahati and Mumbai Airport.

In view of the above submissions, we request the Authority to consider Police Station and Airport Health Organization to be considered as 100% Aeronautical assets."

5.7.13 NMIAL's comments regarding calculation of Financing Allowance for the First Control Period is as follows:

*"**Calculation of Financing Allowance***

While calculating Financing Allowance the Authority has considered the proportion of Cash Flows/CWIP based on initial total project cost submitted by NMIAL. The initial project costs are inclusive of various components which are subsequently adjusted/reduced by the Authority for example

(1) lesser amount allowed by the Authority, e.g. Pre-Development works

(2) amount allowed on actual incurrence basis, e.g. unwarded works etc. However, this needs to be updated with the final project cost what has been proposed in the consultation paper after making necessary adjustments to arrive at the correct proportion of Cash Flows/CWIP. For ready reference the revised calculations are provided below.

Proportion of Cash Flows considered by the Authority for calculation of Financing Allowance is worked out as follows:

Amount in Rs Cr

Particulars	Ref	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Cashflows (excl IDC) as per NMIAL submission	A	55	1,837	1,059	512	832	1,839	2,586	3,934
Cashflows (excl IDC) as per Authority (Ref Table 67 of the Consultation Paper)	B	42	1,408	791	358	590	1,336	1,874	2,763
Proportion used in Calculation of Financing Allowance	**B / A**	**77%**	**77%**	**75%**	**70%**	**71%**	**73%**	**72%**	**70%**

Below is our working of Proportion that should be used, based on actual incurrence of cost, for calculation of Financing Allowance:

	Rs Cr	Ref Page No. of CP
Cost post Allocation proposed by the Authority		
Hard Cost	12,502	102
Soft Cost + Payment to CIDCO	2,073	102
it'sTotal Cost Post Aeronautical Allocation excluding Financing Allowance (A)	14,575	
Pre-Allocation as submitted by NMIAL		
Hard Cost	15,856	99
Soft Cost	2,838	
Payment to CIDCO	360	
Total of Above	19,054	
Less:- (1) Cost allowed on incurrence basis or (2) cost not yet incurred and not considered presently by the Authority		
Less: Additional Claims	1,133	99
Less: Unwarded/anticipated consultancy	625	89

	Rs Cr	*Ref Page No. of CP*
Less: Unawarded Works	*318*	*Calculation below*
Less: Land Allotment Payment to CIDCO	*60*	*93*
Total Reduction	*2,076*	
*Net Cost Pre-Allocation excluding Financing Allowance (B)**	*16,978*	
Derived Ratio to be applied on CWIP (A divided by B)	*85.85%*	
	Rs Cr	*Ref Page No. of CP*
Unawarded Works		
Airside Development Works	*41*	*71*
Passenger Terminal Building	*167*	*76*
Landside Development	*22*	*78*
Support Facility – 1	*88*	*80*
Total Unawarded Works	*318*	

In accordance with the above calculation, derived ratio to be applied on Cash Flows (as per books of account) for calculation of Financing Allowance works out to 85.85%. The revised Cash Flows after applying ratio of 85.85% is as:-

Particulars	***FY18***	***FY19***	***FY20***	***FY21***	***FY22***	***FY23***	***FY24***	***FY25***	***FY26***
Cashflows (excl IDC) with revised Proportion as calculated above	*47*	*1,577*	*909*	*440*	*714*	*1,578*	*2,220*	*3,280*	*3,810*

We have revised the table of financing allowance calculation included in the Consultation Paper in line with the revised cash flows as provided above.

Revised Table of Calculation of Financing Allowance:-

Particulars	Ref	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Opening CWIP for regulatory books	A	0	47	1,687	2,756	3,420	4,426	6,430	9,289	13,524
+ Cashflows (excl IDC)	B	47	1,577	909	440	714	1,578	2,220	3,280	3,810
- SC (Capital Receipts from stakeholders incl grants if any)	C	0	0	0	0	0	0	0	0	0
- Assets Capitalized	D	0	0	0	0	0	0	0	0	-17,946
x Cost of Debt	E	0.00%	7.50%	7.50%	7.52%	7.72%	8.17%	8.47%	8.74%	9.48%
Financing Allowance	F=(A+(B-C-D)/2)XE	0	63	161	224	292	426	639	955	612
Closing CWIP for regulatory books	G=A+B-C-D+F	47	1,687	2,756	3,420	4,426	6,430	9,289	13,524	0
Financing Allowance		**3,371**								

For simplicity perspective, the above calculations are based on Aeronautical Capital Expenditure proposed in the instant Consultation Paper. The calculation will further undergo changes, subject to acceptance and recognition of various requests made in this document.

We request the Authority to consider the above correction and incorporate appropriate Financing Allowance amount in the opening RAB."

5.7.14 Lufthansa Group's comment regarding Severe Project Delay for the First Control Period is as follows:

*"**Severe Project Delay and Exclusion of Delay-Related Costs***

Against the initial completion date of December 3, 2021 for Phase 1, the COD was revised to 25th December, 2025 and the International operations were due to commence from 1.4.2026. However, the international operations have not started till date. LHG therefore submits that there has been a delay of four years and the users cannot be penalized with the cost overruns on account of inefficiency and/ or mismanagement and failure on part of the operator to meet primary project milestones. This is a material breach of the development schedule that must not be subsidized by airlines.

As per CP Para 3.2.1, the Authority correctly notes that users "cannot be asked to pay any aeronautical tariffs before availing of facilities offered by the airport". Because the facilities were not available during this 4-year delay, any interest accumulated is a developer's risk and must not be shifted to airlines through landing and parking fees, not even in the next control period.

Because facilities were unavailable during this four-year delay, any accumulated interest is a developer's risk and must not be shifted to airlines through landing and parking fees."

5.7.15 Sumedh Bhagwat's comment regarding Regulatory Asset Base (RAB) and Capital Expenditure for the First Control Period is as follows:

*"**Optimization of the Regulatory Asset Base (RAB) and Capital Expenditure***

NMIAL has included capital expenditure items that fail strict asset recognition criteria under IndAS 16 (Property, Plant and Equipment):

Exclusion of Speculative Costs: The inclusion of ₹71 crore for unawarded digital and physical artwork, and the ₹42 crore provision for a 5th fuel tank (when only 4 were installed during site inspection), must be strictly excluded from the First Control Period RAB until actual capitalization and readiness for use are proven.

Disallowance of EPC-2 Price Adjustments: The ₹211 crore price adjustment applied to the EPC-2 contract due to a 32-month delay in issuing the Notice to Proceed penalizes passengers for administrative delays. In accordance with prudent capitalization principles, such escalations should be absorbed by the concessionaire's equity, not capitalized to inflate the aeronautical tariff base.

Penalties for Delayed Capitalization: The Authority's proposal to deduct 1% of uncapitalized project costs from the ARR for missed schedules is insufficient. Any asset failing to meet its capitalization timeline should face a total disallowance of the Return on Equity (RoE) component until its actual readiness for use is proven."

5.7.16 Lufthansa Group's comment regarding Inflated Carrying Costs (Financing Allowance) for the First Control Period is as follows:

"Rejection of Inflated Carrying Costs (Financing Allowance)

• NMIAL seeks to capitalize ₹4,324 crore in Financing Allowance (interest during construction) for Phases I & II into the Regulatory Asset Base (RAB).

• We submit that any Financing Allowance (IDC) accrued after the original December 2021 deadline be permanently excluded from the RAB. Airlines should not bear the "carrying cost" of a developer's inability to manage topography, clearances, or construction timelines.

• It is necessary step to disallow the "inefficiency premium" from the project cost base. The Concession Agreement as well as the AERA Act lay emphasis on efficient costs and good industry practices. Inefficient handling and mismanagement ought not to be rewarded and encouraged."

5.7.17 Lufthansa Group's comment regarding Cargo Gateway is as follows:

"Cargo Gateway

The Consultation Paper confirms that NMIA's Integrated Air Cargo Terminal is planned to handle approximately 0.50 MMTA during Phases I and II, with long term expansion Phase V potential up to 3.20 MMTA in subsequent phases.

LHG acknowledges that this additional cargo capacity may support future freighter and belly cargo operations. However, the efficiency and competitiveness of NMIA as a cargo gateway will depend on timely delivery of fit-for-purpose infrastructure, adequate landside connectivity, and a commercially sustainable tariff framework.

In this regard, LHG supports AERA's proposal to exclude approximately ₹2,204 crore of unawarded, unverified or premature capital expenditure from the current Regulatory Asset Base. Users should not be required to bear the cost of speculative or future-facing investments that do not provide immediate operational benefit during the First Control Period. Feedback from current exporters and logistics stakeholders suggests that the "soft infrastructure" required to steer exports from CSMIA to NMIA is not yet in place. Specifically, there is a noted absence of forwarder offices and functional warehouses in the immediate vicinity of the airport boundary.

While CA Clause 18.4.2 mandates that NMIAL provide space for cargo agents within the terminal, an external ecosystem of customs brokers and logistics providers is essential for a high-volume gateway. Without this established environment, a seamless transition of cargo from CSMIA is unlikely to occur at the speed projected in CP Table 13, which assumes NMIA will handle over 3.96 lakh MT of cargo as early as FY 2026-27.

Furthermore, the Authority must consider NMIAL's own admission in MYTP Paragraph 5.5 that the intended cargo site "will not be available during the initial phases of airport development," which further justifies a more conservative and realistic volume projection for the First Control Period.

We would also like to draw the Authority's attention to the issues raised by various stakeholders during the AUCC meeting held on 28 February 2025. The AUCC process plays an important role in facilitating constructive dialogue among stakeholders, enabling amicable resolution of issues and minimizing avoidable delays. We wish to submit the following request regarding the consultation process to ensure it remains transparent and aligned with the principles of the AERA Act and the Concession Agreement:

We recommend that the Authority adopt a procedural sequence where the Stakeholder Consultation Meeting is held after all the stakeholders have filed their comments. Holding the meeting after reviewing written submissions would allow the Authority and stakeholders to address specific points of divergence, fostering greater transparency, accountability and collaboration between all stakeholders. We request that the Authority provide airlines and other stakeholders a formal opportunity to review and provide counter-comments on the comments submitted by the Airport Operator. Allowing this feedback before the issuance of the final Tariff Order will be helpful to ensure

a balanced approach for all stakeholders and full transparency. This will also ensure that the final order is well-reasoned and will significantly minimize the potential for future litigations or procedural disputes. We also reserve our right to add to and/ or amend the aforesaid comments, if so required."

5.7.18 IATA's comment regarding dedicated VVIP terminal is as follows:

"Dedicated VVIP terminal – Cost recovery and Regulatory Demarcation

IATA notes references to the development of a dedicated VVIP / protocol facility by NMI. In this context, IATA considers it necessary to draw a clear and explicit regulatory distinction between General Aviation (GA) terminals, which are commercial, fee-generating assets, and true VVIP protocol facilities, which cater exclusively to State and constitutional movements that are statutorily exempt from user charges.

AERA's established regulatory scrutiny, particularly the application of Terminal Area Ratios (TAR) and the determination of assets eligible for capitalization into the RAB, has historically applied to GA terminals on the basis that they are commercially operated facilities serving private and charter operations, generate aeronautical and non-aeronautical revenue and are subject to commercial user charges. This regulatory rationale does not apply to a dedicated, standalone, and exclusive VVIP protocol terminal intended solely for sovereign operations (i.e. movements of Heads of State and dignitaries) and ceremonial in nature, where no commercial user charges are levied. The VVIP terminal operated by the Indian Air Force at IGI Airport provides a relevant and well-established precedent in this regard.

IATA further notes the Concession Agreement (in its clause 18.8 and 18.9) does not mandate the provision of a dedicated and standalone VVIP terminal, but a Reserved Areas within the Terminal Building under the control of government agencies; To the extent that a standalone VVIP facility is now being contemplated through the Master Plan, IATA submits that the general airport users who are now expected to pick up the costs, have not been consulted on its necessity, scope, timing, or assessment of viable and efficient alternatives. This includes whether a dedicated facility is required at all in the initial or early phases of NMI's operations, given traffic ramp-up and utilization considerations.

Where a PPP airport operator elects, or is required, to construct a dedicated VVIP protocol facility that generates no commercial revenue and serves sovereign or State requirements, strict regulatory demarcation is imperative. In such circumstances, neither the capital expenditure nor the operating and maintenance costs of these facilities should be included in the aeronautical tariff base applicable to scheduled airlines and commercial passengers. Requiring airlines and passengers to fund sovereign protocol infrastructure would be fundamentally inconsistent with the principles of user-pay and cost-relatedness that underpin AERA's tariff framework, as well as ICAO's Policies on Charges for Airports and Air Navigation Services."

5.7.19 Indigo's comment regarding CIDCO Pre-development Costs is as follows:

*"**Regulatory Treatment of CIDCO Pre development Costs:***

CIDCO's pre development costs carry a zero percent interest rate under the Concession Agreement, and allowing a regulatory return through RAB inclusion would contradict the agreed financing structure and impose unjustified costs on airport users. The recovery of these costs should not be front loaded during the early years of operations when traffic volumes are still ramping up. Instead, the

costs should be amortized over the concession period to ensure cost reflectivity, protect users, and support the airport's long term growth potential."

5.7.20 IATA's comment regarding CIDCO Pre-development Costs is as follows:

*"**CIDCO's Pre-development Costs Treatment and Recovery***

Given the scale and site-wide nature of the enabling works undertaken prior to the commencement of airport operations, their proposed regulatory treatment raises important questions regarding the appropriateness of inclusion in the Regulatory Asset Base (RAB), the application of return, allocation between user groups, and the timing of cost recovery, especially during NMI's early, low-traffic years.

The Consultation Paper (CP) states that NMIAL has submitted a total cost of ₹5,664 crore towards site preparation and earthworks, comprising ₹3,747 crore attributable to pre-development works undertaken by CIDCO and ₹1,917 crore attributable to site preparation and earthworks undertaken by NMIAL. The Authority further notes its proposal to consider land development costs for the entire site area of 1,160 hectares, subject to further analysis. In parallel, the CP records that CIDCO is entitled to a premium of 12.60% of Gross Revenue, in addition to other concession-linked compensation mechanisms.

In this context, any front-loaded recovery of such a substantial enabling cost base, particularly if combined with a full RAB-style regulatory return, risks placing a disproportionate burden on a limited initial traffic base.

This would undermine affordability and demand stimulation during the greenfield ramp-up phase, at a time when traffic growth and route development should be actively supported.

In addition, based on the cost values shared in the Consultation Paper, IATA notes that the inclusion of CIDCO's pre-development costs in the RAB would have a material impact on the Aggregate Revenue Requirement (ARR) from COD onwards. On an indicative basis, allowing a regulatory return in the order of prevailing rates (in excess of 9% per annum) on a capital base of ₹3,747 crore would result in several hundred crore rupees per year being added to the ARR in the early years of operation, even before depreciation is taken into account. How such an amount is subsequently translated into specific tariff elements (whether through landing and parking charges or through UDF), would depend on the Authority's final balancing approach; however, the affordability implication in a low-traffic ramp-up phase is clearly evident.

In this context, IATA requests AERA to undertake a comparative assessment of tariff and UDF outcomes under alternative regulatory treatments of CIDCO's pre-development costs, including a scenario in which such costs are treated strictly as a soft loan or debt-like obligation, excluded from the RAB and not allowed to earn a regulatory return, as compared to inclusion in the RAB. If this assessment can kindly be also carried in the final order, this would provide transparency on the extent to which early-year tariffs and UDF levels are being driven by the regulatory treatment of these enabling costs. This may also assist AERA in calibrating affordability outcomes during NMIA's initial years of operation.

IATA does not contest the permissibility of recognizing such costs for tariff determination. However, we implore AERA to reconsider including the pre-development costs in the Regulatory Asset Base (RAB) and ensure proper treatment of the pre-development costs for the reasons provided below:

• It is necessary to clarify that not all capital expenditure automatically qualifies for inclusion in the RAB. Pre-development works are foundational and enabling in nature, intrinsic to the creation of the airport itself and do not represent depreciable assets with a clearly defined useful life. Assets included

in the RAB get depreciated for their asset life – this clearly does not apply to the pre-development works, as there is no asset life associated with them.

• A material portion of the pre-development works is site-wide in character and enables not only Phase I and II aeronautical operations, but also future phases of development and city-side and commercial activities across the 1,160-hectare site. These are enabling investments provided by the concession authority and should not be treated as aeronautical-specific investments/costs only.

• The Concession Agreement explicitly characterizes these pre-development costs as a soft loan extended by CIDCO. The ₹3,747 crore investment was incurred and funded by CIDCO, not by NMIAL, and therefore does not constitute risk capital contributed by the regulated entity, NMIAL. As such, the expenditure does not meet the fundamental regulatory test for inclusion in the RAB, namely for assets that reflect capital at risk for which the regulated entity is entitled to earn a return.

12.9.7	Pre-Development Works	Assets forming part of the Pre-development Works and financed by the Soft Loan shall be considered as part of the CAPEX for the purposes of the determination of Aeronautical Charges by AERA.
Schedule G S No. 3	Scheduled Completion Date	The Scheduled Completion Date of phase I shall occur on 1,245th day from the Appointed Date.

• As stipulated in the Concession Agreement, the applicable interest rate on CIDCO's pre-development costs is 0%. Allowing this expenditure to earn a regulatory return through RAB inclusion would be inconsistent with the agreed default financing structure and would effectively convert a zero-cost soft loan into interest-bearing capital recovered from airport users. This outcome would be neither economically justified nor aligned with regulatory principles and user protection.

> *2.2.9 Asset forming part of the Pre-development Works and financed by Soft Loan shall be considered as part of the capital expenditure for the purposes of the determination of the Aeronautical Charges. The interest on Soft Loan, pertaining to Pre-development Works inside and outside the Site to the extent it is pa.rt of the mandated cost under the Concession Agreement, will be taken into calculation of FRoR at:*
>
> *(a) 0% cost of capital, if no interest is payable/ paid by the Concessionaire to the Authority on the Soft Loan, and*
>
> *(b) the applicable rate of interest as may be payable/ paid by the Concessionaire to the Authority on exercise of optional deferment of the linkage date for the repayment of the Soft Loan as per proviso (ii) to clause 12.9.6 of the Concession Agreement to keep the net present value of the Soft Loan as on the Appointed Date, for determination of the Aeronautical Charges.*
>
> *2.2.10. Incremental capital costs, if any, borne by the Concessionaire for Land Development Works for airport activities over and above the Soft Loan, to the extent required for the Project work as per the terms of the Concession Agreement, would be considered for inclusion in the regulated asset base with appropriate depreciation rate, by AERA for determination of the Aeronautical Charges."*

In light of the above, IATA submits the following for AERA's consideration:

• Soft-loan Treatment (return and RAB): Given that the Concession Agreement explicitly characterizes these pre-development works as being financed by a Soft Loan, IATA submits that these costs are more appropriately treated as a debt-like obligation for tariff purposes, i.e., serviced over the concession term without inclusion in the RAB and without application of a regulatory return on capital.

Recognition of an item as capital expenditure for tariff determination does not necessarily require that it earns a full regulatory return through RAB treatment, particularly for the airport operator. This is particularly relevant where the underlying financing is expressly structured as soft-loan funding at 0% interest.

• Interaction with Compensation to CIDCO: The concessioning authority receives a premium of 12.60% of Gross Revenue, which reinforces the need for caution against double compensation when determining whether and how any return is applied to CIDCO-linked pre-development costs through aeronautical tariffs.

• Allocation Aeronautical vs Non-aeronautical: Allocation of these costs between aeronautical and non-aeronautical activities should be carefully reviewed, as site preparation and land development works benefit the wider airport ecosystem and should not be loaded disproportionately onto aeronautical users, particularly where the works relate to the overall 1,160-hectare site rather than aeronautical facilities alone.

• Recovery profile: Recovery of CIDCO pre-development costs should be delayed and spread over an extended horizon, ideally aligned to the concession duration, rather than being frontloaded during the initial years of operation with such low volume. This would better align recovery with traffic materialization and utilization of the infrastructure, ensuring overall affordability and the ability to capitalize on the full growth potential of the greenfield airport. Permitting recovery of such a large enabling cost base from day one, especially with a full RAB-style return, would materially limit the Authority's flexibility to manage affordability outcomes in the crucial early years, even where other cost-optimization measures are applied by the Authority.

A conservative, back-ended recovery approach, combined with soft-loan servicing treatment (rather than RAB inclusion), would better preserve affordability, align recovery with actual utilization, and support sustainable traffic growth over the long term."

5.7.21 IATA's comment regarding Capital Expenditure (CAPEX), Phasing and RAB is as follows:

*"**Capital Expenditure (CAPEX), Phasing and RAB***

IATA welcomes the Authority's decision to exclude Phase-III CAPEX from the Regulatory Asset Base in the current control period. This is an important safeguard, recognizing that large-scale capacity additions should be admitted for recovery only when there is clear evidence of demand materialization and operational use.

At the same time, the consultation material and stakeholder discussions highlight several CAPEX-related risks across phasing, allocation and timing of recovery. In particular, there is a risk that capacity is delivered in large step-changes rather than incrementally, and that costs associated with future development phases are recovered prematurely from early users.

IATA submits that capacity development at NMI should follow an incremental, constraint-based approach, rather than a single step-change from Phase I/II to full Phase-III scale. Different components of the airport system, including runway and taxiway capacity, stand availability, terminal processing, security and immigration, cargo facilities and landside access, will reach saturation at different points in time. Selective enhancements within existing Phase I and II infrastructure could therefore support continued growth during the 2027–2030 period, prior to full Phase-III commissioning, while avoiding premature capital recovery.

IATA further notes that some of the works proposed for inclusion in the regulated capital base are site-wide or phase-enabling in nature, with benefits extending beyond the current control period or serving

both aeronautical and non-aeronautical activities. To the extent such works support future development phases, entry of the associated costs into the RAB should be aligned with the commissioning and utilization of the related capacity. This approach would better associate cost recovery with actual use, protect early users from paying in advance for future infrastructure, and reinforce regulatory discipline.

In developing Phase-III investments, IATA strongly encourages proactive and ongoing engagement with the airline community on the phasing, prioritization and timing of individual capacity elements. Such engagement would help ensure that infrastructure is delivered efficiently, in line with realized demand, and that capital recovery outcomes remain proportionate and cost-related.

In addition to the principles set out above, IATA has identified several clause-specific technical observations in the Consultation Paper that are relevant to ensuring efficient investment and appropriate cost recovery. These are summarized below for the Authority's consideration:

CP Reference	***Airport Proposal***	***Observation and Regulatory Significance***
Chapter 4 – Tables 11 & 12 (Traffic & capacity)	*Capacity expansion is largely deferred to Phase III*	*The traffic and capacity framework does not fully reflect the operational potential of Phase I and II infrastructure. International benchmarks show that single-runway airports with multiple line-up points and high-speed exits can accommodate substantially higher ATM volumes than assumed for NMI in the 2027–2030 period. This creates a risk of overstating capacity constraints and underutilizing existing assets. Therefore, IATA submits that airfield capacity assumptions should be reassessed prior to new runway delivery.*
Chapter 4 – Traffic forecasts	*No explicit provision for transfer passengers*	*Transfer passengers do not appear to be reflected as a demand segment in the traffic forecasts. Excluding this segment risks understating achievable traffic volumes and inflating unit costs. IATA submits that the potential for transfer operations should be reconsidered as part of the forecast framework.*
Chapter 4 – Table 13 (Cargo)	*Cargo growth largely aligned to Phase III delivery*	*Cargo volumes appear conservative despite available airfield capacity prior to Phase III. This may constrain revenue development and infrastructure utilization. IATA submits that interim cargo growth potential should be assessed in line with achievable ATM levels before Phase III commissioning.*
Table 25 – Site-wide enabling works	*Full capitalization of site preparation works at COD*	*Portions of the site-wide works enable future phases of development beyond the current control period. Allowing the full cost to enter the RAB upfront risks premature recovery from early users. IATA submits that RAB entry for phase-enabling elements should be delayed until the associated capacity is brought into use.*
Clause 5.4.4 – Site preparation allocation	*Approx. 90% aeronautical allocation*	*Site preparation benefits both aeronautical and non-aeronautical development, including city-side and commercial areas. The proposed allocation risks overstating the aeronautical cost base. IATA submits that a lower aeronautical allocation should be considered.*

CP Reference	*Airport Proposal*	*Observation and Regulatory Significance*
Clause 5.4.4 – IT / Data centre	*100% aeronautical allocation*	*T and data center infrastructure typically support multiple airport functions, including commercial activities. Treating these assets as entirely aeronautical risks misallocation of costs. IATA submits that a split aero / non-aero allocation would better reflect actual use.*
Table 77 – Passenger Terminal Building (PTB)	*Useful life 35.5 years*	*The proposed useful life appears shorter than benchmarks applied at comparable greenfield airports (e.g. Noida). A shorter useful life accelerates depreciation and tariff recovery. IATA submits that useful lives should be aligned with benchmark practice.*
Table 77 – Boundary wall	*5-year useful life; 100% aeronautical*	*Boundary walls protect both aeronautical and non-aeronautical areas and typically have longer service lives. The proposed treatment risks over-recovery. IATA submits that both useful life and allocation should be reviewed and benchmarked.*
Table 77 – Access road	*5-year useful life*	*Access roads generally have longer economic lives than proposed. A short useful life accelerates recovery without clear justification. IATA submits that a longer, benchmark-consistent useful life should be adopted.*
Section C – Level of Service references	*Use of "LoS C / Optimum"*	*The terminology appears inconsistent with the updated ADRM framework, which has moved away from alphabet-based LoS classifications. While not a tariff-material issue, methodological clarity is important. IATA submits that the latest ADRM descriptors should be used consistently.*

Taken together, these observations reinforce the need for a phased, demand-aligned and allocation-disciplined approach to capital investment and recovery at NMI. Addressing these issues would enhance regulatory robustness, protect early users from premature cost recovery, and support efficient and sustainable long-term development of the airport."

5.8 NMIAL's response to Stakeholders' comments regarding Capital Expenditure (CAPEX), depreciation and Regulatory Asset Base (RAB) for First Control Period

5.8.1 NMIAL's response on Lufthansa German Airline's comment regarding the Severe Project Delay and Exclusion of Delay-Related Costs is as follows:

LHG's comments alleging inefficiency, mismanagement, and "material breach" of the development schedule are factually inaccurate and are based on a lack of full understanding of what actually happened between the award of the concession and the commercial operations date (COD).

The Concession Agreement expressly provides for revision of timelines in the event of circumstances beyond the control of the Airport Operator like COVID-19. The revision of the Commercial Operations Date (COD) to 25 December 2025 was formally recognised and accepted by the Concessioning Authority and relevant government agencies, following due process under the Concession Agreement. NMIAL categorically rejects the assertion that the revised timelines reflect inefficiency or mismanagement. The project has encountered multiple systemic and exogenous constraints, including—but not limited to—land development complexities, statutory approvals, environmental

clearances, pandemic-related disruptions, and coordination with multiple sovereign agencies. These are structural risks inherent in large greenfield infrastructure projects of national importance and are expressly recognised within the Concession framework.

Attributing all timeline revisions to operator failure disregards the realities of public-infrastructure development.

The assertion that airlines are being asked to "subsidise inefficiency" is unfounded. The Authority's building-block framework, including conservative traffic forecasts, phased asset capitalization, exclusion of non-commissioned infrastructure, and the true-up mechanism, ensures that only efficiently incurred and operationally necessary costs are considered for tariff determination.

5.8.2 NMIAL's response on Sumedh Bhagwat's comment regarding Regulatory Asset Base (RAB) is as follows:

"(i) Pls refer to Point 3 of NMIAL's Comments on the Consultation Paper, dated 17th April 2026 (Para 5.7.2 of Tariff Order).

(ii) Delay in issue of Notice to Proceed was due to COVID 19 and prevailing encumbrances at project site due to ongoing site preparation works by CIDCO. These reasons were beyond the control of the Airport Operator.

c) Pls refer to Point 10 of NMIAL's Comments on the Consultation Paper, dated 17th April 2026 (Para 5.7.9 of Tariff Order)*"*

5.8.3 NMIAL's response on Lufthansa German Airline's comment regarding Inflated Carrying Costs is as follows:

"With regards to the timeline, pls refer NMIAL's Comments to Point 11 above (Para 5.8.1 of Tariff Order).

Denying Financing Allowance on above timeline pretext would result in systematic under-recovery of the cost of capital, contrary to the principles of efficient regulation. Once project timelines are revised and duly recognised under the Concession framework and accepted by competent authorities, the revised schedule becomes the valid regulatory baseline for cost recognition.

Financing Allowance exists precisely because investments are deployed well before revenue certainty exists. Airlines cannot, after the fact, seek to reassign development-phase risk to investors by denying time-value compensation, particularly where:

- *timelines have been contractually revised,*
- *costs have been prudently scrutinised, and*
- *assets ultimately form part of the regulated airport system.*

To do so would undermine regulatory certainty and materially impair the bankability of future infrastructure projects.

Even if, hypothetically, the airport had been ready in December 2021, airline operations were severely disrupted due to COVID-19 for the next two to three years. As a result, traffic would have been very low, leading to poor revenue recovery for the airport and significant carrying costs due to under recovery of the Aggregate Revenue Requirement (ARR). These carrying costs are much higher, as they

are effectively borne at the WACC across all regulatory building blocks, whereas the financing allowance is limited only to capital expenditure and that too at a much lower cost of debt.

Further Financing Allowance is the concept recognised in the AERA Guidelines and is rightfully provided by the Authority in adherence to the same. The Financing Allowance has been consistently provided for all recent greenfield airports tariff orders like MoPA GoA, Jewar Noida and now Navi Mumbai.

Financing allowance is a well-established regulatory principle that compensates for the time value of capital invested prior to revenue generation, and its denial would result in systematic under-recovery of capital costs. Lastly, financing allowance is derivation of the quantum of investment made in each year. Till Dec 2021 the total investment made of ~ Rs. 2,994 Crs out of total investment of Rs. 14,575 Crs (i.e. Rs 17,480 Crs less Rs 2,905 Crs (Refer Table 67 from CP). This translated to hardly 20.5% of the total investments done till Dec 2021. The Airport Operator has been prudent in spending during the construction period and have taken all necessary measures to avoid overspend when overall Aviation Industry was standstill during the period of COVID-19 and uncertainty.

The argument that airlines should not bear financing costs ignores the fact that infrastructure investments are made ahead of demand and require compensation to ensure financial viability.

The claim that financing allowance represents "inflated carrying costs" is misplaced, as such allowance is calculated based on actual capital deployment and is essential to ensure that investors are compensated for funds tied up during construction.

Denial of financing allowance would effectively transfer development risk entirely to investors, which is inconsistent with the principles of regulated infrastructure development.

The Authority has already applied prudence checks and allowed financing costs in line with established regulatory precedents across comparable greenfield airports."

5.8.4 NMIAL's response on Lufthansa German Airline's comment regarding Cargo Gateway is as follows:

"As can be seen from the presentation made by NMIAL during the Stakeholders Consultation Meeting on 2nd April 2026, the Cargo Terminal and the allied facilities at the Airport are all in complete readiness state. Hence, the claim that cargo infrastructure will not be available in early phases is factually incorrect, as the airport has confirmed readiness of cargo facilities as part of its operational preparedness.

With respect to issues raised during the AUCC meeting held on 28 February 2025, NMIAL has in its Minutes of the Meeting recorded responses to all the stakeholders' queries and concerns. The said minutes have already been submitted by NMIAL to the Authority.

With regards to opportunity to stakeholders for counter-comments on the comments submitted by the Airport Operator, we would like to submit that the Stakeholders Consultation process followed by the Authority is not the only means of assessment of Airport Operator's tariff proposal by the Authority. Rather, Stakeholder consultation is undertaken after the Authority has already completed a rigorous and detailed due-diligence exercise, including examination of submissions, supporting documents, regulatory compliance, and prudence of costs. Further introducing layers of more comments and counter comments will unduly prolong the tariff determination process and will be ultimately detrimental to the stakeholders' interests since the Control Period has already commenced and any delay in issuance of the final Tariff Order will only increase the tariffs for the Airport Users."

5.8.5 NMIAL's response on Indigo's comment regarding CIDCO Pre-development Costs is as follows:

"Pls refer to our comments on Point 3 (Para 5.8.6 of Tariff Order). *"*

5.8.6 NMIAL's response on IATA's comment regarding CIDCO's Pre-development Costs Treatment and Recovery is as follows:

"• Inclusion of Pre-Development Works Costs in the RAB is in accordance with the stipulated provisions of the Concession Agreement, as reproduced in the CP, as well as below:

Para 12.9.7: "Assets forming part of the pre-development works and financed by the soft loan shall be considered as a part of capital expenditure for the purposes of the determination of aeronautical charges by AERA".

Accordingly, the inclusion of these costs within the RAB is not a matter of discretionary interpretation, but a contractual stipulation that has been duly recognised by the Authority in the Consultation Paper.

Further, the amount of Rs. 3,420 Crores that the Authority has currently considered towards cost of Pre-Development Works has been specified in the Concession Agreement, and not any arbitrary amount. Relevant extract reproduced below.

12.9.1 The Concessionaire acknowledges that the Authority has undertaken certain pre-development works at the Site as specified in Annex of Schedule B ("Pre-development Works"), and the Concessionaire hereby accepts the receipt of the Site under Clause 10.2 subject to the continuation of such Pre-development Works. Subject to the provisions of Clause 12.9.2, the amounts paid/ payable by the Authority for the implementation of the Pre-Development Works upto an amount of Rs. 34,20,00,00,000/- (Rupees Three Thousand Four Hundred Twenty Crore), shall be deemed as a soft loan ("Soft Loan") for the purposes of this Agreement. The Authority acknowledges, agrees and undertakes that it shall provide the Soft Loan in accordance with the provisions of this Clause 12.9.

The AERA Act also recognizes the priority of Concession Agreement provisions for the purpose of tariff determination, as reproduced below:

13. Functions of Authority—(1) The Authority shall perform the following functions in respect of major airports, namely:—

(a) to determine the tariff for the aeronautical services taking into consideration—

...

(vi) the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise;

...

The AERA Act as highlighted above mandates that tariff determination must take into account the provisions of concession agreements. Any deviation from these provisions would undermine contractual sanctity and erode investor confidence in the regulatory framework governing public-private partnerships.

• With regards to interest on Soft Loan due to deferment of repayment, the reason for deferment is that the financial close of NMIA's external borrowing had a stipulation from the lenders – that Loans from Shareholders shall be repaid only after repayment of the debt to the outside lenders is complete. Debt from Senior lenders was of a long tenor - ~20 years, while original repayment date of loans from shareholders, more particularly, Soft Loan as per the Concession Agreement was 11 years from the Appointed Date of July 2018 – i.e. July 2029. Hence, NMIAL had no option other than to opt for

deferment of repayment of shareholders loan. The deferment was granted to NMIAL by CIDCO, in line with the Concession Agreement, with interest payable such that NPV as on Appointed Date of Soft Loan is protected.

The characterization of these costs as a "soft loan" does not negate the fact that they represent real capital deployed for enabling the project. Excluding such costs from the RAB or denying an appropriate return would result in regulatory under-recovery and would be inconsistent with established principles of cost-based regulation.

- *The 12.6% Revenue Share to CIDCO has no relation to the Soft Loan from CIDCO towards Pre-Development Works cost. Revenue Share is payable to CIDCO as the Concessioning Authority and it is contingent on the actual revenue earned by NMIAL, while recovery of Pre-Development Works costs, relates to reimbursement of historical capital expenditure incurred by CIDCO for making the airport land parcel encumbrance free and development ready thereby making the airport concession viable for prospective bidders. The two streams operate independently, serve different purposes, and are governed by separate provisions of the Concession Agreement. Conflating revenue share with capital cost recovery is therefore conceptually irrelevant and incorrect. Recognising Pre-development Works costs in the RAB does not result in any incremental or duplicative benefit to CIDCO beyond what is contractually envisaged and regulatorily permissible.*
- *Regarding aeronautical allocation and consideration of entire cost of Pre-Development Works, the Authority has provided detailed justification in the Consultation Paper (Para 5.3.11 onwards). We request IATA to go through the CP thoroughly before raising such comments and appreciate the amount of analysis conducted by the Authority and/or its representative for the thoughtful reading of the stakeholders."*

5.8.7 NMIAL's response on IATA's comment on Capital Expenditure (CAPEX), Phasing and RAB

"Airfield Capacity Assumptions for Phase I & II

The phased development approach adopted for NMIA is consistent with global best practices and reflects prudent capital planning. IATA's reliance on generic international benchmarks to argue for higher capacity utilization fails to account for local operational realities, including airspace constraints, traffic mix, and system maturity. For example, Delhi Airport has 4 runways and it does annual Air Traffic Movement of approx. 460,000, Mumbai Airport has only 1 runway however it does annual Air Traffic Movement of approx. 330,000, Hyderabad Airport has two runways and currently it handles annual Air Traffic Movement of approx. 200,000.

Capacity planning cannot be based on theoretical maxima but must reflect operational feasibility and safety considerations. The incremental development approach ensures that capacity expansion is aligned with demand while avoiding premature capital deployment and associated tariff burdens.

IATA's simultaneous assertion that traffic is overestimated and that capacity is underutilized further highlights internal inconsistencies in its position.

IATA is unsure whether to advocate for higher traffic projection or rationalize the traffic projection. In the initial para of the document, they expressed concern for higher traffic assumed during the Control Period and now they are advocating that single runway can handle more ATM than projected. IATA seems to be raising questions in every aspect without realizing they are contradictory to each other, and this raises serious doubts on the authenticity of the comments raised.

Treatment of Transfer Passenger Traffic

We have factored in a portion of traffic as transfer passenger traffic in the overall mix and so has the Authority. The proportion of transfer traffic has been assessed based on NMIAL specific factors such as the scale of origin–destination traffic, depth of airline networks, and schedule connectivity.

Cargo Traffic Assumptions Prior to Phase III

Cargo development is driven less by runway availability and more by terminal readiness, landside logistics, customs facilitation, warehousing ecosystems, and shipper consolidation behaviour. The traffic forecast including cargo volume take the gradual ramp up into consideration. Further, as with passenger traffic, any upside in cargo demand will be captured through actual performance and reflected through true-up.

RAB Treatment and Aeronautical Allocation of Land Development Works

Please refer to the detailed, well-reasoned and comprehensive explanation provided by the Authority in the CP (Para no. 5.3.11 onwards), which is based on the Authority's rigorous examination and assessment.

Aeronautical Allocation of Data Centre for IT

Data Centre infrastructure forms an integral part of core airport operational systems, including airside operations, safety management, passenger processing, security, and regulatory compliance. While such systems may also support commercial activities, their design, resilience, and redundancy requirements are primarily driven by aeronautical and safety-critical functions.

Useful Life Assumptions (General Assets, Boundary Walls, Access Roads)

The Useful Life considered by the Authority is in accordance with its Order No. 35/2017-18 In the matter of Determination of Useful life of Airport Assets and certain airport specific factors like remaining balance life of the Concession period which can vary from airport to airport.

Further, with respect to Terminal Building Useful Life, we are unable to find "35.5 years" in the consultation paper as quoted by IATA in its comments.

Aeronautical Allocation of Boundary Wall

Boundary Wall is constructed for ensuring security of the Airport and is therefore 100% Aeronautical Asset. This allocation is consistently adopted by the Authority in other Major Airports too.

Level of Service (LoS) Terminology and ADRM Alignment

NMIAL has referred to both the terms "Optimum" and "Level C" with the objective of providing clarity by mapping the applicable service levels under both the earlier alphabet based and the revised Level of Service (LoS) frameworks. This is consistent with what has been mentioned in the Concession Agreement Para 18.6.9 "The Concessionaire agrees and undertakes that the level of service in the Terminal Building shall, during the Peak Hour, not be inferior to 'Level of Service-C' (optimum standards) as specified by IATA from time to time.

However, the above comments are duly noted. NMIAL confirms that it has aligned its assessment with the current IATA Airport Development Reference Manual (ADRM) guidance and will ensure consistent use of terminology in accordance with the prevailing LoS framework going forward."

5.9 Authority's analysis on Stakeholders' comments regarding Capital Expenditure (CAPEX), depreciation and Regulatory Asset Base (RAB) for the First Control Period

Reconciliation of Pre Development Cost

5.9.1 The Authority has carefully examined the submissions of NMIAL regarding recognition of Pre-Development Costs, including the claim for consideration of payments amounting to ₹ 3,631 crore stated to have been incurred and paid by CIDCO.

The Authority observes that, while certain payments have been indicated as already disbursed, the final reconciliation of the total Pre-Development Cost, along with verification of supporting documents, scope alignment and prudence check, is presently under examination. In the absence of a duly reconciled and audited position, the Authority is of the considered view that allowing the entire claimed amount at this stage may not be appropriate, as it could result in inclusion of costs that are yet to be conclusively established.

Accordingly, the Authority decides to maintain its position as proposed at the Consultation stage with regard to the admissible Pre-Development Cost for the present control period.

However, the Authority recognizes that any expenditure which is duly substantiated, reconciled with CIDCO records and found to be prudent shall merit consideration. Therefore, the Authority directs that the final reconciled position of Pre-Development Costs, duly supported by documentary evidence and certification, shall be submitted by NMIAL at the time of true-up. The Authority shall undertake an appropriate review at that stage and allow such costs, as deemed admissible, after due checking in accordance with the regulatory framework.

This approach ensures that only verified and prudent costs are passed through to users, while providing due opportunity to NMIAL for consideration of legitimate expenditures upon completion of reconciliation.

Digital and physical artwork contracts

5.9.2 The Authority has examined the submissions of NMIAL regarding additional contracts awarded of ₹111.90 crore out of ₹ 167 crore of unawarded works at Consultation Paper Stage which are submitted along with supporting documents during stakeholder consultation process.

The Authority notes that, at the Consultation stage, it was proposed that the aforesaid Capex, which was not considered at that stage due to non-availability of adequate details and supporting documents, would be reviewed at the time of issuance of the Tariff Order based on actual incurrence and subject to prudence check.

In this regard, the Authority observes that NMIAL has now submitted additional contracts, along with relevant details and documentary evidence, in support of the claimed expenditure. The Authority has undertaken a review of the submissions, including verification of contracts, scope of work and alignment with the overall project requirements.

Based on the information now made available, the Authority has, for the purpose of tariff determination in this Tariff Order, decided to consider the works of ₹ 99.94 crore only towards submitted CAPEX of ₹ 111.90 crore, since the work was pertaining to manpower deployment for the completion of the

Passenger Terminal Building. The Authority noted that the works at Point No. 2 & 19 amounting to ₹ 11.96 crore of the capex table as provided below were pertaining to EPC -2 contract and same was also confirmed by NMIAL vide their email dated May 7, 2026, therefore the Authority decided not to consider ₹ 11.96 crore in line with principle of contract & procurement.

Table 82: Additional unawarded works considered by the Authority

(₹ in crore)

S. No	Description	Submitted by NMIAL	Considered by Authority
1	System Integration for LED Screens (DAP)	16.31	16.31
2	Free Issue Supply of Manpower to EPC contractor for complete forecourt ceiling works.	10.25	-
3	Content Production (Phase 2) for Digital Art Program at NMIA	10.06	10.06
4	SITC of Security Screening Equipment (SSE) Works - Package 3 (Automatic Tray Retrieval Systems (ATRS) i.e. 04 Nos at NMIA	7.13	7.13
5	Change Order - Additional Scope for Weather Canopy & Forecourt Skylight Works at NMIA	6.21	6.21
6	Survival Reception Area (SRA) & Casualty Centre - Mechanical (Sprinkler Extinguisher, HVAC), Electrical and Signage Works @ Terminal MIA	5.44	5.44
7	Centralized Control Management System for Digital Art Program at NMIA	5.29	5.29
8	Onboarding of Artist for Developing Content for Digital Art Program at NMIA	4.89	4.89
9	Supply and Installation of Airport Seating Works	4.75	4.75
10	Change Order - Additional Scope for Digital Art Program (DAP) Electrical & IT Works at NMIA	3.63	3.63
11	Supply, Installation, Integration, Testing, Commissioning, Operation Trials and associated works for Distributed Antenna System (DAS) and Trunk Mobile Radio System (TMRS) for Ancillary Buildings at NMIA	3.60	3.60
12	Supply Installation Testing and Commissioning of Passenger Wi-Fi for NMIA Phase 1 & 2	3.42	3.42
13	Deployment of Boomlifts for Metal Ceiling Works in Forecourt Area @ NMIA	3.22	3.22
14	Supply of LED Screens & Hardware for Digital Art Program at NMIA	3.10	3.10
15	Supply of Plants for indoor & outdoor Landscape works for terminal 1 (including Forecourt) at NMIA	2.68	2.68
16	Chhatrapati Shivaji Maharaj Sculpture at NMIA	2.67	2.67
17	Supply of Kinetic Artwork for Zone 4 at NMIA	2.42	2.42
18	SITC temporary ceiling work - PVC material	1.71	1.71
19	Deployment of Manpower for Metal Ceiling Works at Forecourt Departure Area.	1.71	-
20	Addition of Scope - Outdoor Rooftop Antenna to Ground-Base Tower (GBT) & TMRS Civil & Electrical works, AED consideration of Data Point for AED Devices & Crash Alarm System Works - CO No. EPC-2/CO/040 (08915)	1.67	1.67
21	SITC Of 12 Nos WI-FI Dispensing Kiosk at NMIA	1.55	1.55
22	Content Production for Digital Art Program at NMIA	1.48	1.48

S. No	Description	Submitted by NMIAL	Considered by Authority
23	Developing recreated music tracks for Zone 4-Heartbeat of Maharashtra-Kinetic Artwork under DAP at NMIA	1.48	1.48
24	Developing recreated music tracks for Zone 4-Heartbeat of Maharashtra-Kinetic Artwork under DAP at NMIA	1.48	1.48
25	Licensing Work for Organizing, Conducting and Hosting Non-ticketed Art Installation Titled "Bollywood Reels" at NMIA	1.31	1.31
26	IT & OT Cyber Security Audit for NMIA	1.19	1.19
27	Roof Finishes Works for CIP Lounge @ NMIA	1.16	1.16
28	Change Order - Forecourt Temporary Ceiling @ NMIA (CO No. EPC-2/CO/031)	1.08	1.08
29	SITC For Access Control, Video Surveillance and Attendance System Work for Ancillary / Miscellaneous Buildings (Including Cargo Building) at NMIA - SRA & Casualty Centre	1.02	1.02
	Total	**111.9**	**99.94**

Further on the above capex of ₹ 99.94 crore allocation ratio has been applied as per Terminal Building ratio of 88%. This approach is consistent with the position outlined at the Consultation stage and ensures that only duly substantiated and prudent costs are considered for the purpose of tariff determination.

Further, the Authority decides to consider the balance unawarded amount of ₹ 55 crore towards CAPEX on actual incurrence basis at the time of true up subject to reasonability & efficiency.

Cost of Fuel Storage Tanks

5.9.3 The Authority has examined the submissions of NMIAL regarding the cost of the fuel farm and fuel hydrant system.

The Authority notes that, during the site visit conducted by the Independent Consultants, only four (4) fuel storage tanks were observed to be installed, as against the provision of five (5) tanks envisaged in the contract. Accordingly, the Authority had, at the Consultation stage, considered rationalisation of the cost equivalent to one fuel tank, amounting to ₹ 42 crore, pending further clarification.

Subsequently, NMIAL has submitted that the Bill of Quantities (BoQ) and executed scope that pertains to only four (4) above-ground fuel tanks and that the reference to five (5) tanks in the contract documents was inadvertent. The Authority also notes that the fuel farm and fuel hydrant system works have been awarded on an item-rate basis and that reconciliation of quantities and final costs is currently under process.

In view of the above, the Authority is of the opinion that the final admissible cost should be based on actual executed quantities and certified project costs, subject to verification. Accordingly, the Authority decides to consider the final admissible capex for the fuel farm facility based on finally reconciled costs at the time of true-up, subject to prudence check, including validation of quantities, scope of work and reasonableness of costs.

Cost towards expected claims

5.9.4 The Authority has noted the submission of NMIAL regarding the ongoing reconciliation and finalisation of claims with the EPC contractor.

Given that, the amount of claims of ₹ 1,133 crore are yet to be finalised and not yet substantiated, the Authority will only be in a position to consider the admissibility of such claims, if any, at the time of determination of tariff for the Second Control Period, subject to detailed scrutiny of supporting documents and assessment of prudence, efficiency and reasonableness of costs.

Cost towards claims for idling

5.9.5 The Authority has examined in detail the submissions made by the Airport Operator (NMIAL) regarding the allowance of costs towards claims relating to idling of resources during the period 2022–24 under EPC Contract–2, along with the supporting documents, contractual provisions, justifications, claim assessments and settlement details submitted on record.

The Authority notes NMIAL's submission that the claims raised by the EPC contractor, pertain to idling of manpower, plant & machinery, transportation arrangements and associated site overheads due to delays in handing over the work fronts on account of non-completion of hill cutting and related enabling works required to be done by CIDCO. The Authority further notes that the delay in handing over the required work fronts and obstruction-free site conditions adversely impacted the continuity of construction activities, resulting in consequential idling and under-utilisation of resources deployed at site.

The Authority has also taken cognizance of the provisions contained under Para 32 of Volume–2 of the EPC Contract, which lays down the contractual framework for submission, evaluation, determination and settlement of claims arising during project execution. Based on the documents placed on record, the Authority observes that the claims were processed by NMIAL in accordance with the applicable contractual provisions and were subsequently mutually settled between NMIAL and the EPC contractor after detailed evaluation and deliberations.

It is submitted that the EPC Contract – 2 was executed between NMIAL and EPC Contractor on 31st August 2019. As per the terms of the EPC Contract, the Time for Completion of the Works was 940 days from Notice to Proceed. CIDCO accorded approval for resetting the Commercial Operation Date (COD) of Phase I and II of NMIA from December 2021 to December 2024. CIDCO, amongst other obligations, was required to complete the excess hill cutting and disposal outside NMIA boundary by May 31, 2022, in order for NMIAL to achieve the Scheduled Completion Date for Phase I and II COD by December 30, 2024. Accordingly, considering the time for completion of EPC Contract 2 works and the overall Completion of Project, NMIAL had issued the Notice to Proceed for EPC Contract – 2 in May 2022, so as to achieve the Scheduled Completion Date /COD by December 2024. However, CIDCO could not complete its land development work by May 22 due to COVID 19. The same was completed on March 21, 2024 and thereafter other subsequent works including removal of undulations, etc. were completed by June 2024. Due to hill cutting works carried out on site, frequent stoppages were caused in EPC contractor work which disrupted the continuity and hindered the EPC contractor's ability to execute the EPC 2 contract. This resulted in idling of resources such as manpower, plant & machinery, transportation arrangements and associated site overheads during blasting hours and thereafter causing hindrances to work. Further, the Authority notes NMIAL's submission that the circumstances leading to the idling of resources were beyond the control of CIDCO and the EPC contractor and are not attributable to any deficiency or non-performance on their part. The Authority also takes note of the established principles under the Indian Contract Act, 1872 relating to

compensation for losses arising from delay in provision of an encumbrance-free site and the consequential impact on execution of contractual obligations.

The Authority observes that the delay in completion of hill cutting works by CIDCO, which constituted a critical prerequisite for uninterrupted execution of EPC activities, has been adequately substantiated by the Airport Operator through documentary evidence and project records. Such delay had a cascading impact on the overall construction schedule, thereby necessitating suspension, slowdown and intermittent deployment of EPC resources at site, resulting in idling of manpower, machinery and associated infrastructure.

The Authority further notes that NMIAL has submitted detailed break-up and supporting documentation relating to various claim components, including idling of workmen, transportation and accommodation of manpower, idling of plant & machinery and additional site establishment and infrastructure costs. The Authority also notes that, pursuant to detailed negotiations and commercial deliberations, NMIAL and the EPC contractor mutually agreed to a final settlement amount of ₹ 59 crore (including applicable taxes), which has already been discharged by NMIAL.

Upon comprehensive consideration of the submissions made by NMIAL, the supporting documents placed on record, the contractual framework governing such claims and the overall circumstances leading to the delay, the Authority is of the considered view that the expenditure amounting to ₹ 59 crore (including applicable taxes), has arisen due to the factors beyond the reasonable control of the Airport Operator/Concessioning Authority CIDCO/EPC contractor (contracting agency) and is intrinsically linked to the execution and completion of the airport project. Accordingly, the Authority has decided to consider the said capital expenditure towards idling claims as part of the Regulatory Asset Base (RAB).

5.9.6 The Authority has examined the submissions of NMIAL regarding services taken from GVKPIL, works which were considered as potential duplication in Technical services of ₹ 33.90 crore and inclusion of costs towards unawarded/anticipated technical consultancy services of ₹ 625 crore.

(A) <u>Authority's Submission regarding services taken from GVKPIL</u>

Regarding the submissions of NMIAL about the engagement of GVKPIL for project development and related implementation services, the Authority notes that GVKPIL is a Related Party and that the engagement was undertaken through nomination without following a competitive bidding process.

As per Clause 5.6 of the Concession Agreement, contracts beyond the specified threshold are required to be procured through a transparent and competitive process to ensure efficiency and reasonableness of costs. While the Authority has considered NMIAL's submissions regarding the specialised nature of services, project exigencies, governance approvals and absence of objections from the Concessioning Authority, it is observed that such considerations do not substitute the requirement of competitive procurement, particularly in the case of RPTs.

The Authority, through its Independent Consultants, has undertaken a detailed prudence check of the scope and cost of services. However, in the absence of competitive price discovery, it is not feasible to conclusively establish that the costs represent the most efficient and economical outcome.

Accordingly, the Authority is of the view that the expenditure incurred towards services availed from GVKPIL does not meet the regulatory requirement of prudence in procurement and hence cannot be considered for inclusion in the Aeronautical Regulatory Asset Base.

In view of the above, the Authority decides to disallow the cost of ₹ 37.17 crore pertaining to services availed from GVKPIL for the purpose of tariff determination.

(B) Authority's Submission regarding various services considered duplicate

The Authority has examined the submissions made by NMIAL amounting to ₹ 33.90 crore towards Technical Services regarding review of BOQs, master plan updates, design revisions and terminal/landside commercial programme related activities.

The Authority acknowledges that, considering the prolonged implementation timeline of the project and changes arising during execution, certain limited technical review and coordination activities may have been required at different stages of project development. The Authority has therefore undertaken an independent review of the nature and scope of the services vis-à-vis consultancy services already considered at the consultation stage

Based on such examination and prudence check, the Authority observes that a part of the expenditure pertains to distinct review and technical support activities which are not entirely overlapping with the scope of consultancy services already considered.

Accordingly, an amount of ₹ 11.57 crore has been considered admissible as detailed below:

Table 83: Balance Technical Services considered by the Authority

(₹ in crore)

Work Description	Name of Agency	Amount
Consultancy Services for Updation of Airside Master Planning and Design Documents at NMIA	CH2M Hill (India) Pvt Ltd (Company owned by M/s Jacobs)	5.37
Cost allocation by AEL for review of NMIA Master Plan by Munich Airport Service	Adani Enterprises Ltd	1.40
Contract for Traffic Forecasting Services at NMIA	Landrum and Brown Worldwide Services LLC	0.82
Consultancy service agreement for traffic forecasting at Navi Mumbai international airport	HASKONING DHV NEDERLAND B.V. AND INTERVISTAS CONSULTING B. V.	0.21
Demand assessment study for NMIA	Knight Frank (I) Pvt Ltd	0.13
Consultancy Services for Updation of NMIA Landscape Master Plan & Landscape Design	Design Cell	3.64
Total		**11.57**

However, the Authority notes that the balance expenditure substantially overlaps with services already considered under other consultancy contracts and adequate segregation of scope and cost justification for the remaining amount has not been clearly demonstrated. The Authority also notes that some of the consultancy services are pertaining to the commercial activities on the landside including strategy, business model, market research, design and video production. Accordingly, the Authority is unable to establish prudence and necessity for the balance expenditure claimed by

NMIAL. Therefore, the Authority has decided to allow ₹ 11.57 crore against the claim of Airport Operator of ₹ 33.90 crore.

(C) Authority's Submission regarding unawarded/anticipated consultancy

Regarding submission of unawarded/anticipated other technical services of ₹ 625 crore, the Authority notes that the proposed expenditure pertains to consultancy services for which contracts have not yet been awarded and costs have not been incurred. The Authority also notes that adequate supporting details, including scope, procurement status and cost justification, are presently not available for verification.

The Authority is of the view that, in line with established regulatory principles, only prudent and actually incurred or contractually committed expenditure can be considered for the purpose of determination of tariff. Inclusion of anticipated costs at this stage, in the absence of sufficient supporting documentation, may lead to regulatory uncertainty and potential inefficiencies being passed on to users.

At the same time, the Authority acknowledges the submission of NMIAL that such consultancy services may be required given the scale and complexity of the project and that supporting details are under finalisation.

Accordingly, the Authority decides not to consider the proposed cost of unawarded/anticipated consultancy services for the First Control Period at this stage. The Authority, however, allows that such costs may be considered at the time of true-up, subject to actual incurrence of expenditure, submission of detailed supporting documents and assessment of prudence and reasonableness.

Consideration of Pre-Operative Expenses Incurred

5.9.7 The Authority has examined the submissions of NMIAL regarding pre-operative expenses. The Authority notes that, based on the certification provided by the Chartered Accountant and reviewed by the Independent Consultants, the pre-operative expenditure incurred up to September 2025 amounts to ₹ 933 crore. Accordingly, the same has been considered at the Consultation stage.

The Authority further notes NMIAL has requested to consider revised Pre-operative expenses subject to true up.

In view of the above, the Authority is of the opinion that pre-operative expenses should be considered based on verified and admissible costs, subject to prudence check. Accordingly, the Authority decides to consider ₹933 crore towards pre-operative expenses at this stage and any further revision shall be examined at the time of true-up, based on reasonability and efficiency.

Consideration of cost for land allotted for use by AAI

5.9.8 The Authority has examined the submissions of NMIAL regarding the cost of additional land allotted for use by AAI for installation of CNS/ATM infrastructure.

The Authority notes that the Concession Agreement defines the Project Site as 1,160 Ha of land provided for airport development and does not envisage provision of additional land beyond the defined site as part of the concession scope. Further, the Authority notes that the requirement of land for AAI installations outside the Project Site arises from operational and technical considerations specific to CNS/ATM infrastructure.

The Authority also notes that the payment towards such additional land has not yet been made and the terms and conditions governing the lease premium and associated obligations are still evolving. In the absence of firm contractual liability, actual cash outflow and complete supporting documentation, the Authority is not in a position to establish the admissibility of the proposed cost at this stage.

Further, the Authority observes that a portion of the proposed expenditure pertains to facilities (such as ASR-1) planned in subsequent phases of development and therefore may not be relevant for consideration in the present Control Period.

In view of the above, the Authority is of the opinion that the cost towards additional land allotted for AAI does not meet the criteria of admissibility at this stage.

Accordingly, the Authority decides not to consider the proposed amount towards additional land in the present tariff determination. However, the same will be examined at the time of true-up, based on actual incurrence of expenditure, clarity on contractual terms and payment obligations, phase-wise relevance to the Control Period and submission of complete documentary evidence by NMIAL.

1% penalty on capex not incurred

5.9.9 The Authority has noted NMIAL's comments on the 1% readjustment in case of delay in implementation of the project.

The Authority notes that the intent of the proposed provision is not penal in nature, but to encourage timely implementation of approved capital projects and maintain efficiency in capital cost incurrence, while balancing the interests of airport users and NMIAL. Airport users pay tariffs for creation of assets and any undue delay in capitalisation, without appropriate safeguards, may result in users bearing costs for assets not created within the approved timelines, which would be inconsistent with principles of cost relatedness and transparency.

The Authority further notes that the proposed adjustment is to ensure timely project implementation and serves as a mechanism to encourage adherence to the approved CAPEX schedule. At the same time, as clarified at consultation stage, where delay in completion is due to reasons beyond the control of NMIAL or its contracting agencies and if the Authority finds it justified, the same would be considered at the time of true-up.

Accordingly, the Authority finds no reason to modify the approach proposed at Consultation stage.

Terminal Building Allocation Ratio to be considered on actual basis and not a notional ratio

5.9.10 The Authority has examined the submissions of NMIAL regarding adoption of Terminal Building Allocation Ratio (TBLR) based on actual area utilisation instead of a notional ratio.

The Authority notes that NMIAL has provided area statements indicating allocation between aeronautical and non-aeronautical usage within the terminal building.

The Authority has been uniformly adopting a normative TBLR based on the size of the airport. A reasonable normative allocation for non-aeronautical activities is essential to promote efficient utilisation of terminal building, support tariff moderation, passenger convenience and is based on international airport planning principles.

It is pertinent to note that a part of the Terminal building, its assets and investments made therein also enable NMIAL to generate non-aeronautical revenue apart from the provision of aeronautical services.

In order to account for the contribution of these assets in the generation of non-aeronautical revenue, it is important to bifurcate the assets into aeronautical and non-aeronautical. Further, the Authority feels that there should be efforts by NMIAL to increase the efficiency in the operation of airports in generation of Non-aeronautical Revenue. Therefore, the Authority decides to consider the ratio of Terminal building as 88:12 (Aeronautical: Non-aeronautical), in line with the IMG recommendations and IATA norms and as followed in other similar airports. AERA contends that merely accepting the ratios provided by NMIAL would not bring in efficiencies in the airport operations. AERA is adopting ratio on normative for all airports, during tariff determination and NMIAL is no exception.

In view of the above, the Authority decides to retain the proposed TBLR of 88:12 (Aeronautical: Non-Aeronautical) for the First Control Period, as set out at the Consultation stage.

Land Development Allocation Ratio to be considered as 100% Aeronautical based on necessity to commence Airport Development and not a notional ratio

5.9.11 The Authority has examined the submissions of NMIAL regarding the allocation of land development costs as 100% aeronautical.

5.9.12 The Authority notes that land development works, including site preparation, earthworks and pre-development activities, are foundational in nature and enable the commencement of airport operations. The Authority also acknowledges that such works are executed in an integrated manner across the airport site due to engineering, safety and operational considerations.

However, the Authority is of the view that land development facilitates both aeronautical and non-aeronautical activities, including future commercial development and therefore cannot be attributed solely to aeronautical functions. The Authority notes that the Concession Agreement itself provides for a defined allocation of airport land between aeronautical and non-aeronautical purposes. Accordingly, the present case is distinguishable from the approach adopted in the case of Mopa Goa, wherein allocation was considered on Gross Block Ratio basis in the absence of such identified area bifurcation.

The Authority has also considered NMIAL's reference to the provisions of the Concession Agreement and submissions regarding treatment of pre-development works. In this regard, the Authority observes that Clause 12.9.7 of the Concession Agreement merely recognises such expenditure as part of project capital expenditure and does not prescribe that the same shall be treated entirely as aeronautical for tariff determination purposes. Further, tariff determination is guided by the economic regulatory framework and principles of cost allocation and not solely by accounting or contractual classification.

In view of the above, the Authority is of the opinion that allocation of land development costs as 100% aeronautical is not appropriate. Accordingly, the Authority decides to retain the allocation of land development costs as considered at the Consultation stage, treating the asset as a common asset.

Police Station and Airport Health Organization to be considered as 100% Aeronautical and not as Common asset

5.9.13 The Authority has examined the submissions of NMIAL seeking classification of the Police Station and Airport Health Organization as 100% aeronautical assets instead of common assets.

The Authority notes that these facilities are essential for safe, secure and compliant airport operations, forming part of statutory and regulatory requirements for operation of an airport. The Authority also takes cognizance of provisions under the Concession Agreement and State Support Agreement, wherein the Concessionaire is required to provide necessary infrastructure/space for such reserved services.

However, the Authority is of the view that while these facilities are critical enabler of aeronautical operations, they are not directly attributable solely to aeronautical services, as they serve all airport users, including passengers, visitors and other stakeholders within the airport ecosystem.

Further, the Authority notes that under the regulatory framework, common assets are apportioned based on allocation ratios to ensure equitable distribution of costs between aeronautical and Non-aeronautical services. Classification of such facilities as entirely aeronautical would over-allocate costs to aeronautical charges, which may not be appropriate.

Accordingly, the Authority decides to retain the classification of Police Station and Airport Health Organization as common assets, with allocation in line with the applicable asset allocation ratio (TBLR).

Calculation of Financing Allowance

5.9.14 The Authority has noted the submission made by NMIAL regarding revision of the proportion of Cash Flows/CWIP used for computation of Financing Allowance, including the revised workings and derivation of ratio furnished by NMIAL.

The Authority observes that the Financing Allowance considered at the Consultation Stage was based on the admissible CAPEX, cashflows and information available on record at the time of issuance of the Consultation Paper. The Authority further notes that certain components of CAPEX and cashflows, including unawarded works and other adjustments, are subject to variation based on actual award of works, incurrence of cost and capitalization during the Control Period.

The Authority has, however, revised the Financing Allowance computation to the limited extent of additional CAPEX decided by the Authority pursuant to examination of stakeholder submissions and updated information furnished during the stakeholder consultation process. The corresponding impact of such admissible additional CAPEX has been appropriately considered in the computation of Financing Allowance.

Notwithstanding the above, the Authority is of the view that the revisions sought by NMIAL with respect to recalibration of the Cash Flow/CWIP proportion based on estimated future adjustments would be more appropriately examined during the true-up exercise, when actual cashflows, capitalization, financing costs and admissible CAPEX are available for verification.

Accordingly, except for the impact of additional admissible CAPEX considered by the Authority in this Tariff Order, the Authority has decided to retain the overall approach adopted at the Consultation Stage for computation of Financing Allowance. Any further adjustment, as may be warranted, shall be considered at the time of true-up based on actual expenditure and supporting documents

The revision in the Financing Allowance for the First Control Period from ₹ 2,905 crore (refer para 5.3.27 Point-O) to ₹ 2,944.29 crore after consideration of revised CAPEX is presented in table below:

Table 84: Financing Allowance as decided by Authority for the First Control Period

(₹ in crore)

Particulars	Ref.	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Opening CWIP for regulatory books	A	0	43	1,524	2,469	3,032	3,888	5,616	8,073	11,704
+ Cashflows (excl IDC)	B	43	1,425	801	363	599	1,355	1,901	2,803	5,438

Particulars	Ref.	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
- SC (capital receipts from stakeholders incl grants if any)	C	-	-	-	-	-	-	-	-	-
- Assets capitalized	D	-	-	-	-	-	-	-	-	-17671
x cost of debt	E	0.00 %	7.50 %	7.50 %	7.52 %	7.72 %	8.17 %	8.47 %	8.74%	9.48%
Financing allowance	**F = (A+(B-C-D)/2)*E**	0	57	144	199	257	373	556	828	530
Closing CWIP for regulatory books	G=A+B-C-D+F	43	1,524	2,469	3,032	3,888	5,616	8,073	11,704	0
Financing allowances		**2,944.29**								

Severe Project Delay and Exclusion of Delay-Related Costs

5.9.15 The Authority notes the comments of Lufthansa German Airlines regarding the delay in project completion and also notes the counter comments of NMIAL highlighting the reasons for timeline revisions and the provisions under the Concession Agreement.

The Authority recognizes that large greenfield airport projects are subject to multiple uncertainties, including regulatory approvals, land development challenges and unforeseen external events, which may impact project timelines. At the same time, the Authority acknowledges the concern that users should not bear costs arising from inefficiencies or delays that do not contribute to service delivery.

In this regard, the Authority has examined the timeline revisions in light of the provisions of the Concession Agreement, including force majeure and other permissible extensions, as well as the approvals granted by the competent authorities. The Authority has considered in the RAB, only essential assets that have been put to use and capitalised in the books of accounts, ensuring that only efficient CAPEX as per the Concession Agreement/MoU are taken into account for the purpose of tariff determination.

Further, the Authority notes that the regulatory framework incorporates safeguards such as prudence checks, phased capitalisation and true-up mechanisms to ensure that only reasonable and efficiently incurred costs are allowed for recovery from users.

In view of the above, the Authority has examined the matter and retains the treatment as proposed at the Consultation Stage.

Optimization of the Regulatory Asset Base (RAB) and Capital Expenditure

5.9.16 The Authority has considered the submission made by Mr. Sumedh Bhagwat and counter comment of NMIAL regarding optimization of the Regulatory Asset Base (RAB) and associated capital expenditure.

At the outset, the Authority emphasizes that the capital expenditure proposed at the Consultation Stage has already been subjected to a detailed prudence check, including assessment of asset readiness, scope and reasonableness of costs. Only such expenditure deemed as necessary and admissible has been considered for inclusion in the RAB, in line with established regulatory principles.

With respect to the exclusion of unawarded or speculative costs, the Authority states that such capital expenditure has not been included in RAB. Any variation in the actual capitalisation will be duly considered at the time of true up.

Regarding the submission on disallowance of EPC price adjustments, the Authority observes that cost escalations are evaluated on a case-by-case basis, considering contractual provisions, project realities and industry practices. A blanket disallowance, as suggested, may not be appropriate, particularly where such costs are found to be reasonable and necessary for completion of the project.

On the issue of penalizing delayed capitalization through denial of Return on Equity, it is informed that return is not allowed on uncompleted works. Provision of 1% of adjustment for uncapitalised work is in addition to disallowance of return for uncompleted works.

Rejection of Inflated Carrying Costs (Financing Allowance)

5.9.17 The Authority notes the comments of Lufthansa Group for excluding from the RAB the Financing Allowance (IDC) after December 2021 which was the original CoD and NMIAL's counter comments on Carrying Costs (Financing Allowance).

As per the AERA (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011, and the principles generally followed in the Tariff Orders for greenfield airports, the provision of Financing Allowance has been considered as a regulatory mechanism to address the risk of funds being locked up between the development phase till the capitalisation stage of capital projects.

The Authority has also examined the reasons submitted by NMIAL for the revision/ shifting of the COD to December 25, 2025. The Authority notes that the airport development phase has encountered multiple exogenous constraints such as land development complexities and pandemic-related disruptions. The Authority also notes that the Clause 10.3 and 31.6 of Concession Agreement expressly provides for extension in project timelines in the event of delays due to the procurement of site for circumstances beyond the control of the airport operator such as the COVID-19 pandemic etc. resulting in the extension of project COD. These revisions/extensions of COD were formally recognised and accepted by the Concessioning Authority (CIDCO) and concerned government agencies, following due process under the Concession Agreement.

However, the Authority is of the view that allowance of financing costs cannot be considered automatic merely on account of such extension provisions without an independent regulatory assessment of prudence, efficiency and reasonableness of the expenditure and associated delays. Accordingly, the Authority has evaluated the justification for delay in completion of the project based on the submissions made by NMIAL, applicable regulatory principles and the stage of project development along with the associated financing costs. Further, the Authority has considered only such Financing Allowance as found admissible based on its assessment of efficiency, reasonableness and applicable regulatory principles.

Accordingly, the Authority as per the extant regulatory framework applied on Greenfield Airport, does not agree in principle with the suggestion for exclusion of Financing Allowance after the original CoD date and maintains the approach adopted in the Consultation Paper.

Cargo gateway

5.9.18 The Authority notes the comments of Lufthansa German Airlines and the counter comments of NMIAL on Cargo gateway.

On the cargo gateway readiness and projections, the Authority notes the concerns regarding availability of supporting ecosystem and pace of cargo ramp-up. The Authority has undertaken a detailed review of cargo demand projections, infrastructure readiness and underlying assumptions, including alignment with the revised COD. The exclusion of unawarded or premature capital expenditure from the RAB has been carried out to ensure that only assets providing immediate service benefit are considered. The Authority will continue to monitor the development of cargo infrastructure and ecosystem readiness and assess projections based on realistic and supportable assumptions and based on actuals would accordingly make necessary adjustments during the true up exercise.

The Authority has carefully examined the comments of Lufthansa Group with regard to certain procedural aspects of the consultation process including the sequencing of the stakeholder's consultation meeting. The Authority notes the stakeholder's suggestions and the request for an additional opportunity to review and respond to the submissions made by the NMIAL prior to issuance of the Tariff Order. In this regard, the Authority reiterates that the tariff determination process, as presently followed, is robust, transparent and undertaken strictly in accordance with the provisions of the AERA Act, 2008 and the extant Tariff Guidelines. The existing consultative framework follows a defined timeline of 40 days since issuance of Consultation Paper and is designed to provide adequate opportunity for all stakeholders to participate in the Stakeholder Consultation Meeting and to also submit their views through written submissions, all of which are duly considered by the Authority before finalising the Tariff Order. Further, with respect to the comment on convening the stakeholder's consultation meeting after receiving the comments, it is to be noted that the Tariff Guidelines also provides directions to the NMIAL to conduct AUCC meetings for all proposed capital expenditure, where stakeholders have an upfront opportunity to express their views on the proposal submitted as part of MYTP. Therefore, scheduling the Stakeholder Consultation Meeting after receipt of all written submissions would turn this into a circuitous process. Accordingly, the Authority is of the view that the current process strikes an appropriate balance between stakeholder participation and timely regulatory decision making.

Dedicated VVIP terminal – Cost recovery and Regulatory Demarcation

5.9.19 The Authority has noted the comments of IATA and counter comments of NMIAL regarding the VVIP Terminal.

The Authority notes that the Master Concession Agreement mandates provision of VIP lounges and that the development of a VVIP terminal has been approved as part of the Master Plan / Development Plan. This terminal is intended to cater to specific protocol-driven operational and security requirements applicable to VVIP movements and will not be used for General Aviation activity. The provision of a VVIP terminal, therefore, supports orderly airport operations. The Authority also observes that the provision of a separate ceremonial lounge / access is a customary airport practice, aimed at facilitating smooth passenger flow and minimizing disruption to regular operations. Accordingly, the Authority decides not to change its stance taken at the Consultation Stage in this regard.

Facilities created pursuant to security and protocol obligations to ensure safety and security are integral to aeronautical services. The Authority further notes that similar treatment has been accorded to similar infrastructure in other airports. Accordingly, the Authority decides to allow the capital cost of the VVIP

terminal amounting to ₹55 crore for the purpose of tariff determination. Accordingly, there no change is required to the position taken at the Consultation Stage in this regard.

CIDCO's Pre-development Costs Treatment and Recovery

5.9.20 The Authority has carefully examined the submissions made by IATA and Indigo regarding inclusion of full amount of CIDCO's pre-development costs in RAB, return on pre-development, its allocation methodology and recovery period. The Authority has also examined the counter comments by NMIAL on the same.

Regarding the submission that pre-development costs should not qualify for inclusion in the RAB on the ground that such assets are enabling in nature and do not represent depreciable operational assets, the Authority would like to highlight that the MoU executed between Ministry of Civil Aviation, Govt. of India and NMIAL clearly stipulate as per Clause 2.2.9 that asset forming part of the Pre-development works and financed by Soft Loan shall be considered as part of capital expenditure for the purposes of the determination of aeronautical charges and further Clause 12.9.7 of the Concession Agreement between NMIAL and CIDCO too provides that Pre-development works to be considered as part of capital expenditure for the purpose of determination of aeronautical charges. Further, it is to be noted that the regulatory framework also does not restrict admissibility in RAB only to revenue-generating assets as is consistently evident with AERA's approach in previous tariff determination of several other airports. In addition for NMIAL, the typical site condition as originally existing needed to be acknowledged in view of the fact that the pre-development works carried out by CIDCO necessitated hill cutting, land filling, river diversion, site grading, HT transmission lines shifting, land levelling and development, site preparation etc. which was essentially required to be done for the entire site area of 1,160 hectare as explained at the preceding paras from para 5.3.11 to para 5.3.26. Thus the entire pre-development works were prerequisite/foundational for any kind of construction work to begin at all for the establishment of a new Greenfield Airport like NMIAL and without these works the airport project could not have been initiated. The detailed examination of the technical, operational, contractual and peculiar geographical conditions for the procurement of the NMIA site necessitating the extent and cost of pre-development is discussed and deliberated at preceding paras from para 5.3.11 to para 5.3.26 of this Tariff Order. The Authority therefore observes that the pre-development works undertaken by CIDCO were thus essential and mandatory for the establishment of NMIA and in the light of the MoU between GoI and NMIAL (Clause 2.2.9) and Concession Agreement between NMIAL and CIDCO (Clause 12.9.7), these works would therefore constitute admissible capital expenditure for the purpose of tariff determination.

In view of the essentiality of pre-development works for the initiation and creation of airport infrastructure and in the light of the above elaborated provisions in the Concession Agreement between NMIAL and CIDCO, and the MOU between GoI and NMIAL and in view the extant provisions of the AERA Act 2008 and the AERA Tariff Guidelines, the Authority has accordingly considered the pre-development costs as part of the project cost.

The Authority has also examined the stakeholder comments regarding the characterization of the said expenditure as a "Soft Loan" under the Concession Agreement and that such pre-development costs, being debt-like obligations, should not qualify for inclusion in the RAB or entitlement to regulatory return. The Authority is of the view that characterization of these costs as a "Soft Loan" does not preclude their inclusion for the purpose of tariff determination and appropriate return treatment in view

of the already explained provisions in the MoU between GoI and NMIAL and in the Concession Agreement between NMIAL and CIDCO and the fact that Section 13 (1) (a) (vi) of AERA Act, 2008 too stipulates clearly that concessions offered by the Central Govt. in any agreement or memorandum of understanding has to be considered for tariff determination. The Authority observes that the regulatory treatment adopted at the Consultation stage is consistent with the contractual and regulatory framework.

Further, para 2.2.9 of the MOU signed between GoI and NMIAL provides as follows :-

"The interest on Soft Loan, pertaining to pre-development works inside and outside the site to the extent it is part of mandated cost under the Concession Agreement, will be taken into calculation of FRoR at:

a) 0% cost of capital, if no interest is payable/paid by the Concessionaire to the Authority on the Soft Loan and

b) the applicable rate of interest as may be payable/paid by the Concessionaire to the Authority on exercise of optional deferment of the linkage date of repayment of the Soft Loan as per proviso(ii) to clause 12.9.6 of the Concession Agreement to keep the net present value of the Soft Loan as on the appointed date."

The Clause 12.9.6 of the Concession Agreement provided that the Concessionaire has an option to seek the deferment of the linkage date for the repayment of the Soft Loan from the Appointed Date to such other date as may occur anytime upto the Phase I COD, and in the event the Concessionaire exercises its option under this Clause then it shall pay such amount, which is equivalent to the net present value of the Soft Loan, as of the Appointed Date, arrived at by discounting it at the rate of 2% (two percent) above the Bank Rate.

NMIAL, in terms of proviso to Clause 12.9.6 of the Concession Agreement, first exercised their option on March 19, 2018 to defer linkage date of repayment of soft loan (₹ 2,990 crore) from the Appointed Date (July 7, 2018) to Phase 1 COD. Thereafter, vide letter dated April 9, 2018, NMIAL further requested CIDCO for deferment of repayment of soft loan based on the request received from prospective senior lenders, saying that the soft loan being a shareholder loan, should be fully subordinated and should only be repaid by the Concessionaire to CIDCO after the senior loan to be made by the prospective senior lenders to the Concessionaire was fully repaid. Considering the request from NMIAL, CIDCO, vide letter no. CIDCO/MD/NMIA dated May 8, 2018, approved the deferment of Soft Loan repayment linkage from the 11th year from the Appointed Date to the 21st year from the COD of Phase I. As NMIAL has exercised the option under the Concession Agreement to defer the linkage date from the Appointed date to COD (December 25, 2025), as well as to defer the Soft Loan repayment schedule from the earlier 11th year from the Appointed Date to now 21st year from the COD of Phase I or to the date falling 6 months after repayment to Senior Lenders, whichever is earlier, the Soft Loan got transformed to an interest-bearing loan i.e. debt.

Accordingly, the interest as mentioned above is a mandated cost as per the terms of MoU and Concession Agreement which is required to be considered while calculating FRoR.

The total amount of ₹ 3,420 crore pertaining to pre-development works incurred by CIDCO consists of two parts:

i. Soft Loan of ₹ 2,990 crore by the Concessioning Authority (CIDCO) to the Concessionaire (NMIAL) as per Clause 12.9.1 of the Concession Agreement and,

ii. Equity capital infusion of ₹ 430 crore by the Concessioning Authority (CIDCO) as per Clause 12.9.2 of the Concession Agreement.

The Authority, on the basis of the above explained provisions of MoU and Concession Agreement and in view of the provisions under Section 13 (1) (a) (vi) of AERA Act 2008 to determine the tariff for the aeronautical services taking into consideration the concession offered by the Central Government in any agreement or memorandum of understanding has considered the interest rate on the Soft Loan of ₹ 2,990 crore for calculation of Weighted Average cost of Debt and along with the CIDCO equity portion of ₹ 430 crore within the overall pre-development costs of ₹ 3,420 crore, the Authority has calculated the FRoR after considering notional gearing ratio of 48:52 (Debt.: Equity) as per its extant tariff determination methodology.

Thus, the submission of IATA that such pre-development costs carry no financing cost is not aligned with the contractual and regulatory position and excluding such costs from the RAB or denying an appropriate return would not be consistent with the extant regulatory framework of tariff determination as per the AERA Act, 2008 and Tariff Guidelines. Accordingly, the comments of IATA that inclusion of such costs in the RAB would amount to converting a zero-cost Soft Loan into interest-bearing capital at the expense of airport users is not in consonance with the provision of MoU between GoI and NMIAL and Concession Agreement between NMIAL and CIDCO in the specific case of NMIAL and also not in accordance with the extant regulatory framework and AERA Act, 2008.

The Authority also notes that tariff determination as per the AERA framework is undertaken on the basis of admissible capital expenditure required for creation of airport infrastructure and not solely on the basis of the source or structure of financing. Regulatory return is allowed in accordance with the applicable regulatory framework, subject to normative principles, asset allocation and prudence review.

Further, the Authority has separately examined the financing structure, cost of debt and applicable return parameters while determining the FRoR for NMIA.

The Authority has also considered the submission of IATA regarding allocation of pre-development costs between aeronautical and non-aeronautical activities. In this regard, the Authority notes that the allocation of such costs has not been undertaken mechanically or entirely to aeronautical operations. The Authority has applied the applicable asset allocation ratio as per area earmarked in Concession Agreement. The Authority further notes that the pre-development works support the integrated airport ecosystem and accordingly appropriate allocation principles have been applied while computing the aeronautical asset base.

With regard to the submission of IATA concerning CIDCO receiving compensation through revenue share/premium mechanisms and the possibility of double recovery, the Authority concurs with NMIAL that revenue share and recovery of pre-development costs arise from distinct provisions of the Concession Agreement and serve different purposes. The Authority observes that the revenue share payable under the Concession Agreement and admissibility of project assets for the purpose of tariff determination operate in separate regulatory and contractual domains. Further, the Authority also notes Revenue share paid to CIDCO is not a pass through as per Clause 26.2.4 of Concession Agreement "*The Premium paid/ payable by the Concessionaire to the Authority under and pursuant to the terms of this Agreement shall not be included as a part of costs for provision of Aeronautical Services and no pass-through would be available in relation to the same*". Hence, the premium/revenue share

arrangement represents consideration payable under the concession framework, whereas admissibility of capital expenditure is examined from the perspective of creation of airport infrastructure and provision of regulated aeronautical services. Accordingly, the Authority does not find merit in the contention that inclusion of admissible pre-development costs in the RAB would amount to double compensation.

The Authority also notes the concern regarding affordability and front-loaded recovery during the initial years of operation. Pre-development cost has been amortized over the balance period of Concession agreement in line with Order No. 35/2017-18 of the Authority. The Authority acknowledges that NMIA, being a greenfield airport, is expected to witness traffic ramp-up over a period of time. At the same time, the Authority notes that substantial capital investments have already been incurred for development of airport infrastructure and such investments are required to be serviced in a sustainable manner to ensure operational viability, financial stability and long-term development of the airport. In this regard, the Authority has undertaken detailed prudence checks (refer Chapter 5) and calibrated the overall ARR through moderation in other building blocks, including CAPEX, O&M and traffic assumptions, to mitigate tariff impact during the ramp-up phase. Also, in order to avoid front loading of the entire ARR in the 1st Control Period, the Authority has carried forward some portion of the ARR to the next Control Period.

The Authority has also examined the comment of IATA to undertake a comparative assessment of tariff and UDF outcomes under regulatory treatment of CIDCO's Pre-development costs, including a scenario in which such costs are treated strictly as a Soft Loan or debt-like obligation, excluded from the RAB and not allowed to earn a regulatory return, as compared to inclusion in the RAB. In this regard, it is clarified that the total amount of ₹ 3,420 crore pertaining to pre-development works incurred by CIDCO consists of two parts:

i. Soft Loan of ₹ 2,990 crore by the Concessioning Authority (CIDCO) to the Concessionaire (NMIAL) as per Clause 12.9.1 of the Concession Agreement and,
ii. Equity capital infusion of ₹ 430 crore by the Concessioning Authority (CIDCO) as per Clause 12.9.2 of the Concession Agreement.

In the light of above, the Authority has considered Soft Loan financing by CIDCO as part of overall debt financing by NMIAL for calculating Weighted average cost of debt and thereafter, FRoR has been worked out by considering cost of equity as per IIM Bangalore study and applying notional gearing ratio of 48:52 (debt: equity).

Alternatively, if the scenario indicated by IATA in its comments is considered, the FRoR will be calculated as under:-

(i) The Return on RAB for the portion financed by CIDCO will be calculated by applying the cost of debt at the Bank Rate plus 2% for the soft loan component, and the cost of equity at 15.18% for the equity infusion component. Based on these values, the Fair Rate of Return (FRoR) for CIDCO financing will then be determined using a notional debt-equity ratio of 48:52.

(ii) For the balance portion other than the CIDCO Soft Loan & equity component, the project financing has been arranged through a combination of equity contribution from Mumbai International Airport Limited, and debt comprising of loans from State Bank of India, and Inter Corporate Deposit from Adani Airport Holdings Limited. The Return on RAB for this portion

would be calculated using the weighted average cost of debt, cost of equity at 15.18% as per the IIM, Bangalore study, and notional debt-equity ratio of 48:52.

(iii) Thereafter, the Return on RAB for both the above portion would be combined to arrive at the overall Return on RAB for NMIA. However, it would be seen that even after applying the above approach, the overall Return on RAB would remain the same as under the existing methodology as given in the Table 178 of this Tariff Order.

Therefore, to sum up, the tariff determination has been undertaken in accordance with the provisions of the AERA Act, applicable Tariff Guidelines, provisions of the Concession Agreement/MoU and prudence review undertaken by the Authority.

The Authority is therefore of the view that the adopted treatment appropriately balances regulatory consistency, contractual framework, infrastructure financing requirements and user interest.

The Authority further notes that tariff determination for a greenfield airport necessarily involves balancing of multiple regulatory objectives, including affordability to users, reasonable recovery of efficiently incurred capital expenditure, operational sustainability of NMIAL and long-term infrastructure creation. Accordingly, the Authority has adopted a balanced and calibrated approach while determining the ARR and tariff structure for the 1st Control Period. Hence, after detailed examination of the submissions made by Indigo and IATA as elaborated above, the Authority is of the considered opinion that the treatment of Pre-development costs as adopted at the Consultation Stage is appropriate and consistent with the extant regulatory framework of AERA as per the AERA Act, 2008 and AERA Tariff Guidelines and in compliance of the provisions in the MoU between GoI & NMIAL and the Concession Agreement between NMIAL and CIDCO.

In the light of above, the Authority maintains the approach adopted by it as mentioned in the Consultation Paper.

Capital Expenditure (CAPEX), Phasing and RAB

5.9.21 The Authority has examined the submissions made by IATA and the counter-comments of NMIAL with respect to CAPEX phasing, capacity assessment and treatment in the Regulatory Asset Base (RAB).

The Authority notes that, at the Consultation Stage (refer Chapter 4 and Chapter 5), it has already adopted a prudent and calibrated approach to CAPEX inclusion, including exclusion of Phase-III CAPEX from the RAB in the First Control Period. The Authority is of the view that this approach adequately addresses concerns regarding premature cost recovery from early users.

Also, the Authority's response in para 5.9.19 also covers related issues in this context as raised by IATA. With regard to IATA's submission on incremental capacity development and potential underutilization of Phase I and II infrastructure, the Authority observes that the traffic and capacity assessment has been undertaken based on detailed studies and operational considerations specific to NMIA, including airspace constraints, traffic mix and system readiness. The Authority does not find merit in applying generic international benchmarks without accounting for local conditions.

On the issue of transfer passenger traffic and cargo projections, the Authority notes that these have been duly considered in the traffic assessment framework based on NMIA-specific demand characteristics.

Further, the regulatory framework provides for true-up, thereby addressing any variations between projected and actual traffic outcomes.

With respect to IATA's concerns on inclusion of site-wide enabling works and timing of RAB recognition, the Authority reiterates that the treatment adopted (refer Para 5.3.11 onwards) is based on a detailed examination of asset utility, project scope and provisions of the Concession Agreement. The Authority views that the inclusion of such costs after due diligence and prudence checks are consistent with regulatory principles and does not result in undue burden on users.

On aeronautical allocation of assets such as site preparation works, IT/data centre and boundary wall, the Authority notes that allocations have been determined based on functional usage and regulatory norms. The Authority does not find merit in revising such allocations.

Regarding useful life, the Authority notes that the same have been considered in accordance with AERA's Order No. 35/2017-18 in the matter of determination of useful life of Airport assets and airport-specific factors, including the balance concession period as has been adopted for all airports during the tariff determination process.

On the issue of Level of Service (LoS) terminology, the Authority notes NMIAL's clarification regarding alignment with the prevailing ADRM framework and expects consistency in application going forward.

In view of the above, the Authority is of the considered view that the approach adopted at the Consultation stage with respect to CAPEX, phasing, RAB treatment, allocation and useful life is appropriate and does not warrant modification.

5.9.22 Based on the above, the Authority decided the CAPEX for the First Control Period as per table below:

Table 85: Revised Capital Expenditure considered by the Authority for the First Control Period

(₹ in crore)

Particulars	Amount Pre-Allocation	Amount Post Allocation
Capital Expenditure at Consultation Stage (Refer Table 72 & Table 74) excluding Financing Allowances	16,202.72	14,736.65
Add: Additional Capex (Refer para 5.9.2)	99.94	87.95
Add: Idling Claim (Refer para 5.9.5)	59.00	53.57
Add: Technical Services (Refer para 5.9.6 (B))	11.57	10.50
Total CAPEX	**16,373.23**	**14,888.87**
Add: Financing Allowances	3,314.60*	2,944.29**
Capital Expenditure at Tariff Order Stage	**19,687.83**	**17,832.96**

** Financing Allowance on total CAPEX*

***Refer para 5.9.13*

5.9.23 Based on the asset allocation ratios considered at the Consultation Stage, the aeronautical additions as decided by the Authority for the First Control Period is as follows:

Table 86: Asset category wise aeronautical additions decided by the Authority for the First Control Period

(₹ in crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Terminal building	3,508.04	-	-	-	-	3,508.04
Runway, taxiway and apron	2,163.45	-	-	-	-	2,163.45
Cargo building	539.94	-	-	-	-	539.94
Cargo equipment	79.58	-	-	-	-	79.58
IT equipment	74.33	1.08	3.09	6.19	0.57	85.26
Security equipment	162.80	15.26	71.67	0.27	0.29	250.29
Plant and machinery	2,007.02	15.85	15.98	1.18	3.26	2,043.30
Other buildings	1,787.62	0.45	0.61	0.91	0.85	1,790.44
Access road	905.29	-	-	-	-	905.29
Land development	5,737.25	-	-	-	-	5,737.25
Fuel	716.81	-	2.85	-	-	719.66
Furniture & fixtures	0.51	1.26	0.41	0.40	0.47	3.06
Vehicles	0.28	5.00	0.71	1.24	0.18	7.41
Total	**17,682.91**	**38.90**	**95.33**	**10.19**	**5.62**	**17,832.96**

5.9.24 Considering the above additions, the aeronautical depreciation decided to be considered by the Authority is computed as below:

Table 87: Total aeronautical depreciation decided by the Authority for the First Control Period

(₹ in crore)

Particulars	FY26*	FY27	FY28**	FY29	FY30	Total
Terminal Building	31.04	116.82	117.14	116.82	116.82	498.64
Runway, Taxiway and Apron	19.17	72.04	72.24	72.04	72.04	307.54
Cargo building	4.78	17.98	18.03	17.98	17.98	76.75
Cargo Equipment	1.41	5.31	5.32	5.31	5.31	22.66
IT equipment	3.46	12.48	12.86	13.60	14.17	56.57
Security equipment	2.89	11.37	14.30	16.67	16.68	61.90
Plant and Machinery	35.60	134.40	135.83	136.03	136.18	578.03
Other Buildings	15.83	59.54	59.72	59.58	59.61	254.27
Access Road	24.06	90.53	90.78	90.53	90.53	386.42
Land development	46.20	173.84	174.31	173.84	173.84	742.03
Fuel	25.41	95.55	96.00	95.93	95.93	408.83
Furniture & fixtures	0.04	0.16	0.28	0.34	0.40	1.23
Vehicles	0.02	0.35	0.70	0.83	0.91	2.81
Total	**209.90**	**790.36**	**797.51**	**799.49**	**800.40**	**3,397.66**

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

*** Leap Year*

5.9.25 Based on the above Aeronautical additions and depreciation, the RAB for First Control Period as decided by the Authority is as given below:

Table 88: RAB decided by the Authority for the First Control Period

(₹ in crore)

Particulars	Ref.	FY 26	FY 27	FY 28	FY 29	FY 30	Total
Opening RAB	A	-	17,473.01	16,721.56	16,019.38	15,230.08	
Additions to RAB	B	17,682.91	38.90	95.33	10.19	5.62	17,832.96

Particulars	Ref.	FY 26	FY 27	FY 28	FY 29	FY 30	Total
(Refer Table 86)							
Depreciation (Refer Table 87)	C	209.90	790.36	797.51	799.49	800.40	3,397.66
Deletions on RAB	D	-	-	-	-	-	-
Closing RAB	**E=A+B-C-D**	**17,473.01**	**16,721.56**	**16,019.38**	**15,230.08**	**14,435.30**	
Average RAB	**F=(A+E) ÷ 2**	**8,736.51**	**17,097.29**	**16,370.47**	**15,624.73**	**14,832.69**	

5.10 Authority's decisions regarding Capital Expenditure (CAPEX), depreciation and Regulatory Asset Base (RAB) for the First Control Period

Based on the materials before it and its analysis, the Authority decides the following with regard to CAPEX, depreciation and RAB for the First Control Period.

5.10.1 To consider the Terminal Building Ratio (TBLR) of 88:12 (aeronautical: non-aeronautical) as mentioned in para 5.4.2 in line with IMG norms.

5.10.2 To consider financing allowance during the First Control Period as detailed in Table 84

5.10.3 To consider the CAPEX for the First Control Period in accordance with Table 85

5.10.4 To consider the aeronautical additions for the First Control Period in accordance with Table 86

5.10.5 To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the next Control Period.

5.10.6 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule, as mentioned in para 5.3.30. The same will be examined during the true up of the First Control Period, at the time of determination of tariff for the next Control Period.

5.10.7 To true up the aeronautical CAPEX based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for next Control Period.

5.10.8 To adopt aeronautical depreciation as per Table 87 for the First Control Period.

5.10.9 To true up the depreciation of the First Control Period based on the actual asset additions and actual date of capitalization during the tariff determination of the next Control Period.

5.10.10 To consider average RAB for the First Control Period for NMIA, Navi Mumbai as per Table 88.

5.10.11 To true up the RAB based on actuals at the time of tariff determination for the next Control Period.

6. FAIR RATE OF RETURN (FRoR) FOR THE FIRST CONTROL PERIOD

6.1 NMIAL's submission on FRoR for the First Control Period

Cost of Equity

6.1.1 NMIAL had engaged an independent consultant (M/s Pwc) to carry out a study on applicable Cost of Equity (CoE) for Navi Mumbai International Airport. As per the report, the CoE, in accordance with Capital Asset Pricing Model (CAPM) is in the range of 19.98% to 20.04%. Accordingly, NMIAL had considered the average of this range i.e. 20.01% as CoE.

6.1.2 The following assumptions for estimating the Cost of Equity have been submitted by NMIAL:

a) The risk-free rate had been computed based on an average of daily yield for 10 years on the 10-year Government of India security (G-Sec) which is 7.16%.

b) The Equity Risk Premium (ERP) considered is 7.68%, which is calculated using the average of 10 and 20-year ERP from Sensex and Nifty and as per study by Incwert Advisory. The details are as below:

i. Implied ERP as on March 31, 2023, using Free Cash Flow to Equity (FCFE)

ii. ERP based on relative approach - Sovereign bond default spread (adjusted for equity market volatility)

iii. Implied ERP as on March 31, 2023, using DDM.

c) The debt/equity ratio is considered as 48:52.

d) Additional CoE alpha of 2.62% had been considered to factor the risks associated with greenfield airports in the multiple airport system.

6.1.3 NMIAL had submitted the following in its MYTP relating to the risk profile of NMIA:

"It is also important to note that, NMIAL is a Greenfield Airport and there are various risks associated with it in a multiple airport system, Greenfield Airports have inherent risks relating to construction period and project execution, liquidity, etc. Accordingly, some additional risk needs to be factored in while arriving at the betas for such Greenfield Airports. In case of NMIA, there is also a risk from CSMIA which is in the same city.

With respect to Greenfield Projects, pre-construction risks like, land development works, rehabilitation & resettlement and connectivity infrastructure and also post construction risk like Airlines willingness to transfer operations and impact of yield gap on traffic has to be provided while arriving Greenfield Alpha. While doing so, the independent consultant has considered risks associated with hypothetical assets of Hydro and Non-Hydro Companies."

6.1.4 Based on the above, the CoE submitted by NMIAL is as detailed below:

Table 89: Cost of Equity computation as per NMIAL's submission

Parameter	Ref.	Value
Risk-free rate	A	7.16%

Parameter	Ref.	Value
ERP	B	7.68%
Equity beta	C	1.328 to 1.336
Initial CoE	D = A + (B*C)	17.39% (average of 17.36%, 17.42%)
Additional greenfield alpha	E	2.62%
Modified CoE	F= D + E	20.01%

Cost of Debt

6.1.5 NMIAL had submitted that it had availed a Rupee Term Loan (RTL) of ₹ 12,770 crore for phase I and II of the project, out of total project cost of ₹ 20,380 crore resulting in a Debt: Equity ratio of 63:37.

Further, NMIAL had submitted that it had planned RTL of ₹ 21,463 crore for phase III out of the estimated project cost of ₹ 32,556 crore, including minor CAPEX of ₹ 464 crore for First Control Period, with a Debt: Equity ratio of 65:35.

6.1.6 NMIAL had submitted that in order to fund the project cost of phase I and II, NMIAL had tied up loan with consortium of banks with SBI as the lead bank. The facility had been taken for 23 years, which includes a construction period of 3 years, 1 year moratorium and 19 years of repayment. As per the facility agreement read with addendum submitted on August 1, 2025, NMIAL shall repay the 100% of facility in 76 quarterly structured instalments commencing from quarter ending March 31, 2027, with last instalment due on December 31, 2045. The rate of interest shall be 9.25% till June 14, 2025, from June 15, 2025, the applicable interest rate shall be 170 bps above 6M SBI MCLR till COD. For post COD, the applicable interest rate shall be SBI 6-month MCLR and spread of 155 bps for ECR "A".

6.1.7 NMIAL had submitted that CIDCO had been releasing the soft loan in tranches as per the cost of pre-development works being incurred. As per the reconciliation statement till October 25, 2025, CIDCO released an aggregate amount of ₹ 3,747 crore towards the soft loan including equity of ₹ 430 crore.

6.1.8 As per the Clause 12.9.6 of the CA, no interest payment is specified (and therefore, not applicable) for the soft loan extended by CIDCO, if repayment commences from the 11th year of the appointed date (which is July 7, 2018) in the manner specified in the said clause. Subsequently, NMIAL requested CIDCO for deferment from repayment of soft loan as provided in Clause 12.9.6 of the CA. CIDCO vide letter dated May 8, 2018 approved the request of NMIAL i.e. deferment of repayment of soft loan from 11th year from the appointed date to 21st year from phase I and II COD:

"... the Concessionaire shall ensure that the net present value of the Soft Loan remains the same as the net present value of the Soft Loan as of the Appointed Date calculated by discounting at the rate of 2% above the Bank Rate."

As per the MYTP submission, the bank rate as on appointed date of July 7, 2018, was 6.50%. Thereby, 2% above the bank rate works out to 8.50%.

In addition to the above, Clause 2.2.9 of the MoU signed between NMIAL and GoI mandates interest on soft loan to be considered while calculating FRoR which states:

" 2.2.9 Asset forming part of the Pre-development Works and financed by Soft Loan shall be considered as part of the capital expenditure for the purposes of the determination of the Aeronautical Charges. The interest on Soft Loan, pertaining to Pre-development Works inside and outside the Site to the extent

it is part of the mandated cost under the Concession Agreement, will be taken into calculation of FRoR at:

a) 0% cost of capital, if no interest is payable/ paid by the Concessionaire to the Authority on the Soft Loan and

b) the applicable rate of interest as may be payable/ paid by the Concessionaire to the Authority on exercise of optional deferment of the linkage date for the repayment of the Soft Loan as per proviso (ii) to Clause 12.9.6 of the Concession Agreement to keep the net present value of the Soft Loan as on the Appointed Date, for determination of the Aeronautical Charges."

Since NMIAL had opted for deferment for repayment of soft loan to CIDCO, the interest as mentioned above is a mandated cost as per the terms of MoU which shall be considered while calculating FRoR.

6.1.9 Summary of Debt availed by NMIAL as provided in MYTP submission is as follows:

Table 90: Key terms of the debt availed by NMIAL as provided in MYTP submission

Terms	SBI (Term loan)	AAHL (Inter corporate loan)	CIDCO (Soft loan)
Date of agreement and facility amount	March 23, 2022 (₹ 12,770 crore)	September 29, 2021 (₹ 350 crore) November 15, 2021 (₹ 150 crore) March 25, 2022 (up to ₹ 2,500 crore)	₹ 3,665 crore from phase I and II COD as per CA. Updated amount of ₹ 3,747 crore recorded
Effective rate of interest	Construction period - 9.25% on monthly basis (Effective annualised rate 9.64%) Post construction period: 10.45% on monthly basis (Effective annualized rate 10.97%) for A Credit Rating	Same as term loan	8.50% (Bank rate + 2% as per CA)
Repayment	Door to Door tenor of 23 years which includes construction period of 3 years, moratorium period of 1 year and repayment period of 19 years payable on quarterly basis starting from March 31, 2027	To be repaid only once the repayment of senior lender's loan is made	Since option for deferment had been opted by NMIAL, the repayment of soft loan shall start from 21 years post of phase I and II COD in 5 equal instalments

NMIAL had shared the addendum to facility agreement for RTL vide mail date August 1, 2025 executed on June 16, 2025. Revised rates as per the addendum to facility agreement are as follows:

Construction period:

a) 9.25% on monthly basis till June 14, 2025,

b) From June 15, 2025, the applicable rate shall be 170 bps above 6M SBI MCLR, present effective being 10.60% floating to be effective till COD

Post COD:

a) 6M SBI MCLR + 155 bps for A Credit Rating

6.1.10 Based on the above, NMIAL had submitted the following weighted cost of debt:

Table 91: Weighted cost of debt as submitted by NMIAL

Particulars	FY26	FY27	FY28	FY29	FY30
Average debt (₹ in crore)	16,992.00	22,813.00	27,632.00	34,241.00	39,933.00
Average cost of debt	10.34%	10.46%	10.51%	10.57%	10.59%
Weighted average cost of debt					**10.52%**

6.1.11 **Fair Rate of Return**

Based on the above CoE, cost of debt and gearing ratio of 48:52, the FRoR as submitted by NMIAL is below.

Table 92: FRoR computation submitted by NMIAL

Parameter	Value
Cost of Equity	20.01%
Cost of debt	10.52%
Weighted Average Gearing of Equity	52.00%
Weighted Average Gearing of Debt	48.00%
Weighted Average Cost of Capital / FRoR	15.45%

6.2 Authority Examination Regarding FRoR for the First Control Period at Consultation Stage

Cost of Equity

6.2.1 The Authority noted that in the past, it had commissioned independent studies for the evaluation of cost of capital separately, in case of PPP airports, namely DIAL and MIAL in December 2019, BIAL in June 2020, HIAL in December 2020 and CIAL in March 2021 through a premier institute i.e., IIM-Bangalore (IIM-B).

6.2.2 The Authority understands that asset beta measures the market risk of a project or company without the impact of debt. To compare the study undertaken by NMIA and previously by IIM-B, the Authority, through its independent consultant, made a comparison between the asset beta as per the study report of NMIA with the independent studies referred above. It was noted that the asset beta for the 5 airports was as below:

Table 93: Asset beta for various airports

IIM-B study	MIAL	DIAL	BIAL	HIAL	CIAL
Asset beta based on proximity score weights of comparable set	0.59	0.57	0.56	0.57	0.57

The asset betas for the five (5) PPP airports were in the range of 0.560 to 0.590, whereas the asset beta as computed by NMIA was in the range of 0.785 to 0.790. The list of airports considered for computation of asset beta in both study reports are enumerated in the table below:

Table 94: Comparison of Study on Cost of Equity by IIM-B for 5 Airports and NMIAL study

Airport / Operator	Country	IIM-B study for 5 airports*	NMIAL study*
AOT	Thailand	Y	Y
Auckland	New Zealand	Y	Y
Dublin	Ireland	Y	N
Gatwick	United Kingdom	Y	N
MAHB	Malaysia	Y	Y
Sydney	Australia	Y	Y
Flughafen Zurich	Switzerland	N	Y
Groupe Aeroports De Paris	France	N	Y
AENA	Spain	N	Y
Asur (Aeroporte Del Sureste)	Mexico	N	Y
Københavns Lufthavne	Denmark	N	Y
Grupo Aeroportuario Del Centro Norte S.A.B. De C.V. Adr	Mexico	N	Y
Grupo Aeroportuario Del Pacífico, S.A.B. De C.V	Mexico	N	Y
Aeroporto Guglielmo Marconi Di Bologna S.P.A	Italy	N	Y
Fraport Ag Germany and others	Germany	N	Y
Flughafen Wien Ag	Austria	N	Y
Grouppo Toscana Aeroporti	Italy	N	Y

**N = Not considered in the study; Y = considered in the study*

6.2.3 The Authority noted the following differences between the two study reports:

a) In the study done by IIM-B for the 5 airports, comparable airports were shortlisted on the basis of proximity to subject airport on aspects like revenue till structure, ownership structure and scale of operations and thus Mexican and Italian airports were excluded from the comparison. However, in the report for NMIA, Mexican and Italian airports have been considered in the peer group.

b) The Authority noted that the risk-free rate of return considered in the study on CoE for NMIA was based on the yield of a 10-year G-Sec (2014-2023), which was 7.16%. The Authority had reviewed the latest available data and the yield on the 10-year G-Sec par yield (FBIL) stands at 6.40% and 7% as published by the Reserve Bank of India (RBI) on April 8, 2025 and July 25, 2025, respectively.

6.2.4 The Authority examined the rationale submitted by NMIA for considering incremental risk premium alpha (α) over the CoE attributable to the pre-construction risks/greenfield nature of the asset. The Authority's analysis is as follows:

Table 95: Rationale submitted by NMIAL for inclusion of incremental risk premium and the Authority's analysis of the same

S No	Excerpts from NMIA COE Report	Authority's analysis
1	**Land development works** • Cutting of hills in and around the site up to level of +8 meters above MSL • Ground improvement works	The Authority noted that most of the works mentioned, like cutting of hill, diversion channel for Ulwe river, re-routing of High Voltage Transmission lines, etc. were part of the pre-development works to be undertaken by

S No	Excerpts from NMIA COE Report	Authority's analysis
	• Construction of retaining wall along site boundary • Construction of diversion channel for Ulwe river flowing through site • Re-routing of extra High Voltage Transmission lines • Excess rock disintegration and transportation of 140 m^3 volume	CIDCO. It is understood that most of these works had been successfully completed. The Authority noted that the cost for land development works had been considered as soft loan and had to be paid in 5 equal installments beginning from the 21st anniversary of the phase 1 COD such that entire soft loan is repaid to the CIDCO by the 25th anniversary of the phase 1 COD, while ensuring the net present value of the soft loan remains the same as of the appointed date by discounting it at the rate of 2% above the bank rate. Since some time and cost over-run had been considered / approved in CAPEX (RAB) in the form of cost escalation, the Authority noted that if the same is considered as part of incremental risk, it may lead to duplicity. Additionally, no further risk is envisaged on this account. Therefore, the Authority proposed not to consider this risk.
2	**Rehabilitation and Resettlement** • 9 villages occupying the airport site were required to be relocated • Substantial RoW for the site was to be provided by CIDCO to NMIAPL • ~97.20% of miscellaneous structures occupying the site earlier were required to be demolished	The Authority noted that rehabilitation and resettlement was under the scope of work of CIDCO, most of which had been successfully completed. Additionally, no further risk is envisaged on this account. Therefore, the Authority proposed not to consider this risk.
3	**Connectivity infrastructure** • Strong connectivity to the new airport from Mumbai city and adjoining areas essential to materialization of envisaged traffic growth • However, the recent opening of the Trans-Harbour link between the two cities is expected to play a mitigating role	The Authority noted that NMIA is strategically located between the 8-lane Amra Marg (west) and 4-lane NH-4B (east) in Navi Mumbai. The airport was also close to the Mumbai Pune Expressway (Sion-Panvel Highway), connected to it by Amra Marg. The recently commissioned MTHL, a 22-km long bridge, across the Thane creek from Sewri to Ulwe, now directly connects NMIA to South Mumbai. Thus, the Authority did not envisage any risk on account of connectivity.
4	**Airline willingness** • Airlines should be willing to operate flights from Navi Mumbai Airport	The Authority noted that considering the capacity constraint at CSMIA, airlines wanting to cater to the increasing aviation demand in MMR will have to explore operations from NMIA. Additionally, with the upcoming closure of terminal 1 of CSMIA, some traffic will have to shift to NMIA, adding to the unserved traffic of MMR. Thus, the Authority did not envisage any risk on account of lack of airline willingness to operate from NMIA.

S No	Excerpts from NMIA COE Report	Authority's analysis
5	**Impact of yield gap on traffic** • YPP at NMIA expected to be much higher than CSMIA in initial periods – discouraging traffic uptake at the new airport	The difference in yield had already been factored as part of traffic projection at NMIA. Additionally, with the capacity constraint at CSMIA, additional aviation traffic will move to NMIA.

6.2.5 The Authority noted the various risk factors listed out by NMIAL. It is also noted that the airport operators in India have certain inherent advantage and protections built into the tariff determination process and airport management, some of which are highlighted below:

a) The tariff determination methodology incorporates adequate return on airport operator's gross fixed assets investments, as well as O&M expenses and other building blocks in setting tariff.

b) The tariff determination mechanism also ensures the true up of certain building blocks on actual basis in the tariff determination process.

c) There is a well-documented, stable, publicly notified regulatory regime for the purpose of tariff determination and the proceedings are conducted in a transparent manner in compliance with the AERA Act and other relevant guidelines.

d) The GoI, through the MoCA and various regulatory agencies, provides adequate support and guidance on all operational, safety, airline, connectivity and stakeholder related matters.

e) Similarly, the relevant State Government and its nominated nodal agency help the Airport Operator by allotting land on concessional rates/free of cost in many of the cases and take responsibility for ensuring multi-modal connectivity to the airports.

6.2.6 The Authority noted that the CoE for the purpose of determination of FRoR had to be fairly consistent in case of PPP airports across India as the factors considered by the independent study in CAPM formula such as risk-free rate, market premium are in Indian context and do not vary significantly among the airports as these are operated under similar environment. NMIA is comparable to the other PPP airports which have been used as reference point for computation of CoE.

6.2.7 The Authority expects NMIAL to bring efficiency in its operational and financial management of the concerned airport, in line with the other PPP airports. The Authority is of the view that the studies sponsored by the respective airport operators always have an inherent conflict of interest. Thus, these studies have to be undertaken by an independent and reputed agency. In this context, the study conducted by IIM-Bangalore engaged by AERA to determine cost of equity for representative airports would be the basis of determining FRoR.

6.2.8 It was observed that the CoE was higher than the range established by AERA's CoE study conducted by IIM-B for five airports of 15.18%.

Table 96: Average CoE of 5 airports as per IIM-B study

IIM-B study	MIAL	DIAL	BIAL	HIAL	CIAL	Average
Ref	A	B	C	D	E	Average (A:E)
Cost of Equity	15.13%	15.41%	15.03%	15.17%	15.16%	15.18%

6.2.9 The Authority noted that the average CoE of 15.18% as estimated from the IIM-B study was considered for the First Control Period of MoPA, Goa, which was also a greenfield airport. NMIA being a

greenfield airport like MoPA, Goa and considering that private sector participation is expected to bring in cost efficiencies, based on the above reports, the Authority proposed the CoE of 15.18% for NMIA for the First Control Period.

Cost of Debt

6.2.10 As per details submitted, NMIAL had tied up the funds with:

a) SBI Rupee Term Loan (RTL) to the tune of ₹ 12,770 crore to be repaid in 76 quarterly instalments commencing from quarter ending March 31, 2027, with last instalment due on December 31, 2045.

- Pre COD: Rate for SBI term loan considered as per loan agreement. The MYTP submission had considered *"effective rate of interest as interest is payable on monthly basis"*.
- Post COD: SBI term loan rate considered as 6-months MCLR of SBI + 155 bps as provided in loan agreement.

b) Inter Corporate Deposit (ICD) from AAHL to the tune of ₹ 3,000 crore to be repaid only once the repayment of senior lender's loan is made.

- The ICD agreement between NMIAL and AAHL mentions: The interest payable by NMIAL on the outstanding loan amount shall be calculated at the interest rate which is lower of:
  - annualized 9.64% rate of interest;
  - such other interest rates which is lower than the interest rate charged by the senior lenders under the financing agreements;
  - such other interest rate equal to or less than 5% above the bank rate.

However, MYTP considers rate of interest same as senior debt.

c) CIDCO to the tune of ₹ 3,747 crore out which ₹ 430 crore shall be considered as Authority's capital infusion to be repaid from 21st anniversary of CoD of phase I and II till 26th anniversary.

SBI RTL

6.2.11 The Authority noted that the airport operator had considered cost of debt for SBI RTL at 10.45% basis SBI 6-months MCLR of 8.90% + 1.55% spread basis "A" rating for the First Control Period as given in loan agreement.

6.2.12 Authority also noted that as per the addendum to facility agreement for SBI RTL dated June 16, 2025, the revised terms applicable are as follows:

a) Debt repayment of RTL had been postponed by one year and is to be repaid in 76 quarterly instalments commencing from quarter ending March 31, 2027 with last instalment due on December 31, 2045

b) Pre-COD rate of interest of 9.25% is applicable till June 14, 2025. The revised rate of interest post June 15, 2025, till COD shall be 170 bps above 6-months MCLR of SBI.

c) Post COD rate of interest as per addendum is same as original facility agreement i.e. 6-month MCLR of SBI + 155 bps.

Therefore, the Authority proposed to consider the above revised terms.

6.2.13 Based on the above, the Authority proposed to consider the following:

Table 97: SBI RTL calculation for First Control Period as per Authority at Consultation Stage

Particulars	Ref	FY26	FY27	FY28	FY29	FY30
SBI RTL – Opening balance	A	8,017	12,770	12,706	12,419	11,908
Addition	B	4,753				
Repayment	C	-	(64)	(287)	(511)	(639)
SBI RTL - Closing balance	D=A+B-C	12,770	12,706	12,419	11,908	11,270
Average		10,393	12,738	12,562	12,163	11,589

6.2.14 NMIAL had planned RTL of ₹ 21,463 crore for phase III out of the estimated project cost of ₹ 32,556 crore, including minor CAPEX of ₹ 464 crore for First Control Period, with a Debt: Equity ratio of 65:35. Since, as per 5.3.29, minor CAPEX proposed by Authority amounts to ₹ 183.16, the debt on minor capex had been only been considered.

Table 98: Additional loan towards minor capex for First Control Period as per Authority at Consultation Stage

Particulars	Ref	FY26	FY27	FY28	FY29	FY30
Opening	A	-	12	33	95	101
Addition	B	12	21	62	7	4
Repayment	C	-	-	-	-	-
Closing balance	D=A+B-C	12	33	95	101	105

ICD from AAHL

6.2.15 The Authority noted that the airport operator had considered cost of debt for ICD from AAHL same as considered for SBI RTL at 10.45%.

6.2.16 NMIAL vide its mail dated January 31, 2026, had submitted an amendment to ICD agreement dated January 30, 2026, regarding modification of the interest rates. As per amendment, the interest payable shall be the rate per annum equal to 0.01% less than prevailing rates for SBI RTL.

6.2.17 Authority proposed to consider the rate as 9.64% as per ICD Agreement (refer para 6.2.10) from COD till January 29, 2026 and thereafter 0.01% less than prevailing rates for SBI RTL as per the amendment to ICD Agreement.

Table 99: ICD calculation for First Control Period as per Authority at Consultation stage

Particulars	Ref	FY26	FY27	FY28	FY29	FY30
ICD	A	851	2,216	2,453	2,715	3,005
Addition	B	1,216				
Interest accrued	C	149	237	262	290	321
Rate of Interest		9.71%*	10.14%	10.14%	10.14%	10.14%
Closing balance	D=A+B+C	2,216	2,453	2,715	3,005	3,326

Based on rate @9.64% till January 29, 2026 and thereafter 0.01% less than prevailing rates for SBI RTL

Soft Loan

6.2.18 Authority noted that NMIAL had considered cost of debt of soft loan into calculation of FRoR @ 8.50% (Bank rate as + 2%) as per Clause 12.9.6 of CA and clause 2.2.9 of MOU (repayment deferment).

6.2.19 Based on the revised cost towards pre-development works submitted by NMIAL, the amount of soft loan is revised to ₹ 3,747 crore. However, the same is under reconciliation and ₹ 3420 crore had been considered as Soft loan at this stage.

6.2.20 The relevant clauses of the CA pertaining to soft loan are referred in chapter 5, the key terms in relation to the soft loan are summarized and reproduced as below:

a) Clause 12.9.1: The pre-development works up to an amount of ₹ 3,420 crore shall be deemed as soft loan

b) Clause 12.9.2: Out of the soft loan, ₹ 430 crore shall be considered as the Authority's equity capital infusion in the concessionaire. The soft loan amount shall be reduced accordingly while determining repayment obligations.

c) Clause 12.9.3: Any additional cost incurred by the Authority for implementing pre-development works (beyond the soft loan limit) shall be paid separately in accordance with the LDS Agreement(s). Such additional amounts shall not form part of the soft loan.

d) Clause 12.9.6: Soft loan shall be repayable as follows:

i. ₹2,358 beginning from 11th anniversary of the appointed date after adjustment of equity.

ii. Balance amount of ₹1,062 of the soft loan after adjustment of equity, beginning from the 16th anniversary of the appointed date.

However, deferment option is also available to NMIAL and in case of exercise of this option NMIAL is required to pay such amount, which is equivalent to the net present value of soft loan, as of the appointed date, arrived at by discounting it at the rate of 2% above the bank rate

6.2.21 Authority noted that NMIAL had been granted deferment for repayment of soft loan vide letter dated May 8, 2018, by CIDCO. As per deferment letter, concessionaire is required to repay the soft loan, after reducing equity portion of ₹ 430 crore by CIDCO, in 5 equal instalments beginning from the 21st anniversary of the phase I COD, such that entire soft loan is repaid to the authority by the 25th anniversary of the phase I COD or the date, following six months after the senior lender have been fully repaid, whichever is earlier.

6.2.22 The Authority proposed to consider ₹ 2,990 crore towards soft loan after deducting equity portion of ₹ 430 crore as specified in CA for calculation of average debt.

6.2.23 Authority also noted that as per clause 2.2.9 of MOU between GoI and NMIAL that the interest on the soft loan, pertaining to pre-development works, shall be taken into calculation of FROR (Fair Return on Regulatory Asset Base) at Bank rate + 2% payable by the concessionaire to the Authority.

6.2.24 For soft loan, the authority proposed to consider soft loan as part of calculation of cost of debt and FRoR at the rate of Bank rate + 2%, which is 5.5% (accessed as on February 4, 2026) + 2% i.e. 7.5%.

6.2.25 Based on above, the Authority proposed to consider the following soft loan for calculation of average cost of debt:

Table 100: Soft Loan calculation for First Control Period as per Authority at Consultation stage

Particulars	Ref	FY26	FY27	FY28	FY29	FY30
Opening balance	A	3,223*	3,474	3,745	4,037	4,351
Interest accrued @7.5%	B	251	271	292	315	339
Closing balance	C=A+B	3,474	3,745	4,037	4,351	4,690

**Derived based on soft loan opening debt of ₹ 2,990 crore considered with interest accrued@7.5% of ₹ 233 for FY2024-25.*

6.2.26 Average cost of debt had been calculated as follows:

Table 101: Weighted average cost of debt

(₹ in crore)

Particulars	Ref	FY26	FY27	FY28	FY29	FY30
Opening Debt						
Soft Loan	A	3,223	3,474	3,745	4,037	4,351
Bank Loan (SBI RTL)	B	8,017	12,770	12,706	12,419	11,908
Loan towards Minor Capex	C	-	12	33	95	101
Inter Corporate Deposit	D	851	2,216	2,453	2,715	3,005
Opening Debt – Total	E=Sum(A:D)	**12,091**	**18,472**	**18,937**	**19,265**	**19,366**
Closing Debt						
Soft Loan	F	3,474	3,745	4,037	4,351	4,690
Bank Loan (SBI RTL)	G	12,770	12,706	12,419	11,908	11,270
Loan towards Minor Capex	H	12	33	95	101	105
Inter Corporate Deposit	I	2,216	2,453	2,715	3,005	3,326
Closing Debt – Total	J=Sum(F:I)	**18,472**	**18,937**	**19,265**	**19,366**	**19,391**
Average debt	K= (E+J)/2	**15,281**	**18,697**	**19,080**	**19,278**	**19,321**
Interest						
Soft Loan	L	251	271	292	315	339
Bank Loan (SBI RTL)	M	1,048	1,293	1,275	1,235	1,176
Loan towards Minor Capex	N	1	2	6	10	10
Inter Corporate Deposit	O	149	237	262	290	321
Total Interest	P=Sum(L:O)	**1,449**	**1,802**	**1,833**	**1,845**	**1,841**
Cost of Debt	Q=P/K	9.48%	9.64%	9.61%	9.57%	9.53%
Weighted Average Cost of Debt	R= Q*K/sum(K)	**9.57%**				

6.2.27 Based on the above, the average cost of debt is 9.57%, accordingly, the Authority proposed to consider the cost of debt of 9.57% for the computation of FRoR.

Fair Rate of Return

6.2.28 The Authority is of the view that the Airport shall bring in further efficiencies in its cost of borrowing in order to reduce the interest rates. This suggestion is also in keeping with the spirit of PPP whereby it is expected that the financial strength of PPP airports is maintained at an optimal level and their cost of capital is within reasonably allowable limits. NMIAL should avail the synergies and benefits owed to it by its strong shareholding and balance sheet of its Parent companies and therefore work towards bringing down the cost of debt to the same level as other PPP airports.

6.2.29 The Authority believes that PPP airports have the scope of bringing in better efficiencies in financial and operational management of an Airport which would reflect in its overall cost of operations and lower FRoR.

6.2.30 Based on the above, the Authority proposed to consider the following FRoR for the First Control Period for NMIA as:

Table 102: FRoR proposed by the Authority for the First Control Period at Consultation stage

Parameter	Ref.	Value
Cost of Equity (para 6.2.9)	A	15.18%
Cost of debt (6.2.27)	B	9.57%
Weighted Average Gearing of Equity	C	52.00%
Weighted Average Gearing of Debt	D	48.00%

Parameter	Ref.	Value
Weighted Average Cost of Capital (FRoR)	E=(A×C)+(B×D)	12.49%

6.3 Stakeholders' comments regarding FRoR for First Control Period

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to FRoR for First Control Period. The comments by the stakeholders are presented below:

6.3.1 NMIAL's comment regarding the Cost of Equity for the First Control Period is as follows:

"Cost of Equity allowed at 15.18%

As per AERA Guidelines, Authority is expected to estimate cost of equity by using CAPM for each Airport Operator subject to consideration of such factor as the Authority may deem fit. However, in the instant CP, the Authority has not estimated the cost of equity for NMIAL by using CAPM. Rather it has taken reference from Cost of Equity calculated for other PPP Airports (mix of Greenfield and Brownfield Airports) and applied it to NMIAL. This is not in line with the AERA Guidelines.

Extract from the AERA Guidelines:

5.1.3 Cost of Equity

The Authority shall estimate the cost of equity, for a Control Period, by using the Capital Asset Pricing Model (CAPM) for each Airport Operator, subject to the consideration of such factors as the Authority may deem fit."

NMIAL had engaged PriceWaterhouse Coopers Services LLP (PwC) as an independent consultant for evaluating the applicable Cost of Equity (CoE). Based on this study carried out in July 2024, NMIAL considered the CoE as 20.01%. This includes 2.62% risk premium on account of construction risks associated with greenfield projects.

The methodology used to compute the CoE of NMIAL is the Capital Asset Pricing Model (CAPM), as mentioned in AERA Guidelines.

Primary reason for difference in CoE as per the Authority and as per NMIAL is predominantly on account of the following:-

computation of unlevered beta which in turn is based on beta of other airports considered in the study.

consideration of additional risk premium by NMIAL (based on PwC study) on account of construction risks associated with greenfield projects.

Beta:

The IIM-Bangalore (IIM-B) study referred to by the Authority for determination of Cost of Equity is quite a dated study (2019-2021). Given the significant changes in market conditions since then, the study cannot be considered an appropriate or reliable basis for the current determination of the Cost of Equity for NMIA.

Further, the IIM-B study considered 12 airports, out of which only two airports belong to developing countries. Airports in developing markets are exposed to each of these risks differently when compared to developed markets which are listed as follows

Demand Risk – Apart from the economic conditions which affect demand, demand for air travel is also highly elastic with respect to air fare in India and other developing economies. Any increase or decrease in air fare due to fuel prices or other input costs results in relatively higher traffic volatility.

Counterparty Risk – Airports in developing countries typically derive a major part of their revenue from aeronautical services, as against the developed markers where non-aeronautical revenue is higher.

Regulatory Risk – Regulations in developing countries are still evolving and are not stable.

Asset beta of airports in developing countries is consistently higher than the asset beta of airports in developed economies. This can be demonstrated by the data provided in the IIM B study in which the asset beta for Sydney airport is 0.40 whereas the asset beta for Airport of Thailand is 0.86. This shows the quantum of variation in risk perception between developed and developing countries.

Study done by PwC includes balanced mix of developed economies like France, Spain and Switzerland and developing economies like Mexico, Malaysia, Thailand. Following are the asset betas of various airports as per PWC study:

#	Airport Operator	5-year asset beta on 5-year average DER	5-year asset beta on latest DER
1	Sydney Airport Holdings Private Limited	0.719	0.697
2	Auckland International Airport Limited	1.052	1.044
3	Flughafen Zurich	0.740	0.772
4	Groupe Aeroports De Paris	0.772	0.745
5	AENA	0.901	0.879
6	Asur (Aeroporte Del Sureste)	1.320	1.334
7	Københavns Lufthavne	0.236	0.230
8	Grupo Aeroportuario Del Centro Norte S.A.B. De C.V. Adr	0.666	0.638
9	Grupo Aeroportuario Del Pacifico, S.A.B. De C.V	1.632	1.624
10	Aeroporto Guglielmo Marconi Di Bologna S.P.A	0.586	0.600
11	Fraport Ag	0.481	0.429
12	Airport Of Thailand Public Limited Company	0.981	0.968
13	Malaysia Airport Holdings Bhd	0.892	0.928
14	Flughafen Wien Ag	0.443	0.476
15	Grouppo Toscana Aeroporti	0.342	0.344

It is evident from table above, asset betas of airports in developing economies like Mexico (Grupo Aeroportuario Del Centro Norte, Grupo Aeroportuario Del Pacifico) and Thailand (Airports of Thailand) have asset betas of close to or more than 1.

Alpha

The alpha (α) factor represents an additional return required by equity investors for risks that are specific to a greenfield project and are not captured under the standard CAPM framework. While CAPM already accounts for market-wide risks (through beta), it does not fully reflect pre-construction risks, such as complex land development, large-scale earthworks, rehabilitation and resettlement, river diversion, and dependency on external infrastructure readiness. These risks are unique to a greenfield airport like NMIA and are materially higher than those faced by an operational (brownfield) airport.

To estimate this greenfield risk premium in an objective manner, PwC compared two sets of recent greenfield infrastructure projects within the renewable energy sector: (i) projects with high

pre-construction complexity (hydropower projects involving terrain modification, land dependency, and relocation), and (ii) projects without such complexity (non-hydropower renewable projects). Using the same CAPM inputs (risk-free rate, market risk premium, and leverage), the difference in the cost of equity between these two sets represents the incremental return attributable purely to pre-construction risk, i.e., alpha. Based on this differential, the greenfield alpha for NMIA has been estimated at approximately 2.62%, which is added to the base cost of equity to fairly compensate investors for these unavoidable, project-specific risks.

Appointment of Independent Consultant for Study of Cost of Equity

The Authority has made a remark questioning the independence of the consultant appointed by the Airport Operator. However, no such concern has been raised in the case of another greenfield airport, Noida International Airport, wherein the airport operator Yamuna International Airport Private Limited had engaged IIM-A to arrive at the Cost of Equity for the Noida International Airport. In this context, a consistent approach in assessing the fairness and independence of the processes adopted by different airport operators may kindly be considered.

Further, as per the Hon. TDSAT's Judgement dated 11th September 2025 pertaining to Mangaluru, Ahmedabad, Lucknow, Thiruvananthapuram, Jaipur and Guwahati Airports:

109 ... We hereby direct AERA to consider estimating the Cost of Equity by using CAPM method by conducting a fresh study for the concerned Airport.

Average Cost of Equity of Other Airports

While the Authority has considered average Cost of Equity of the 5 airports as per the dated IIM-B study, we wish to draw the Authority's attention to Cost of Equity for various airports as per the independent consultants engaged by the respective airport operators, as below:

Airport	*Mopa, Goa*	*Noida*
Consultant engaged by the Airport Operator	*CRISIL*	*IIM-A*
Cost of Equity	*20.92%*	*19.17%*

It can be seen from the above table that consultants other than the one engaged by NMIAL also have calculated Cost of Equity at other airports in the range of 19%-21%.

Conclusion

The above demonstrates that independent, third-party consultants engaged across greenfield airports have consistently estimated Cost of Equity in the range of 19%–21%, reflecting the higher risk profile during initial years of operation. NMIAL's proposed Cost of Equity is therefore neither excessive nor an outlier but aligned with market-based assessments for comparable projects. Based on the above explanation and the PwC report, request the Authority to consider Cost of Equity as submitted, i.e. 20.01%."

6.3.2 NMIAL's comment regarding the capping on Cost of Debt for the First Control Period is as follows:

"To remove any sort of capping on Cost of Debt and to consider any change in Debt Profile during the Control Period

Interest rate is determined by the lenders based on various factors and is not in the control of NMIAL. By capping the cost of debt at 6 months MCLR + 155 bps, the Authority is artificially capping the debt on a notional basis instead of considering the same on actual basis from time to time.

It is submitted that Cost of Debt cannot be rigidly aligned to any fixed benchmark rate, including SBI MCLR, for the following reasons:

(a) Credit Risk and Project-Specific Factors

The interest rate applicable to any borrowing reflects a combination of multiple project-specific and credit-specific factors, including but not limited to:

- *Credit assessment and rating / implied rating of the borrower and the project, including stage-of-development risk (construction vs operations) and ramp-up risk;*
- *Underlying asset cash flows , traffic / demand assumptions, and resilience under downside scenarios;*
- *Security package and structural protections (charge on receivables, escrow mechanisms, DSRA, pledge of shares, step-in rights, etc.);*
- *Tenor and amortisation profile (including bullet repayments, grace / moratorium, and refinancing risk);*
- *Covenants and restrictions (cash sweep, additional debt limitations, dividend lock-ups, DSCR thresholds);*
- *Sponsor support / backing and enforceability of support arrangements;*
- *Market conditions (liquidity, risk appetite, and term premium) at the time of issuance.*

Accordingly, benchmark rates (such as SBI 6-Month MCLR) only serve as a reference input, whereas the final cost of borrowing is determined after factoring in the above risk parameters.

It is also pertinent to note that the spread itself is not fixed and is a function of prevailing credit conditions and project risk,

- *Benchmark-linked formulations do not capture temporally higher costs encountered during:*
- *Project construction phase,*
- *Limited operating history,*
- *Initial leverage profile.*

Therefore, aligning cost of debt to a benchmark alone, without recognising the actual contracted interest rates, may understate the true financing cost incurred by the Airport Operator.

It is further relevant to highlight that NMIAL may access offshore debt markets or capital market instruments such as:

- *Offshore bonds, or Other market-linked instruments.*

Such borrowings typically:

- *Carry higher coupon costs than domestic bank loans,*
- *Offer structural flexibility, including:*
  - *Nil or deferred principal repayments,*
  - *Lighter covenant structures,*

- *Are aligned with long-gestation infrastructure assets.*

Therefore, restricting Cost of Debt to domestic benchmark-based expectations would constrain financial structuring flexibility and may not reflect the efficient financing mix required for infrastructure projects of this scale.

The Airport Operator respectfully submits that similar issues have been examined by the Hon'ble TDSAT, wherein actual Cost of Debt incurred by airport operators has been upheld.

The Authority is also requested to take cognizance of the Hon. TDSAT's Judgement dated 11th September 2025 pertaining to Mopa Airport, Goa:

140. We hereby direct AERA to consider the actual weighted average cost of debt at 10.45% , subject to true-up on an actual basis in the next control period, and to carry out all consequential recalculations of FRoR, ARR (including "T"), and the tariff card.

Also, as per the Hon. TDSAT's Judgement dated 11th September 2025 pertaining to Mangaluru, Ahmedabad, Lucknow, Thiruvananthapuram, Jaipur and Guwahati Airports:

130. AERA ought to have allowed actual Cost of Debt incurred by the appellant. Putting a cap upon Cost of Debt is uncalled for and unwarranted. We therefore direct AERA to allow actual Cost of Debt incurred by the appellant and necessary True Up shall be given for previous Control Periods accordingly.

TDSAT has taken same stance in case of other PPP airports too wherein the Tribunal has recognised that:

- *Cost of debt should reflect actual financing arrangements, and*
- *Regulatory abstraction through benchmark substitution is inappropriate when actual costs are demonstrably efficient.*

Further, capping the cost of debt can create serious challenges during refinancing or in periods where project cash flows are not yet sufficient to meet debt repayments, which is typical for a new greenfield airport. When refinancing is required, lenders assess the airport's actual cash flows and the certainty of cost recovery under the regulatory framework. If the actual cost of debt is not recognised in tariffs, refinancing may become difficult or may only be possible at higher interest rates or on more restrictive terms.

Similarly, if airport revenues are temporarily lower during the traffic ramp-up phase and are insufficient to fully support scheduled debt servicing, non-recognition of actual debt costs would further strain cash flows and lead to DSCR shortfalls. Such stress would arise not due to any inefficiency on the part of NMIAL, but due to a mismatch between market-determined financing costs and the regulated allowance of debt cost, thereby affecting lender confidence and the long-term financial stability of the project.

Further, Indian financial conditions are materially influenced by global interest-rate dynamics, particularly US Treasury yields and global risk sentiment. RBI's Monetary Policy Report highlights that shifting global rate expectations and geopolitical shocks have increased volatility in domestic bond yields and financing conditions. Multilateral institutions note that India may need to maintain relatively higher rates than peers due to energy import dependence and capital-flow sensitivity.

Accordingly, we request the Authority not to have any sort of capping on the cost of debt and kindly allow true-up based on actual costs of debt."

6.3.3 NMIAL's comment regarding FRoR for the First Control Period is as follows:

"Fair Rate of Return

Based on above requests on Cost of Equity and Cost of Debt and, further applying efficient Debt Equity gearing ratio of 48% to 52% as proposed by Authority which is consistent with recent tariff orders, the Fair Rate of Return of NMIAL should be considered as :-

Parameter	*Ref.*	*Value*
Cost of Equity	*A*	*20.01%*
Cost of Debt	*B*	*9.57%*
Weighted Average Gearing of Equity	*C*	*52.00%*
Weighted Average Gearing of Debt	*D*	*48.00%*
Weighted Average Cost of Capital (FRoR)	*E=(AXC+BXD)*	*15.00%*

In accordance with the above, we request the Authority to revise FRoR to 15%."

6.3.4 GMR Airports Ltd. (GAL)'s comment regarding FRoR for the First Control Period is as follows:

"Capping of cost of debt based:

It is respectfully submitted, that the actual cost of debt incurred by the Airport Operator ought to be allowed, rather than being constrained by an external benchmark such as SBI MCLR.

The debt raised by any airport reflects prevailing market conditions, the project's risk profile, lender-specific terms, and the Operator's credit rating. The imposition of a retrospective benchmark-linked ceiling does not adequately capture these factors and may result in under-recovery of legitimately incurred financing costs.

Further, permitting the actual cost of debt is consistent with the principle of cost-reflective tariff determination and is essential for ensuring regulatory certainty and investor confidence, particularly for capital-intensive airport projects. Any concerns relating to imprudent borrowing can be appropriately addressed through established prudence checks, rather than through the application of a generic interest rate cap."

6.3.5 Air India's comment regarding Cost of Equity for the First Control Period is as follows:

*"**Cost of Equity – Airline Willingness***

We respectfully disagree with the assumption of strong airline demand to shift operations to NMI for the following reasons:

a) Split operations leads to increased costs: until sufficient volume at NMI allows efficiencies of scale, splitting operations between BOM & NMI adds costs and reduces efficiencies

b) Significantly higher aero tariffs at NMI: costs are higher at the greenfield NMI

c) Insufficient connectivity limits traffic catchment: until future developments in connectivity (e.g. direct metro connection) are completed, majority of MMR pax will choose BOM.

d) Closure of BOM T1: has been delayed & in fact will be in a phased manner."

6.3.6 YIAPL's comment regarding Cost of Equity for the First Control Period is as follows:

"Cost of Equity

With reference to chapter 6, It is respectfully submitted that the cost of equity for Navi Mumbai International Airport should appropriately reflect the risk profile of a greenfield airport in its initial years of operations and should not be benchmarked against the studies conducted for mature brownfield airports with established traffic bases and operating histories. Unlike well-established airports, a greenfield is yet to fully establish its catchment, traffic profile, and commercial maturity, and therefore faces materially higher business and demand risks in the initial years. These include ramp-up uncertainty, airline network decisions, competitive dynamics within the dual airport system, and the need to recover significant upfront investment over a still-developing traffic base."

6.3.7 Dr. DC Patra's comment regarding Cost of Equity for the First Control Period is as follows:

*"**Proposed Fair Rate of Return (FRoR) on Regulated Asset Base (RAB)***

This has reference to Section 6 (page 107 to 118) of the Consultation Paper. Also refer to Clause 5.6.2 on page 191; table 94 of page 117 and table 163 of page 185. AERA's determination of 12.49 % return on the Regulatory Asset Base (RAB), derived using a Weighted Average Cost of Capital (WACC) framework, is consistent with established regulatory principles for ensuring financial viability of infrastructure assets. However, its uniform application in all the 5 years during the first control period of a greenfield airport operating under a long-term DBFOT concession merits reconsideration from the standpoint of inter-temporal efficiency and tariff sustainability.

NMIAL operates under 40-year concession framework, whereas tariff determination is undertaken over discrete five-year control periods. In such a context, applying the full WACC based return in the initial years results in a front-loading of tariff burden, wherein early users bear a disproportionate share of capital cost recovery relative to the long-term utilization of the asset. This creates a potential inter-generational imbalance in tariff incidence.

Further, the initial years of operation are characterized by traffic ramp up and demand uncertainty, particularly in a dual-airport system alongside Chhatrapati Shivaji Maharaj International Airport. Elevated aeronautical charges in this phase may adversely affect airline network decisions and passenger uptake, thereby suppressing demand growth and delaying efficient capacity utilization. Such an outcome could be counterproductive, as it may undermine both near-term affordability and long-run revenue realization.

NMIA has tied up loans from diverse sources, which makes its debt-to equity ratio approximately 63 to 65 percent. It is also relevant to note that a WACC derived from a highly leveraged capital structure may not fully reflect the broader economic cost of capital in a demand-evolving environment. When applied mechanically in the early years, it risks producing tariff levels that are misaligned with the maturity profile of the asset and its traffic base. In view of the above, it is submitted that the AERA may consider a phased or deferred return framework for the initial control period. Specifically, a portion of the allowed return may be moderated or deferred and recovered in subsequent control periods, as traffic stabilizes and demand matures. Such an approach would:

Align tariff levels with the evolving demand profile of the airport;

- *Enhance competitiveness in attracting airlines and passengers;*

• Avoid front-loaded tariff distortion while preserving overall investor returns over the concession horizon; and

• Improve long-term efficiency and sustainability of the airport's revenue model.

This approach does not seek to dilute the principle of a fair return but rather to re-time its recovery in a manner consistent with the economic life of the asset and the dynamics of demand realization.

Without prejudice to AERA's determination of WACC, it is proposed that the allowed return during the first control period be operationalized through a graduated adjustment factor (ϕt), which increases over time in alignment with traffic realization and demand stabilization.

Such an approach may be implemented either through (i) a traffic linked factor based on actual-to-normative passenger levels, or (ii) a pre-declared glide path converging to unity by the end of the control period. This ensures that while the full WACC entitlement remains intact, its realization is aligned with the economic maturity of the asset, thereby avoiding front-loaded tariff distortion.

To demonstrate the practical application of the above approach, let's consider the AERA's proposed return of 12.49% on RAB for Navi Mumbai International Airport Limited. Instead of applying this uniformly over the first control period, a graduated adjustment factor may be employed to align return realization with demand maturation. For instance, a pre-declared glide path for the adjustment factor (ϕt) over the five-year control period may be structured as follows:

Year of Control Period	*Adjustment Factor (ϕt)*	*Effective Return*
Year 1	*0.80*	*9.99*
Year 2	*0.85*	*10.62*
Year 3	*0.90*	*11.24*
Year 4	*0.95*	*11.87*
Year 5	*1.00*	*12.49*

Under this framework, the full WACC entitlement remains unchanged; however, its realization is progressively aligned with traffic ramp-up and asset utilization. The moderated return in the initial years helps contain aeronautical charges during the demand-sensitive phase, thereby supporting traffic growth and enhancing airport competitiveness vis-à-vis Chhatrapati Shivaji Maharaj International Airport.

Any notional under-recovery in the initial years on account of the adjustment factor may be carried forward and recovered in subsequent control periods, ensuring that investor returns over the concession period are not compromised. This illustrative glide path is indicative in nature and may be refined by AERA based on traffic projections and observed demand conditions. The essential principle is to reconcile financial viability with inter-temporal tariff efficiency, particularly in the context of a long-duration concession with evolving demand characteristics."

6.3.8 Sumedh Bhagwat's comment regarding Cost of Equity and FRoR for the First Control Period is as follows:

"Rationalization of Cost of Equity (CoE) and Fair Rate of Return (FRoR) Rejection of Speculative Risk Premiums:

NMIAL's attempt to artificially inflate the FRoR by claiming incremental risk premiums for Rehabilitation & Resettlement (R&R), connectivity, and airline willingness must be contested. As the Authority noted, R&R was CIDCO's responsibility, connectivity is resolved by the new MTHL bridge, and capacity constraints at CSMIA inherently guarantee airline demand. The CoE must remain devoid of these hypothetical premiums."

6.3.9 Indigo's comment regarding FRoR for the First Control Period is as follows:

"Fair Rate of Return (FRoR):

We submit that only a reasonable and efficiency-oriented Fair Rate of Return (FRoR) should be allowed to airport operators. It is noted that the Authority has proposed an FRoR of 12.49% for the First Control Period, derived from the cost of equity and cost of debt of the airport operator.

It is our submission that while such a fixed or assured return structure favours the airport operator, it creates an imbalance for airlines, which continue to face sustained financial stress and are required to absorb such returns through higher aeronautical tariffs.

We submit that assured, cost-plus returns reduce incentives for productivity improvement, operational efficiency, and cost optimisation, as operators are insulated from demand and efficiency risks. Such regulatory outcomes ultimately result in higher tariffs borne by airlines and passengers. Without prejudice to the above, we request AERA to consider the following:

(a) In the present industry context, assured returns on investment should be discouraged;

(b) The Indian airport sector has now matured, and given the strong demand outlook for NMI as acknowledged in the CP, the business risk is significantly lower, particularly as NMI capacity is likely to be fully utilized well within the First Control Period;

(c) Debt-equity ratios and financing assumptions should be based on actual weighted averages rather than notional benchmarks; and

(d) In the alternative, if AERA is unable to accept the above, we request that AERA undertake an independent study for determination of an appropriate FRoR, exercising its statutory powers under the AERA Act, 2008 consistent with previous studies commissioned for other major airports."

6.3.10 IATA's comment regarding treatment of Cost of Debt for the First Control Period is as follows:

"Cost of Debt – Treatment of CIDCO's Soft Loan

In the absence of detailed efficiency-based or economic justification, IATA is unconvinced of NMIAL's discretionary decision to depart from the default repayment structure applicable to CIDCO's soft loan arrangement i.e. repayment at a 0% interest rate payable on the 11th and 16th anniversaries of Phase I COD. Instead, NMIAL has elected to exercise the deferment option, under which the repayment is postponed to the 21st to 25th anniversaries with compounded interest applicable from Phase I COD.

While NMIAL has cited the need for liquidity management and alignment of repayment with later stages of demand maturity, IATA has not seen evidence demonstrating that repayment under the default option was infeasible or inefficient. Nor has NMIAL provided a comparative analysis showing that the deferment option reduces whole-of-life financing costs or produces a net benefit to users when assessed on a present-value basis.

This discretionary choice represents a material alteration to the risk and cost profile of the financing arrangement. Where the concessioning authority has provided a soft loan at zero interest, and simultaneously benefits from a 12.6% share of gross airport revenues irrespective of profitability, any departure from the default repayment option should be supported by robust evidence demonstrating that such a choice is efficient, unavoidable, and in the long-term interest of users. It is not apparent why deferral with compounding, an option that inflates the nominal debt obligation over time, would be preferable to timely repayment on concessionary terms.

From a regulatory perspective, it is critical to distinguish between exogenous financing constraints and discretionary financial structuring decisions taken by the concessionaire. IATA respectfully submits that maintaining consistency with regulatory precedent requires that costs arising from discretionary financing choices be treated with appropriate scrutiny and not presumed to be fully recoverable from users.

If the deferment option was exercised primarily to enhance cash flow flexibility or to reduce near-term financing pressure for NMIAL, then the resulting increase in long-dated debt liabilities cannot reasonably be treated as a risk borne solely on behalf of users. Rather, it reflects a conscious commercial trade-off whereby NMIAL benefits from delayed repayment in the early and mid-life of the concession in exchange for higher liabilities in later years.

In this context, permitting the full pass-through of inflated future repayment obligations, while at the same time allowing a FRoR that continues to assume elevated leverage or financing risk, would risk double-recovery. Users would effectively bear the cost of both:

- *higher long-term debt repayments arising from the deferment decision, and*
- *an elevated return premised on risks that have, in practice, been mitigated through that very deferment.*

Such an outcome would be inconsistent with regulatory principles.

Accordingly, IATA submits that the Authority should carefully scrutinize the motivations and implications of NMIAL's election to defer repayment with compounded interest, and ensure a transparent and principled allocation of the resulting costs and benefits. At a minimum, any upward pressure on future charges arising from the deferred repayment structure should be accompanied by commensurating downward adjustments in the allowed return, so that the overall regulatory outcome remains cost-reflective, risk-aligned, and fair to users over the life of the concession."

6.3.11 IATA's comment regarding FRoR for the First Control Period is as follows:

*"**Fair Rate of Return (FRoR)***

IATA is concerned that the proposed FRoR for NMIAL during the First Control Period is set at an unjustifiably high level and does not reflect the actual risk profile of the regulated aeronautical business. NMIAL operates as a regulated monopoly (despite the existence of capacity-constrained BOM and under the same ownership) under a cost-plus framework with significant regulatory safeguards, including tariff setting, depreciation, and true-up mechanisms, which substantially mitigate investor risk. Against this backdrop, the application of elevated equity risk premiums or greenfield risk adjustments risks over-compensating investors and placing unnecessary upward pressure on aeronautical charges.

IATA further submits that the principal risks cited in support of a higher FroR, namely greenfield development risk, construction complexity, and early-stage traffic uncertainty, are predominantly pre-COD risks or already addressed through other elements of the regulatory building blocks. Once assets become operational and are admitted into the RAB, construction and execution risks should no longer be reflected in the cost of capital.

Likewise, demand risk is materially limited in a regulated regime where traffic underperformance is typically mitigated through tariff rebalancing or other regulatory adjustment mechanisms, rather than being fully borne by investors. Accordingly, the residual risk profile post-COD is significantly lower or non-existent. Applying an elevated FRoR in these circumstances would therefore risk double recovery, particularly when combined with building blocks such as accelerated depreciation, operating cost pass-through, and concession-linked or minimum-revenue-type payments. Such an outcome would be inconsistent with sound regulatory practice and the principles of cost reflectivity.

From the airlines' perspective, an elevated FRoR is particularly damaging during NMI's early years, when traffic volumes are low and costs are recovered from a small user base. A high cost of capital amplifies fixed cost recovery and increases per-passenger charges, undermining affordability, route viability, and demand stimulation at a critical stage of airport ramp-up.

IATA therefore urges AERA to recalibrate the FRoR so that it reflects only efficient, demonstrable, and residual post-COD risks, in a manner consistent with established regulatory precedent and international best practice.

Such an approach would help maintain affordability for users while continuing to support NMI's sustainable long-term development. We trust that AERA, in the exercise of its mandate, will ensure that the allowed return remains appropriately aligned with the risk profile of assets once they are operational."

6.4 NMIAL's response to Stakeholders' comments regarding FRoR for First Control Period

6.4.1 NMIAL's response on GMR Airports Ltd. (GAL)'s comment regarding FRoR for the First Control Period is as follows:

"There should not be any cap (like proposed for cost of debt) or minimum threshold (like proposed for Non-Aeronautical Revenues) while encouraging true-up based on actual basis."

6.4.2 NMIAL's response on YIAPL's comment regarding Cost of Equity is as follows:

"Cost of Equity to consider additional risks inherent to greenfield airports"

6.4.3 NMIAL's response on Dr. DC Patra's comment regarding Proposed Fair Rate of Return (FRoR) on Regulated Asset Base (RAB) is as follows:

"The above comments emerge from incomplete understanding of the tariff determination framework under the AERA Act.

Recovery of the Aeronautical Capital expenditure incurred by the Airport Operator is primarily through Depreciation which is calculated based on the useful life of each Aeronautical Asset. These useful lives extend well beyond a single Control Period and, in many cases, across multiple decades. Accordingly, capital recovery is systematically spread over the asset life, and there is no front-loading of aeronautical capex/tariff recovery in the early years of operation.

WACC is computed by the Authority based on consistent efficient gearing (debt:equity) ratio of 48:52 across the airports."

6.4.4 NMIAL's response on Sumedh Bhagwat's comment regarding Cost of Equity (CoE) and Fair Rate of Return (FRoR) is as follows:

"NMIAL categorically rejects the allegation that it has sought to "artificially inflate" the Fair Rate of Return (FRoR). The risks identified—relating to R&R outcomes, external connectivity, and airline adoption—are not hypothetical constructs, but practical, outcome-critical uncertainties that materially affect the performance and cash-flow profile of a greenfield airport, particularly in its initial years.

Rehabilitation and Resettlement of nine villages located directly on the airport site constituted a critical and material challenge, as timely and coordinated resolution of on-site habitation was essential for land handover, construction sequencing, and commencement of core airside works. This, along with some other critical activities, were undertaken by CIDCO, who is also a shareholder of NMIAL, in order to make the airport amenable for construction. With these massive and crucial activities, CIDCO has also borne the risk of greenfield airport development and operations.

External connectivity cannot be considered fully resolved by the existence of a single infrastructure asset.

Airline willingness to operate from a new airport is not automatic. Airlines take time to shift operations based on commercial viability, passenger acceptance, operating costs, and network planning. As a result, traffic build-up at a new airport is gradual and subject to uncertainty, which directly impacts revenue and utilisation in the early years."

6.4.5 NMIAL's response on Indigo's comment regarding Fair Rate of Return is as follows:

"Airport operators are exposed to material demand, macroeconomic, traffic, inflation, regulatory and financing risks that airlines, by virtue of fleet flexibility and route mobility, do not face to the same extent. Airports incur sunk capital costs that cannot be redeployed or downsized in response to traffic volatility, pandemics, geopolitical disruptions, or policy constraints. A reasonable FRoR is therefore not a privilege but a prerequisite for sustaining infrastructure quality, safety, and service continuity.

Attributing airline financial stress to airport FRoR or aeronautical tariffs is misdirected and analytically flawed. Airline profitability is driven primarily by fuel costs, fleet decisions, network strategies, market competition, and yield management—not by regulated airport charges, which typically constitute a small and stable proportion (4-5%) of airline operating costs."

6.4.6 NMIAL's response on IATA's comment on cost of debt – Treatment of CIDCO's Soft Loan is as follows:

"Pls refer to our comments on Point 2 (para 13.3.6 of Tariff Order). *The deferment of repayment of CIDCO's soft loan was not a discretionary decision but was necessitated by financing conditions imposed by external lenders. The structure ensures alignment with lender requirements while maintaining economic neutrality through appropriate interest treatment.*

In case NMIAL is required to replace the CIDCO Soft Loan with outside debt then it would have come at the interest rate of over 10%. Whereas, as assessed by the Authority, the loan from CIDCO carries much less cost of debt of 7.5-8.5%. The decision taken by NMIAL to procure funding from CIDCO at lower cost is reasonable and efficient.

Importantly, even with deferment, the cost of such financing remains lower than comparable external debt. The arrangement therefore reflects prudent financial management rather than inefficiency."

6.4.7 NMIAL's response on IATA's comment on FRoR is as follows:

"IATA's risk assessment is unduly narrow and analytically incomplete. The arguments put forth by IATA materially mis-characterise both the risk profile of a greenfield airport and the structure of economic regulation.

The cost of capital is not intended to reflect only residual operating risk at a given point in time, but the full risk profile borne by investors over the lifecycle of capital deployment, including development, financing, ramp-up, and long-term demand uncertainty. Equity investors commit capital, without certainty of timely completion, traffic materialisation, or regulatory outcomes, and price their returns accordingly.

IATA's repeated characterisation of NMIAL as operating in a "risk-free" or near-risk-free cost-plus regime is inaccurate. While the regulatory framework provides transparency and predictability, it does not eliminate risk, nor does it guarantee revenue, traffic, or return outcomes. The true-up mechanism corrects for over or under-recovery over time; it does not provide certainty of cost recovery in real terms or timing certainty. In contrast, liabilities such as operations and maintenance (O&M) expenses and interest obligations are required to be serviced as and when they fall due.

Demand risk and traffic uncertainty, in particular, is materially borne by investors in a large greenfield project. Recovery of costs is subject to multi-year control periods, regulatory discretion, and affordability constraints.

IATA's contention that an allowed FRoR results in "double recovery" when combined with depreciation, operating cost pass-through, or concession-linked payments reflects a misunderstanding of the building-block structure of regulation. Each element addresses a distinct dimension of cost recovery:

- *Depreciation returns capital over asset life;*
- *O&M pass-through recovers efficiently incurred operating costs;*
- *FRoR compensates investors for bearing residual and asymmetric risk.*

None of these elements substitute for or duplicate the risk-adjusted return on equity. Removing or diluting FRoR under the pretext that other building blocks exist would undermine the internal coherence of the tariff framework and violate established regulatory principles recognized under statute (AERA Act and AERA Guidelines).

While NMIAL recognises airline concerns regarding affordability in early years, however affordability considerations cannot be used to artificially compress the allowed return below efficient market levels. Doing so would not eliminate costs, but would shift them forward, increase investor risk perception, and ultimately raise the cost of capital for future infrastructure development.

To recalibrate FRoR downward on the basis suggested by IATA would represent a departure from regulatory consistency and would weaken policy credibility at a time when large-scale infrastructure investment remains a national priority."

6.5 Authority's analysis of Stakeholders' comments regarding FRoR for First Control Period

Cost of Equity allowed at 15.18%

6.5.1 The Authority has examined in detail the submissions made by NMIAL regarding the determination of the Cost of Equity (CoE), including (i) the CAPM-based assessment undertaken by PwC, (ii) the claim for an additional greenfield risk premium (alpha) and (iii) benchmarking with other airports such as Mopa and Noida.

The Authority reiterates that while AERA Guidelines provide for estimation of CoE using CAPM, the same also allows the Authority to adopt an appropriate methodology considering sectoral benchmarks, regulatory consistency and reasonableness of returns. In this regard, the Authority has relied on the IIM Bangalore (IIM-B) study, which has been consistently used across multiple tariff determinations for major PPP airports, ensuring comparability and regulatory certainty.

With respect to NMIAL's submission on inclusion of an additional alpha (~2.62%) for greenfield risks, the Authority notes that the CAPM framework inherently captures systematic risks through beta and market risk premium. Project-specific risks such as construction complexity, land development challenges and execution risks are not required to be separately compensated through tariff, as these are part of normal project risks assumed by equity investors. Allowing such additional premium would result in double counting of risks and lead to excessive returns at the cost of users.

Further, the Authority has considered NMIAL's benchmarking with other airports (Mopa and Noida), where independent consultants have estimated CoE in the range of ~19%–21%. In this regard, the Authority observes that such estimates are based on operator-specific studies with varying assumptions on beta, leverage and risk premiums and therefore lack standardisation. Adoption of such higher values would lead to inconsistency across regulated airports; and the IIM-B benchmark already reflects a balanced sectoral average, including both greenfield and brownfield risk profiles.

Regarding NMIAL's contention that the IIM-B study is dated, the Authority notes that the study continues to serve as a robust and comparable reference point across multiple tariff orders. No compelling evidence has been provided to demonstrate that market conditions have changed to an extent warranting a material upward revision and regulatory stability and predictability are critical considerations in determination of CoE.

The Authority has undertaken a detailed prudence check of all submissions, including the PwC study, methodology adopted and underlying assumptions. Based on the same, the Authority finds that the CoE of 15.18%, derived from benchmarking across comparable airports, appropriately reflects the risk-return profile of the sector without resulting in over-compensation.

Accordingly, the Authority does not find merit in NMIAL's request for upward revision of CoE (including inclusion of alpha or adoption of higher benchmark values) and decides to retain the Cost of Equity at 15.18% for the First Control Period.

To remove any sort of capping on Cost of Debt and to consider any change in Debt Profile during the Control Period

6.5.2 The Authority has carefully examined the submissions made by NMIAL regarding removal of capping on Cost of Debt and consideration of actual cost of debt based on prevailing financing arrangements.

The Authority notes the detailed justifications provided by NMIAL in respect of project-specific risk factors, market dynamics, financing structures and judicial precedents.

The Authority acknowledges that the cost of debt is influenced by multiple factors such as project risk profile, credit assessment, tenor, security structure, market conditions and stage of development. The Authority also recognises that financing arrangements for large infrastructure projects, particularly greenfield airports, may involve varied instruments including domestic loans, offshore borrowings and market-linked instruments.

However, it is pertinent to note that the regulatory framework adopted by the Authority is guided by the principles of ensuring efficiency, reasonableness and protection of stakeholder interest, particularly passengers. In this regard, the Authority has consistently followed a normative approach for determination of cost of debt, wherein a benchmark-linked ceiling is applied. Such an approach ensures that:

a) Inefficiencies or higher financing costs arising from sub-optimal financial structuring are not entirely passed through to airport users;
b) There is regulatory certainty and predictability in tariff determination; and
c) The NMIAL is incentivised to secure debt at competitive rates in line with prudent industry practices.

The Authority observes that while actual cost of debt may vary depending on specific financing arrangements, adopting a purely actual-based approach without any benchmark or prudence check may result in transfer of undue financial burden to users. In this context, the benchmark of SBI 6-month MCLR plus 155 basis points has been adopted as a reasonable proxy reflecting prevailing lending rates for infrastructure projects, while also providing adequate headroom for project-specific risks.

With regard to NMIAL's submission on higher costs during construction phase, ramp-up period and initial leverage conditions, the Authority is of the view that such risks are inherent to infrastructure projects and are typically factored into overall project returns, including the allowed rate of return. Therefore, allowing full pass-through of such costs through tariffs may not be appropriate from a regulatory standpoint.

On the submission regarding offshore borrowings and market-linked instruments, the Authority notes that such financing options are commercial decisions of NMIAL. While these instruments may provide structural flexibility, they may also entail higher costs. The Authority is of the view that such choices should be subject to prudence and cannot be automatically passed through to users without a benchmark-based assessment.

The Authority further submits that the regulatory approach adopted herein is consistent with its mandate under the AERA Act to balance the interests of service providers and users and to ensure that tariffs remain fair and reasonable.

The Authority also notes NMIAL's concerns regarding refinancing risks, DSCR pressures and lender confidence. In this regard, the Authority is of the view that the adopted approach of allowing the lower of actual cost of debt or benchmark rate, along with provision of true-up, provides a balanced mechanism. It allows recognition of efficient financing costs while safeguarding user interest against excessive or avoidable costs.

In view of the above, the Authority does not find merit in the request of NMIAL to remove the capping on cost of debt. For the purpose of calculation of FRoR, Cost of Debt is considered as per loan arrangement of NMIAL with SBI. Accordingly, the approach proposed in the Consultation stage, i.e., to true up the cost of debt (except for soft loans and ICD) based on actuals or SBI 6-month MCLR plus 155 bps, whichever is lower, is retained.

Further it may also be noted that even though NMIAL is a greenfield airport, as the traffic growth and associated revenue from Aeronautical & Non-Aeronautical services revenue improves along with the capital expenditure projects, as approved by the Authority are completed and start to yield benefits, it is expected that the debt profile of NMIAL is bound to improve and its inherent financial risk, as reflected in the cost of debt will reduce to the levels of other PPP airports.

The Authority expects NMIAL to exercise its best endeavor to undertake the Financing towards capital expenditure at competitive rates as in other PPP airports and take all steps as detailed above, with support from its Parent company to optimize the cost of debt and follow all requisite procedures of financing including following all Government guidelines, obtaining efficient credit rating etc. in order to ensure that debt is contracted at optimum rates to ensure that the users of the airport are not burdened.

Fair Rate of Return

6.5.3 The Authority has examined the submissions of NMIAL regarding the FRoR. Authority's response is mentioned in para 6.5.2 above. Accordingly, the Authority retains its decision taken at the consultation stage. Further, as debt equity has been decided by the Authority considering the efficient capital structure & interest of all the stakeholders, the normal gearing ratio of 48:52 will not be trued up during tariff determination for the next Control Period.

Capping of cost of debt based

6.5.4 The Authority has evaluated GAL's submission and NMIAL's counter comment regarding allowance of actual cost of debt.

The approach adopted by AERA for determination of cost of debt is based on a prudent and transparent benchmarking methodology, considering market-linked indicators such as SBI MCLR along with an appropriate spread. This approach has been adopted as a reasonableness check to ensure efficient financing costs are considered for the purpose of tariff determination.

Further, it may also be noted that even though NMIAL is a greenfield airport, as the traffic growth and associated revenue from aeronautical and non-aeronautical services revenue improves and the capital expenditure projects are completed they will start to yield benefits. Therefore, it is expected that the debt profile of NMIAL is bound to improve and its inherent financial risk, as reflected in the cost of debt will reduce to the levels of other PPP airports. The Authority expects NMIAL to exercise its best endeavor to undertake the financing towards capital expenditure at competitive rates similar to other PPP airports. NMIAL should take all steps as detailed above. However, the Authority has given its detailed response on this issue in the para 6.5.2.

Accordingly, the Authority considers the approach adopted by it as reasonable and no further modification is considered necessary.

Cost of Equity –Airline Willingness

6.5.5 Regarding Air India's comment on Cost of Equity–Airline willingness, it is informed that the determination of cost of equity at the Consultation stage is based on an assessment of the airport's risk profile, benchmarking with comparable airports and applicable regulatory principles and is not solely predicated on assumptions regarding immediate airline migration or traffic shifts.

With regard to concerns relating to dual-airport operations, higher tariffs, connectivity constraints and phased closure of BOM T1, the Authority notes that such factors have already been considered in adopting a prudent traffic ramp-up for NMIAL during the First Control Period. The Authority has moderated traffic assumptions in view of operational realities and phased development timelines.

Accordingly, the Authority is of the view that these concerns do not warrant any revision to the approach adopted for determination of cost of equity, which has been assessed independently and on a reasoned basis and explained in Authority's response in preceding points.

Cost of Equity

6.5.6 The Authority notes the submissions made by YIAPL and NMIAL's response regarding higher risk perception for a greenfield airport.

While acknowledging initial ramp-up and demand uncertainties, the Authority observes that the regulatory framework provides adequate safeguards, including assured recovery of efficient costs, return on RAB and true-up mechanisms. Further, airport projects benefit from policy and institutional support, which mitigates long-term risks.

The Authority is of the view that Cost of Equity should be determined in a consistent and objective manner based on established benchmarks and long-term sectoral risks, rather than project-specific or short-term uncertainties. The Authority's response on this issue at para 6.5.1 may also be seen.

Accordingly, the Authority does not find merit in revising the Cost of Equity and retains its position as proposed at the Consultation stage.

Proposed Fair Rate of Return (FRoR) on Regulated Asset Base (RAB)

6.5.7 The Authority has examined the submissions of the Dr. D.C Patra regarding the proposal for a phased or deferred recovery of the Fair Rate of Return (FRoR) during the initial years of the First Control Period.

At the outset, the Authority notes that the determination of FRoR based on the Weighted Average Cost of Capital (WACC) framework is a well-established regulatory approach, aimed at ensuring a reasonable return to NMIAL while safeguarding user interests. The application of WACC is undertaken in a consistent and transparent manner, based on normative parameters, including an efficient capital structure, to maintain regulatory certainty and comparability across airports.

The Authority further observes that recovery of capital costs is not front-loaded, as depreciation being the primary mechanism for capital recovery is spread over the useful life of the underlying assets, which extends beyond a single Control Period. Accordingly, the regulatory framework inherently provides for inter-temporal allocation of capital costs over the life of the assets.

With regard to the suggestion for deferral or moderation of returns in the initial years, the Authority notes that such an approach would represent a departure from the established tariff determination framework, which is based on the principle of allowing a fair return on the Regulatory Asset Base for assets deployed for providing aeronautical services.

At the same time, the Authority acknowledges the Dr. D.C Patra's concern regarding demand ramp-up and tariff sustainability during the initial years of operation of a greenfield airport. In this regard, the Authority has already adopted a balanced approach through prudent assessment of capital expenditure, operating costs, traffic projections and non-aeronautical revenue, within the Hybrid Till framework. Same ARR has also been carried forward to the next Control Period, to reduce the tariff impact in the First Control Period.

In view of the above, the Authority is of the view that the current methodology for determination of FRoR appropriately balances the interests of users and NMIAL. However, the suggestion regarding inter-temporal alignment of returns will be kept under consideration for future regulatory deliberations, as may be warranted based on evolving sectoral conditions and experience.

Rationalization of Cost of Equity (CoE) and Fair Rate of Return (FRoR) Rejection of Speculative Risk Premiums

6.5.8 The Authority notes the Sumedh Bhagwat's submission as well as NMIAL's counter-submissions regarding treatment of risk factors in determination of Cost of Equity (CoE)/Fair Rate of Return (FRoR).

The Authority notes that the CoE of 15.18% proposed at the Consultation stage has been derived based on the IIM-B study, which was also considered by the Authority for the First Control Period of Mopa, Goa, a similarly situated greenfield airport. Considering that NMIA is also a greenfield airport and that private sector participation is expected to bring cost efficiencies, the Authority had adopted the same CoE as appropriate for NMIA.

The Authority further notes that submissions were made seeking additional risk premium on account of factors such as Rehabilitation & Resettlement (R&R), connectivity development and airline willingness to shift operations. However, the Authority does not find merit in allowing any incremental premium over and above the risks already captured in the adopted Cost of Equity (CoE).

In this regard, the Authority observes that major R&R activities and associated uncertainties have substantially progressed and do not continue to represent a residual risk warranting separate regulatory premium. Further, issues relating to traffic ramp-up, airline onboarding, connectivity development and passenger adoption are inherent characteristics of greenfield airport projects and form part of the normal business and market risks already embedded within the adopted regulatory framework for determination of CoE.

The Authority also notes that NMIAL benefits from favourable market conditions, including significant capacity constraints and saturation at CSMIA, which are expected to support traffic migration and utilization of NMIAL capacity during the First Control Period. Accordingly, the Authority is of the considered view that the risks cited by NMIAL do not justify any additional risk loading beyond the CoE already adopted by the Authority.

Accordingly, the Authority considers the approach adopted at the Consultation stage to be reasonable and no further modification is considered necessary.

Fair Rate of Return (FRoR)

6.5.9 The Authority has noted the submissions of the Indigo regarding the Fair Rate of Return (FRoR), including concerns relating to assured returns, business risk assumptions, financing parameters and the request for an independent study. The Authority has also considered the counter-comments of NMIAL in this regard.

At the outset, the Authority notes that FRoR is determined in accordance with established regulatory principles to provide a reasonable return on prudently incurred capital expenditure, while balancing the interests of NMIAL and users. The Authority does not consider FRoR as an assured or guaranteed return insulated from performance considerations, but as a regulatory mechanism intended to support timely and efficient investment, infrastructure sustainability and service continuity.

With regard to the stakeholder's submission on reducing the FRoR in view of perceived lower business risks, the Authority notes that the proposed FRoR at the Consultation stage has been derived considering both cost of debt and cost of equity, including benchmark analysis already set out at the Consultation Stage. The Authority has also taken cognizance of the greenfield nature of NMIAL, traffic ramp-up uncertainties and financing risks relevant during the First Control Period.

On the suggestion that financing assumptions should be based only on actual weighted averages rather than benchmarked parameters, the Authority reiterates that the methodology adopted seeks to balance airport-specific considerations with regulatory consistency and prudence. Similarly, with regard to the request for a fresh independent study, the Authority notes that the proposed FRoR has been based on established studies and regulatory precedents considered appropriate for the present determination.

In view of the above, the Authority reiterates its approach adopted at the Consultation stage for determination of FRoR and no further modification is warranted in this regard.

Cost of Debt – Treatment of CIDCO's Soft Loan

6.5.10 The Authority notes the comments of IATA and the counter-comments submitted by NMIAL regarding the treatment of CIDCO's Soft Loan and the deferment of its repayment obligations.

At the outset, the Authority observes that the financing structure, including the treatment of the Soft Loan and the deferment option, is governed by the provisions of the Clause 2.2.9 of MoU dated April 11, 2018, between MoCA, GoI and NMIAL and Clause 12.9 of Concession Agreement between NMIAL and CIDCO and forms part of the overall project financing framework. As elaborately explained at para 5.9.19, NMIAL in terms of proviso to Clause 12.9.6 of the Concession Agreement, first exercised their option to defer linkage date of repayment of soft loan from the Appointed Date (July 7, 2018) to Phase 1 COD. Thereafter, NMIAL further requested CIDCO for deferment of repayment of soft loan based on the request received from prospective senior lenders, saying that the soft loan being a shareholder loan, should be fully subordinated and should only be repaid by the Concessionaire to CIDCO after the senior loan (of a longer tenor of ~20 years) to be made by the prospective senior lenders to the Concessionaire was fully repaid. Considering the request from NMIAL, CIDCO, vide letter no. CIDCO/MD/NMIA dated May 8, 2018, approved the deferment of Soft Loan repayment linkage from the 11th year from the Appointed Date to the 21st year from the

COD of Phase I or to the date falling 6 months after repayment to Senior Lenders, whichever is earlier. As NMIAL has exercised the option under the Concession Agreement to defer the linkage date from the Appointed date to COD as well as to defer the Soft Loan repayment schedule from the earlier 11th year from the Appointed Date to now 21st year from the COD of Phase I, the Soft Loan got transformed to an interest-bearing loan i.e. debt. In addition, the CIDCO share of Equity ₹ 430 Crore is part of the Soft Loan reducing the debt to ₹ 2,990 Crore.

The Authority would like to highlight that tariff determination under the AERA regulatory framework is undertaken on a normative basis considering gearing ratio of 48:52 under which the actual interest paid is not reflected directly but is considered in the weighted average form to determine the overall cost of debt which along with the cost of equity and as per the normative gearing ratio would get translated in the form of FRoR in the actual tariff determination. Thus the framework of FRoR based on normative gearing ratio does not include the actual financing structure or actual interest obligations of NMIAL. Accordingly, the actual interest outgo arising on account of deferment of repayment does not directly impact the determination of allowable return under tariff computation.

The Authority also observes that the deferment of repayment primarily alters the timing of repayment obligations and does not materially change the regulatory treatment of capital cost under the normative framework adopted by the Authority. Since the FRoR has been determined based on normative debt and equity assumptions, so shifting the date of repayment as such, by itself, has no impact on tariffs. Further, the Authority notes that the financing arrangement with CIDCO carries a comparatively lower financing cost vis-à-vis external borrowings generally available for infrastructure projects of similar nature. In this context, the Authority does not find sufficient basis to conclude that the financing structure adopted by NMIAL is inefficient or inconsistent with regulatory principles.

In view of the above, the Authority is of the considered opinion that no separate adjustment is warranted in the tariff determination on account of deferment exercised under the Concession Agreement of repayment of CIDCO's Soft Loan beyond the treatment already considered under the adopted regulatory methodology.

The Authority notes the comments of IATA and the counter-comments submitted by NMIAL regarding the treatment of CIDCO's Soft Loan, including the deferment of repayment and the associated interest implications. At the outset, the Authority observes that the treatment of the Soft Loan is governed by the provisions of Clause 12.9 of Concession Agreement and forms part of the overall project financing framework. As discussed above, tariff determination under the AERA regulatory framework is undertaken on a normative basis. Hence, the actual interest implications arising from deferment of repayment of the Soft Loan do not directly determine the allowed return in tariff computation.

Further, as stated earlier, the Authority notes that the financing arrangement entered into by NMIAL with CIDCO reflects a lower financing cost as compared to external borrowings typically available for comparable infrastructure projects. Thus, the financing structure adopted by NMIAL does not seem inefficient or contrary to user interest.

In view of the position as explained above, the Authority is of the considered opinion that no separate adjustment is warranted in the tariff determination on account of the deferment of repayment of CIDCO's Soft Loan beyond the treatment already considered under the regulatory framework.

Fair Rate of Return (FRoR)

6.5.11 The Authority has examined the submissions made by IATA and the counter-comments of NMIAL regarding the determination of Fair Rate of Return (FRoR) for the First Control Period.

FRoR is intended to compensate the Airport Operator for the risks undertaken in developing and operating the airport and is therefore intrinsically linked to both the cost of debt and the cost of equity, rather than external market conditions faced by users. For the purpose of computing FRoR, the Authority has adopted the cost of equity derived from a detailed study undertaken across five PPP airports, which provides a robust and reliable benchmark. The cost of debt has been assessed with reference to prevailing market conditions and actual sanction letters, ensuring that the borrowing assumptions reflect realistic financing costs. Further, the normative weights applied to the cost of equity and cost of debt in the computation of FRoR are applied uniformly across other airports and are consistent with the methodology followed by the Authority in the tariff determination of all other airports.

In the absence of concessional or significantly lower cost funding, it would therefore be inconsistent with regulatory principles to adopt a lower FRoR for a greenfield airport as is being commented by IATA. Actually, the recognition of risks through an appropriate FRoR is essential to ensure economic viability of the airport, while balancing the interests of all stakeholders over the long term.

Further, the Authority does not agree with IATA's contention that the regulatory framework renders the airport business near risk-free. While the regulatory framework provides for transparency and mechanisms such as true-up, it does not eliminate risks relating to traffic realization, demand uncertainty, traffic ramp-up, project execution and long-term investment recovery associated with a greenfield airport.

The Authority further notes that the FRoR determined at the Consultation Stage is consistent with the regulatory principles and methodology adopted by the Authority across other major airports, including greenfield airports such as MoPA, Goa and Noida International Airport, Jewar. The Authority is of the view that adoption of a consistent and transparent approach towards determination of FRoR across comparable airports is necessary to ensure regulatory certainty, predictability and uniformity in tariff determination. Accordingly, the Authority has maintained the approach proposed at the Consultation Stage after considering the submissions made by stakeholders and benchmarking the same with the regulatory treatment adopted for other comparable airports, particularly greenfield airports.

The Authority also notes that NMIAL had proposed a higher FRoR of 15.45% in its MYTP submission. However, after detailed examination of the submissions, benchmarking with comparable airports, review of prevailing market parameters and consideration of the IIM-B study, the Authority has considered FRoR of 12.49%, which is broadly consistent with the approach adopted for other comparable airports, particularly greenfield airports

The Authority further notes that different building blocks of tariff determination serve distinct purposes. Depreciation enables recovery of capital over asset life, O&M pass-through ensures recovery of efficient operating costs and FRoR compensates investors for residual risks borne over the lifecycle of the project. Accordingly, the Authority does not find merit in the argument that the allowed FRoR results in double recovery.

With regard to affordability concerns, the Authority observes that while user interests are an important consideration, the allowed return must remain aligned with efficient market-based benchmarks and the underlying risk profile. Artificial suppression of FRoR would not be consistent with the established regulatory framework and this may also adversely impact investor confidence in the regulatory ecosystem and the long-term sustainability of aviation infrastructure in the country.

In view of the above, the Authority is of the considered opinion that the FRoR adopted at the Consultation Stage is appropriate and does not require any revision.

6.6 Authority's Decisions Regarding FRoR for the First Control Period

Based on the materials before it and its analysis, the Authority decides the following with regard to FRoR for the First Control Period:

6.6.1 To consider Cost of Debt as 9.57% as per para 6.2.27.

6.6.2 To true up the Cost of Debt (except for soft loan & ICD) for the First Control Period based on actuals (or) SBI average 6-month MCLR plus 155 bps (whichever is lower) at the time of tariff determination for the Second Control Period.

6.6.3 To consider Cost of Equity at 15.18%.

6.6.4 To consider FRoR of 12.49% for Navi Mumbai International Airport for the First Control Period as per Table 102.

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7. INFLATION FOR THE FIRST CONTROL PERIOD

7.1 NMIAL's Submission on Inflation for the First Control Period

7.1.1 NMIAL has considered inflationary increase towards operating and maintenance expenses and non-aeronautical revenues at Navi Mumbai International Airport for the First Control Period.

7.1.2 For the purpose of inflation, NMIAL has quoted RBI forecaster survey 91st round dated December 6, 2024 - Mean WPI (all commodities) for FY 2025-26 as 3%.

7.1.3 NMIAL has considered inflation as 5% for all years in the First Control Period, from FY 2025-26 onwards, while projecting both CAPEX and operating expenditure wherever applicable.

Table 103: Inflation rates submitted by NMIAL for the First Control Period

Particulars	FY26	FY27	FY28	FY29	FY30
Inflation	5.00%	5.00%	5.00%	5.00%	5.00%

7.2 Authority's examination regarding inflation for the First Control Period at Consultation Stage

7.2.1 The Authority noted NMIAL's submission on inflation to be considered during the First Control Period. The Authority proposed to consider the recent results of the "*Survey of Professional Forecasters on Macroeconomic Indicators: Round 98th*" released on February 6, 2026, by the Reserve Bank of India (RBI).

7.2.2 Accordingly, the Authority proposed to consider the mean of WPI inflation forecasts (All commodities) for FY 2025-26 and FY 2026-27 as given in the 98th Round of Professional Forecasters on Macroeconomic Indicators (February 6, 2026) of RBI.

7.2.3 Further the Authority assumes that the inflation rate would be stable and remain constant from FY 2026-27 till FY 2029-30. Accordingly, the following table shows the inflation rates as proposed by the Authority for the First Control Period.

Table 104: Inflation rates proposed by the Authority for the First Control Period at Consultation stage

Particulars	FY26	FY27	FY28	FY29	FY30
WPI inflation	0.50%	3.00%	3.00%	3.00%	3.00%

7.3 Stakeholders' comments regarding Inflation for First Control Period

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to Inflation for First Control Period. The comments by the stakeholders are presented below:

7.3.1 NMIAL's comments regarding inflation for the First Control Period is as follows:

"Inflation allowed at 3% for FY27 to FY30

The current assumption of a 3% inflation rate does not adequately reflect prevailing global and domestic economic conditions. Ongoing wars and heightened geopolitical volatility have disrupted supply chains, driven up energy and commodity prices, and increased risk premiums in international

trade. These factors have translated into sustained cost escalations across critical inputs such as fuel, construction materials, and food supplies.

Further, the Reserve Bank of India (RBI) has released results of the "Survey of Professional Forecasters on Macroeconomic Indicators: Round 99th" on April 8, 2026. As per this publication, the mean WPI forecast for FY2025-26 is 4.7%.

For airports, which are highly sensitive to energy and operational expenses, these external shocks directly raise O&M costs beyond the 3% benchmark. Currency depreciation and elevated government spending on security further compound inflationary pressures. In this environment, maintaining the current assumption risks underestimating actual cost trajectories and misaligning tariff structures with real expenditure needs.

As per Morgan Stanley's report dated April 7, 2026, headline WPI inflation is expected to accelerate to 7% year-on-year (https://www.moneycontrol.com/news/business/economy/india-s-growth-could-slip-below-6-in-fy27-if-oil-hits-150-a-barrel-says-morgan-stanley-13882348.html).

Moody's Ratings India Growth Forecast dated March 2026 projects average inflation to increase to around 4.8% in FY27, up from 2.4% in FY26. While the study does not explicitly mention WPI inflation, it recognises upward pressure on input, fuel, and transport costs, which would typically feed into wholesale prices (https://www.multibagg.ai/market-pulse/articles/india-fy27-gdp-forecast-cut-cmnldcb6kguwll00jqr2sodxy).

According to a report by global equity research and brokerage firm Bernstein, inflation in India could breach 6% during the summer. Bernstein drew historical parallels with the global financial crisis, noting that during that period India's GDP growth fell from roughly 10% to 5%, inflation surged to 10%, and the rupee depreciated by approximately 30%. The report cautioned that similar external shocks today could have a significant impact on economic stability and investor confidence (https://www.wionews.com/business-economy/oil-surge-threatens-india-s-economy-bernstein-s-new-report-warns-of-structural-risks-1774699072483).

V. Anantha Nageswaran, India's Chief Economic Adviser, has warned that sustained oil prices at these levels for two to three quarters could push FY27 inflation to 5.5% (https://www.telegraphindia.com/business/india-growth-outlook-fy27-at-risk-as-west-asia-crisis-fuels-inflation-concerns-prnt/cid/2153649).

We would also like to reiterate the comments raised by Yamuna International Airport Private Limited on the similar matter as:-

As per a more recent report published by ICRA in March 2026, it estimates that for every 10% increase in crude oil prices, the WPI inflation rises by 80-100 bps and that an alarming increase in crude oil prices could pose a significant risk to WPI inflation projections.

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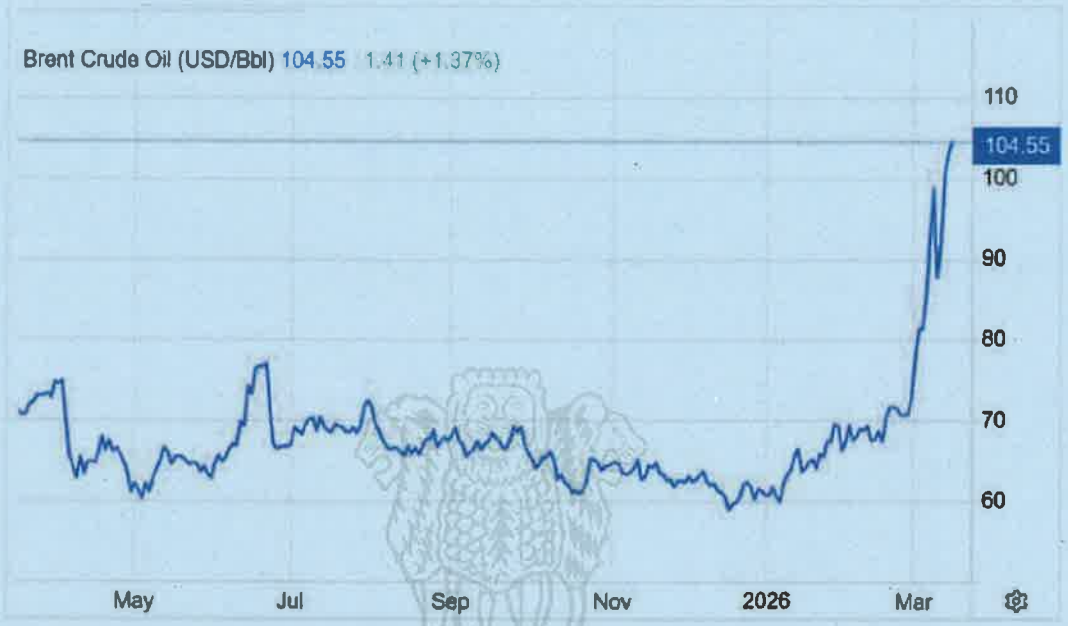

Source: https://tradingeconomics.com/commodity/brent-crude-oil

In view of the above submissions, we request AERA to consider a higher inflation rate assumption (7%) to ensure that airport operators' costs are realistically aligned with the economic environment, safeguarding financial sustainability and service quality."

7.3.2 YIAPL's comments regarding inflation for the First Control Period is as follows:

"Inflation

With reference to Chapter 7, it is requested to consider allowing a higher inflation assumption in the projection of operating expenses, given the volatile geopolitical environment, which has led to uncertainty in energy prices, supply chains, and overall cost levels. The authority's reliance on the survey released by RBI in February does not reflect the latest macroeconomic realities. Since then, there appears to have been a structural shift in the inflation outlook, particularly on account of sustained pressure on energy markets and broader input costs. The fuel costs remain elevated with analysts predicting a long period for fuel supply to return to the earlier levels even after the geopolitical tensions ease which are still uncertain. Elevated fuel and logistics prices have a cascading effect across the cost structure of products and services and contribute to broader inflationary pressures. Using conservative inflation assumptions in such conditions may result in under-estimation of actual costs for airport operations. In view of above, we request authority to consider inflation rates as per the prevailing conditions and latest macroeconomics realities."

7.4 NMIAL's response on Stakeholders' comments regarding Inflation for First Control Period

7.4.1 NMIAL's response on YIAPL's comments regarding inflation for the First Control Period is as follows:

"Higher inflation rates considering current volatile geopolitical environment"

7.5 Authority's analysis of Stakeholders' comments regarding Inflation for First Control Period

Inflation allowed at 3% for FY27 to FY30

7.5.1 The Authority has examined the submission of NMIAL regarding upward revision of inflation assumptions. The Authority notes that the inflation projections adopted at the Consultation Stage are based on Reserve Bank of India Survey of Professional Forecasters (SPF), which is a credible and consistently applied benchmark used uniformly across airports for regulatory purposes. While NMIAL has referred to recent geopolitical developments and crude oil price volatility, such factors remain inherently uncertain and their long-term impact over the entire five-year control period cannot be reliably quantified at this stage.

Further, the Authority finds it meaningful to adopt WPI Inflation rates from RBI's Survey of Professional Forecasts (SPF) instead of adopting random reports. The SPF is conducted by RBI collecting views from external experts, economists and researchers on macroeconomic indicators including inherently considering geopolitical environments, supply chain disruptions, global commodity price volatility, etc.

The Authority is of the view that inflation assumptions for tariff determination should be based on objective, transparent and institutionally robust macroeconomic forecasts rather than short term market movements. In this regard, the Authority notes that the subsequent 99th round of the RBI Survey of Professional Forecasters, published in April 2026, incorporates the updated macroeconomic outlook, including the evolving global geopolitical situation and its implications for inflation expectations. Accordingly, the Authority decides to use the 99th round of the RBI Survey of Professional Forecasters for final determination, as this represents an updated and appropriate forward looking benchmark. This approach has been adopted by the Authority across all Airports.

Inflation

7.5.2 The Authority has examined the submissions made by YIAPL. Authority's response is referred to in para 7.5.1

7.5.3 In view of the above, the Authority retains the methodology for determination of inflation as considered at the Consultation stage and has now adopted the latest available Survey of Professional Forecasters projections.

Table 105: Inflation rates decided by the Authority for the First Control Period

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
WPI inflation	0.90%	4.70%	3.60%	3.60%	3.60%

7.6 Authority's decisions regarding inflation for the First Control Period

Based on the materials before it and its analysis, the Authority decides the following for the First Control Period:

7.6.1 To consider inflation for the First Control Period for NMIA as per Table 105.

8. OPERATION & MAINTENANCE EXPENSES FOR THE FIRST CONTROL PERIOD

8.1 NMIAL's submission regarding Operation and Maintenance expenses for the First Control Period

8.1.1 NMIAL had submitted its projections for Operation and Maintenance (O&M) expenses for the First Control Period, covering costs towards manpower, utilities, repairs and maintenance, insurance, information technology and digitisation, administrative and other general expenses. The projections have been prepared in accordance with the obligations of NMIAL under Article 17 of the Concession Agreement, which sets out requirements relating to the operation, maintenance and management requirements of the Airport.

8.1.2 NMIAL had considered the following key drivers for projecting O&M expenses for the First Control Period:

- **Base year**: O&M expenses for FY 2025-26, being the first year of operations, are estimated based on various parameters on a zero-based cost budgeting approach, benchmarking with comparable airports and the operational experience of the promoter group in airports management.
- **Inflationary increase**: An annual inflation rate of 5% had been considered for projecting O&M expenses for all years in the First Control Period, commencing, wherever applicable.
- **Upcoming expansion at NMIA**: As set out in chapter 5 of this Tarif Order, NMIAL proposed to undertake capacity expansion at NMIA from 20 to 50 MPPA during the First Control Period. In respect of phase III expansion, NMIAL had taken Y-o-Y increase of ~87%, considering operationalization of terminal 2 from mid of FY 2029-30, while projecting O&M expenses.

Table 106: Details of increase in the terminal building area projected by NMIAL

Financial Year	T1 (sqm.)	T2 (sqm.)	Total (sqm.)	YoY % increase in area
2025-26	231,393		231,393	--
2026-27	231,393		231,393	--
2027-28	231,393		231,393	--
2028-29	231,393		231,393	--
2029-30	231,393	400,000	631,393	173.00%*

(*) T2 is proposed to be operational from October 2029. Therefore, for the projection of expenses for FY 2029-30, NMIAL had assumed an increase in area from mid of FY 2029-30 onwards i.e. 87% (50% of 173%)

Considering the proposed expansion of the terminal building area as mentioned in the table above, NMIAL had projected a proportionate increase in utilities, rates & taxes and other operating expenses. Expenditure on manpower, administrative, information technology and security functions had been projected with increase in manpower requirements.

8.1.3 Based on the assumptions and drivers set out in paragraphs 8.1.1 and 8.1.2 above, NMIAL had submitted a summary of total O&M expenses for the First Control Period. The year-wise details of such O&M expenses are presented in **Table 107** below.

Table 107: O&M expenses submitted by NMIAL for the First Control Period

(in ₹ crore)

S. No.	Particulars	FY26*	FY27	FY28	FY29	FY30	Total
A.	Manpower expenses	**115**	**130**	**146**	**160**	**258**	**809**
B.	Utility expenses	**147**	157	170	189	387	1,050
C.	IT expenses	**40**	46	50	55	112	304
D.	Rates and taxes	-	-	-	-	-	-
E.	Corporate allocation	**80**	88	97	106	117	488
F.	Collection charges on UDF	**3**	4	5	5	7	23
G.	Administrative expenses	**30**	34	38	42	84	228
H.	Insurance	**20**	22	25	27	64	159
I.	Repairs and maintenance	**172**	181	193	195	196	938
J.	Other operating expenses	**110**	121	133	146	288	798
K.	TNLC charges	**123**	123	133	148	144	671
L.	Concession fee (fixed)**	**5**	5	9	10	10	39
M.	Independent Engineer cost	**5**	6	6	7	7	31
N.	Digitisation cost	**110**	121	133	146	161	672
O.	Financing charges and others	**48**	108	171	201	183	711
	Total (airport related)	**1,008**	**1,146**	**1,308**	**1,438**	**2,020**	**6,920**
P.	Cargo operating expenses	**273**	498	695	765	1,073	3,304
Q.	Fuel Farm operating expenses	**17**	29	35	37	61	180
	Grand total	**1,298**	**1,673**	**2,038**	**2,240**	**3,154**	**10,403**
	OPEX for ARR purposes (10 months for FY26)	**1,138**	1,673	2,038	2,240	3,154	10,243

**Prorated based on the days of operation within the year, taking into account the COD of May 31, 2025.*

***Concession fee is considered as part of aeronautical O&M expenses in submission of NMIAL in line with Clause 26.1.4 of the Concession Agreement.*

The growth rates assumed by the Airport Operator for the O&M expenses have been presented in the table below.

Table 108: Growth rates for O&M expenses submitted by NMIAL for First Control Period

S. No.	Particulars (in %)	FY27	FY28	FY29	FY30
A.	Manpower expenses	12.00%	12.00%	10.00%	61.00%
B.	Utility expenses	7.00%	8.00%	11.00%	105.00%
C.	IT expenses	14.00%	10.00%	10.00%	103.00%
E.	Corporate allocation	10.00%	10.00%	10.00%	10.00%
F.	Collection charges on UDF	61.00%	14.00%	0.00%	54.00%
G.	Administrative expenses	14.00%	10.00%	10.00%	103.00%
H.	Insurance	12.00%	11.00%	10.00%	135.00%
I.	Repairs and maintenance	5.00%	7.00%	1.00%	0.00%
J.	Other operating expenses	10.00%	10.00%	10.00%	96.00%
K.	TNLC charges	0.00%	8.00%	12.00%	-3.00%
L.	Concession fee (fixed)	0.00%	73.00%	15.00%	0.00%
M.	IE cost	10.00%	10.00%	10.00%	10.00%
N.	Digitisation cost	10.00%	10.00%	10.00%	10.00%
O.	Financing charges and others	128.00%	58.00%	17.00%	-9.00%
P.	Cargo operating expenses	83.00%	40.00%	10.00%	40.00%

S. No.	Particulars (in %)	FY27	FY28	FY29	FY30
Q.	Fuel Farm operating expenses	71.00%	21.00%	5.00%	63.00%

8.1.4 NMIAL had not segregated the O&M expenses into aeronautical, non-aeronautical and common expenses. Accordingly, MYTP considers all O&M expenses as aeronautical expenses.

8.1.5 NMIAL considered the following basis to estimate the O&M expenses summarized in the above Table 107 for the First Control Period:

A. Manpower expenses

8.1.6 NMIAL estimated total manpower costs for the First Control Period based on projected employee costs, including salaries, wages and bonuses, contributions to Provident Fund (PF) and gratuity. The projections have been prepared using a bottom-up approach, wherein NMIAL estimated department-wise manpower requirements at the airport, taking account the grading structure of employees. Based on the proposed grading structure, prevailing median salary levels have been considered for each category of employees and the corresponding manpower cost had been derived. An annual escalation of 10% in average salary cost per employee had been assumed for projecting the manpower costs for the First Control Period. Further, NMIAL had factored incremental manpower requirements arising from the proposed expansion and increase in scale of airport operations during the First Control Period. The department-wise manpower details submitted by NMIAL is set out in **Table 109** below:

Table 109: Department wise manpower details submitted by NMIAL for First Control Period

Department (Employee nos.)	FY26	FY27	FY28	FY29	FY30@
Aero commercial	3	4	4	4	4
Airline marketing	2	2	2	2	2
Airport operation services*	11	11	11	11	11
Airside operations	43	43	43	43	81
AOCC	30	30	30	30	42
ARFF**	158	158	158	158	289
Aviation safety	4	4	4	4	4
City side development	3	3	3	3	3
COO office	5	5	5	5	5
Corporate affairs	3	3	3	3	3
Corporate communication	5	5	5	5	5
Engineering services##	68	68	68	68	170
Environment & sustainability	5	5	5	5	5
Finance & accounts	18	18	18	18	25
Horticulture	6	6	6	6	6
Human resource	15	15	15	15	19
Information technology	11	11	11	11	11
Legal	6	6	6	6	6
Non aero	2	2	2	2	2
Quality and customer experience	10	10	10	10	10
Regulatory	3	3	3	3	3
Security^	50	50	50	50	125
ILBHS screeners	135	165	165	165	325
Techno commercial	10	11	11	11	11

Department (Employee nos.)	FY26	FY27	FY28	FY29	FY30@
Terminal operations	114	114	114	114	285
Total employees	**720**	**752**	**752**	**752**	**1,452**

Note:

(@) includes manpower estimate for phase III too

(*) Airport operation services are support services having functions including assessing and monitoring immediate airport environments for safeguarding purposes, ensuring that building and other developments meet appropriate aerodrome licensing regulations, etc.

(**) NMIAL is classified as category 10 ARFF airport. ARFF manpower requirement is projected as per DGCA taskforce resource analysis report

(##) Engineering and maintenance department had been created to mitigate all operational and maintenance concerns regarding MEP, AGL, BHS, PBB, VGDS etc. and to ensure that the requisite infrastructure and services are available for airport operations.

(^) Security manpower projected by NMIAL includes staff for pass section, AvSec training and compliances, liaising with CISF/BCAS/Police, etc. including majority resources on shift basis.

8.1.7 NMIAL had estimated the average salary cost per employee for FY 2025-26 based on internal assessment. For the base year, the average salary cost per employee had been assumed at ₹ 16 lakh per annum. The average salary cost per employee had been escalated at the rate of 10% per annum for subsequent years of the First Control Period. To estimate the total manpower cost, NMIAL had multiplied project headcount for each year of the First Control Period with the corresponding average salary cost per employe. The resulting manpower cost estimates for the First Control Period are set out in Table 110 below.

Table 110: Manpower cost submitted by NMIAL for First Control Period

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30
Employees (nos.)	A	720	752	752	752	1,452
Avg. Salary cost per employee	B	0.16	0.18	0.19	0.21	0.23
Employee cost (₹ crore)	**C=A*B**	**115.20**	**129.54**	**145.59**	**160.15**	**258.15**

B. Utility expenses

8.1.8 Utility expenses comprise of power, water and fuel/diesel expenses. NMIAL had calculated power and water expenses at net level i.e., gross expenses less recovery from various users / concessionaires.

8.1.9 The detailed assumptions for projecting utility expenses are explained in the following paragraphs:

Power Expense

- Annual demand for phases I and II is projected at 10 crore units. This includes consumption by sub-concessionaires at the Airport, on a chargeable basis.
- NMIAL had considered recovery of 15% from the sub-concessionaires, which is projected to gradually increase from 15% to 20% by the end of the First Control Period.
- 1.25 crore units are expected to be generated through solar energy each year in phases I and II, with phase III generating an additional 1.08 crore units.
- Rate per unit in FY 2025-26 is considered at around ₹ 19 per unit based on February, 2024 electricity bill received from MAHAVITARAN.
- The annual increase in per unit tariff is estimated to be 5%.

- The annual increase in gross consumption is considered at 5%.
- In addition, with the commissioning of new terminal T2 in FY 2029-30 (Phase III – 30 MPPA), the annual demand is projected to increase in proportion to terminal area i.e. by approx. 87% in FY 2029-30.

Water Expense

- NMIAL draws water from the main water utility agency in Navi Mumbai i.e. CIDCO.
- Annual demand is projected at 14 lakh units in FY 2025-26. This includes consumption by sub-concessionaires at the airport, on chargeable basis.
- NMIAL had considered a recovery of 10% from the sub-concessionaires and the net annual consumption is estimated at 12 lakh units.
- Annual growth rate of 5% considered in volume of consumption, along with approx. 87% increase in FY 2029-30 due to increase in terminal area.
- Rate per unit of water considered at ₹ 60 for FY 2025-26 based on December 2023 – January 2024 water bill received from CIDCO.
- The annual increase in rate per unit of water had been considered to be 5%.

Fuel / Diesel Expense

- NMIAL had estimated ₹ 2 crore as fuel cost for FY 2025-26 and with Y-o-Y escalation of 10%.

Table 111: Total utility expenses submitted by NMIAL for the First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Power expense	137.75	146.83	158.57	176.20	364.86	**984.21**
Water expense	7.29	8.04	8.86	9.77	19.64	**53.61**
Fuel expense	2.00	2.20	2.42	2.66	2.93	**12.21**
Total utility expenses	**147.04**	**157.07**	**169.86**	**188.64**	**387.43**	**1,050.04**

Water Resource Development Charges

8.1.10 NMIAL had submitted that the Clause 10.10.3 of the Concession Agreement also provides for payment of water resource development charges which is reproduced below

"10.10.3 The Concessionaire shall be responsible for the payment of all the charges to the Authority, as may be leviable under the Applicable Laws including the GDCR and NMDLR, for the available built-up area at the Site. Provided however that, the payment of 'water resource development charges' forming a part of such charges as per the Applicable Laws, may be deferred upto a maximum period of 10 (ten) years from the Appointed Date at the written request of the Concessionaire. If the Concessionaire makes the request for any such deferment in the payment of 'water resource development charges', then, the Concessionaire shall be required to make payment of such deferred 'water resource development charges', within 30 (thirty) days of the commencement of the 11th year from the Appointed Date, along with an interest calculated at the rate of 3% (three percent) plus Bank Rate per annum compounded on quarterly rest basis."

8.1.11 NMIAL had submitted that it is in receipt of letter from CIDCO stating amount payable ₹ 919.55 crore (excluding taxes) to be paid in FY2028-29. Further, NMIAL had also submitted that it is in discussion with CIDCO regarding this matter and had requested the authority to kindly allow the recovery of these water development charges on actual incurrence basis.

C. IT expenses

8.1.12 To ensure world-class IT infrastructure, IT expenses to be incurred by NMIAL are proposed to include the following:

- System license costs
- IT consumables
- IO/AO support
- Digitisation, travel and group governance
- Operating cost of servers, website and other systems
- Maintenance costs
- IT resources
- Annual Maintenance Contract (AMC) for airport systems
- AAI end user system support

8.1.13 For future projections, NMIAL had considered 10% year on year increase in IT expenses. Additionally, there is also an increase in IT expenses due to increase in manpower number in the FY 2026-27 by 4.40% and in FY 2029-30 by 93.10%.

8.1.14 Expenses related to IT as estimated by NMIAL are:

Table 112: IT Expenses proposed by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
IT expense	40.00	45.78	50.36	55.39	112.49	304.02

D. Rates and taxes

8.1.15 Rates and taxes expenses contain property tax / service charges and water resource development and other charges payable to local authorities or CIDCO. As per NMIAL submission, these are statutory dues and are mandated under the CA. However, the property tax/service charges amount is currently not ascertainable. Thus, NMIAL had requested the Authority to consider these statutory expenses on an incurrence basis.

E. Corporate allocation

8.1.16 NMIAL had submitted that it is a Company of the Adani Group.

- Adani Enterprises Limited (AEL) is the flagship company for Adani Group which had promoted various businesses like Power, Renewable, Ports, Logistics, Airports, Data Center, Défense etc.

- Adani Airport Holdings Limited (AAHL), 100% subsidiary of AEL, is a special purposes company incorporated with an aim to promote airport and airport related activities.
- AEL and AAHL have developed various capabilities, infrastructure and processes in various areas ("Corporate Support Services").

8.1.17 AEL had consolidated various strategic functions/activities like corporate finance, legal, central procurement, green initiative, ESG, information technology, taxation, management assurance, internal audit, shared service for financial transactions, human resource management. AEL also includes various strategic and leadership functions like Chairman office, Group CFO office, Corporate Communication and Branding etc. AEL provides support for these functions to all group companies including but not limited to Power, Renewable, Ports, Logistics, Airports, Data Center, Defense etc.

8.1.18 AAHL houses a team of subject matter experts in aviation sector having domain knowledge and expertise in airports operation, airside management, master planning, designing, airport development, airport regulatory, human resources, transition management, hospitality, customer management, finance management, legal expertise, cargo development and management, airline marketing, retail, commercial, space leasing, non-aeronautical etc.

8.1.19 Costs are incurred by AEL and AAHL on an overall basis to provide the above services and support different groups of companies (including airports). The major composition of these costs includes salaries and administrative costs.

8.1.20 NMIAL had submitted that the cost is allocated on cost-to-cost basis "without any mark-up" and claimed Corporate Allocation of ₹ 80 crore towards corporate support services received from the holding companies, namely, AEL and AAHL for FY 2025-26.

8.1.21 NMIAL had projected an annual increase of 10% during the First Control Period.

Table 113: Corporate cost allocation submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Corporate cost	80.00	88.00	96.80	106.48	117.13	488.41

F. Collection charges on User Development Fee (UDF)

8.1.22 NMIAL had proposed UDF collection charges at ₹ 5 per departing passenger. Accordingly, the following have been submitted:

Table 114: UDF collection charges submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
UDF collection charges	2.57	4.14	4.72	4.72	7.27	23.42

G. Administrative and general expenses

8.1.23 As per the MYTP submission, administrative and general expenses are necessary for the efficient working of the airport and these include ASQ survey, aerodrome licensing, consultancy expenses, advertisement, travel, audit, printing & stationery, office expenses, communication costs, business promotion, guest house expenses, inauguration events, dignitaries site visit etc. The initiatives include

industry outreach programs, meeting various stakeholders, participation in various domestic and international forums and catchment area programs.

8.1.24 NMIAL had considered the following expenses for calculation of administrative and general expenses for FY 2025-26:

- Staff training, travel & boarding, printing & stationery, expenses towards slot co-ordination meetings & seminars, stakeholder meetings, subscription charges, operations library, etc.
- Renewal of aerodrome license, aeronautical survey and its verification & validation, vehicle for aerodrome safeguarding team for the survey, calibration of PAPI.
- Legal expenses, professional consultancy charges, passenger engagement expenses.

8.1.25 NMIAL had considered an annual increase of 10% Y-o-Y for administrative expenses.

Table 115: Administrative and general expenses submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Administrative expenses	30.00	34.33	37.77	41.54	84.37	228.01

H. Insurance

8.1.26 NMIAL had submitted that Article 29 of the CA states its insurance obligation. The relevant extract is given below:

*"**Insurance Obligations***

The Concessionaire shall effect and maintain at its own cost, during the Concession Period, such insurances for such maximum sums as may be required under the Financing Agreements and Applicable Laws, and such insurances as may be necessary or prudent in accordance with Good Industry Practice. The Concessionaire shall also effect and maintain such insurances as may be necessary for mitigating the risks that may devolve on the Authority as a consequence of any act or omission of the Concessionaire. The Concessionaire shall procure that in each insurance policy, the Authority shall be a co-assured and that the insurer shall pay the proceeds of insurance into the Escrow Account. The Parties agree that the level of insurance to be maintained by the Concessionaire after repayment of Senior Lenders' dues in full shall be determined on the same principles as applicable for determining the level of insurance prior to such repayment of Senior Lenders' dues.

Insurance Cover

Without prejudice to the provisions contained in Clause 29.1, the Concessionaire shall, during the Concession Period, procure and maintain Insurance Cover including but not limited to the following:

a) loss, damage or destruction of the Project Assets, including assets handed over by the Authority to the Concessionaire, at replacement value;

b) comprehensive third party liability insurance, including injury to or death of personnel of the Authority or others who may enter the Airport;

c) the Concessionaire's general liability arising out of the Concession;

d) liability to third parties for goods or property damage;

e) workmen's compensation insurance; and

f) any other insurance that may be necessary to protect the Concessionaire and its employees, including all Force Majeure Events and not otherwise covered in items (a) to (e) above."

8.1.27 NMIAL had submitted that being an Airport Operator, it is expected to take various insurances for property damage, business interruption, cyber security, third party liabilities and terrorism. NMIAL had projected insurance expense of ₹ 20 crore for FY 2025-26 for the initial asset base with a replacement cost coverage of approximately ₹ 20,000 crore. The implied cost submitted is estimated at approximately 0.10% of the replacement cost.

8.1.28 NMIAL had considered that the cost of insurance w.r.t the initial asset base would increase 10% Y-o-Y due to inflation.

8.1.29 The insurance expenses for new assets to be added during the control period have been calculated as 0.10% of the new additions to the gross block based on market rates.

Table 116: Insurance projections submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Initial assets – phases I and II	20.00	22.00	24.20	26.62	29.28	**122.10**
New assets added – operational + phase III	0.07	0.44	0.63	0.67	34.80	**36.60**
Total insurance expense	**20.07**	**22.44**	**24.83**	**27.29**	**64.08**	**158.70**

I. Repairs and Maintenance (R&M)

8.1.30 NMIAL had submitted projections for R&M expenses which include civil, electrical and mechanical works for the maintenance of the airport including the terminal, runways, taxiways, parking bays, aprons, aerobridges, power substations, IT and other plants and machinery.

8.1.31 As per submission, the projected R&M expenses have been calculated as 1.10%-1.20% of the opening gross block of assets (excluding land development cost) over the Control Period. The cost estimated is significantly lower than 6% of the opening net block of aeronautical assets as assessed/approved by AERA in various tariff orders like Ahmedabad, Lucknow, Mangaluru, AAI Airports. etc.

Table 117: R&M expenses submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
R&M expense	172.30	180.89	193.20	195.49	195.98	937.87

J. Other operating expenses

8.1.32 NMIAL had submitted other operating expenses which include expenses such as (i) housekeeping and upkeep expenses; (ii) horticulture expenses; (iii) private security expense; and (iv) outsourced manpower/ hire charges. Outsourced manpower charges include expenses such as operations of bird scarers for wildlife hazard management, trolley re-stackers, customer service executive, guest relation executive etc.

8.1.33 The above other operating expenses are projected to be ₹ 110 crore for FY 2025-26 with a 10% Y-o-Y escalation. Additionally, in FY 2029-30, with the proposed operationalization of phase III, NMIAL

considered approximately 97% increase in cost due to increase in terminal area during the First Control Period.

Table 118: Other operating expenses submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Other operating expenses	110.00	121.00	133.10	146.41	287.60	**798.11**

K. CNS/ATM expenditure

8.1.34 NMIAL had submitted that Terminal Navigation Landing Charges (TNLC) are levied by AAI on the airlines for the corresponding service provided by AAI as part of the CNS-ATM agreement between the AAI and NMIAL. CNS-ATM services are part of the reserved services. These services are provided by AAI on cost recovery basis.

8.1.35 Clause 2.2.4 of the MoU signed between the GoI and NMIAL states the following:

"Any payments made by the Concessionaire to or on behalf of any Government Instrumentality / agency for providing Reserved Services except Security Services, within the Airport shall be considered as pass through for the purpose of determination of the Aeronautical Charges."

8.1.36 Clause 7.4 of the CNS-ATM agreement between NMIAL and AAI states the following:

"The provision of CNS-ATM services as mentioned in Clause 5.1 shall be on cost recovery basis. Further, TNLC revenues collected by AAI shall be deducted from the actual cost of providing the CNS/ATM services during that year (cost includes prorated capital cost and all the operating costs including staff cost). ...

Deficit, if any, between the actual cost of providing the CNS/ATM services during that year (cost includes pro-rated capital cost and all the operating costs including staff cost) and TNLC revenues in the first 3 years will be recovered with 12% interest from 4th, 5th and 6th years. If any uncovered deficit at the end of 6th year, the same will be paid by Airport Company to AAI. ..."

Accordingly, NMIAL requested AAI to share information on the capital cost and expected annual operating cost that would be incurred by AAI for NMIA. AAI responded to the above-referred matter vide letter dated September 25, 2024. Accordingly, NMIAL has considered the TNLC for the First Control Period of NMIA as follows:

i) TNLC CAPEX of ₹ 220 crore as per the above referred letter of AAI.

ii) TNLC OPEX as per above referred letter of AAI

   a) ₹ 131 crore for FY 2025-26 (₹ 70 crore – CNS and ₹ 61 crore – ATM) which is increased annually by 10% as per AAI's letter.

iii) TNLC revenue for AAI for the First Control Period is ₹ 5,259 per domestic ATM and ₹ 8,178 per international ATM as per AIC SL. No. 35/2020 dated September 30, 2020, issued by DGCA.

NMIAL had considered 15 years of useful life for CNS-ATM assets as provided by AAI in line with the useful life of plant and machinery of NMIA.

Table 119: CNS/ATM expenditure submitted by NMIAL

(in ₹ crore)

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
AAI revenues	**A**	**22.24**	**35.64**	**40.15**	**40.15**	**61.55**	199.73
TNLC OPEX	**B**	**145.27**	**158.33**	**172.69**	**188.50**	**205.88**	870.66
CNS/ATM expenditure	**C=B-A**	**123.03**	**122.69**	**132.54**	**148.35**	**144.32**	670.93

L. Concession Fee (fixed fee)

8.1.37 NMIAL had submitted that as per clause 26.1.1 of the CA

"In consideration of the grant of Concession, the Concessionaire shall pay to the Authority by way of concession fee ("Concession Fee"), the following amounts to the Authority on annual basis:

Table 120: Concession fee payable by NMIAL

Concession period	Concession fee (in ₹ crore)	Concession period	Concession fee (in ₹ crore)
Year 1	5	Year 21	130
Year 2	5	Year 22	135
Year 3	5	Year 23	140
Year 4	5	Year 24	750
Year 5	5	Year 25	790
Year 6	5	Year 26	825
Year 7	5	Year 27	870
Year 8	5	Year 28	910
Year 9	5	Year 29	955
Year 10	10	Year 30	1,005
Year 11	10	Year 31	1,250
Year 12	10	Year 32	1,315
Year 13	10	Year 33	1,380
Year 14	10	Year 34	1,445
Year 15	10	Year 35	1,520
Year 16	100	Year 36	1,595
Year 17	105	Year 37	1,675
Year 18	110	Year 38	1,760
Year 19	115	Year 39	1,845
Year 20	120	Year 40	1,940

8.1.38 NMIAL had also submitted that clause 26.1.4 of the CA states that

"The Concession Fees shall be considered as a part of the operating expense for the purpose of the determination of the Aeronautical Charges"

8.1.39 Accordingly, NMIAL had submitted the Concession fee for the First Control Period as follows:

Table 121: Concession Fee submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Concession Fee	5	5	8.66	10	10	**38.66**

M. Independent Engineer cost (IE)

8.1.40 NMIAL had submitted an amount of ₹ 5 crore as fees to be incurred during FY 2025-26 to acquire services of an independent engineer for the First Control Period.

8.1.41 NMIAL had submitted that as per Article 23 of the CA, CIDCO and NMIAL will appoint the Independent Engineer (IE). The relevant clauses are reproduced below.

"*23.1.2 The appointment of the Independent Engineer shall be made within 30 (thirty) days of the date of execution of this Agreement, and such appointment shall be valid until Phase I COD. On or prior to the expiry or termination of the said appointment, the Authority shall appoint an Independent Engineer for a further term of 3 (three) years in accordance with the provisions of Schedule M, and such procedure shall be repeated after expiry of each appointment.*

23.3.1 The remuneration, cost and expenses of the Independent Engineer shall be paid by the Authority, and all such remuneration, cost and expenses shall be reimbursed by the Concessionaire to the Authority within 15 (fifteen) days of receiving a statement of expenditure from the Authority.

23.3.2 Any amounts paid to the Independent Engineer shall be a pass-through for the determination of the Aeronautical Charges by AERA."

8.1.42 Accordingly, the IE is to be appointed initially until phase I COD and thereafter for every 3 years till the end of concession period of 30 years. The cost of the IE shall be paid by CIDCO and that shall be reimbursed by NMIAL to CIDCO. The cost of IE will be pass-through for the determination of aeronautical charges by AERA.

8.1.43 In accordance with the above, CIDCO had appointed M/s AECOM Asia Company Limited in consortium with AECOM India Private Limited as the IE, initially for a period of 4 years with total cost of ₹ 34.80 crore. This agreement expired on October 28, 2022. Subsequently, CIDCO in mutual consent with the IE, extended services of the IE up to December 30, 2024, for a lump sum amount of about ₹ 20 crore plus GST.

8.1.44 NMIAL had considered the rate of charges for IE services during the operations period at 50% of the rate during the construction period. Additionally, NMIAL had assumed an annual escalation in cost as 10%. Based on the above assumptions, NMIAL proposed the following cost of IE.

Table 122: Independent Engineer fee submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Independent Engineer's fees	5.00	5.50	6.05	6.66	7.32	30.53

N. Digitization cost

8.1.45 NMIAL had submitted that the next phase of growth in the aviation sector will be dependent on digital transformation / technology intervention where an airport operator can provide end to end services to the consumers (origin to destination) on single platform which will result in enhanced consumer experience and more satisfaction.

8.1.46 NMIAL had submitted that it neither had bandwidth nor expertise to undertake digitalization of airport experience. The same 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 digitisation is required to be adopted, timelines are also not conducive. Hence NMIAL, through the competitive bidding process will select another entity which can help it to embark on this journey of digitalisation. The costs for digitisation estimated by NMIAL are as below:

Table 123: Digitisation cost as submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Digitisation cost	110.00	121.00	133.10	146.41	161.05	671.56

8.1.47 NMIAL had considered annual escalation of 10%.

O. Financing charges and others

8.1.48 Financing charges include not limited to bank charges for routine operations, debt arranging charges, processing fees and upfront fees payable to lenders, documentation charges and various agencies. As per industry trade practice, the upfront fees range from 1.50% to 2.50% depending on the size and complexity of the transaction. Accordingly, NMIAL had assumed 1.50% of the debt amount as financing charges.

8.1.49 NMIAL had also tendered a Performance Bank Guarantee to CIDCO as mandated under Clause 9.1.1 of the CA as follows:

*"The Concessionaire shall, for the performance of its obligations hereunder in respect of Phase I, provide to the Authority, no later than 60 (sixty) days from the date of this Agreement, an irrevocable and unconditional guarantee from a Bank for a sum equivalent to Rs. 100,00,00,000 (Rupees One Hundred Crore) in the form set forth in Schedule F ("**Performance Security**"). Until such time the Performance Security is provided by the Concessionaire pursuant hereto and the same comes into effect, the Bid Security shall remain in force and effect and upon such provision of the Performance Security pursuant hereto, the Authority shall release the Bid Security to the Concessionaire."*

8.1.50 Further, on revision of initial phase from phase I alone to phase I & II combined, NMIAL was required to furnish additional Performance Security of ₹ 110.38 crore to CIDCO as per para 9.1.3 of CA, reproduced below for quick reference.

The Concessionaire shall provide separate Performance Securities prior to undertaking the Construction Works for any of the subsequent phases, for an amount equivalent to 2% (two percent) of the cost approved for such phase by the Senior Lenders of each such phase of the Project. The term Performance Security as used in this Agreement shall refer to and include all the Performance Securities to be provided by the Concessionaire for each phase of the Project.

8.1.51 NMIAL had arranged Performance Bank Guarantees from State Bank of India in favor of CIDCO. Annual fee of 1% (plus applicable taxes) of the Performance Bank Guarantee is to be paid to State Bank of India (Lender) as per agreed terms.

8.1.52 Additionally, a working capital loan had been assumed at an average cost of debt 10.97% per annum of average of opening and closing working capital balance. For calculation of working capital

requirements, NMIAL had assumed 45 days of receivables and 30 days of payables. The following table provides a summary of the various financing charges that are proposed to be incurred by NMIAL.

Table 124: Financing charges as submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Finance charges for arranging debt	23.99	48.52	87.37	105.40	56.66	**321.94**
Fees for Performance Bank Guarantee	2.08	2.08	2.08	2.08	2.08	**10.42**
Working capital interest and other interest	21.46	57.79	81.80	93.23	124.07	**378.36**
Total	**47.53**	**108.40**	**171.25**	**200.71**	**182.82**	**710.72**

P. Cargo operating expenses

8.1.53 NMIAL had submitted that Clause 18.4 of the CA stipulates the airport operator's obligations towards developing, operating and maintaining the cargo facilities.

8.1.54 As per the MYTP submission, NMIAL would outsource all day-to-day operations of the cargo facility (domestic and international) to an O&M agency for a fee (O&M fees). Based on the cost structure of cargo operations at other major airports, the airport operator had estimated that O&M Fees would be based on volume of cargo tonnage processed from the cargo facility and expects it to be about ₹ 8,000 per ton. An escalation of 10% Y-o-Y had been considered for O&M Fee.

8.1.55 NMIAL had submitted that it will appoint supervisory staff and duty managers to oversee the facility and functioning of the O&M operator on a day-to-day basis. Being a 24*7 facility, NMIAL had considered three (3) number of supervisors and three (3) number of duty managers in shifts. The average annual cost per person had been considered ₹ 33 lakh. Total cost had been considered as approximately 2 crore per annum with an escalation of 10%.

8.1.56 In addition to O&M fees, NMIAL will have to bear custom cost recovery charges for the international cargo facility for sanctioned staff of 116 and 232 for FY 2025-26 and 2026-27 respectively as per custom regulation circular 02/2021 dated January 19, 2021 and letter dated July 5, 2023, by the Commissioner of Customs. NMIAL considers that as the volume of cargo increases and achieves the threshold of exemption criteria, custom cost recovery charges are expected to be exempted from FY 2027-28 onwards.

8.1.57 NMIAL had submitted that as per MoCA directive in 2024, all airport operators are to bear the cost of deployment of CISF personnel deployed at GA terminal, cargo and MRO. In light of the same, NMIAL had considered CISF deployment cost while computing the total cost attributable to cargo operations.

8.1.58 Based on the above, the operating cost for cargo facility submitted by NMIAL is as below:

Table 125: Cargo operating expenses as submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Insource salary	2.00	2.20	2.42	2.66	2.93	**12.21**
O&M expense	212.04	384.11	670.69	737.76	1038.31	**3,042.90**
Customs cost recovery	48.72	97.44	--	--	--	**146.16**
CISF manpower expense	5.83	9.60	16.77	18.44	25.96	**76.60**

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Other expenses (IT, admin, marketing, etc.)	4.25	4.68	5.14	5.66	6.22	**25.95**
Total	**272.84**	**498.02**	**695.02**	**764.52**	**1073.42**	**3,303.82**

Q. Fuel Farm operating expenses

8.1.59 NMIAL had submitted that Clause 18.3. of the CA stipulates the Airport Operator's obligations towards providing necessary fuel infrastructure facilities on an equal/open access basis at the Airport. The concessionaire shall provide, or cause to be provided, the infrastructure required for the operation of Fuelling services on equal access basis for all the aircrafts at the Airport in a transparent and non-discriminatory manner ("Aircraft Fuelling Services"). Such infrastructure shall include tank farms, common hydrant fuelling systems and associated facilities in accordance with the provisions of this agreement, applicable laws and good industry practice.

8.1.60 NMIAL had submitted that the day-to-day operations and management of the Fuel Farm would be outsourced to an O&M agency on a volume linked fee basis (with minimum annual guarantee). The MYTP submission considers the fees for O&M agency to be ₹ 500 per KL with an increase in rate by 5% per annum.

8.1.61 NMIAL had submitted that it will appoint supervisory staff and duty managers to oversee the facility and functioning of the O&M operator on a day-to-day basis. Being a 24*7 facility, NMIAL had considered three (3) number of supervisors and three (3) number of duty managers in shifts. The average annual cost per person had been considered ₹ 33 lakh. Total cost had been considered as approximately 2 crore per annum with an escalation of 10%.

Table 126: Fuel Farm operating expenses as submitted by NMIAL

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Insource salary	2.00	2.20	2.42	2.66	2.93	**12.21**
O&M expense	15.07	27.00	32.98	34.63	57.88	**167.57**
Total	**17.07**	**29.20**	**35.40**	**37.29**	**60.81**	**179.78**

8.2 Authority's examination regarding Operation and Maintenance (O&M) expenses for the First Control Period at Consultation Stage

8.2.1 The Authority noted the basis and estimation of O&M expenses submitted by NMIAL for the First Control Period. The Authority noted that NMIAL had projected O&M expenses considering infrastructure requirements, personnel costs, equipment maintenance, utilities, security measures and other costs. The Authority had noted that NMIAL had considered all O&M expenses as aeronautical expenses, without segregation into aeronautical and non-aeronautical expense.

The MYTP submission also does not consider categorization based on Terminal Building Ratio or Gross Block Ratio. The Authority noted that depending on the nature of services provided or area allocated, expenses should be segregated as aeronautical or non-aeronautical or common. The Authority had conducted a detailed analysis of O&M expenses submitted by NMIAL in the following order:

I. Computation of Allocation ratios

II. Examination of O&M expenses and its allocation into aeronautical and non-aeronautical expenses

I. Allocation ratios

8.2.2 The following ratios have been computed by the Authority for appropriate segregation of expenses into aeronautical, non-aeronautical and common expenses. Thereafter, common expenses have been further segregated between aeronautical and non-aeronautical for First Control Period.

Terminal Building Ratio

8.2.3 The Authority noted that about 25,356 sqm. area in the terminal building is considered for non-aeronautical or commercial activities. This is about 10.96% of the terminal building. The report of the Inter-Ministerial Group (IMG) on Norms and Standards for Determining the Capacity of Airport Terminals provides that commercial or retail area normally require 8 – 12% of the overall area and should be planned and provided accordingly. In bigger airports, i.e., with annual passenger traffic exceeding 10 million, the commercial area could be up to 20% of the overall area.

8.2.4 The Authority noted that NMIA, while being a bigger airport, is also a greenfield airport. Thus, the unit area norm of 20% may be too early to consider. However, as NMIAL is already projecting to use 10.96% of terminal building area for non-aeronautical or commercial activities, it may be able to leverage private sector experience and increase non-aeronautical area to about 12% during the First Control Period. Therefore, the Authority proposed to consider the terminal building ratio of 88%:12% as allocation of area towards aeronautical and non-aeronautical activities for the First Control Period.

Gross Block Ratio

8.2.5 The Authority, based on the proposed CAPEX in **Table 74** and proposed the Gross Block Ratio for the First Control Period as presented in the table below.

Table 127: Gross Block Ratio proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30
Opening Aeronautical Block (A)	0.00	17,491.80	17,530.71	17,626.04	17,636.22
Addition (B)	17,491.80	38.90	95.33	10.19	5.62
Sales/Transfers/Disposals (C)	0.00	0.00	0.00	0.00	0.00
Closing of Aeronautical Block (D=A+B-C)	17,491.80	17,530.71	17,626.04	17,636.22	17,641.85
Opening Gross Block (E)	-	18,344.86	18,383.77	18,479.10	18,489.29
Addition (F)	18,344.86	38.90	95.33	10.19	5.62
Sales/Transfers/Disposals (G)	-	-	-	-	-
Closing Gross Block (H=E+F-G)	18,344.86	18,383.77	18,479.10	18,489.29	18,494.91
Gross Block percentage (I=D ÷H)	95.35%	95.36%	95.38%	95.39%	95.39%
Average of 5 year Gross Block ratio	**95.37%**				

Employee Head Count Ratio

8.2.6 The Authority noted that NMIAL had considered all manpower expenses as aeronautical in nature. Based on the nature of services provided by each department, no segregation as aeronautical or non-

aeronautical or common had been provided. As part of its MYTP, NMIAL had submitted department wise estimation of employee head count proposed to be deployed at NMIA.

8.2.7 The Authority noted that NMIAL had factored in the capacity expansion of phase III in FY 2029-30 and considered an increase in employee headcount. The Authority after analysing the same had not considered this projected increase due to reason stated in para 4.2.8.

8.2.8 Authority through its Independent Consultant had sought the actual status of manpower count. NMIAL vide email dated December 31, 2025, submitted expected manpower of 550 as on March 31, 2026. As per NMIAL, manpower requirement is expected to increase in future as scale of operations increase and international operations also start. The department wise manpower is projected to go up to 752 in FY2026-27 by NMIAL.

8.2.9 On review of the projected number of employees, the Authority noted that the passenger per employee count in NMIA was in line with other airports whose passenger profile was similar to NMIA.

Table 128: Benchmarking of manpower with other airports

Airport	Projected Total Pax in MPPA*	Manpower in Nos	Avg. Manpower per MPPA
NMIAL	100.12	752	7.51
MoPA	47.68	376	7.88
DIAL	433.05	1737	4.01
MIAL	229.17	1152	5.02
BIAL	174.88	1509	8.62

**Based on traffic projections in consultation paper by AERA*

Therefore, the Authority proposed to consider the employee head count as submitted by NMIAL for the First Control Period incorporating a gradual ramp up in manpower. Therefore, it proposed adjusting the employee count from 550 to 752, effective from March FY 2026 to FY 2030 as per the **Table 130** below.

8.2.10 After examining the functions of each department, the Authority is of the view that the duties of employees listed below extend beyond aeronautical activities and encompass non-aeronautical activities or overall operations of the Airport. As a result, the Authority proposed reclassification of these departments as either non-aeronautical or common:

Table 129: Classification of department into non-aeronautical or common

Non-aeronautical	Common
City side development	Corporate affairs
Non aero	Corporate communication
	Environment & sustainability
	Finance & accounts
	Horticulture
	Human resource
	Information technology
	Legal
	Techno commercial
	Security

8.2.11 Based on the above reclassification, the Authority had recomputed EHCR as detailed in table below:

Table 130: Employee Head Count Ratio proposed by the Authority for the First Control Period at Consultation stage

Department	Classification	FY26	FY27	FY28	FY29	FY30
Aero commercial	Aero	1	1	3	4	4
Airline marketing	Aero	2	2	2	2	2
Airport operation services	Aero	8	8	11	11	11
Airside operations	Aero	43	43	43	43	43
AOCC	Aero	29	29	30	30	30
ARFF	Aero	158	158	158	158	158
Aviation safety	Aero	3	3	4	4	4
City side development	Non-aero	2	2	3	3	3
COO office	Aero	4	4	5	5	5
Corporate affairs	Common	2	2	3	3	3
Corporate communication	Common	3	3	5	5	5
Engineering services	Aero	70	70	68	68	68
Environment & sustainability	Common	4	4	5	5	5
Finance & accounts	Common	7	12	18	18	18
Horticulture	Common	3	3	6	6	6
Human resource	Common	2	10	15	15	15
Information technology	Common	4	8	11	11	11
Legal	Common	2	2	6	6	6
Non aero	Non-aero	3	3	2	2	2
Quality and customer experience	Aero	2	7	10	10	10
Regulatory	Aero	1	1	3	3	3
Security	Common	31	40	50	50	50
ILBHS screeners / Baggage operations	Aero	100	115	135	154	165
Techno commercial	Common	7	7	10	10	11
Terminal operations	Aero	59	95	114	114	114
Total Employee Head Count		**550**	**632**	**720**	**740**	**752**
Allocation						
Aero		480	536	586	606	617
Non-aero		5	5	5	5	5
Common		65	91	129	129	130
Total		**550**	**632**	**720**	**740**	**752**
Allocation of common expense						
Aeronautical		64	90	128	128	129
Non- aeronautical		1	1	1	1	1
Total		**65**	**91**	**129**	**129**	**129**

Department	Classification	FY26	FY27	FY28	FY29	FY30
Total Employee Head Count						
Aero		544	626	714	734	746
Non-aero		6	6	6	6	6
Total		**550**	**632**	**720**	**740**	**752**
Employee Head Count Ratio		**98.97%**	**99.08%**	**99.15%**	**99.18%**	**99.20%**

Summary of allocation ratios proposed by the Authority for the First Control Period

8.2.12 The Allocation ratios proposed by the Authority for NMIA for the First Control Period are as follows:

Table 131: Allocation ratios proposed by the Authority for the First Control Period at Consultation stage

Particulars	FY26	FY27	FY28	FY29	FY30
TBLR (para 8.2.4)	88.00%	88.00%	88.00%	88.00%	88.00%
Gross block ratio (para 8.2.5)	95.35%	95.36%	95.38%	95.39%	95.39%
EHCR (Table **130**)	98.97%	99.08%	99.15%	99.18%	99.20%

These ratios will be trued up based on actuals during tariff determination of Second Control Period.

Classification and allocation of O&M expenses

8.2.13 The Authority had classified and assigned the projected O&M expenses into three distinct categories: aeronautical, non-aeronautical and common. Further, the common expenses have been allocated into aeronautical and non-aeronautical categories, based on the established methodology followed by the Authority across all airports. Presented below is the table illustrating the classification and allocation of O&M expenses proposed by the Authority in the subsequent paragraphs, into the aeronautical and non-aeronautical segments for the First Control Period:

Table 132: Classification and allocation of O&M expenses proposed by Authority for First Control Period at Consultation stage

Particulars	Expense classification	Allocation basis	Aeronautical	Non-aeronautical
Manpower	Common	Employee Head Count Ratio	98.97% (for FY 2025-26) refer Table 131	1.03%
Fuel	Aeronautical	-	100%	-
Utility expense	Aeronautical	After recoveries from the Non-Aeronautical Concessionaire	100%	-
IT expense	Common	Gross Block Asset ratio	95.37% (refer Table 131)	9.65%
Corporate allocation cost	Common	Employee Head Count Ratio	98.97% (refer Table 131)	1.00%
Collection charges on UDF	Aeronautical	-	100%	-
Other administrative expense	Common	Gross Block Asset Ratio	95.37% (refer Table 131)	9.65%
Insurance	Common	Gross Block Asset Ratio	95.37%	9.65%

Particulars	Expense classification	Allocation basis	Aeronautical	Non-aeronautical
			(refer Table 131)	
R&M	Common	Gross Block Asset Ratio	95.37% (refer Table 131)	9.65%
Other operating cost	Common	Terminal Building Ratio	88% (refer Table 131)	12%
TNLC charges	Aeronautical	-	100.00%	-
Digitisation cost	Common	MCDA Approach used in MIAL	30.00% (Refer Table 157)	70.00%

II. Examination of O&M expenses and its allocation into aeronautical and non-aeronautical expenses

8.2.14 The Authority had examined NMIAL's submission regarding inflationary increase and expansion increase. Authority's view on the same are elaborated below.

Inflationary increase

8.2.15 The Authority, on examination of the submission made by NMIAL, noted that inflation of 5% had been considered by NMIAL. However, the Authority proposed to consider WPI inflation of 0.50% in FY 2025-26 and 3.00% thereafter during the First Control Period, as published in the results of the 98th round of the Survey of Professional Forecasters on Macroeconomic Indicators released on February 6, 2026.

Phase III expansion increase

8.2.16 The Authority noted that NMIAL in its submission had projected various expenses by considering an incremental increase factor in FY 2029-30 attributed to the proposed operationalization of phase III. However, as mentioned in chapter 5 (refer para 5.3.2), phase III capitalisation would be considered on incurrence basis. Therefore, phase III related expansion expense had not been considered.

Head-wise analysis of various O&M expenses is as under.

A. Manpower expenses

8.2.17 The Authority noted that NMIAL had projected an average salary cost per employee of ₹ 16 lakh for FY 2025-26 and thereafter applied an annual escalation of 10% on Y-o-Y basis during the First Control Period across all employee grades. Based on benchmarking with comparable airports, including MIAL (Tariff order for the Fourth Control Period) and MoPA, Goa (Tariff order for First Control Period) and guided by ICAO's principles of 'cost-relatedness' which stipulates that aeronautical charges should be derived from costs that are directly attributable, necessary and efficiently incurred for the provision of aeronautical services, the Authority considers the proposed average salary cost per employee of ₹ 16 lakh for FY 2025-26 to be reasonable. However, for the subsequent years of the First Control Period, the Authority proposed to rationalize the escalation by applying a uniform annual growth rate to 6% Y-o-Y basis, commencing from FY 2026-27, in line with the standardized approach adopted in recent tariff orders. This calibrated approach ensures cost prudence, compliance with the principle of cost-relatedness and recovery of only efficient and justifiable manpower costs.

Allocation of manpower expenses

8.2.18 The Authority, taking into the account the above factor and EHCR as presented in **Table 130**, proposed the following aeronautical manpower expenses for determination of tariff of the First Control Period of NMIA.

Table 133: Aeronautical manpower expenses proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
Total number of employees	A	544	626	714	734	746	
Average salary Cost	B	0.16	0.17	0.18	0.19	0.20	
Manpower expense	C=A*B	87.04	99.22	120.45	137.97	149.48	594.15
Proportionate for operational period		23.45*	99.22	120.45	137.97	149.48	530.56

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

B. Utility expenses

8.2.19 The Authority noted that NMIAL had estimated utility cost of ₹ 1,050.04 crore for the First Control Period comprising of power, water and fuel cost at net level, i.e. gross expenses less recovery from various users/concessionaires. The said expense also includes incremental expenses on account of phase III operationalization during FY 2029-30.

8.2.20 The Authority undertook a detailed examination of the utility expenses which is presented below

Power Charges/Expenses

8.2.21 The Authority noted that NMIAL projected annual electricity consumption and per unit cost as given in para 8.1.9 based on its expectation of operating at 33 KV power distribution and transmission in the initial years and thereafter moving to 220 KV connectivity considering the load requirements.

8.2.22 Considering that NMIA had commenced commercial operations from December 25, 2025, it is understood that the power consumption will increase post COD. A broad level benchmarking exercise was undertaken to estimate the per passenger power consumption proposed by NMIAL versus those considered in tariff orders of CSMIA and IGIA.

Table 134: Per passenger power consumption benchmarking

Particulars	FY25	FY26	FY27	FY28	FY29	FY30
CSMIA						
Gross power consumption (kwH in crore)	16.43	14.89	13.36	13.36	14.77	-
Pax (Mn)	54.00	44.62	41.04	42.46	48.34	-
Units/pax	3.04	3.34	3.26	3.15	3.06	-
IGIA						
Electricity consumption (MU)	290.87	290.87	290.87	304.08	304.08	-
Pax (Mn)	79.44	83.53	88.83	93.68	97.86	-
Units / pax	3.66	3.48	3.27	3.25	3.11	-
NMIAL (MYTP)						
Power consumption (crore unit)	-	10.34	10.86	11.40	11.97	12.57
Pax (Mn)	-	11.98	19.31	22.00	22.00	33.90
Units / pax	-	8.63	5.62	5.18	5.44	3.71

8.2.23 The Authority noted that the average power consumption per passenger for the 5-year control period is ~3.17 units for CSMIA and ~3.35 units for IGIA. The average power consumption per passenger based on NMIAL submission is ~5.72 units, which is considerably higher than CSMIA and IGIA. The Authority is of the view that NMIA, being a greenfield airport, should install energy-efficient fixtures and minimize overall power consumption. Accordingly, the Authority had proposed to consider power consumption as 5 units per passenger for the first year and 4 units per passenger in the subsequent years of the First Control Period.

8.2.24 The Authority noted that as per NMIAL's submission, about 15% of gross power consumption will be on recovery basis during the first year of operation, which would increase to 18% during the second year and to 20% by the third year of First Control Period. The Independent Consultant undertook benchmarking of recovery of electricity charges at CSMIA, IGIA and BIAL. The same is mentioned below:

Table 135: Benchmarking of electricity charges

Particulars	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
CSMIA								
Adjusted gross consumption (kwH in crore)				16.43	14.89	13.36	13.36	14.77
Adjusted recoveries (kwH units in crore)				5.42	4.91	4.41	4.41	4.87
Recovery %				33.00%	33.00%	33.00%	33.00%	33.00%
IGIA								
Electricity consumption (MU)				290.87	290.87	290.87	304.08	304.08
Recovery				72.00%	72.00%	72.00%	72.00%	72.00%
BIAL								
Electricity consumption (MU)	77	95	125	125	125			
Recovery	51%	49%	49%	49%	50%			

8.2.25 From the above table, it is noted that the electricity recovery considered is about 33% in the case of CSMIA, 72% in the case IGIA and 50% in case of BIAL as per their latest tariff orders. The 15% to 20% recovery projected by NMIAL during the First Control Period is comparatively low. The Authority is of the view that the recovery at NMIA will be more and hence Authority proposed to consider recovery of 33% of total power consumption. This recovery percentage from Concessionaires will be trued up during tariff determination of Second Control Period. For this purpose, NMIAL is advised to maintain proper record for the same which will be examined by the Authority at the time of true up.

8.2.26 Based on the supporting documents submitted by NMIAL, the Authority noted that NMIA draws electricity from the local discom MAHAVITRAN under HT-II commercial category. As per the bills provided by NMIAL, the procurement cost is around ₹ 19 per unit of electricity. As submitted in the MYTP, the Authority proposed to consider ₹ 19 per unit as the procurement cost during FY 2025-26. Thereafter, Y-o-Y increase in the rate of inflation as mentioned in Chapter 7 will be considered for unit power cost.

8.2.27 The Authority noted that NMIAL in its MYTP submission had computed generation of ₹ 1.25 crore units of power from solar energy. In response to the Independent Consultant's query for the basis for computation of power from solar energy, NMIAL submitted that the projection was based on

assumption that 10 MW of solar power will be installed in phase I. However, as per NMIAL's revised plan, 2.93 MW capacity will be operationalised in phase I and II by March 2026. Thus, it is projected that about ₹ 0.37 crore units of power will be generated from solar power starting from FY 2026-27. The revised units have been considered in power unit consumption from FY 2026-27 onwards.

8.2.28 Considering all the factors discussed above, the Authority proposed the power cost for the First Control Period is as follows:

Table 136: Power charges proposed by the Authority for the First Control Period at Consultation stage

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
Power consumption / pax	A	5	4	4	4	4	
Pax (Mn)	B	2.81	19.31	26.00	26.00	26.00	100.12
Gross power consumption (crore)	**C=A*B**	**1.41**	**7.73**	**10.40**	**10.40**	**10.40**	**40.33**
Recovery %		33%	33%	33%	33%	33%	
Recovery units (crore)	D	0.46	2.55	3.43	3.43	3.43	13.31
Solar power (crore)	E		0.37	0.37	0.37	0.37	1.48
Net power consumption (crore)	**F=C-D-E**	**0.94**	**4.80**	**6.59**	**6.59**	**6.59**	**25.52**
Rate (₹ / unit)	G	19.00	19.57	20.16	20.76	21.38	
Power cost (₹ crore)	F*G	17.85	93.97	132.91	136.90	141.00	**522.64**

Water Charges/Expenses

8.2.29 The Authority noted that NMIAL had projected annual water consumption and per unit cost as given in para 8.1.9. The Independent Consultant appointed by the Authority had asked NMIAL for basis of their projected water consumption. In their reply to the query, NMIAL submitted the details below:

Table 137: Water consumption submitted by NMIAL

Potable water consumption	FY 2026
West	
Terminal building + Airside	1624 KL per day
Landside	2091 KL per day
East	
Terminal building + Airside	926 KL per day
Total potable water	4641 KL per day
80% usage of potable water	3712.80 per day
Annual potable water consumption	13,55,172 KL
Potable water per pax	0.12 KL

8.2.30 Considering that NMIA had commenced its commercial operations, it is understood that the water consumption may increase post COD. A broad level benchmarking exercise was undertaken to estimate the per passenger water consumption proposed by NMIAL versus those considered in tariff orders of CSMIA and IGIA.

Table 138: Benchmarking of per passenger water consumption across various airports

Particulars	FY25	FY26	FY27	FY28	FY29	FY30
CSMIA						
Gross water consumption (lakh KL)	18.00	18.00	18.00	18.00	16.00	
Pax (Mn)	54.00	44.62	41.04	42.46	48.34	

Particulars	FY25	FY26	FY27	FY28	FY29	FY30
Water consumption / pax (KL)	0.03	0.04	0.04	0.04	0.03	
IGIA						
Gross water consumption (lakh KL)	24.21	24.21	24.21	25.31	25.31	
Pax (Mn)	79.44	83.53	88.83	93.68	97.86	
Water consumption / pax (KL)	0.03	0.03	0.03	0.03	0.03	
NMIAL MYTP						
Gross water consumption (lakh KL)		14.00	14.03	14.74	15.47	16.25
Pax (Mn)		11.98	19.31	22.00	22.00	33.90
Water consumption / pax (KL)		0.12	0.07	0.07	0.07	0.05

8.2.31 The Authority noted that the average water consumption per passenger for the 5-year control period is about 0.04 KL for CSMIA and about 0.03 KL for IGIA. The average water consumption per passenger as per NMIAL submission is about 0.07 KL, which is considerably higher than benchmark airports. The Authority is of the view that being a greenfield airport, NMIA should deploy water-efficient fixtures and leverage rainwater harvesting. Therefore, the Authority proposed considering 0.04 KL water consumption per passenger for NMIA.

8.2.32 Further, the Authority noted that NMIAL had considered 10% recovery of water charges from the sub-concessionaire. The Independent Consultant undertook benchmarking of recovery of water charges at CSMIA and IGIA. The same is mentioned below:

Table 139: Benchmarking of recovery of water charges from sub-concessionaires across various airports

Particulars	FY25	FY26	FY27	FY28	FY29
CSMIA					
Adjusted gross consumption (KL units in crore)	0.18	0.16	0.14	0.14	0.17
Recoveries (KL units in crore)	0.04	0.04	0.04	0.04	0.04
Recovery %	22%	25%	29%	29%	24%
IGIA					
Water consumption (lakh KL)	24.21	24.21	24.21	25.31	25.31
Recovery %	95%	95%	95%	95%	95%

8.2.33 From the above it is noted that the average water recovery considered is about 26% in the case of CSMIA and 95% in the case IGIA as per their latest tariff orders. The 10% water charges recovery projected during the First Control Period for NMIA is comparatively low. The Authority is of the view that MIAL being the operator of CSMIA and majority shareholder in NMIAL, it should make efforts to adopt successful practices from CSMIA and maximize recoveries at NMIA. Thus, taking note of the recovery percent at CSMIA, the Authority proposed to consider the recovery percent for NMIA as 25% of total water consumption.

8.2.34 The Authority noted that as per the water bill dated February 16, 2024, submitted by NMIAL, water charge is ₹ 52 per KL. Considering the inflationary increase of 2% over charge in year 2024, the Authority proposed to consider the water charge of ₹ 53.04 per KL for FY 2025-26. Thereafter, inflationary increase had been proposed.

Table 140: Water charges proposed by the Authority for the First Control Period at Consultation stage

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Water consumption / pax (KL per pax) (A)	0.04	0.04	0.04	0.04	0.04	
Pax (Mn) (B)	2.81	19.31	26.00	26.00	26.00	100.12
Gross water consumption (units) (C=A*B)	112,400	772,560	1,040,000	1,040,000	1,040,000	4,004,960
Recovery %	25.00%	25.00%	25.00%	25.00%	25.00%	
Recovery units (units) (D)	28,100	193,140	260,000	260,000	260,000	1,001,240
Net water consumption (units) (E=C-D)	84,300	579,420	780,000	780,000	780,000	3,003,720
Rate (₹ / unit) (F)	53.04	54.63	56.27	57.96	59.70	
Water charges (₹ crore) (E*F)	0.45	3.17	4.39	4.52	4.66	17.18

Water Resource Development Charges

8.2.35 The Authority noted that NMIAL submission pertaining to Clause 10.10.3 of the Concession Agreement pertaining to water resource development charges and that the amount payable to CIDCO in FY2028-29 is still under discussion.

8.2.36 Accordingly, the Authority proposed to consider these water development charges on incurrence basis subject to its reasonableness and prudence check during the true up exercise in Second Control Period.

Fuel / Diesel charges

8.2.37 The Authority noted that NMIAL had made provisions for diesel generator sets for power backup. NMIAL submitted ₹ 2 crore towards the same for first year of operation.

8.2.38 The Independent Consultant appointed by the Authority had asked NMIAL for basis of their projected fuel consumption. In their reply to the query, NMIAL submitted the details below:

Table 141 Basis of fuel cost submitted by NMIAL

		Unit	Qty.	Rate	Total (in ₹ crore)
DG diesel	Diesel	Liter	1,66,203	100	1.66
MT fuel	Diesel	Liter	79,152	100	0.79
Total of DG diesel & MT fuel (Diesel)					**2.45**
MT fuel	Petrol	Liter.	2,640	110	0.03
Total of DG diesel & MT fuel (Diesel & Petrol)					**2.48**

Since the basis for fuel cost submitted by NMIAL seems reasonable and the Airport operations have started from December 25, 2025, the Authority proposed to consider the proportionate amount for FY2025-26 and thereafter adjusted amount w.e.f. FY2026-27 onwards.

8.2.39 Taking the above factors into consideration, the Authority proposed the following utility expenses for the First Control Period:

Table 142: Total utility expenses proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Power expense	17.85	93.97	132.91	136.90	141.00	522.64
Water expense	0.45	3.17	4.39	4.52	4.66	17.18

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Fuel expense	0.54	2.06	2.12	2.19	2.25	9.16
Total utilities expense	**18.84**	**99.20**	**139.42**	**143.60**	**147.91**	**548.98**

C. IT expenses

8.2.40 Authority noted that NMIAL had projected IT expenses as given in para 8.1.14. Authority also noted that NMIAL had submitted one time increase of 4.40% during the 2nd year of operation. Thereafter the annual increase in cost is considered as per the rate of inflation mentioned in para 8.1.13

8.2.41 The Authority through its Independent Consultant had asked NMIAL for the detailed breakup of IT expenses.

8.2.42 NMIAL had submitted that discussions for various IT contracts were ongoing and the same would be made available to the Authority upon execution of contract. However, the particulars of expenses estimated by NMIAL are as below:

Table 143: IT expenses per annum breakup submitted by NMIAL

(in ₹ crore)

Particulars	Cost	Remarks
Contract manpower and device cost for IT operations	14	To run the airport systems, contract manpower and devices will be required
Cloud management & cyber security	5	Cybersecurity and website management cost
License applications & maintenance cost	11	License cost includes AMC required for ERP systems, Infra and Network components, Digi-yatra license
IT Digitalisation	10	Digitalisation costs include expenses related to digital twins, digital permit, video analytics, Digi Yatra, etc.
Total	**40**	

8.2.43 The Authority noted that IT infrastructure pertains to the operations of the entire Airport. Further, the Authority proposed to allocate IT expenses between aeronautical and non-aeronautical segregation based on the GBR. NMIAL in its submission had considered a 10% Y-o-Y increase in IT expenses, however, as per the Authority's standard practice, a 6% Y-o-Y increase is proposed.

Table 144: IT expenses proposed by the Authority at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
IT Expense after GBR allocation	38.15					
Growth %		6.0%	6.0%	6.0%	6.0%	
Total IT Expense	**38.15**	**40.44**	**42.86**	**45.44**	**48.16**	**215.05**
Proportionate for operational period	10.28	40.44	42.86	45.44	48.16	187.18

D. Rates and taxes

8.2.44 The Authority noted that NMIAL had made submission as per para 8.1.15 along with mentioning Clause 10.10 of the Concession Agreement pertaining to property tax/ service charges. As per NMIAL the property tax/service charges are not ascertainable, hence had not included in rates and taxes in MYPT submission and requested to consider these on an incurrence basis. The Authority proposed to consider the same on incurrence basis subject to reasonability and efficiency.

E. Corporate allocation

8.2.45 The Authority noted that NMIAL had submitted corporate allocation of ₹ 80 crore towards corporate support services received from AEL and AAHL. Thereafter 10% Y-o-Y increase had been considered. The Authority noted that NMIAL had not segregated expenses towards corporate allocation for the First Control Period into aeronautical and non-aeronautical.

8.2.46 The Authority through the Independent Consultant had sought the basis for department wise expense allocation. NMIAL had submitted the detailed breakup of this expense based on the study conducted by PwC as provided in the table below.

Table 145: Corporate allocation cost basis submitted by NMIAL for FY 2025-26

(in ₹ crore)

Company	Department	Allocation key	Cost
AAHL	Human resource	Ratio of number of employees of a SPV to total Adani Group employees	3.75
	Finance, tax & internal audit	Ratio of debt raised for a SPV to total debt raised for airport group	2.72
	IT	Ratio of number of IT users in a SPV to total IT users in all airports	2.34
	Inhouse legal team	Ratio of legal budget of a SPV to total legal budget of all airports	1.77
	CEO's Office	Ratio of per Pax revenue of SPV to total per Pax revenue	6.13
	Total (A)		**16.71**
AEL	Human resource	Ratio of number of employees of a SPV to total Adani Group employees	29.63
	Finance, tax & internal audit	Ratio of debt raised for a SPV to total debt raised for total group	15.58
	IT	Ratio of number of IT users in a SPV to total group users	9.17
	Inhouse legal team	Ratio of legal budget of a SPV to total legal budget of all airports	0.30
	CMD Office	Ratio of a SPV PBT to Group PBT	8.60
	Total (B)		**63.30**
Total (A + B)			**80.01**

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

8.2.48 However, the Authority, on review of the above, observes that the corporate costs include cost towards the in-house legal team. It is noted that the Authority had already allowed the employee expenses towards the in-house legal team of NMIAL and therefore, it is of the view that providing additional

expenses towards the legal department at the corporate level would result in redundancy. Hence, the Authority had excluded the same from aeronautical O&M expenses.

Based on the above, the Authority proposed not to consider the amount of ₹ 1.77 crore for AAHL and ₹ 0.30 crore for AEL towards such in-house legal team and allow the remaining amount of ₹ 77.13 towards corporate costs for FY 2025-26 after applying EHCR. The Authority advises NMIAL to submit the actual corporate allocation numbers based on the financial statement of AEL & AAHL for the FY 2025-26, during the stakeholder consultation process to enable the Authority to take a further view on the matter.

8.2.49 The Authority is also of the view that in the absence of an appropriate basis, corporate allocation cost can be segregated in the employee ratio as mentioned in **Table 131**.

8.2.50 Additionally, the Authority proposed considering Y-o-Y growth of 6% for corporate allocation cost in line with consideration in other Consultation Papers.

8.2.51 Based on the above analysis, the following table provides the corporate expenses of NMIAL as proposed by the Authority for First Control Period.

Table 146: Corporate cost as proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Corporate cost	77.13					
Growth %		6%	6%	6%	6%	
Proportionate for operational period	**20.78**	**81.75**	**86.66**	**91.86**	**97.37**	**378.43**

F. Collection charges on UDF

8.2.52 The Authority noted that NMIAL had computed collection charges on only embarking/departing passengers, excluding exempt and transfer passengers of 14% for domestic and 15% for international passengers. However, the Authority proposed computing Collection Charges on disembarking passengers, excluding exempt and transfer passengers of 7%.

8.2.53 The Authority further noted that NMIAL had considered Collection charges on UDF at ₹ 5 per departing passenger. The Authority finds this rate consistent with approved rates in the recent orders for other airports and therefore proposed considering the same rate for disembarking passengers to determine the collection charges for the First Control Period.

8.2.54 The Collection Charges proposed by the Authority for the disembarking passenger, based on the revised traffic as per **Table** for the First Control Period, as presented in the table below.

Table 147: Collection charges on UDF as proposed by the Authority for the First Control Period at Consultation stage

Particulars	Ref	FY26	FY27	FY28	FY29	FY30	Total
Domestic passenger in MPPA (Refer Table 15)	A	1.40	7.20	9.33	9.33	9.33	36.59
Exempt PAX (7%)	B	0.10	0.50	0.65	0.65	0.65	2.56
Domestic passenger in MPPA after exemption	C=A-B	**1.30**	**6.70**	**8.68**	**8.68**	**8.68**	**34.03**
International passenger in MPPA (Refer Table 15)	D		2.46	3.67	3.67	3.67	13.47

Particulars	Ref	FY26	FY27	FY28	FY29	FY30	Total
Exempt PAX (7%)	E		0.17	0.26	0.26	0.26	0.94
International passenger in MPPA after exemption	F=D-E		**2.29**	**3.41**	**3.41**	**3.41**	**12.52**
Total eligible passengers in MPPA	G=C+F	**1.30**	**8.98**	**12.09**	**12.09**	**12.09**	**46.56**
Collection charges per passengers in ₹	H	5.00	5.00	5.00	5.00	5.00	
Collection charges in crore	I=GxH	**0.65**	**4.49**	**6.05**	**6.05**	**6.05**	**23.28**

G. Administrative and general expenses

8.2.55 The Authority noted that NMIAL had submitted administrative and general expenses of ₹ 30 crore for the FY 2025-26 as mentioned in para 8.1.24. Thereafter, Y-o-Y increase had been considered as per **Table**.

8.2.56 The Authority through its Independent Consultant had sought details of expenses considered under the administrative and general expenses head. NMIAL had submitted that these include legal expenses, consultancy expenses, marketing and passenger engagement expenses, printing of baggage and cuss rolls, etc.

8.2.57 In response to the query on the legal expense included under the administrative expenses, NMIAL had submitted that the legal expenses are lump sum amount for various legal services which are required in normal course of business, like retainer fees to law firms for preparing and filing pleadings in various legal matters related to various land matters, disputes with airport stakeholders, etc.; compliances, licensing, approvals and documentation costs; fees to legal counsels for appearing in court; etc. NMIAL submitted the breakup of administrative expenses as detailed below:

Table 148: Breakup of administrative expenses submitted by NMIAL

(₹ in crore)

Administrative Expenses	FY2025-26
Legal	6.00
Professional consultancy	6.00
Marketing and passenger engagement expenses	3.00
Printing of cuss rolls (3500 BPP per day)	1.75
Printing of baggage rolls (1500 BTP per day)	1.25
Other misc. admin expenses	12.00
Total administrative expenses - others	**30.00**

8.2.58 The Authority noted that NMIAL had considered ₹ 6 crore towards marketing and passenger engagement expense, printing expense. The Authority proposed considering the same.

8.2.59 The Authority noted that legal consultancy expense of ₹ 6 crore had been considered during FY 2025-26, along with Y-o-Y increase thereafter. 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 is of the view that the legal expenses can be considered on a case-to-case basis, if the Airport operator can establish that the incurrence of legal costs had any positive impact on the seamless and efficient operations of the Airport. The Authority also noted that legal costs are not to be included as a part of the pass-through costs of Airport operations. Therefore, the Authority proposed to exclude the

legal expense component at this stage while computing the administrative expenses for the First Control Period.

8.2.60 The Authority had asked NMIAL to share details of expenses considered under the other miscellaneous admin. expenses which amount to ₹ 12 crore per year, which are 40% of total administrative expense (₹ 30 crore). NMIAL had submitted that these expenses are on account of expenses related to printing and stationary expenses; daily office expenses; staff travelling, training, accommodation and conveyance expenses; communication expenses related to mobile phones and payment to telecom service providers. Considering the push towards go-green and sustainability initiatives, along with the efficiencies that private sector is expected to bring in general administration, the Authority proposed to consider ₹ 8 crore on account of other miscellaneous admin. expenses.

8.2.61 The Authority noted that NMIAL had not allocated administrative expenses based on any ratios. However, the Authority proposed to allocate these expenses based on GBR in line with other airports.

8.2.62 Further, the Authority proposed to consider inflationary increase, as mentioned in **Table 104** for administrative and general expenses.

8.2.63 In accordance with the aforementioned analysis and considering the GBR as mentioned in **Table 131**, the aeronautical administrative expenses proposed by the Authority for the First Control Period are in line with other airports and are as follows.

Table 149: Administrative expenses as proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Administrative expenses	19.07					
Growth %		3%	3%	3%	3%	
Proportionate for operational period	5.14	19.65	20.24	20.84	21.47	87.33

H. Insurance

8.2.64 The Authority noted that NMIAL had considered the insurance cost at 0.10% of the initial asset base in its MYTP submission, with a Y-o-Y increase of 10%. Additionally, the insurance expense for new assets to be added during the control period have also been considered at 0.10% of the new additions to the gross block based on market rates.

8.2.65 Authority noted that NMIAL had considered insurance for every aspect of infrastructure and operation that is essential to ensure proper functioning of the airport.

8.2.66 NMIAL had submitted the policy document on February 16, 2026, whereby the insurance premium is ₹ 6.70 crore for the period from December 25, 2025, to October 18, 2026 (i.e. a total of 10 months), which is significantly lower than the project amount for FY2026. This insurance corresponds to asset value of ₹ 12,300 crore but does not cover the entire asset value ₹ 22,531 crore.

8.2.67 The Authority noted the insurance cost proposed for other greenfield airports such as MOPA, Goa and NIA, Jewar is 0.09% and 0.05% respectively. Accordingly, the Authority had reviewed the same and

proposed to consider the average insurance expense of 0.07% on the revised gross block of assets along with the inflationary increase of 3% Y-o-Y from FY 2026-27.

8.2.68 The total insurance cost proposed by the Authority for the First Control Period is as presented in the table below:

Table 150: Insurance expenses as proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Inflation		3.00%	3.00%	3.00%	3.00%	
Opening Gross Block (A)	17,492	17,531	17,626	17,636	17,642	
Total insurance cost (Ax0.07%)	**3.30***	**12.64**	**13.09**	**13.49**	**13.90**	**56.42**

*Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025

I. Repairs and Maintenance

8.2.69 The Authority noted that NMIAL had estimated R&M cost of ₹ 937.87 crore for the First Control Period. The Authority's examination of R&M Cost is as below:

8.2.70 It is understood that NMIA, being a greenfield airport, will initially incur significant CAPEX costs but require minimal R&M during the First Control Period. Therefore, the Authority is of the view that NMIAL's projected R&M expense as 1.10% to 1.20% of the opening gross block of assets (excluding land development cost) over the First Control Period is reasonable. The Authority had compared the average R&M expense as percentage of gross block (average of individual tariff years' R&M as a percentage of gross block) for the First Control Period of NMIA against that approved in the tariff orders of other airports, specifically Bengaluru, Hyderabad and Mopa (Goa). In percentage terms, the cost estimated is comparable to R&M allowed at MoPA Goa. The R&M expenses at MoPA Goa are given below.

Table 151: R&M Expense at MOPA, Goa

(in ₹ crore)

Particulars	Ref.	FY24	FY25	FY26	FY27	FY28	Total
Opening gross block (excluding land development cost)	A	2,508	3,265	3,274	3,687	3,696	
R&M expense	B	14.29	19.06	34.21	52.95	56.63	177.15
R&M - % of opening gross block	C=B*A	1.44%	1.19%	1.41%	1.35%	1.44%	

Table 152: R&M Expense for NMIA as proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
R&M - % of opening gross block (excluding land development cost)	A	1.10%	1.15%	1.20%	1.20%	1.20%	
Opening gross block (excluding land development cost)	B	11,753	11,765	11,804	11,899	11,909	
R&M expense	C=A*B	129.29	135.30	141.65	142.79	142.91	691.93
Proportionate for operational period		34.84	135.30	141.65	142.79	142.91	597.48

J. Other operating expenses

8.2.71 The Authority noted that the other operating expenses include expenses such as (i) housekeeping and upkeep expenses; (ii) horticulture expenses; (iii) private security expense; and (iv) outsourced manpower/ hire charges, which is ₹ 110 crore during FY 2025-26. Thereafter NMIAL had considered Y-o-Y increase of 10%.

8.2.72 The Authority had taken note of the contract awarded by NMIAL for other operating expenses, which was submitted on December 25, 2025. The contract had been awarded for a period of 7.5 months at a contract price of ₹ 48.30 crore, translating to a monthly rate of ₹ 6.44 crore. The Authority proposed considering the monthly rate of ₹ 6.44 crore to calculate the annual cost of the contract which comes to be ₹ 77.28 crore.

8.2.73 The Authority reviewed the contract in question, which comprises multiple activities that are a mix of aeronautical, non-aeronautical and common in nature. Due to the complexity of the contract and the difficulty in segregating the costs associated with each activity, the Authority proposed adopting a simplified approach to allocate costs. The Authority proposed applying an aeronautical allocation of 90% to the initial annual cost arrived as above i.e. ₹ 77.28 crore. So aeronautical portion comes to be ₹ 69.55 crore for FY2025-26.

8.2.74 Based on the above, the total other operating cost proposed by the Authority for the First Control Period is as presented in the table below.

Table 153: Other operating expenses as proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	Ref	FY26	FY27	FY28	FY29	FY30	Total
Other operating expenses (₹ 77.28 crore x 90%)	A	69.55	-	-	-	-	
% increase	B	-	3.00%	3.00%	3.00%	3.00%	
Other operating expense proposed by Authority	C=A× (1+B)	69.55	71.64	73.79	76.00	78.28	369.26
Proportionate* for operational period		18.74*	71.64	73.79	76.00	78.28	318.45

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

K. CNS/ATM expenditure

8.2.75 The Authority noted that NMIAL included expenses related to CNS/ATM services as part of the O&M expenses for the First Control Period. In this regard, the Authority observes that these CNS/ATM expenses pertain to the deficit between the TNLC charges collected by AAI during the previous year and the actual cost of providing the service during the year, in accordance with clause 7.4 of the CNS/ATM agreement, which is mentioned below:

"The provision of CNS-ATM services as mentioned in Clause 5.1 shall be on cost recovery basis. Further, TNLC revenues collected by AAI shall be deducted from the actual cost of providing the CNS/ATM services during that year (cost includes prorated capital cost and all the operating costs including staff cost). ...

Deficit, if any, between the actual cost of providing the CNS/ATM services during that year (cost includes pro-rated capital cost and all the operating costs including staff cost) and TNLC revenues in the first 3 years will be recovered with 12% interest from 4th, 5th and 6th years. If any uncovered deficit at the end of 6th year, the same will be paid by Airport Company to AAI. ..."

8.2.76 Additionally, the expenditure includes depreciation of ₹ 14.67 crore p.a. related to the CAPEX of ₹ 220 crore incurred by AAI for the development of CNS/ATM facilities required for phases I & II of the project. The expenditure also includes annual operating expense for providing TNLC services of ₹ 70 crore towards CNS with 10% annual escalation and ₹ 60.60 crore towards ATM post COD both with 10% annual escalation.

8.2.77 Now, AAI had clarified vide mail dated March 11, 2026, that the CNS/ATM operating expense (manpower cost and other operating expenses) include an overhead component of 30%. This overhead component does not have a clear and demonstrable linkage to incremental administrative or support services over and above those already embedded within these CNS/ATM expenses attributable specifically to the airport. Given that CNS/ATM services are provided by AAI uniformly across all the airports as a Centralized statutory function, the associated administrative and support costs are expected to be absorbed within AAI's overall cost structure and reflected in the base operating costs. In the absence of a transparent, airport-specific cost allocation methodology, loading an additional overhead on an ad-hoc percentage basis would result in double counting of costs and an unjustified pass-through to passengers. Accordingly, the Authority proposed not to consider the overhead component. However, the Authority invites comments from stakeholders on this issue of 30% overhead costs applied by AAI, that will ultimately be borne by passengers. The Authority will take a final view on this matter during the stakeholder consultation based on the comments received from stakeholders. The Authority also noted that as airport traffic and operational volumes stabilize and improve, AAI would be in a position to progressively absorb and offset any projected overheads since in the subsequent years all excess revenue collected by AAI from TNLC over and above their operating costs would be retained by AAI only.

8.2.78 The Authority examined the break-up of CAPEX submitted by NMIAL and noted that it pertains to the cost incurred by AAI for development of CNS/ATM facilities. Accordingly, the Authority proposed to consider the capital cost of ₹ 220 crore to be amortized over 15 years from COD as submitted by NMIAL.

8.2.79 AAI was requested to submit the revised CNS/ATM expenditure from FY2027 onwards. However, AAI had not provided the same. Accordingly the Authority proposed to consider the operating expense of ₹ 130.60 crore as CNS/ATM expenditure for FY 2025-26. For the remaining years of the control period, the Authority proposed Y-o-Y inflationary increase of 3% as per **Table 104** for CNS/ATM expenses.

8.2.80 The Authority also proposed to consider TNLC in accordance with the tariff specified in the DGCA AIC dated September 30, 2020, considering the arrival and departure ATMs in a 50:50 ratio.

8.2.81 The revised CNS/ATM Expenditure proposed by the Authority considering the revised ATMs as computed by the Authority for the First Control Period is given below:

Table 154: CNS/ATM expenditure as proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
ATM traffic (***refer Table 13)***							
Domestic ATMs (in nos.)	A	18,437	92,970	118,311	118,311	118,311	466,340
GA ATM (in nos.)	B	2,818	12,304	15,816	15,816	15,816	62,570
Total Domestic (in nos.)	**C=A+B**	**21,255**	**105,274**	**134,127**	**134,127**	**134,127**	**528,910**
International ATMs (in nos.)	D	-	27,367	40,313	40,313	40,313	148,306
Freighter (in nos.)	E	-	3,535	4,537	4,537	4,537	17,385
Total International (in nos.)	**F=D+E**	**-**	**30,902**	**44,850**	**44,850**	**44,850**	**165,452**
Billable Domestic ATM	G=C/2	10,628	52,637	67,064	67,064	67,064	264,455
Billable International ATM	H=F/2		15,451	22,425	22,425	22,425	82,726
TNLC charges							
Domestic (in ₹)	I	7,012	7,012	7,012	7,012	7,012	
International (in ₹)	J	8,178	8,178	8,178	8,178	8,178	
Revenue from TNLC charges (in crore)	**K=(G*I) +(H*J)**	**7.45**	**49.54**	**65.36**	**65.36**	**65.36**	**253.09**
Operating expense (in crore)	L	27.07	103.48	106.58	109.78	113.07	459.97
Depreciation (in crore)	M	3.95	14.67	14.67	14.67	14.67	62.62
Total (in crore)	**N=L+M**	**31.02**	**118.14**	**121.25**	**124.44**	**127.74**	**522.59**
Shortfall in CNS/ATM expenditure (in crore)	**O=N-K**	**23.57**	**68.60**	**55.88**	**59.08**	**62.37**	**269.50**

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

8.2.82 The CNS/ATM Expenditure as determined above is considered as 100% aeronautical in line with Clause 2.2.4 of the MoU between NMIAL and GoI which states that "*Any payments made by the Concessionaire to or on behalf of any Government Instrumentality for providing Reserved Services except Security Services, within the Airport shall be considered as pass through for the purpose of the determination of the Aeronautical Charges.*"

L. Concession fee (fixed)

8.2.83 The Authority noted that as per clause 26.1.3 and 26.1.4 of the Concession Agreement:

"The Concession Fees shall be payable in advance within 7 (seven) days of the commencement of each Concession Year during the Concession Period"

"The Concession Fees shall be considered as a part of the operating expense for the purpose of the determination of the Aeronautical Charges"

Concession fee is payable with effect from the Appointed Date (July 7, 2018). As mentioned in para 8.1.37, the Concession fee payable is ₹ 5 crore from Concession Year 1 to Concession Year 9 and ₹ 10

crore from Concession Year 10 to Concession Year 15. Accordingly, FY 2025-26 to FY 2029-30 of the or the First Control Period correspond to 8th to 12th Concession Year of the Concession Period.

Further, the Authority noted that Concession Fee is required to be paid by NMIAL to CIDCO (Concessioning Authority) in advance within seven days from the commencement of each Concession Year during the Concession Period, i.e., prior to the start of July month of the respective year. The Authority also noted that Concession Fee totalling ₹40 crore had been paid prior to the start of commercial operations on December 25, 2025, of NMIA and in line with the applicable regulatory treatment, such expenditure is proposed to be capitalized.

Considering that the concession fee payment in July 2025 i.e. the 8th Concession Year, the corresponding expense for FY 2025-26 is proposed to be considered as Nil. For subsequent years of the First Control Period the concession fee would be considered correspond to 9th to 12th Concession Year of the Concession Period. Accordingly, the Authority proposed to consider concession fee as below during the First Control Period.

Table 155: Concession fee as proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Concession fee	-	5.00	10.00	10.00	10.00	35.00

M. Independent Engineer cost

8.2.84 NMIAL had submitted an amount of ₹ 30.53 crore as being incurred to acquire services of an independent engineer as part of OPEX for the First Control Period. The Authority reviewed Article 23 of the Concession Agreement, which details the requirement for Independent Engineer as below:

"*The Authority shall appoint a consulting engineering firm substantially in accordance with the selection criteria set forth in Schedule-M, to be the Independent Consultant under this agreement ("Independent Engineer"). The appointment of the Independent Engineer shall be made within 30 (thirty days) of the date of execution of this Agreement and such appointment shall be valid until Phase I COD. On or prior to the expiry or termination of the said appointment, the Authority shall appoint an Independent Engineer for a further term of 3 (three) years in accordance with the provisions of Schedule-M, and such procedure shall be repeated after expiry of each appointment*".

8.2.85 According to Clause 2.1 of Schedule M to the CA,

"In determining the nature and quantum of duties and services to be performed by the Independent Engineer during the Development Period, Construction Period and Operation period, the Authority shall endeavour that payments to the Independent Engineer on account of fee and expenses shall be determined on the basis of the competitive bidding process."

According to Clause 2.2 of Schedule M to the CA,

"The remuneration, cost and expenses of the Independent Engineer shall be paid by the Authority, and all such remuneration, cost and expense shall be reimbursed by the Concessionaire to the Authority within 15 (fifteen) days of receiving a statement of expenditure from the Authority."

According to Clause 2.3 of Schedule M to the CA,

"Any amount paid to the Independent Engineer shall be pass-through for the determination of the Aeronautical charges by AERA."

8.2.86 The Authority reviewed the LoA dated January 31, 2023, issued for the extension of services, following the expiry of the contract agreement dated October 28, 2022. The LoA provides an extension of 26 months, up to December 30, 2024, at a total cost of ₹ 19.99 crore plus GST. On an annual basis, the cost comes out to be ₹ 9.23 crore.

8.2.87 It is noted that NMIAL had estimated only around 50% of such expenses post COD, i.e., ₹ 5 crore as part of their MYTP submission. As per the above discussions, the Authority proposed considering the cost of ₹ 5 crore submitted by NMIAL for the Independent Engineer to be reasonable and justified. However, yearly increase had been considered as per **Table 104**.

Table 156: IE Cost as proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Increase %		3.00%	3.00%	3.00%	3.00%	
Independent Engineer cost	5.00	5.15	5.30	5.46	5.63	26.55
Proportionate* for operational period	1.35	5.15	5.30	5.46	5.63	22.89

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

N. Digitisation cost

8.2.88 The Authority noted that NMIAL had estimated the digitisation cost of ₹ 672 crore for the First Control Period towards digital transformation / technology intervention where an airport operator can provide end to end services to the consumers (origin to destination) on single platform which will result in enhanced consumer experience and more satisfaction. NMIAL had considered digitisation cost of ₹ 110 crore in the first year with an annual escalation of 10%.

8.2.89 NMIAL vide email dated January 22, 2026, submitted that it had onboard a related party i.e. Adani Digital Labs Private Limited for the digital platform contract and shared the details of the LoA dated December 9, 2025, for annual lump sum amount of ₹ 100 crore.

8.2.90 NMIAL had submitted that in accordance with the RPT requirements under the Concession Agreement on becoming aware of likely participation by Adani Digital Labs Private Limited and it being a related party, M/s CNK & Associates LLP (Chartered Accountants) were appointed as Independent Probity Auditors (IPA) vide letter dated August 9, 2024, for overseeing the process followed for the tendering process.

8.2.91 NMIAL had submitted that it undertook two stage bidding process for selection of the partner for Digital Platform Services.

*"3.3.1 **Technical Eligibility Criteria:***

The Applicant shall have the experience of:

(i) creating, hosting, development, operation, maintenance, management and upgradation of a digital platform in the form of a mobile application and /or a website and /or any other form of media; or

(ii) handling customer relationship management systems of any consumer facing business along with a partnership with a digital platform developer;

3.3.2 ***Financial Eligibility Criteria:***

As of the previous financial year from the date of submission of Application the Applicant must have:

(i) an annual turnover of at least Rs. 25 crores.

AND

(ii) positive net worth."

8.2.92 At the RFQ stage, the following bidders participated

- M/s Adani Digital Labs Private Limited
- M/s Advaiya Solutions Private Limited
- M/s Binmile Technologies Private Limited
- M/s IBM India Private Limited
- M/s Kellton Tech Solutions Limited
- M/s Graymatter Software Services Private Limited

IPA in its report dated August 11, 2025 had submitted that based on evaluation of bids at RFQ stage, the bidder M/s IBM India Private Limited had requested to allow submission of BG in lieu of RFQ fees after receipt of RFQ document, NMIAL agreed to waive the same in interest of encouraging competition in the RFP stage. M/s Binmile Technologies Private Limited did not meet the technical eligibility criteria stipulated in clause 3.3.1 (ii) of the RFQ and hence disqualified for the RFP stage and M/s Kellton Tech Solutions Limited failed to provide the power of attorney, despite multiple requests.

8.2.93 Further, IPA in its report dated August 11, 2025 had submitted that based on evaluation of bids, the RFP for providing Digital Platform Services for the airport, was published on June 5, 2025 on the e-procurement portal of NMIALto the following four qualified parties.

- M/s Adani Digital Labs Private Limited
- M/s Advaiya Solutions Private Limited
- M/s IBM India Private Limited
- M/s Graymatter Software Services Private Limited

8.2.94 Subsequently, only the following three bidders participated.

- M/s Adani Digital Labs Private Limited
- M/s Advaiya Solutions Private Limited
- M/s Graymatter Software Services Private Limited

However, the bid submitted by M/s Graymatter Software Services Private Limited was considered non-responsive due to non-submission of financial proposal as per format specified and non-payment of bid security. M/s Adani Digital Labs Private Limited quoted the lowest Services Fees for providing the Digital Platform Services.

8.2.95 NMIAL had submitted that IPA had certified the selection of RPT at arm's length and in ordinary course of business in compliance of the Concession Agreement. Further, NMIAL had submitted the Board Resolution of NMIAL board meeting held on December 5, 2025, stating that NMIAL board had

accorded approval for awarding the rights to render Digital Platform Services to the related party, Adani Digital Labs Private Limited.

8.2.96 The Authority noted that the IPA's report on tender process for airport services concludes the following:

"We refer to our engagement letter dated August 9, 2024. The scope involves reviewing the process followed by NMIAL for shortlisting/selection of the service provider and whether the same is as per the requirements of Concession Agreement and the process laid down in the tender document and verifying that the tender is awarded to the lowest bidder. Since one of the bidders is a related party of NMIAL, the scope included verification of the compliance with the terms of Concession Agreement entered with CIDCO related to related party transactions (RPT) and whether the successful bidder/applicant is selected at arm's length as stipulated in clause 5.6.3 of the Concession Agreement. This includes verification of the process by which the applicants qualify to bid as per the qualification terms. This would include an evaluation of the online process of bidding for the technical and financial eligibility of applicants and a report on whether the same are as per the terms and conditions as laid down in the tender document and considered as arm's length in the context of the tender document being awarded to the lowest bidder."

8.2.97 The Authority had examined the awarded cost for digitisation services, which includes costs towards onboarding and fixed costs to digital services. In its previous decision for MIAL, the Authority recomputed the digitisation cost by treating onboarding costs and loyalty program costs as non-aeronautical costs. Specifically, the Authority decided to consider 30% fixed cost to the digital service provider as part of operating expenses.

8.2.98 Based on the approach adopted for MIAL, the Authority noted that onboarding costs accounted for approximately 13.11% of the total digitisation cost, excluding loyalty programs. In the absence of specific information on the onboarding costs for NMIAL, the Authority proposed to apply a similar percentage to the total digitisation cost of ₹ 100 crore. Accordingly, ₹ 13.11 crore (13.11% of ₹ 100 crore) is estimated as onboarding cost and proposed to be treated as non-aeronautical. Further, Y-o-Y increase of 5% had been considered in line with MIAL.

8.2.99 Further, based on Multi Criteria Decision Approach (MCDA) used in MIAL, the Authority proposed to allocate digitisation expense at 30%. MCDA approach employs a list of variables to segregate the costs, with each variable assigned a score between 1 to 5. The Aeronautical and Non-Aeronautical Services are grouped into categories based on their functions and each category is assigned a score under each variable. This approach is used to allocate digitisation costs between Aeronautical and Non-Aeronautical services, considering factors such as the utility of service coverage, nature of revenues generated and passenger feedback.

8.2.100 Based on above, the Authority proposed considering the digitisation cost as below:

Table 157: Digitisation cost as proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
% Increase		5.00%	5.00%	5.00%	5.00%	
Digitisation Cost (A)	100.00	105.00	110.25	115.76	121.55	552.56
Onboarding costs (B=A*13.11%)	13.11	13.77	14.46	15.18	15.94	72.45

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Total Digitisation cost considered by Authority (C=A-B)	86.89	91.23	95.79	100.58	105.61	480.11
Aeronautical Allocation (D)	30%	30%	30%	30%	30%	
Aeronautical Digitisation cost (E= C*D)	26.07	27.37	28.74	30.18	31.68	144.03
Proportionate for operational period	7.02*	27.37	28.74	30.18	31.68	124.99

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

O. Financing charges and others

8.2.101 The Authority noted that NMIAL had submitted financing charges of ₹ 332.36 crore, which includes bank charges for routine operations, debt arranging charges, processing fees and upfront fees payable to lenders, documentation charges and various agencies. This includes the financing charges of ₹ 321.94 crore calculated at 1.50% per annum on debt drawdown for First Control Period and Performance Bank Guarantee (PBG) expense of ₹ 10.42 crore for the First Control Period.

8.2.102 The Authority proposed considering 1.50% financing charges on debt drawdown for minor CAPEX during the First Control Period.

8.2.103 Authority further proposed to consider annual fee of 1% of the performance bank guarantee given to CIDCO to be paid to SBI as per sanction letter.

8.2.104 Authority also proposed to allocate financing charges for arranging debt and PBG expenses based on GBR.

8.2.105 The total aeronautical financing charges proposed by the Authority for the First Control Period are given below.

Table 158: Financing charges as proposed by the Authority for the First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Debt Drawdown Fees						
Debt Drawdown **(A)**	11.53	21.25	61.96	6.62	3.66	**105.02**
Financing charges for arranging debt **(B=A*1.5%)**	0.17	0.32	0.93	0.10	0.05	**1.58**
Proportionate for operational period **(C)**	**0.05**	**0.32**	**0.93**	**0.10**	**0.05**	**1.45**
PBG Expenses						
PBG amount **(D)**	208.00	208.00	208.00	208.00	208.00	
% of fee on PBG **(E)**	1%	1%	1%	1%	1%	
Fees for performance bank guarantee **(F=D*E)**	2.08	2.08	2.08	2.08	2.08	**8.86**
Proportionate for operational period (G)	**0.56**	**2.08**	**2.08**	**2.08**	**2.08**	**8.90**
Total Financing charges (H=G+C)	**0.61**	**2.40**	**3.01**	**2.18**	**2.14**	**10.35**
Gross Block Ratio as per Table **131**	95.37%	95.37%	95.37%	95.37%	95.37%	
Total Aeronautical Financing charges	**0.58**	**2.29**	**2.87**	**2.08**	**2.04**	**9.83**

P. Interest on Working Capital

8.2.106 The Authority noted that NMIAL had submitted interest on working capital loan of ₹ 378.36 crore.

8.2.107 Authority brings reference to para 5.4.3 of the AERA Guidelines for Tariff Determination, 2011, the relevant extract of which is given below.

".....The Authority shall consider interest on short term loans, generally raised towards working capital with a maturity of less than one year, as operation and maintenance expenditure to address the working capital requirement. The Airport Operator shall submit to the Authority the proposed levels of working capital requirements and shall demonstrate that the proposed working capital loans are not excessive in relation to such levels of working capital. The Authority shall not consider any allowance provided for allocations for bad debts in the working capital. The Authority shall review and assess the levels of projected working capital requirements and shall consider cost of working capital loans as deemed appropriate. However, such loans would not be considered in the calculation of the cost of debt....."

8.2.108 The Authority observed that NMIAL had calculated the interest on the working capital loan based on the projected recovery of revenue and payment of expenses, considering receivable days as 45 and payable days as 15. Accordingly, NMIAL had submitted in its MYTP that there was a requirement for working capital for all tariff years of the First Control Period. Authority also noted that the applicable rate of interest is same as interest in loan facility by senior lender SBI.

8.2.109 The Authority proposed to consider the interest on working capital at the rate of 10.09% calculated at 6 months SBI MCLR of 8.60% + 1.55% basis points as per the SBI sanction letter submitted by NMIAL.

8.2.110 The Authority noted that interest on working capital is dependent on many factors including aeronautical revenue which is in turn dependent on the tariff rate card.

8.2.111 The Authority further proposed to recompute the interest on working capital at the time of Tariff Order, considering any changes to the building blocks and changes in Aeronautical Revenue based on the tariff decided by the Authority.

8.2.112 The Total Interest on Working Capital proposed by the Authority for the First Control Period is as given below:

Table 159: Total Interest on Working Capital proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Aero Revenue	272.35	2,974.24	4,540.28	4,730.37	4,929.34	17,446.58
Trade Receivable – 45 days **(A)**	33.58	366.69	558.23	583.20	607.73	2,149.42
Operating Expenses	189.07	1,080.39	1,533.64	1,520.11	1,573.88	5,897.10
Trade Payable – 15 days **(B)**	7.77	44.40	62.85	62.47	64.68	242.17
Net Working Capital **(C= A-B)**	25.81	322.29	495.38	520.73	543.05	
Opening Balance **(D)**	0.00	25.81	322.29	495.38	520.73	
Working Capital Requirement **(E = C-previous C)**	25.81	296.48	173.09	25.35	22.32	543.05
Closing Balance **(F)**	25.81	322.29	495.38	520.73	543.05	
Interest on Working Capital **(G = [D+F]/2*10.09%)**	0.35	17.57	41.25	51.26	53.67	164.10

Q. Cargo operating expenses

8.2.113 The Authority that NMIAL had submitted ₹ 3,303.82 crore cargo operating expense as mentioned in para 8.1.53 to 8.1.58.

8.2.114 The Authority through its Independent Consultant had asked NMIAL about the details of the bid process followed, applicants at bid stage, agency selected for providing O&M services for cargo terminal(s) at NMIA, etc. The submissions in response to the queries and the Authority's analysis of the same are presented in the below sections:

8.2.115 The Authority noted that as per clause 5.6.3 of the Concession Agreement,

a) *No shareholder of the Concessionaire, and/or Key Managerial Personnel that has an interest in the contract, can be involved in the design of the contract, or the contracting process or decision-making.*

b) *Where a shareholder of the Concessionaire, Key Managerial Personnel or any Related Party intends to tender for the contract, an independent probity auditor must be appointed to review and monitor the tender to ensure a complete arms' length arrangement. It is clarified that the independent probity auditor shall not be a Related Party of the Concessionaire or any of its shareholders. Concessionaire shall agree to the appropriate terms of reference and the selection procedure of the independent probity auditor as laid down by the Authority.*

c) *The Concessionaire shall constitute an audit committee headed by a nominee of the Authority which would be responsible for auditing all the Related Party Transactions. The Board of the Concessionaire shall provide the terms of reference of the audit committee at the time of its constitution. The Concessionaire shall enter into any Related Party Transaction only after obtaining approval of audit committee in writing. Any amendment/ modification in the terms and conditions of the Related Party Transaction shall also require prior approval of the audit committee.*

8.2.116 NMIAL had submitted that following a two-stage global competitive bidding process, the O&M agency for cargo terminal(s) had been selected as Adani Global Air Cargo Solutions Limited (AGACSL). M/s Ernst and Young LLP ("EY") was engaged as an Independent Consultant (Transaction Advisor) to oversee the bid process, while M/s Cyril Amarchand Mangaldas (CAM) was engaged as an independent legal advisor for the same.

8.2.117 In a note on tendering process for appointment of O&M agency for cargo terminal(s), NMIAL had submitted that during the initial stage of RFQ process it was observed that M/s AGACSL had expressed interest. Since M/s AGACSL is a related party, the transaction advisor had advised NMIAL to inform the independent probity auditor. CNK & Associates LLP, the probity auditor was informed of the related party transaction in December 2024 and given its report on December 31, 2024, as per the minutes of meetings of RPT Audit Committee held on January 31, 2025. NMIAL had submitted that in accordance with the above requirement, on becoming aware of likely participation by AGACSL and it being a related party, M/s CNK & Associates LLP (Chartered Accountants) were appointed as Independent Probity Auditors (IPA) vide letter dated July 9, 2024, for overseeing the process followed for the tendering process.

8.2.118 Basis on the documents shared it is noted that NMIAL published a newspaper advertisement on June 12, 2024, inviting applications from qualified and experienced parties to participate in a competitive tender process. Interested parties were requested to download the tender notice published online on NMIAL's e-procurement portal. In response to the tender notice, interested parties were requested to submit the following documents via the e-procurement portal:

- Form of Non-Disclosure Undertaking ("NDU")
- Proof of payment of RFQ fees
- Registration form

8.2.119 As per the RFQ evaluation report submitted by M/s E & Y, six (6) interested parties had responded to the tender notice. Subsequently, the RFQ document was shared with all interested parties via the e-procurement portal post review and approval of the Independent Probity Auditor.

8.2.120 The following applicants are noted to have submitted their response against the RFQ:

i) Adani Global Air Cargo Solutions Ltd (AGACSL)

ii) Cargo Service Centre India Private Limited (CSC)

iii) Skyhigh Airport services Private Limited

After evaluating the applications, EY submitted its evaluation report, wherein all three applicants were qualified for RFP stage.

8.2.121 Thereafter, the RFP was published on November 13, 2024, on NMIAL's e-procurement portal and shared with the qualified bidders from RFQ stage. The Authority noted that at the RFP stage, the bid evaluation criteria was administrative markup (%) on the bidders' cost structure. *The Bidder offering the most advantageous administrative markup (%) will be declared the selected bidder ("Selected Bidder").*

8.2.122 The Authority noted that as per clause 3.1 of the RFP

The term of the O&M Services Agreement shall be for 10 (ten) years from Commencement Date (as defined in the O&M Services Agreement) and can be extended by mutual agreement and subject to no breach of obligations by the O&M Operator under the O&M Services Agreement. During the term of the O&M Services Agreement, the Airport Operator shall be liable to pay the O&M Fees to the O&M Operator for performing the Services.

8.2.123 As per the IPA's review report it is noted that of the 3 qualified bidders, Skyhigh Airport Services Private Limited was rejected as per the clause below of the RFP

Clause 10. 1. 2

"Bids of those Bidders who have not submitted the Bid Security along with their Bid shall be treated as non-compliant and shall be rejected by the Airport Operator."

8.2.124 Basis the evaluation and administrative markup on cost structure (in %) submitted by the bidders, AGACSL which had quoted the lowest markup of 15.05%, was the preferred bidder.

8.2.125 The IPA's reports on the above tender provides the following:

Probity Auditor's Responsibility:

a) *Our responsibility for the purpose of this report pursuant to the requirements of the engagement is only to review and observe the online tender process followed by the NMIAL to ensure compliance with the process laid down in the concession agreement with CIDCO and with the terms of the tender document.*

b) *To provide a conclusion on the compliance of the standard process followed with relation to the aforesaid process based on the review as mentioned above and whether the said process is in compliance with that laid down as per the Concession Agreement with CIDCO.*

8.2.126 The Authority noted that the IPA's report on tender process for airport services concludes the following:

Based on our review of the process followed by NMIAL for the bidding process for appointment of the Service Provider for Operations and Maintenance ("O&M") services for cargo terminal(s) at the airport, and based on our scope of work as mentioned above, and the information and explanations provided to us, in our view, we report that NMIAL has followed the standard process and has conducted the bidding process in a fair and transparent manner with respect to the Tender Document. We further report that the online bidding process has been conducted as per the terms of the Concession Agreement in respect of Related Party and the proposed award of contract to Adani Global Air Cargo Solutions Limited is at arm's length in accordance with clause 5.6.3 of the Concession Agreement, being the lowest bidder.

8.2.127 NMIAL had submitted to the Authority a copy of the minutes of 3rd meeting of RPT Audit Committee held on January 31, 2025, to discuss, consider and approve the contract of cargo terminal(s) O&M. The Authority noted that basis the discussion, input and thereafter confirmation by the IPA that the transaction was at arms' length and in ordinary course of business, the RPT Audit Committee had declared AGACSL as winner for the bid for O&M of cargo terminal(s) at NMIA. Additionally, a copy of the shareholders resolution passed in the 18th Annual General Meeting on June 18, 2025, by members of NMIAL, submitted to the Authority, also concludes the aforementioned.

8.2.128 Basis the review, the Authority understands that selection of AGACSL as preferred bidder for O&M of cargo terminal(s) had been in ordinary course of business and at arm's length. The Authority expects that going forward, NMIAL and CIDCO (Concession granting agency) will ensure that the future contracts with related parties are also at arms' length and that the related party had relevant experience of providing similar services to ensure protection of interest of all stakeholders, as per the terms of the Concession Agreement detailed above, which may be followed in letter and spirit.

8.2.129 The Authority noted that the cargo complex being a 24*7 facility, to monitor the operations by O&M agency, NMIAL had considered 1 supervisor and 1 duty manager per shift i.e. 3 shifts. The Authority proposed considering the same.

8.2.130 It is noted that the average salary for supervisory/executive level employees range from ₹ 25 lakh to ₹ 50 lakh per annum. NMIAL had submitted salary of ₹ 33 lakh, which the Authority proposed to consider. However, NMIAL had projected salary increase at 10% Y-o-Y, which the Authority proposed to consider at 6%, as being considered for NMIA employees in para 8.2.17.

8.2.131 During analysis it was observed that NMIAL had inadvertently miscalculated the average salary for customs staff. NMIAL had considered the average salary per custom staff as ₹ 42 lakh per annum, which actually comes to about ₹ 31 lakh per annum.

8.2.132 To analyse the reasonability of the cargo expenses (including O&M agency fee) projected by NMIAL, the Authority undertook a benchmarking exercise. As per the tariff orders for respective cargo Independent Service Providers (ISPs), the O&M cost approved per ton at IGIA and CSMIA for FY 2025-26 is as below:

Table 160: Cargo O&M benchmarking with other airports

Airport	ISP	Particulars	
IGIA	Delhi Cargo Service Center Pvt. Ltd. (DCSC)	Cargo ('000 MT)	218.98
		O&M expense – excl concession fee (₹ crore)	204.11
		O&M / Ton	**9,320.86**
IGIA	Celebi/ GMR	Cargo ('000 MT)	274.35
		O&M expense – excl concession fee (₹ crore)	297.67
		O&M / Ton	**10,850.28**
CSMIA	Mumbai Cargo Service Center Airport Pvt. Ltd. (MCSCAPL)	Cargo ('000 MT)	373.08
		O&M expense – excl concession fee (₹ crore)	371.43
		O&M / Ton	**9,955.88**
NMIAL	AGACSL	Cargo projection ('000 MT)	265.05
		O&M expense – excl concession fee (₹ crore)	272.84
		O&M / Ton	**10,293.94**

8.2.133 The Authority noted that as per the tariff orders, for FY 2025-26 the O&M expense/ton for IGIA and CSMIA is about ₹ 10,042 per ton. Considering NMIA's scale and proximity to CSMIA, it may be considered that the cargo expense at NMIA may be in range of CSMIA and IGIA. However, NMIAL had projected O&M operator fee increase at 10% Y-o-Y, which the Authority proposed to consider at the rate of inflation, as mentioned in para 8.2.15.

8.2.134 Additionally, for CISF manpower expense and other expense NMIAL had considered increase at 10% Y-o-Y, which the Authority proposed to consider at the rate of inflation, as mentioned in para 8.2.15.

8.2.135 As per the MYTP submission, NMIAL, apart from the salary cost of their own employees, had projected reimbursement of salary cost of customs officials who will be handling the international cargo operations, under the head 'Customs cost recovery'. The Authority noted that the airport operator had estimated the salary cost of the customs officials as per Para 7 of the circular issued by the Department of Revenue, Ministry of Finance vide Circular No. 02/2021-Customs dated January 19, 2021. Since the international cargo operations are planned to be commenced in April 2026 therefore, custom cost recovery for FY 2026 had been considered as nil. Accordingly, NMIAL will have to bear custom cost recovery charges of ₹ 36.42 crore for FY2026-27 and ₹ 72.84 crore for FY2027-28 for sanctioned staff of 116 and 232 respectively. In view of the projection proposed by the Authority as per **Table 14**, it is expected that NMIAL will be able to demonstrate international cargo volumes much more than 12,000 MT threshold for air cargo complex for continuous two financial years i.e., FY2027 and FY2028. Accordingly, NMIAL would be eligible for the custom cost waiver applicable in case of international cargo volume from FY2028-29.

8.2.136 Further, Authority also noted that NMIAL in its submission had considered other expenses as part of total cargo O&M expense. However, in the recent Tariff Orders released by Authority for Jaipur, Guwahati and Trivandrum Airports, other expenses have not been proposed by the Airport Operator. In line with the precedence, Authority proposed not to consider other expenses under cargo O&M expenses.

8.2.137 The Authority proposed considering cargo O&M expenses as below:

Table 161: Cargo O&M expenses proposed by the Authority for First Control Period at Consultation stage

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Insourced salary						
Growth – Inflation (%)		3%	3%	3%	3%	
Average Salary (A)	0.33	0.34	0.35	0.36	0.37	
No of Employees as submitted by NMIAL (B)	6	6	6	6	6	
Insourced salary (C=AxB)	**0.53***	**2.04**	**2.10**	**2.16**	**2.23**	**9.07**
O&M Cost						
Growth – Inflation (%)		3%	3%	3%	3%	
Cost per MT (D)	8,000	8,240	8,487	8,742	9,004	
Cargo Volume (E)	17,189	3,96,803	7,63,739	7,63,739	7,63,739	2,705,209
O&M Cost in crore (F=DxE)	**13.75***	**336.77**	**667.65**	**687.68**	**708.31**	**2,414.15**
Customs cost recovery:						
Average cost of custom official as per customs letter (G)		0.31	0.31			
No. of customs official (H)		116	232			
Customs cost recovery (I=GxH)	**0.00**	**36.42**	**72.84**	**0.00**	**0.00**	**82.66**
CISF manpower expense:						
Growth – Inflation (%)		3%	3%	3%	3%	
CISF manpower cost per ton (J)	220.00	226.60	233.40	240.40	247.61	
Cargo Volume (K)	17,189	3,96,803	7,63,739	7,63,739	7,63,739	2,705,209
CISF manpower expense (L=JxK)	**0.38***	**8.99**	**17.83**	**18.36**	**18.91**	**64.47**
Other Expense						
Other expenses (IT, admin, marketing, etc.) (M)	-	-	-	-	-	-
Total (N= M+L+I+F+C)	**14.66***	**384.23**	**760.42**	**708.20**	**729.45**	**2,596.95**

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

R. Fuel Farm operating expenses

8.2.138 Authority noted that NMIAL projected the fees of O&M agency to be ₹ 500 per KL as mentioned in para 8.1.60.

8.2.139 The Authority through its Independent Consultant had asked NMIAL about the details of the bid process followed, applicants at bid stage, agency selected for O&M of Aviation Turbine Fuel (ATF) storage, hydrant refueling system and in-to-plane services at NMIA. The submissions in response to the queries and the Authority's analysis of the same are presented in the below sections

8.2.140 NMIAL had submitted that following a two-stage global competitive bidding process, the aviation fuel facility O&M services provider had been selected as Adani Aviation Fuel Services Limited (AAFSL). M/s Ernst and Young LLP ("EY") was engaged as an Independent Consultant (Transaction advisor) to oversee the bid process, while M/s Cyril Amarchand Mangaldas (CAM) was engaged as an independent legal advisor for the same.

8.2.141 In a note on the tendering process for appointment of aviation fuel facility O&M services provider, NMIAL had submitted that during the initial stage of RFQ process it was observed that AAFSL had expressed interest. Since AAFSL is a related party, the transaction advisor had advised NMIAL to inform the Independent Probity Auditor.

8.2.142 The Authority noted that as per clause 5.6.3 of the CA,

a) *No shareholder of the Concessionaire, and/or Key Managerial Personnel that has an interest in the contract, can be involved in the design of the contract, or the contracting process or decision-making.*

b) *Where a shareholder of the Concessionaire, Key Managerial Personnel or any Related Party intends to tender for the contract, an independent probity auditor must be appointed to review and monitor the tender to ensure a complete arms' length arrangement. It is clarified that the independent probity auditor shall not be a Related Party of the Concessionaire or any of its shareholders. Concessionaire shall agree to the appropriate terms of reference and the selection procedure of the independent probity auditor as laid down by the Authority.*

c) *The Concessionaire shall constitute an audit committee headed by a nominee of the Authority which would be responsible for auditing all the Related Party Transactions. The Board of the Concessionaire shall provide the terms of reference of the audit committee at the time of its constitution. The Concessionaire shall enter into any Related Party Transaction only after obtaining approval of audit committee in writing. Any amendment/ modification in the terms and conditions of the Related Party Transaction shall also require prior approval of the audit committee.*

8.2.143 NMIAL had submitted that in accordance to the above requirement, on becoming aware of likely participation by AAFSL and it being a related party, M/s CNK & Associates LLP (Chartered Accountants) were appointed as Independent Probity Auditors vide letter dated July 9, 2024, for overseeing the process followed for the tendering process.

8.2.144 As per the IPA's report submitted to the Board of Directors of NMIAL, which had been shared with the Authority, the IPA's scope of work is noted as:

"We refer to our engagement letter dated July 9, 2024. The scope involves reviewing the process followed by NMIAL for shortlisting/selection of the service provider and whether the same is as per the requirements of Concession Agreement and the process laid down in the tender document and verifying that the tender is awarded to the lowest bidder. Since one of the bidders is a related party of NMIAL, the scope included verification of the compliance with the terms of Concession Agreement entered with CIDCO related to related party transactions (RPT) and whether the successful bidder/applicant is selected at arm's length as stipulated in clause 5.6.3 of the Concession Agreement. This includes verification of the process by which the applicants qualify to bid as per the qualification terms. This

would include an evaluation of the online process of bidding for the technical and financial eligibility of applicants and a report on whether the same are as per the terms and conditions as laid down in the tender document and considered as arm's length in the context of the terms of the tender document.

This scope does not involve an audit/investigation/ reporting on the information provided by the applicants, and we have relied on the information provided in the RFQ & RFP and the explanations provided by the management and the bid process management advisor."

8.2.145 Basis the documents shared it is noted that NMIAL published a newspaper advertisement on June 12, 2024 inviting applications from qualified and experienced parties to participate in a competitive tender process. Interested parties were requested to download the tender notice published online on NMIAL's e-procurement portal. In response to the tender notice, interested parties were requested to submit the following documents via the e-procurement portal:

- Form of Non-Disclosure Undertaking ("NDU")
- Proof of payment of RFQ fees
- Registration form

8.2.146 As per the RFQ evaluation report submitted by E&Y, seven (7) parties had responded to the tender notice. Subsequently, the RFQ document was shared with all interested parties via the e-procurement portal post review and approval of the Independent Probity Auditor.

8.2.147 From the RFQ document shared by NMIAL, the below criteria are noted:

"Technical Eligibility Criteria

The Applicant shall have the experience as below:

The Applicant shall have experience in operation and maintenance of an open access ATF fuel farm and providing in-to-plane services (scope includes – receipt, storage, delivery of jet fuel and aircraft fuelling services) at any international airport in India with minimum annual throughput of Two hundred and fifty thousand (250,000) kilolitres; in any one (1) of the last five (5) financial years from the date of submission of Application. Throughput here, is defined as the net quantity of jet fuel, fuelled in the aircrafts.

Financial Eligibility Criteria:

As of the previous financial year from the date of submission of Application the Applicant must have:

i) an annual turnover of at least Rs. 25 crore; AND

ii) positive net worth"

8.2.148 The following applicants are noted to have submitted their response against the RFQ:

i) Adani Aviation Fuel Services Limited (AAFSL)

ii) Bharat Star Services Private Limited (BSSPL)

iii) IndianOil Skytanking Private Limited (IOSPL)

After evaluating the applications, E&Y submitted its evaluation report, wherein BSSPL was disqualified as it did not meet the eligibility criteria. The remaining two applicants were qualified for RFP stage.

8.2.149 Thereafter, the RFP was published on November 14, 2024, on NMIAL's e-procurement portal and shared with the qualified bidders from RFQ stage. The Authority noted that at the RFP stage, the bid evaluation criteria was as below:

*"Bidders are required to quote lumpsum cost for minimum assured volume and rate per Kilo-Liter for differential volume in each cluster as per the format of financial proposal as specified in the **Form III**.*

Clusters	Cluster range (KL/annum)	Minimum assured volume (KL/annum)	Lumpsum amount for minimum assured volume (INR)	Rate per Kilo- Liter (INR/KL)
Cluster 1	Up to 6,50,000.00 KL	2,50,000.00 KL	[Insert Amount]	[Insert Amount]
Cluster 2	6,50,000.00 KL to 12,50,000.00 KL	5,50,000.00 KL	[Insert Amount]	[Insert Amount]
Cluster 3	12,50,000.00 KL or more	8,50,000.00 KL	[Insert Amount]	[Insert Amount]

*For purpose of bid evaluation, the Airport Operator will apply the lumpsum cost and rate per Kilo-Liter as applicable to the expected volume detailed in **Annexure C** to the RFP (Volume Projection) to calculate the projected yearly fees over a ten-year period."*

8.2.150 The Authority noted that as per clause 3.1 of the RFP

"The term of the O&M Agreement shall be for 10 (ten) years from the Date of Handing Over (as defined in the O&M Agreement), and can be extended by mutual agreement and subject to no breach of obligations by the O & M Operator under the O&M Agreement. During the term of the O&M Agreement, the Airport Operator shall be liable to pay the O&M Fees to the O&M Operator for performing the Services.

8.2.151 As per the IPA's review report and note submitted by NMIAL, both the qualified bidders had submitted their bids in response to the RFP. Basis the evaluation, AAFSL which had quoted the lower net present value of total fees was selected as the aviation fuel facility O&M service provider and the LoA was issued on February 19, 2025.

8.2.152 The IPA's reports on the above tender provides the following:

Probity Auditor's Responsibility:

a) *Our responsibility for the purpose of this report pursuant to the requirements of the engagement is only to review and observe the online tender process followed by the NMIAL to ensure compliance with the process laid down in the concession agreement with CIDCO and with the terms of the tender document.*

b) *To provide a conclusion on the compliance of the standard process followed with relation to the aforesaid process based on the review as mentioned above and whether the said process is in compliance with that laid down as per the Concession Agreement with CIDCO.*

8.2.153 NMIAL had submitted to the Authority a copy of the minutes of 3rd meeting of RPT Audit Committee held on January 31, 2025 to discuss, consider and approve the contract of O&M of ATF storage, hydrant refuelling system and in-to-plane services. The Authority noted that basis the discussion, input and thereafter confirmation by the IPA that the transaction was at arms' length and in ordinary course of business, the RPT Audit Committee had declared AAFSL as winner for the aviation fuel facility O&M services provider. Additionally, a copy of the shareholders resolution passed in the 18th Annual General Meeting on June 18, 2025 by members of NMIAL, submitted to the Authority, also concludes the aforementioned.

8.2.154 The Authority noted that the IPA's report on tender process for airport services concludes the following:

*Based on our review of the process followed by NMIAL for the bidding process for appointment of the Service Provider for Operations and Maintenance ("**O&M**") services for Aviation Turbine Fuel (ATF) Storage, Hydrant Refuelling System and In-To-Plane Services at the Airport, and based on our scope of work as mentioned above, and the information and explanations provided to us, in our view, we report that NMIAL has followed the standard process and has conducted the bidding process in a fair and transparent manner with respect to the Tender Document. We further report that the online bidding process has been conducted as per the terms of the Concession Agreement in respect of Related Party and the proposed award of contract to Adani Aviation Fuel Services Limited is at arm's length in accordance with clause 5.6.3 of the Concession Agreement, being the lowest bidder.*

8.2.155 Basis the above submissions and review, the Authority understands that selection of AAFSL as preferred bidder for aviation fuel facility O&M services provider had been in ordinary course of business and at arms' length.

8.2.156 The Authority expects that going forward, NMIAL and CIDCO (Concession granting agency) will ensure that the contracts with related parties are at arms' length and that the related party had relevant experience of providing similar services to ensure protection of interest of all stakeholders, as per the terms of the CA detailed above, which may be followed in letter and spirit.

8.2.157 The Authority noted that the Fuel Farm being a 24*7 facility, to monitor the operations by O&M agency, NMIAL had considered 1 supervisor and 1 duty manager per shift i.e. 3 shifts per day. The Authority proposed to consider the same.

8.2.158 It is noted that the average salary range for supervisory / executive level employees is from ₹ 25 lakh to ₹ 50 lakh per annum. NMIAL had submitted salary of ₹ 33 lakh, which the Authority proposed to consider. However, NMIAL had projected salary increase at 10% Y-o-Y, which the Authority proposed to consider at 6%, as being considered for NMIA employees in para ----.

8.2.159 The Authority noted that to project fuel throughput NMIAL had considered requirement of 2 KL/ATM for domestic ATMs and 12 KL/ATM for international ATMs. Considering the ATM traffic as per **Table**, the fuel throughput volume is estimated as below:

Table 162: Fuel throughput considered by the Authority for First Control Period at Consultation stage

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
ATM- domestic (in nos.) (Refer Table 13)	A	18,437	92,970	118,311	118,311	118,311	**4,66,340**

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
ATM- international (in nos.) (Refer Table 13)	B		27,367	40,313	40,313	40,313	**1,48,306**
Domestic fuel throughput KL/ATM (Refer Table 13)	C	2	2	2	2	2	
International fuel throughput KL/ATM	D	12	12	12	12	12	
Fuel throughput-domestic (in KL)	(E=A*C)	36,874	185,940	236,622	236,622	236,622	**932,680**
Fuel throughput-international (in KL)	(F=B*D)	0	328,404	483,756	483,756	483,756	**1,779,672**
Fuel throughput-total (in KL)	(G=E+F)	36,874	514,344	720,378	720,378	720,378	**27,12,352**

8.2.160 The commercial terms for aviation fuel facility O&M services provider as per the LoA and subsequent agreement signed on May 26, 2025, are provided below:

Table 163: Details of fixed and variable fuel O&M expenses submitted by NMIAL as per agreement

Cluster	Cluster range (KL/annum)	Minimum assured volume (KL/annum)	Lumpsum amount for minimum assured volume (₹ crore)	Rate per KL (₹ / KL)
Cluster 1	Up to 6,50,000.00 KL	2,50,000.00 KL	21.95	255.00
Cluster 2	6,50,000.00 KL to 12,50,000.00 KL	5,50,000.00 KL	31.97	295.00
Cluster 3	12,50,000.00 KL or more	8,50,000.00 KL	49.30	360.00

8.2.161 It is noted that from FY 2025-26 to FY 2026-27, cluster 1 volume and rates will be applicable, while during FY 2028-30 cluster 2 rates will be applicable.

8.2.162 The Authority on evaluating the expenses as per MYTP submission and as per the LoA and agreement noted that the Fuel Farm O&M expenses considering the fees for O&M agency to be ₹ 500 per KL is lower than the actual cost as per agreement. However, the Authority proposed to consider the fee as per agreement being the actual. Additionally, it is noted that NMIAL had considered Y-o-Y increase of 5% for O&M agency fee. The Authority proposed not to consider any increase.

Table 164: Fuel Farm operating expenses proposed by the Authority for the First Control Period at Consultation stage

(in ₹ crore)

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
Insource salary	A	**0.50**	**2.03**	**2.08**	**2.13**	**2.18**	**8.90**
Minimum Assured Volume	B	2,50,000	2,50,000	5,50,000	5,50,000	5,50,000	

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
(in KL)							
Total fuel throughput (Refer Table 162) (in KL)	C	**36,875**	**514,344**	**598,328**	**598,328**	**952,408**	
Cluster		**Cluster 1**	**Cluster 1**	**Cluster 2**	**Cluster 2**	**Cluster 2**	
Variable cost/KL (in ₹)	D	255	255	295	295	295	
Fixed Expense	E	21.95	21.95	31.97	31.97	31.97	
Variable Expense	F= (C-B*D)	-	6.74	5.03	5.03	5.03	
O&M expense	G=E+F	**5.91***	**28.69**	**37.00**	**37.00**	**37.00**	**145.59**
Total Fuel Farm Opex	H=G+A	**6.45**	**30.73**	**39.10**	**39.16**	**39.22**	**154.66**

*Proportionated for the operational period as COD is December 25, 2025

8.2.163 Taking into account the revised ratios and allocation basis as discussed under each expense category, the Authority proposed the following Aeronautical O&M expenses for the First Control Period of NMIA.

Table 165: Aeronautical O&M expense proposed by the Authority for First Control Period at Consultation stage

(in ₹ crore)

S. No.	Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
A.	Manpower expenses	Table 133	23.45	99.22	120.45	137.97	149.48	**530.56**
B.	Utility expenses	Table 142	18.84	99.20	139.42	143.60	147.91	**548.97**
C.	IT expenses	Table 144	10.28	40.44	42.86	45.44	48.16	**187.18**
D.	Rates and taxes	Para 8.2.44	0.00	0.00	0.00	0.00	0.00	**-**
E.	Corporate allocation	Table 146	20.78	81.75	86.66	91.86	97.37	**378.43**
F.	Collection charges on UDF	Table 147	0.65	4.49	6.05	6.05	6.05	**23.28**
G.	Administrative expenses	Table 149	5.14	19.65	20.24	20.84	21.47	**87.33**
H.	Insurance	Table 150	3.30	12.64	13.09	13.49	13.90	**56.42**
I.	Repairs and maintenance	Table 152	34.84	135.30	141.65	142.79	142.91	**597.48**
J.	Other operating expenses	Table 153	18.74	71.64	73.79	76.00	78.28	**318.45**
K.	CNS/ATM Expenditure	Table ***154***	23.57	68.60	55.88	59.08	62.37	**269.50**
L.	Concession fee (fixed)	Table 155	0.00	5.00	10.00	10.00	10.00	**35.00**
M.	Independent engineer cost	Table 156	1.35	5.15	5.30	5.46	5.63	**22.89**

S. No.	Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
N.	Digitisation cost	Table 157	7.02	27.37	28.74	30.18	31.68	**124.99**
O.	Financing charges and others	Table 158	0.58	2.29	2.87	2.08	2.04	**9.87**
P.	Interest on Working Capital	Table 159	0.35	17.57	41.25	51.26	53.67	**164.10**
	Total (airport related)		**168.89**	**690.30**	**788.25**	**836.10**	**870.92**	**3,354.45**
Q.	Cargo operating expenses	Table 161	**14.66**	**384.23**	**760.42**	**708.20**	**729.45**	**2,596.95**
R.	Fuel Farm operating expenses	Table 164	**6.45**	**30.73**	**39.10**	**39.16**	**39.22**	**154.66**
	Grand total		**190.00**	**1,105.25**	**1,587.76**	**1,583.46**	**1,639.59**	**6,106.07**

8.3 Stakeholders' comments regarding O&M Expenses for the First Control Period

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in

No. 08/2025-26 with respect to Operation and Maintenance (O&M) expenses for First Control Period. The comments by the stakeholders are presented below:

8.3.1 NMIAL's comment on the Legal expenses is as follows:

*"**Exclusion of Legal expenses from Corporate Allocation expenses***

Regarding the Authority's proposal to exclude cost of legal employees from Corporate Allocation cost, as Authority has allowed corporate cost allocation for other departments like Operations, Finance, etc. it is logical that corporate cost allocation for legal department should also be allowed.

Legal department, like other departments, also has different roles and responsibilities at Airport company and Corporate Level

Roles and Responsibilities at Corporate Level

- *Providing business and legal perspective and advice on a wide range of strategic, tactical, and operational issues to all Airports teams*
- *Determination of legal interests and options and counsel to top leadership on legal matters*
- *Coordinating and giving directions with external counsels*
- *Participating in the formulation of general management policy as a member of the executive management team*
- *Developing and leading internal audit and corporate compliance programs*

Roles and Responsibilities at Airport Level

- *Transaction support, including in relation to contracting and compliance.*
- *Drafting and vetting of RFP/RFQs,*

- *Applicability and compliances of local laws applicable to the Airport and maintaining proper corporate interactions with the relevant local, state and federal governmental bodies, legislatures.*

The Hon. TDSAT's Judgement dated 11th September 2025 pertaining to Mangaluru, Ahmedabad, Lucknow, Thiruvananthapuram, Jaipur and Guwahati Airports upheld this view of the airport operator. The relevant extract from TDSAT judgement is as follows:

272. AERA is directed to allow the cost of legal employees under the Corporate Allocation Cost.

Based on the above facts, we request the Authority not to have any downward adjustment for legal department costs in the corporate cost allocation."

8.3.2 NMIAL's comment on the Exclusion of Legal expenses from Administrative expenses is as follows:

"Exclusion of Legal expenses from Administrative expenses

The Authority has mentioned the nature of the legal costs as submitted by NMIAL, which is reproduced below for quick reference.

(Page 148) Para 8.2.57 In response to the query on the legal expense included under the administrative expenses, NMIAL had submitted that the legal expenses are lump sum amount for various legal services which are required in normal course of business, like retainer fees to law firms for preparing and filing pleadings in various legal matters related to various land matters, disputes with airport stakeholders, etc.; compliances, licensing, approvals and documentation costs; fees to legal counsels for appearing in court; etc.

As can be seen from above description, these costs are not discretionary but essential to ensure seamless, compliant, and efficient functioning of the airport in line with statutory and regulatory requirements. Given the complex legal environment in which airports operate—covering land matters, stakeholder disputes, regulatory compliance, and licensing—such expenses are indispensable. They safeguard the airport's ability to operate without disruption, mitigate risks of non-compliance, and ensure continuity of services to passengers and stakeholders.

Under the Concession Agreement, there are various references whereby Airport Operator is required to adhere to the applicable laws. For quick reference the definition and certain extracts from Concession Agreement are reproduced as: -

"Applicable Laws" means all laws, brought into force and effect by GOI or the State Government, including guidelines, circulars, rules, regulations and notifications, judgements, decrees, injunctions, writs and orders of any court of record, applicable to this Agreement and the exercise, performance and discharge of the respective rights and obligations of the Parties hereunder, as may be in force and effect during the subsistence of this Agreement;

1.2.1 (b) references to the Applicable Laws, shall include the laws, acts, ordinances, rules, regulations, bye laws or notifications which have the force of law in the territory of India and as from time to time may be amended, modified, supplemented, extended or re-enacted;

2.1 (c) operation, maintenance and management of the Airport in accordance with the provisions of this Agreement, Applicable Laws and Applicable Pe1mits; and

5.1.2 The Concessionaire shall comply with all Applicable Laws and Applicable Permits (including renewals as required) in the performance of its obligations under this Agreement.

The adherence to Applicable Laws needs support from subject matter experts. Accordingly, legal services costs must be recognized as a necessary and legitimate element of O&M expenditure, warranting due consideration and inclusion as part of O&M expenses by the Authority.

Provisions of AERA Act and Bar Council of India Rules

AERA Act provides for appeal against orders passed by AERA before the Appellate Tribunal. Airport Operator aggrieved by AERA Order/direction can prefer an appeal to this Appellate Tribunal. By disallowing the legal expenses, AERA has gone beyond its jurisdiction and taken away rights of the Airport Operator given to it under this Act.

Further, the Airport Operator will never initiate unwarranted litigation. As legal expenses is inevitable business expenditure, NMIAL cannot be asked to bear the legal cost from its Profit and Loss Account. This is neither contemplated under the AERA Act nor the Concession Agreement, MoU with the Government of India, etc. Engagement of advocates / counsels is done basis their expertise and no one advocate / lawyer can handle all type of litigation before all forums.

Even the Authority is engaging advocates / counsels in Court(s) to represent AERA such expenses are borne by the Authority and money spent by the Authority for such purposes is allotted by the Central Government as grant which is also nothing but the public money.

Therefore, it is unimaginable to ask NMIAL to handle its court cases through its in-house legal team. This is more so because having opted for employment with NMIAL, its in-house legal team cannot practice in Court(s), as the same is prohibited by the Bar Council of India. The relevant provision in this regard is appended below.

Section 49 in Bar Council Of India Rules
49. An Advocate shall not be a full-time salaried employee of any person,Government, firm, corporation or concern, so long as he continues to practise,and shall, on taking up any employment, intimate the fact to the Bar Council on whose roll his name appears, and shall thereupon cease to practise as an Advocate so long as he continues in such employment.

In light of the above, it is clear that NMIAL employees cannot argue or defend NMIAL in legal matters in various courts. Disallowing these costs will make the company vulnerable to adverse actions of Courts in these legal matters.

We therefore request the Authority to kindly allow legal services expenses by NMIAL in the First Control Period and true-up the same based on actual incurrence at the time of tariff determination of the Second Control Period."

8.3.3 NMIAL's comment on Other Operating Contracts is as follows:

"Consideration of Additional O&M – Other Operating Contracts

We would hereby like to submit additional contracts entered into by NMIAL towards Other Operating Expenses for the Authority's consideration.

Sl.	*Service*	*Months*	*Rs Cr*	*Annualized (Rs Cr)*
1	*Housekeeping and Other Works**	*5*	*29.06*	*69.74*
2	*Landside Management and Cargo Area Management*	*12*	*20.95*	*20.95*
3	*Private Security Services*	*24*	*14.57*	*7.29*
4	*Outsourced Manpower for Various Departments***	*12*	*5.77*	*5.77*
5	*Motor Transport Workshop Services*	*12*	*0.99*	*0.99*
Total				***104.73***

** Letter of Intent in this regard had already been submitted to the Authority's Financial Consultant on 7th August 2025.*

*** Includes Terminal Facilitator Works, Guest Relation Works, Baggage Handling Facilitator Works, Engineering & Maintenance Works, Duty Terminal Works and Office & Mail Room Management.*

Given the file size constraints and confidentiality of the contract documents, we shall submit the supporting documents of the above contracts to the Authority's Financial Consultant separately.

We request the Authority to revise the Other Operating Expenses amount taking the above additional contracts into consideration which are in line with MYTP submission."

8.3.4 NMIAL's comment on allocation of Digitalization Cost is as follows:

"Aeronautical allocation of Digitalization Cost computed using Multi Criteria Decision Approach without using objective and scientific approach

NMIAL needs to focus on core airport operations. NMIAL does not have bandwidth nor expertise to achieve digitalization of airport experience. It will have to be done with the help of respective subject matter experts from the respective field.

NMIAL rationale for computing aeronautical allocation based on manpower

Based on agreement with third party service provider who will provide digital transformation services, NMIAL will incur annual expense for maintenance and development of the Digital platform. This platform will provide wide array of services, both aeronautical and non-aeronautical to passengers. NMIAL proposes aeronautical allocation of 82% which is based on activity wise manpower allocation of each type of service which in turn is based on complexity of service being offered, in line with the proposed aeronautical allocation for CSMIA.

Most of the intangible services like software development, professional and consultancy services, Data Processing etc. are human resource intensive activities and cost of these services is directly proportional to manpower deployed to develop them. Therefore, we request the Authority to use the aeronautical allocation based on deployment of manpower to calculate aeronautical expense.

While determining aeronautical ratio for other expenses like R&M, Operating Contracts, etc. allocation is done based on actual expense incurred for aeronautical and non-aeronautical activities which in turn is dependent on Goods (like consumables, spares etc.) and Services (like manpower) deployed to perform these activities. Allocation of these expenses is neither based on usage nor

necessity nor revenue generating capacity of these activities. Hence, we request the Authority to reconsider the logic of applying allocation cost based on parameters like necessity, usefulness and revenue generating capability.

Shortcomings in the MCDA approach followed by the Authority

The Authority has followed Multi-Criteria Decision Approach, adopted in Mumbai Airport, to allocate the costs between Aeronautical and Non-Aeronautical. Various services being offered on digital platform have been grouped under aeronautical and non-aeronautical activities. MCDA approach employs a list of variables like Necessity, Channel Usefulness, Revenue Generating Capacity to segregate the costs for each of this service/activity. Each variable has been assigned a score between 1 to 5, where 1 being the lowest and 5 being the highest.

In case of Mumbai Airport, many essential Aeronautical services, such as maps, lost and found, and Wi-Fi, which are crucial for ensuring a seamless passenger experience, have been consolidated under the category 'Other Aeronautical Services. This in-turn has effectively resulted in various aeronautical activities being grouped under three heads only whereas non-aeronautical activities have been grouped under five different heads. This approach is subjective and highlights potential bias towards minimizing the allocation for aeronautical services.

Additionally, no basis is provided for assigning judgmental scores ranging from 1 to 5 to each variable. For example, the 'channel usefulness' variable has been subjectively assigned low scores for aeronautical activities and high scores for non-aeronautical activities, without any justification for these discrepancies.

One of the variables used is "Revenue Generating Capability". NMIAL, like MIAL, is not allowed to earn any revenue other than what is approved by the Authority for providing aeronautical services. Therefore, score against this variable will always be "0" for aeronautical activities. Further the scoring for Concessioniare is "5" which is also distorted as concessionaire revenue generation has multiple channels and digital is only one of them which is too at nascent stage. Currently most of the revenues generated by concessionaire are dependent on actual billing at the physical counter. This approach has serious cascading impact in widening the gap in the weightage scores being calculated for aeronautical and non-aeronautical activities.

Modified Approach addressing anomalies

NMIAL proposes an alternative approach as demonstrated in the table below which will address various biases and anomalies highlighted above and make the computation of aeronautical allocation more objective and scientific. In this alternate approach, two important activities which are "Maps" and "Lost and Found" have been considered as separate activity altogether rather than bundling it with all other aeronautical activities. Further it is proposed that "Passenger convenience" is considered as variable in place of "Revenue generating capability" as ultimate objective of all activities done by Airport Operator is Passenger Convenience.

Particulars	*Necessity*	*Channel Usefulness*	*Passenger Convenience*	*Total Score*
Aeronautical Services:				
Flight Tracking Information	*5*	*2*	*4*	*11*
Baggage Belt Information	*5*	*2*	*4*	*11*
Maps	*5*	*5*	*4*	*14*
Lost & Found	*5*	*5*	*4*	*14*
Other Aeronautical Services	*5*	*2*	*3*	*10*
Total Aero Score				*60*
Non-Aeronautical Services:				
Concessionaires	*5*	*5*	*3*	*13*
Porter Services & Baggage Wrapping	*5*	*5*	*2*	*12*
Bills Payments & Banking Related Services	*-*	*-*	*2*	*2*
Other Bookings	*4*	*3*	*2*	*9*
Other Non-Aeronautical Services	*1*	*1*	*2*	*4*
Total Non-Aero Score				*40*

Total Score	
Total Aeronautical Score (a)	*60*
Total Non-Aeronautical Score (b)	*40*
Total (c)	*100*
Aeronautical Allocation (%) (d = a/c)	***60%***

Since the use case and efficacy of the platform will evolve over the period, we request the Authority to kindly conduct detailed independent study on digitalization expense through relevant subject matter expert during the tariff determination of Second Control Period and allow true-up of aeronautical allocation on Digital transformation expenses of First Control Period based on the recommendation of the study. Therefore, in the interim, we request the Authority to consider aeronautical allocation of 60% (based on above analysis) while estimating Digitalization expenses of the First Control Period subject to true-up based on the outcome of the independent study."

8.3.5 Air India's comment on Digitisation Costs is as follows:

"O&M Expenses – Digitisation Costs should reflect cost synergies and efficiencies

As Adani Airport Holdings Ltd (AAHL) manages eight airports through an integrated platform, digitisation costs should result in lower expenses."

8.3.6 Lufthansa German Airlines's comment on O&M expenses is as follows:

*"**Operation and Maintenance Expenses***

The approach of AERA to curb the highly inflated and overstated costs without a demonstration of efficiency is in line with the ICAO's principles of 'cost-relatedness' which stipulates that aeronautical

charges should be derived from costs that are directly attributable, necessary, and efficiently incurred for the provision of aeronautical services."

8.3.7 Indigo's comment on O&M expenses is as follows:

"O&M expenses:

While we appreciate the Authority's detailed scrutiny and rationalisation of individual O&M line items submitted by NMI, in our view the overall magnitude of the approved O&M expenses appears excessive, particularly at this early stage of operations.

We agree with AERA's observation that expansion of non-aeronautical operations should lead to corresponding and proportionate increase in the recovery of power charges from concessionaires. In this regard, we suggest that NMI may be directed to constitute an internal committee to verify power-related bills and allocations and submit a detailed report to AERA, thereby enhancing transparency and ensuring appropriate cost attribution.

Further, we highlight that this being the First Control Period for a greenfield airport, all assets and equipment are new. Accordingly, projected Repair and Maintenance (R&M) costs appear disproportionately high. Experience from major airports such as DIAL, MIAL, and BIAL demonstrates that O&M costs in initial control periods are often over-estimated, with subsequent true-ups showing materially lower actuals resulting in inflated tariffs in earlier years.

In light of the above, we request the Authority to undertake an independent assessment of efficient O&M and R&M costs prior to final tariff approval for the First Control Period, to prevent avoidable tariff inflation and safeguard user interests."

8.3.8 IATA's comment on O&M expenses is as follows:

"Operating & Maintenance (O&M) Expenses

IATA is supportive of the direction AERA is taking to curb the highly inflated and overstated costs without a demonstration of efficiency. However, airlines remain concerned that the Operating and Maintenance (O&M) costs proposed for NMI during the First Control Period are disproportionately high relative to the airport's early-phase traffic and utilization profile. Despite NMI being a greenfield airport with a delayed COD and a gradual ramp-up in operations, the projected O&M cost base reflects a near steady-state structure, with high fixed and semi-fixed costs being recovered from the outset. When combined with depreciation, return on a large RAB, and concession-linked payments, these costs create significant upward pressure on aeronautical charges, directly impacting airline affordability, route viability, and demand stimulation during the airport's critical start-up phase.

We therefore urge AERA to continue applying a conservative, demand-aligned approach to O&M cost recognition and recovery. This includes maintaining strict scrutiny over manpower, utilities, repairs and maintenance, IT and digitization costs, and related-party O&M arrangements, as well as ensuring robust allocation between aeronautical and non-aeronautical activities.

Inefficiencies, commercial structuring choices, or underperformance should remain the risk of the airport operator and not be transferred to airlines and passengers. A disciplined, phased recovery of O&M costs that aligned with actual utilization rather than future capacity will be essential to

preserving affordability, safeguarding the integrity of the Hybrid Till framework, and supporting NMI's sustainable traffic growth over the long term"

8.4 NMIAL's response on Stakeholders' comments regarding Operation and Maintenance expenses for First Control Period

8.4.1 NMIAL's response on Lufthansa German Airline's comment on O&M expenses for the First Control Period is as follows:

"Pls refer NMIAL's Comments to Point 7 above (Para 8.4.2 of Tariff Order).

The assertion that O&M costs are inflated fails to consider that a greenfield airport must establish full operational readiness from day one, resulting in a predominantly fixed cost structure independent of traffic volumes.

Critical functions such as safety, security, regulatory compliance, support functions, and emergency preparedness cannot be scaled down in proportion to traffic without compromising operational standards.

The expectation that O&M costs should mirror traffic growth reflects a misunderstanding of airport operations, where cost scaling is non-linear, particularly in the initial years."

8.4.2 NMIAL's response on Indigo's comment on O&M expenses for the First Control Period is as follows:

"The Authority has already done necessary benchmarking and analysis while proposing the O&M cost. Indigo's request to re-assess the cost is absolutely undermining the efforts made by the Authority and reflecting the level of confidence Indigo has over the regulatory mechanism."

8.4.3 NMIAL's response on IATA's comment on O&M expenses is as follows:

"IATA's expectation that O&M costs should scale proportionately with traffic in the initial years reflects a fundamental misunderstanding of airport operations.

O&M cost structure of a greenfield airport during its initial years is predominantly fixed in nature, and independent of traffic volumes. Core aerodrome functions—including safety, security, airside operations, terminal operations, regulatory compliance, and emergency preparedness—must be fully established from the start of operations, irrespective of the pace of traffic ramp-up. These functions cannot be scaled down linearly with traffic without compromising safety, service standards, and regulatory compliance. It is therefore neither realistic nor reasonable to expect O&M costs to scale linearly with traffic during the ramp-up phase.

This is also recognized in ICAO's Airport Economics Manual document 9562, Para 4.50 that airports have large, fixed costs.

Over-constraining O&M recognition in the early years could impair service quality, operational resilience, and compliance, ultimately undermining the very traffic growth and affordability objectives that IATA seeks to promote.

We have seen this similar comment raised by IATA in all the Airport consultations irrespective of the size of the airport without providing written evidence-based comment. Further as mentioned in previous

comments, airport charges are relatively 4-5% of the operating cost of the airline operations as per the report and analysis conducted by IATA themselves."

8.5 Authority's analysis of Stakeholders' comments regarding Operation and Maintenance expenses for First Control Period

Exclusion of Legal expenses from Corporate Allocation expenses

8.5.1 The Authority has examined the submissions made by NMIAL regarding inclusion of legal expenses under Corporate Allocation costs.

The Authority notes NMIAL's contention that the legal function performs roles at both corporate and airport levels and, therefore, the associated costs should be allowed as part of corporate allocation, similar to other departments. The Authority has also taken note of the reference made to the Hon'ble TDSAT judgement in this regard.

Upon consideration, the Authority reiterates that the employee expenses pertaining to the in-house legal team at the airport level have already been considered and allowed as part of Aeronautical O&M expenses. Therefore, inclusion of additional legal costs under corporate allocation would lead to duplication of cost recovery, which is not appropriate from a regulatory standpoint.

The Authority is of the view that corporate allocation is intended to cover common and shared services, duly apportioned on a reasonable basis. However, where specific functional costs such as legal expenses are already being recovered directly at the airport level, allowing the same again through corporate allocation would result in double counting and undue burden on users. This approach is uniformly adopted by the Authority across all airports.

In view of the above, the Authority does not find merit in the request of NMIAL to include legal expenses under Corporate Allocation costs. Accordingly, the approach proposed at the Consultation Stage to exclude such costs is being retained.

Exclusion of Legal expenses from Administrative expenses

8.5.2 The Authority has examined the submission of NMIAL regarding the inclusion of legal consultancy expenses under Administrative Expenses.

The Authority notes that NMIAL has submitted that such legal expenses are incurred in the normal course of business and are essential for ensuring compliance with applicable laws, handling land-related matters, stakeholder disputes, regulatory requirements and court proceedings. NMIAL has also referred to provisions of the Concession Agreement and applicable laws to justify the necessity of engaging external legal counsel, particularly in view of restrictions on in-house legal teams representing the entity before courts.

The Authority recognizes that adherence to applicable laws and regulatory requirements is a fundamental obligation of NMIAL. It is also acknowledged that certain legal expenses may be unavoidable in the course of airport operations, especially in a complex regulatory and contractual environment.

However, the Authority is of the considered view that legal expenses are not entirely and directly attributable to core airport operations in all cases and may include costs that are discretionary or not

efficiency linked. Further, the Authority notes that NMIAL has in-house legal personnel whose costs are already considered under employee expenses.

Accordingly, the Authority decides that legal expenses should not be allowed as a pass-through under Administrative Expenses on a normative basis. Therefore, the Authority decides to retain the stand taken in CP.

Consideration of Additional O&M – Other Operating Contracts

8.5.3 The Authority has examined the additional submissions made by NMIAL during the stakeholder consultation process regarding Other Operating Expenses.

The Authority notes that the expenditure pertains to essential operational support services including housekeeping and terminal upkeep, landside and cargo area management, private security services, outsourced manpower for operational departments and motor transport workshop services, which are intrinsically linked to the safe, secure and efficient functioning of the airport. The Authority further notes that the supporting contracts and scope of work submitted by NMIAL indicate that these services are required for operational readiness and day-to-day airport operations during the initial years of the greenfield airport. The Authority notes that NMIAL had projected an annual cost of ₹ 110 crore as 'Other Operating Costs' under its MYTP. Further, NMIAL had informed that it has awarded the contract for 'Housekeeping & Other Works' contract in July 2025 for a period of 7.5 months. The Authority had then pro-rated this to an annual amount of ₹ 77.28 crore at the Consultation Paper stage, which amounted to ₹ 369.26 crore for the Control Period.

The Authority has applied an aeronautical allocation ratio of 90% for the said expenditure, in line with the allocation methodology adopted for 'Other Operating Expenses' at the Consultation Stage. Accordingly, the proposed amount of ₹ 369.26 crore for the Control Period was rationalised to ₹ 318.45 crore as Other Operating Costs at Consultation Stage after applying the aeronautical allocation ratio of 90% as given in para 8.2.73 and as reflected in Table 153 of this tariff order. The Authority is of the view that maintaining consistency in allocation treatment for similar nature of expenditure is appropriate from a regulatory standpoint and avoids distortion in determination of aeronautical costs.

The Authority notes that NMIAL, as part of stakeholder consultation process, has submitted that it has awarded five contracts under Other Operating Cost head relating to (i) landside and cargo area management (awarded in January 2026), (ii) private security services (awarded in September 2025), (iii) outsourced manpower for operational departments (awarded in December 2025) and (iv) motor transport workshop services (awarded in December 2025) including one revised contract for (v) housekeeping and other works (awarded in November 2025) with details provided at para 8.3.3 of this Tariff Order. The above five contracts together correspond to an annualised amount of ₹ 104.73 crore.

The Authority has reviewed the nature of the contracts, operational necessity, period of award and the extent to which such expenditure is attributable to aeronautical activities. The Authority observes that the contracts under consideration comprise multiple activities that are aeronautical, non-aeronautical and common in nature. Considering the integrated nature of airport operations and the practical difficulty in undertaking precise segregation of costs for each individual activity under such composite contracts, the Authority considers it appropriate to adopt a simplified allocation approach consistent with the methodology adopted at the Consultation Stage for Other Operating Expenses.

The Authority further notes that the expenditure now considered is based on review and prudence check of the contracts and supporting details submitted by NMIAL during stakeholder consultation and not merely on account of additional submissions made by the airport operator. The Authority has examined the operational relevance and reasonableness of the expenditure proposed and has considered only those expenses which are found necessary and attributable to airport operations.

Accordingly, the Authority has decided to consider the additional 'Other Operating Expenses' as detailed in table below, for determination of ARR after applying the aeronautical allocation ratio of 90% as given in para 8.2.73 of this Tariff Order. Further, escalation/inflation on such expenses has been applied as per Table 105 of this Tariff Order.

However, the Authority clarifies that the allowance of such expenditure as mentioned in the Tariff Order shall remain subject to true-up based on actual expenditure incurred, audited accounts, supporting documentation and operationalisation status during the relevant period subject to reasonability of rates and efficiency.

Accordingly, the Other Operating expenses decided by the Authority for the First Control Period stands as follows:

Table 166: Other operating expenses as decided by the Authority for the First Control Period

(in ₹ crore)

Particulars	Ref	FY26	FY27	FY28	FY29	FY30	Total
Other operating expenses (₹ 104.73 crore x 90%)	A	94.27	-	-	-	-	
% increase	B	-	4.70%	3.60%	3.60%	3.60%	
Other operating expense decided by Authority	C=A× (1+B)	94.27	98.70	102.25	105.93	109.74	510.89
Proportionate* for operational period		25.40	98.70	102.25	105.93	109.74	442.02

** Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

On the basis of detailed analysis as explained above, the final amount of "Other Operating Expenses", as seen from the above table, now stands at ₹ 442.02 crore as against ₹ 318.45 crore considered at the Consultation Paper stage.

Aeronautical allocation of Digitalization Cost computed using Multi Criteria Decision Approach without using objective and scientific approach

8.5.4 The Authority has examined the submissions made by NMIAL regarding the allocation of digitalization expenses, computed using the Multi-Criteria Decision Approach (MCDA) and the alternative methodology proposed based on manpower deployment and passenger convenience.

At the outset, the Authority notes that digital platforms at airports support a mix of aeronautical and non-aeronautical services and therefore require a balanced and objective allocation methodology. In this context, the MCDA framework adopted by the Authority considers multiple relevant parameters such as necessity, channel usefulness and revenue-generating capability, thereby ensuring a structured and transparent allocation across service categories.

With respect to NMIAL's contention that the MCDA approach is subjective and biased, the Authority observes that the approach is principle-based and widely accepted for allocation of shared/common costs where direct attribution is not feasible. Use of multiple criteria ensures that allocation is not driven by a single factor (e.g., manpower or revenue), thereby avoiding skewed outcomes. The scoring mechanism, while involving judgment, is applied consistently across categories, ensuring comparability.

The Authority as per its regulatory framework and in line with AERA Act, 2008 considers costs relating to only aeronautical services. This framework is derived from ICAO's principles of cost relatedness which stipulates that aeronautical charges should be derived from cost that are directly attributable, necessary and efficiently incurred for provision of aeronautical services. So, every cost is examined from the point of the service that is delivered at the airport in terms of the Act.

Allocating costs based on Manpower deployment is against AERA's approach as it does not reflect end use benefits or economic value derived from the platform.

Further, regarding the submission on replacing "revenue-generating capability" with "passenger convenience," the Authority notes that revenue potential remains a relevant and objective proxy for economic benefit derived from services. Passenger convenience, while important, is inherently subjective and difficult to quantify consistently across services and replacing an objective parameter with a qualitative one may reduce robustness of the allocation framework.

The Authority has undertaken a detailed prudence check of NMIAL's submissions, including the revised scoring matrix and alternative framework. Based on the same, the Authority finds that the MCDA approach adopted provides a reasonable, balanced and scientifically structured basis for allocation of digitalization costs.

Accordingly, the Authority does not find merit in NMIAL's request for modification of the allocation methodology or increase in aeronautical allocation and decides to retain the aeronautical allocation of digitalization expenses as proposed at the Consultation Stage.

O&M Expenses – Digitisation Costs should reflect cost synergies and efficiencies

8.5.5 The Authority has noted the comment of Air India on digitalisation costs.

It is pertinent to note that digitisation costs have already been subjected to rationalisation and prudence checks in the Consultation Paper No. 08/ 2025-26 dated March 17, 2026. In line with the approach adopted for MIAL, onboarding costs (13.11%) have been excluded as non-aeronautical and only 30% of the residual digitisation cost has been considered for aeronautical allocation based on the MCDA approach.

Further, the Authority has prorated the allowable cost in FY 2025-26 based on revised COD. Accordingly, the Authority is of the view that the costs considered already reflect efficiency considerations and no further adjustment is required.

Operation and Maintenance Expenses

8.5.6 The Authority notes the comments of Lufthansa German Airlines and the counter comment of NMIAL regarding O&M expenses.

The Authority has considered only those costs which are assessed as necessary, attributable and efficiently incurred for provision of aeronautical services, while undertaking appropriate rationalisation wherever required, consistent with the principles of cost-relatedness and applicable regulatory

framework. Accordingly, the Authority's approach that has been adopted is in line with the ICAO's principles of 'cost-relatedness'.

O&M expenses

8.5.7 The Authority has noted the submissions of Indigo regarding the level of O&M expenses, including suggestions relating to power cost attribution, repair and maintenance expenses and the request for an independent assessment of efficient O&M costs. The Authority has also considered the counter-comments of NMIAL in this regard.

The Authority reiterates that the O&M expenses proposed at the Consultation Stage have been determined after detailed scrutiny of NMIAL's submissions, including benchmarking, prudence checks and rationalisation of various cost elements, taking into account the greenfield nature of the airport and the phased traffic ramp-up during the First Control Period. Accordingly, the Authority has already adopted a conservative and efficiency-oriented approach in assessing admissible O&M costs.

With regard to power-related cost allocation and recovery from non-aeronautical activities, the Authority notes the Indigo's suggestion and reiterates that appropriate allocation principles have been considered in the tariff determination process. Further, actual performance and cost realization shall be subject to review and true-up in accordance with the regulatory framework.

Regarding Repair and Maintenance costs, while Indigo has submitted that such costs may be overstated in the initial years considering new assets, the Authority notes that the proposed costs have been examined in the context of operational requirements, maintenance standards and prudence considerations.

In view of the above, the Authority is of the view that the methodology and approach adopted at the Consultation Stage for O&M expenses is in conformity with the standard regulatory principles and no further independent reassessment is considered necessary at this stage.

Operating & Maintenance (O&M) Expenses

8.5.8 The Authority notes the comments of IATA regarding the level and phasing of O&M costs during the First Control Period, as well as the counter comments of NMIAL.

The Authority recognizes that O&M costs at a greenfield airport, particularly in the initial years of operation, comprise a significant proportion of fixed and semi-fixed components necessary to ensure safety, security, regulatory compliance and operational readiness. Such costs may not vary proportionately with traffic in the ramp-up phase. At the same time, the Authority also acknowledges the concern raised by IATA regarding the need to ensure that cost recognition remains efficient, justified and aligned with actual operational requirements.

In this regard, the Authority has undertaken detailed scrutiny, benchmarking and prudence checks of the O&M expenditure proposed by NMIAL at the Consultation Stage. The regulatory framework also provides for true-up of certain cost elements based on actuals in subsequent control periods, thereby addressing any potential over- or under-recovery.

The Authority further notes the suggestion of adopting a demand-aligned or phased approach to cost recovery and will continue to be guided by principles of efficiency, cost relatedness and protection of user interests while ensuring operational sustainability of the airport.

In view of the above, the Authority has examined the matter and retains the treatment as proposed at the Consultation Stage.

8.5.9 The Authority, based on the proposed CAPEX in **Table 86**, has revised the Gross Block Ratio for the First Control Period as presented in the table below.

Table 167: Gross Block Ratio decided by the Authority for the First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30
Opening Aeronautical Block (A)	0.00	17,682.91	17,721.82	17,817.15	17,827.34
Addition (B)	17,682.91	38.90	95.33	10.19	5.62
Sales/Transfers/Disposals (C)	0.00	0.00	0.00	0.00	0.00
Closing of Aeronautical Block (D=A+B-C)	**17,682.91**	**17,721.82**	**17,817.15**	**17,827.34**	**17,832.96**
Opening Gross Block (E)	-	19,517.31	19,561.51	19,669.84	19,681.42
Addition (F)	19,517.31	44.21	108.33	11.58	6.39
Sales/Transfers/Disposals (G)	-	-	-	-	-
Closing Gross Block (H=E+F-G)	**19,517.31**	**19,561.51**	**19,669.84**	**19,681.42**	**19,687.81**
Gross Block percentage (I=D ÷H)	**90.60%**	**90.60%**	**90.58%**	**90.58%**	**90.58%**
Average of 5 year Gross Block ratio	**90.59%**				

8.5.10 As detailed above, the Authority has recomputed the Operating Expenditure by incorporating the following changes from the Consultation stage:

(i) Inflation rates considered as decided in Chapter 7 - **Table 105**

(ii) GBR considered as decided in **Table 168**

(iii) Increase in Other Operating Expense by ₹ 123.57 crore based on consideration of the contract provided during the stakeholder consultation **(refer para 8.5.3)**.

(iv) Increase in R&M expenses by ₹ 9.12 crore due to change in CAPEX (refer **Table 85**)

8.5.11 After incorporation of the change in COD and applying the revised inflation rates as per **Table 105** and the change in assumptions as mentioned in para 8.5.9, the following is the Aeronautical Operation and Maintenance expense for the First Control Period as decided by the Authority for Navi Mumbai International Airport.

Table 168: Aeronautical O&M expense decided by the Authority for First Control Period

(in ₹ crore)

S. No.	Particulars	FY26	FY27	FY28	FY29	FY30	Total
A.	Manpower expenses	23.45	99.22	120.45	137.97	149.48	530.56
B.	Utility expenses	18.84	100.83	144.04	150.78	157.85	572.34
C.	IT expenses	9.76	38.41	40.71	43.16	45.75	177.79
D.	Rates and taxes	0.00	0.00	0.00	0.00	0.00	0.00
E.	Corporate allocation	20.78	81.75	86.66	91.86	97.37	378.43
F.	Collection charges on UDF	0.65	4.49	6.05	6.05	6.05	23.28
G.	Administrative expenses	4.88	18.97	19.65	20.36	21.09	84.95
H.	Insurance	3.34	12.99	13.53	14.02	14.53	58.41

S. No.	Particulars	FY26	FY27	FY28	FY29	FY30	Total
I.	Repairs and maintenance	35.37	137.38	143.81	144.96	145.08	606.60
J.	Other operating expenses	25.40	98.70	102.25	105.93	109.74	442.02
K.	CNS/ATM Expenditure	23.57	69.39	56.99	60.53	64.18	274.65
L.	Concession fee (fixed)	0.00	5.00	10.00	10.00	10.00	35.00
M.	Independent engineer cost	1.35	5.24	5.42	5.62	5.82	23.45
N.	Digitisation cost	7.02	27.37	28.74	30.18	31.68	124.99
O.	Financing charges and others	0.55	2.18	2.73	1.98	1.94	9.37
P.	Interest on Working Capital	0.35	16.57	39.02	49.08	52.13	157.15
	Total (airport related)	**175.32**	**718.47**	**820.06**	**872.46**	**912.69**	**3,498.99**
Q.	Cargo operating expenses	14.66	395.62	772.60	724.95	751.04	2,658.87
R.	Fuel Farm operating expenses	6.45	30.76	39.14	39.22	39.30	154.88
	Grand total	**196.43**	**1,144.85**	**1,631.80**	**1,636.63**	**1,703.03**	**6,312.74**

Note: All the expenses have been recomputed after the effect of recent inflation rates.

8.5.12 Tabulation of changes in values between Consultation Stage and Order, together with reasons are as given below:

Table 169: Summary of changes in Aeronautical Operations and Maintenance Expenses between Consultation Stage and Order

(₹ in crore)

Particulars	At Order Stage (A)	At Consultation Stage (B)	Difference (C=A-B)	Reason
Manpower	530.56	530.56	-	No change. Retained as considered at the Consultation Stage.
Utility	572.34	548.97	23.37	The increase is due to higher inflation
IT Expense	177.79	187.18	(9.39)	The increase due to higher inflation is offset by the reduction in GBR
Rates & Taxes	0.00		-	Not Applicable
Corporate Allocation	378.43	378.43	-	No change. Retained as considered at the Consultation Stage.
Collection Charges UDF	23.28	23.28	-	No change. Retained as considered at the Consultation Stage.
Administrative	84.95	87.33	(2.38)	The net decrease after increase in inflation and reduction in GBR

Particulars	At Order Stage (A)	At Consultation Stage (B)	Difference (C=A-B)	Reason
Insurance	58.41	56.42	1.99	The increase is due to higher inflation
R&M	606.60	597.48	9.12	Due to change in CAPEX (refer **Table 85**)
Other Operating Expenses	442.02	318.45	123.57	The increase is due to higher inflation and Increase in Other Operating Expense (refer para 8.5.3)
CNS/ATM Exp	274.65	269.50	5.15	The increase is due to higher inflation
Concession Fee	35.00	35.00	-	No change. Retained as considered at the Consultation Stage.
IE Fees	23.45	22.89	0.56	The increase is due to higher inflation
Digitisation Cost	124.99	124.99	-	No change. Retained as considered at the Consultation Stage.
Financing Charges and Others	9.37	9.87	(0.50)	Reduction due to change in Aero-revenues and operating expenditure
Interest on WC	157.15	164.10	(6.95)	Reduction is reduction in GBR
Cargo	2,658.87	2,596.95	61.92	The increase is due to higher inflation
Fuel	154.88	154.66	0.22	The increase is due to higher inflation
Total	**6,312.74**	**6,106.07**	**206.67**	

8.6 Authority's decisions regarding O&M Expenses for the First Control Period

Based on the material before it and based on its examination, the Authority decides the following regarding Aeronautical Operations and Maintenance (O&M) expenses for the First Control Period

8.6.1 To consider O&M expenses for the First Control Period for NMIA in accordance with Table 168.

8.6.2 To true up O&M expenses incurred by NMIA for the First Control Period, while determining tariff for the next control period, subject to reasonability and efficiency.

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9. NON-AERONAUTICAL REVENUE FOR THE FIRST CONTROL PERIOD

9.1 NMIAL's submission regarding Non-Aeronautical Revenue (NAR) for the First Control Period

9.1.1 NMIAL, in its MYTP submission, had projected the NAR under a single head and had outsourced all non-aeronautical businesses to a master concessionaire.

9.1.2 NMIAL submitted that as per the terms of Clause 5.6 of the Concession Agreement, global competitive bidding process was adopted for selection and appointment of the master concessionaire.

9.1.3 As per the MYTP submission, the master concessionaire scope of work includes:

i. *Part A – Terminal Services at NMIA*

Develop, build, finance, operate, maintain, manage and expand the following facilities and services within / near / at the airport. For avoidance of doubt, the provision of such services shall be for all terminals of the airport (including any new terminal built in the future) and shall apply to any future expansion of the airport. An indicative list of services is as follows:

- *Duty free stores*
- *Food and beverages outlets*
- *Retail outlets*
- *Lounges*
- *Advertising, sponsorship and promotion opportunities*
- *Car parks and ground transportation facilities*
- *Transit hotels*
- *Banks*
- *Business centre*
- *Flight catering services*
- *Foreign exchange services*
- *Freight consolidators/forwarders or agents*
- *Left luggage, lost and found, excess baggage*
- *Messenger services*
- *Porter service*
- *Special assistance services*
- *Vending machines*
- *Meet and assist services*

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- *Provision of land and space for various stakeholders at Airport, including Hangars*
- *General Aviation Terminal*
- *Various passenger amenities, including but not limited to sim card, child-care room, kids play areas, car rental and hotel reservation counters, digital initiatives, ATMs, spas, entertainment areas and*
- *Any other activity for convenience of passengers and enhancement of airport experience.*

ii. *Part B – Landside development at NMIA*

Develop, build, finance, operate, maintain, manage, expand the landside development at NMIA comprising of various facilities and infrastructure for the use by passengers, airlines, meeters and greeters, other stakeholders at airport and city dwellers.

9.1.4 NMIAL submitted that for each year during the term of the agreement, master concessionaire will pay NMIAL an amount arrived at by multiplying the percentage i.e. 10.05% of gross revenue of master concessionaire in that year.

9.1.5 NMIAL had submitted the following estimated revenue from non-aeronautical services for the First Control Period, considering growth of 10% Y-o-Y and linkage with passenger growth.

Table 170: Total NAR submitted by NMIAL

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Revenue from master concessionaire	30.00	53.20	66.66	73.33	124.29	347.49
Total non-aero revenue	30.00	53.20	66.66	73.33	124.29	347.49

9.2 Authority's examination regarding NAR for the First Control Period at Consultation Stage

9.2.1 The Authority had examined the basis and the projections of non-aeronautical revenue submitted by NMIAL for the First Control Period.

9.2.2 The Authority had noted the gross revenue share (10.05%) outcome of the tendering process for MSA and is of the view that this revenue share is significantly low. Further, the Authority also opines that it is the responsibility of NMIAL to ensure that the Airport achieves higher NAR during the First Control Period. In this context, there was no obligation on NMIAL to accept the bid of Master concessionaire offering such low revenue shares.

9.2.3 Further, the Authority noted that NMIAL had awarded master service agreement (MSA) contract for non-aeronautical services to the master concessionaire which is a related party i.e., M/s Adani Airport Holdings Limited (AAHL). In this context, the Authority takes note of Clauses 5.6.2 and 5.6.3 of the Concession Agreement as detailed in para 2.5.10 pertaining to open competitive bidding requirement and related party transactions.

9.2.4 Accordingly, the Authority, through its Independent Consultant had asked NMIAL for the details of the bid process followed. NMIAL had submitted that following a two-stage global competitive bidding process, the master concessionaire had been selected as Adani Airport Holdings Limited (AAHL). M/s Ernst and Young LLP ("EY") was engaged as an Independent Consultant to oversee the bid process,

while M/s Cyril Amarchand Mangaldas (CAM) was engaged as an independent legal advisor for the same.

9.2.5 NMIAL had submitted that since AAHL is a related party, the independent probity auditor – CNK & company (appointed by CIDCO on June 08, 2023) was onboarded to oversee the complete tender process including drafting of RFP and eventual agreement.

9.2.6 Based on the documents shared it is noted that following an advertisement on June 5, 2023, the RFQ for airport services was published on NMIA's e-procurement portal on June 22, 2023 for undertaking Airport Services at Terminal 1 and landside development at NMIA.

9.2.7 At the RFQ stage, applications were received from the following applicants:

i) GMR Airports Limited

ii) DB Realty Limited

iii) Adani Airport Holdings Limited

9.2.8 Subsequently, NMIAL published a newspaper advertisement on November 25, 2023, informing about the extension of last date of submission of application on account of amendment in the scope of services.

9.2.9 Thereafter NMIAL also issued corrigendum-1 to RFQ dated December 6, 2023 with the aforementioned applicants in para 9.2.7 to inform about amendments in scope of work and seek their interest and declaration on continued eligibility in the bidding process. Summary of key changes in the corrigendum-1 is provided below:

Provision as per RFQ dated June 22, 2023	***Amended provision as per corrigendum dated December 6, 2023***
NMIAL has also appointed the contractors for undertaking the engineering, procurement and construction works for the Airport, which is presently under- construction, and the first phase is scheduled to be commissioned by December 2024. As a part of airport development, NMIAL intends to invite applications from interested and qualified bidders for undertaking various airport services at the Airport on and from COD.	*NMIAL has also appointed the contractors for undertaking the engineering, procurement and construction works for the Airport, which is presently under- construction, and the first phase is scheduled to be commissioned by December 2024.* ***The master plan for NMIA which was earlier for 60 million passengers per annum is now finalized for entire 90 million passengers per annum. With that, plan for future upcoming terminals at NMIA is also finalized.*** *As a part of airport development, NMIAL intends to invite applications from interested and qualified bidders for undertaking various airport services at the Airport on and from COD.*
A) Services at NMIA	*A) Terminal Services at NMIA*

Provision as per RFQ dated June 22, 2023	***Amended provision as per corrigendum dated December 6, 2023***
Develop, build, finance, operate, maintain, expand the following facilities and services within/ near/ at Terminal T1 of NMIA, in accordance with best-inclass standards, facilities at comparable airports and good industry practices.	*To develop, build, finance, operate, maintain and expand the facilities and services set out below within/ near/ at* ***the Airport. For avoidance of doubt, the provision of such Terminal Services shall be for all Terminals of the Airport (including any new Terminals built in the future) and shall apply to any future expansion of the Airport. The qualified bidders would be made aware of the master plan(s) for NMIA during the RFP stage. The Terminal Services shall be carried out in accordance with the provided master plan(s).*** ***[Note: The services listed in part A and part B of Annexure I of the RFQ shall apply mutatis mutandis]***

9.2.10 As per RFQ evaluation report dated December 11, 2023, there were no new applications received in the extension period. The aforementioned applicants in para 9.2.7 had all submitted declarations for continued eligibility and were declared qualified bidders for RFP stage.

9.2.11 Thereafter, the RFP was published on December 12, 2023, on NMIAL's e-procurement portal and shared with the qualified bidders from RFQ stage. The Authority noted that at the RFP stage, the financial bid evaluation criteria were a combination of Minimum Annual Guarantee (MAG) and revenue share percent.

Based on the evaluation at the RFP stage, none of the bidders at RFP stage quoted any MAG. The related party, AAHL had quoted the highest revenue share percent and was hence selected as the master concessionaire and the MSA was signed on September 21, 2024.

9.2.12 As per the IPA's review report dated April 23, 2024, the tender process for airport services had concluded the following:

"Based on our review of the process followed by NMIAL for the bidding process for appointment of the Service Provider for Airport Services, and based on our scope of work as mentioned above, and the information and explanations provided to us, in our view, we report that NMIAL has followed the standard process and has conducted the bidding process in a fair and transparent manner with respect to the Tender Document. We further report that the online bidding process has been conducted as per the terms of the Concession Agreement in respect of Related Party and the proposed award of contract to AAHL is at arm's length in accordance with clause 5.6.3 of the Concession Agreement, being the highest bidder."

9.2.13 NMIAL had submitted that the proposed RPT was formally intimated to CIDCO and the required shareholder meeting (as per Concession Agreement), RPT Audit Committee meeting (as per Companies Act, 2013) were also held. Thereafter, NMIAL board in its meeting dated July 2, 2024, considered the proposed RPT granted its approval on the same.

9.2.14 The Authority had noted the two-stage tendering process followed by NMIAL. However, in view of the limited participation for the MSA services at RFQ stage, the Authority had examined the extract of the relevant clauses of the RFQ which read as below:

"3.3.1 ***Technical Eligibility Criteria:***

The Applicant shall have the experience as below:

i. At the time of submission of the Application, the Applicant shall be either– (A) an Entity having rights / experience in operations or management or development of the businesses set out below; or (B) an Entity being an airport operator having the right to develop the businesses set out below:

a. at least 3 (three) out of the following 5 (five) businesses at an international airport in India, i.e. (I) duty-free retail; (II) duty paid retail and services; (III) food and beverage services; (IV) car parking; and (V) advertisement; AND

b. at least ten lakh (10,00,000) square feet (in aggregate) on the landside of an international airport in India from any or a combination of any of the following, i.e. (I) hospitality, (II) office spaces, (III) retail, (IV) entertainment and (V) convention centre.

OR

ii. At the time of submission of the Application, the Applicant shall be an Entity having rights experience in operations or management or development of the following businesses:

a. at least 1 (one) shopping mall in a metro city in India with presence of multiple global brands; AND

b. at least 3 (three) out of the following 5 (five) facilities over minimum forty lakh (40,00,000) square feet in India cumulatively, i.e. (I) hospitality, (II) office spaces, (III) retail, (IV) residential and (V) convention centre; AND

c. at least one project from (b) above should be part of landside development of an international airport in India.

3.3.2 Financial Eligibility Criteria:

As at 31st March 2023, the Applicant must have:

i. an annual turnover of at least Rs. 500 crores; AND

ii. Net Worth of Rs. 1500 crores."

9.2.15 From the RFQ qualifying criteria specified above by NMIAL, the Authority had the following observations:

Technical Eligibility Criteria

- NMIAL has specified in their technical eligibility criteria that bidder should either be an Entity who has rights / experience in operations or management or development or be an Entity who is an airport operator having the right to develop at least 3 (three) out of the following 5 (five) businesses at an international airport in India, i.e. (I) duty-free retail; (II) duty paid retail and services; (III) food and beverage services; (IV) car parking; and (V) advertisement;

  The Authority noted that this criterion seeks that two (2) out of the five (5) businesses, namely duty-free retail and duty paid retail and services are specific to airports sector. As per GoI Guidelines for PPP development, the criteria requiring airport experience even for leasing out the airport has been dispensed with. Therefore, the Authority is of the view that asking for airport specific services related experience for Master Service Agreement is restrictive.

- It is noted that NMIAL has specified that bidder be an Entity having rights / experience in operations or management or development or be an airport operator having the right to develop the businesses of at least ten lakh (10,00,000) square feet (in aggregate) on the landside of an international airport in India from any or a combination of any of the following, i.e. (I) hospitality, (II) office spaces, (III) retail, (IV) entertainment and (V) convention centre.

  The Authority noted that the requirement for an Airport in India with terminal having area for non-aeronautical or commercial activities of 2,31,354 sqm, of which 25,356 sqm. is considered for non-aeronautical or commercial activities. This is about 10.95% of the terminal building. Considering the present scope of work, specifying 10,00,000 sqm commercial space as eligibility criteria is too high. Additionally, requiring experience only on landside of an international airport is additionally restrictive.

Financial Eligibility Criteria

- Turnover

  As per Public Procurement Guidelines, the average financial turnover should be 30% of the estimate cost. Considering the projected cumulative NAR of ₹ 47 crore submitted by NMIAL for the First Control Period, in place of requirement of ₹ 105 crore (30% *347) average annual turnover, NMIAL has specified a turnover of ₹ 500 crore (which is more than 4 times).

- Net Worth

  The net worth of ₹ 1,500 crore is additionally restrictive for a work value of ₹ 350 crore, as several Airport Operators like AAI etc. are specifying only Positive Net Worth.

The Authority is of the view that due to such restrictive criteria, only 3 agencies (including 1 related party) participated in the tender. The Authority expects that going forward, NMIAL and CIDCO (Concession granting Agency) will ensure that the tenders for providing similar services are scrutinized for any restrictive eligibility criteria. This is not only to attract more agencies and encourage healthy competition but also to ensure protection of interest of all stakeholders, as per the terms of the Concession Agreement detailed above, which may be followed in letter and spirit.

9.2.16 The Authority noted that airports developed under PPP framework, including NMIA are envisaged to deliver operational and commercial operational efficiencies through professional airport management. A key objective of the PPP framework is to enable the enhancement of non-aeronautical revenues by

the airport operators, thereby facilitating cross-subsidisation of aeronautical charges. Such cross-subsidisation allows efficiency gains and commercial upside to be shared with airport users in the form of moderated aeronautical tariffs, while safeguarding passenger interests and ensuring the financial viability and sustainability of airport operations.

9.2.17 In order to assess the reasonableness of the NAR projections submitted by NMIAL, the Authority had undertaken a benchmarking exercise with comparable PPP airports, this includes not only CSMIA Mumbai but also other greenfield airports such as Manohar International Airport (MOPA), Goa. These airports provide relevant reference points, given their greenfield nature, comparable concession structures and reliance on non-aeronautical revenues as an important instrument for moderating aeronautical tariffs. The outcome of the benchmarking exercise is summarized in table below:

Table 171: NAR per passenger approved in tariff orders for CSMIA & MOPA, Goa

Airport	Control period	Total 5 years NAR (₹ in crore)	Total 5 years Pax (MPPA)	Avg. Revenue per pax. (₹)
CSMIA	2024-25 to 2028-29	6,461.24*	229.17	281.94
MOPA, Goa	2023-24 to 2027-28	509.47	47.68	106.85
NMIA (As per MYTP submission)	2025-26 to 2029-30	347.00	109.19	31.78

**For CSMIA, NAR revenue excludes ground handling revenue, rent & services revenue and cargo revenue*

9.2.18 Based on the benchmarking exercise discussed above, the Authority observes that the non-aeronautical revenue projections submitted by NMIAL are materially lower than the levels projected and/or achieved at other greenfield airports such as MOPA. This is notwithstanding the fact that non-aeronautical revenue per passenger at these airports envisaged during the initial years of operations is substantially higher than those projected by NMIAL. The Authority further noted that even for airports located in tier-2 cities, non-aeronautical revenues have demonstrated meaningful commercial potential. This indicates that the assumptions adopted by NMIAL are conservative and do not fully reflect prevailing industry experience or demonstrated commercial outcomes.

9.2.19 The Authority is of the view that such subdued non-aeronautical revenue projections are not aligned with the interest of passengers and other stakeholders. Lower NAR projections directly increase reliance on aeronautical charges for revenue recovery, thereby exerting upward pressure on tariff payable by passengers. At the same time, Airport Operator continues to recover full costs through return on RAB, OPEX, depreciation and applicable taxes. Consequently, the commercial risk associated with under-performance of non-aeronautical revenues is effectively transferred to passengers, which is inconsistent with the principles and intent of the PPP framework.

9.2.20 The Authority further noted that NMIA being located within the MMR and catering to a passenger profile comparable to CSMIA, possess substantial inherent potential for generation of non-aeronautical revenues. Passenger spending on retail, food, beverages, car parking and other commercial services is expected to be robust, notwithstanding the greenfield status of the Airport. While the Authority recognizes that a reasonable ramp-up period may be required for stabilisation of such revenues in the initial years of operations, this does not justify the significantly lower non-aeronautical revenue assumptions proposed by NMIAL, particularly when benchmarked against comparable greenfield airport.

9.2.21 In view of the foregoing, the Authority had adopted a benchmarking-based and efficiency-oriented approach for determining non-aeronautical revenue projections for NMIA. This approach reflects realistic commercial potential, incorporates a phased ramp-up consistent with the greenfield nature of the Airport and ensures optimal cross-subsidisation of aeronautical revenues. The Authority is of the view that such an approach is necessary to moderate aeronautical tariffs and maintain airport charges at reasonable and affordable levels, while simultaneously ensuring that the airport operator continues to receive full and fair cost recovery, including return on RAB, OPEX, depreciation and taxes.

9.2.22 The proposed NAR proposed by the Authority is set out in the table below:

Table 172: NAR proposed by the Authority for the First Control Period at Consultation stage

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
NAR projection submitted by NMIAL (₹ crore) Table 170	A	30.00	53.20	66.66	73.33	124.29	347.49
NAR projections of CSMIA as per Tariff Order	B	887.88*	1,205.02	1,173.32	1,274.10	1,470.75	6011.07
Pax CSMIA as per Tariff Order	C	38.60**	44.62	41.03	42.46	48.35	
NAR / pax for CSMIA	D= B/C	230.00	270.06	285.97	300.07	304.19	
% of CSMIA NAR / pax proposed for NMIA	E	80%	80%	80%	80%	80%	
NAR / pax. proposed by the Authority	F=D*E	184.00	216.05	228.77	240.06	243.35	
Passenger traffic (MPPA) as proposed by Authority for the First Control Period	G	2.81	19.31	26.00	26.00	26.00	100.12
NAR proposed by the Authority (₹ crore)	H=F*G ÷10	51.61	417.28	594.81	624.15	632.71	2,320.56

**Excluding revenue from duty free license fee and forex as the international operations are going to commence from April 2026 at NMIA*

***Excluding international pax from FY26 as the international operations are going to commence from April 2026 at NMIA*

9.3 Stakeholders' comments regarding the Non-Aeronautical Revenues for First Control Period

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to Non-Aeronautical Revenues for First Control Period. The comments by the stakeholders are presented below:

9.3.1 NMIAL's comment on service providers for airport services is as follows :

"Reasonableness of Eligibility Criteria for appointment of Service Provider for Airport Services

NMIAL respectfully submits that the proposed Technical and Financial Eligibility Criteria for the non-aeronautical concession are proportionate to the functional complexity, operational risks, and public-facing nature of non-aero activities at an international airport and are designed to ensure execution capability rather than exclusivity.

A. Why Airport Specific Multi Business Experience Is Necessary

(Para 3.3.1(i)(A) and (B))

1. Requirement of Experience in At Least 3 out of 5 Airport Non Aero Businesses

Reasoning

Non aeronautical development at an airport is not a single line business. It requires simultaneous management of multiple revenue verticals that are interdependent, operate under strict security restrictions, and are sensitive to variations in passenger flows.

For instance, duty free and duty paid retail operations must be closely synchronized with immigration layouts, security screening points, and airline schedules to ensure smooth passenger movement and maximize sales. Food and beverage outlets are required to operate continuously on a 24×7 basis, manage staffing in line with flight banks, and comply with airport specific hygiene and security protocols. Car parking operations directly interface with landside traffic management, terminal access roads, and congestion controls during peak hours. Similarly, advertising inventory spans airside and landside terminal zones, all of which must comply with aviation safety requirements, visibility constraints, and passenger movement norms.

An entity that has experience in only one business vertical, such as retail alone, may therefore lack the capability to manage conflicting space requirements between retail outlets and passenger circulation areas. It may also struggle to balance trade offs between optimizing parking revenues and avoiding terminal congestion, or to handle integration challenges between advertising installations and strict aviation safety norms.

Illustrative Example

At major Indian airports, relocating a duty free store often necessitates a redesign of adjacent food and beverage layouts and changes to advertising sightlines. Similarly, expanding parking capacity affects terminal frontage planning and passenger walking distances, which in turn has a direct impact on retail footfall.

For these reasons, requiring experience in at least three out of five airport non aero businesses ensures that bidders understand these operational inter dependencies and can manage them holistically, rather than functioning as siloed operators. This requirement is deliberately set at a minimum level and is not excessive, as it does not mandate experience across all non aeronautical segments.

B. Why Landside Development Experience Is Specified at Scale

(10 lakh sq. ft. at an airport OR 40 lakh sq. ft. cumulatively)

2. Need for Large Scale Landside Development Experience

Reasoning

Landside development at airports differs significantly from conventional city based real estate development. All construction and execution activities must be carried out alongside live airport

operations, where security zoning, emergency access requirements, and aviation safety constraints impose additional layers of complexity. Moreover, construction sequencing must be carefully managed so that terminal access and airside interfaces are not disrupted.

Smaller scale developments do not adequately expose developers to the challenges of managing multiple contractors within an operational airport perimeter, executing phased commissioning that aligns with terminal readiness, or coordinating with aviation regulators and reserved service providers.

Illustrative Example

Landside projects at airports frequently require the re planning of access roads for offices or hotels due to changes in terminal traffic circulation patterns. They may also require temporary reconfiguration of retail or entertainment spaces during peak passenger seasons. In addition, such projects often involve integrating convention centres with airport security protocols and emergency evacuation norms.

A developer that has delivered at least 10 lakh square feet of development at an airport, or 40 lakh square feet cumulatively across asset classes, is therefore demonstrably better equipped to handle this scale and complexity. These thresholds are based on capability requirements and are not intended to exclude participants solely on the basis of size.

C. Why the Alternative Criteria for Real Estate Developers Is Balanced

(Para 3.3.1(ii))

3. Inclusion of Metro Shopping Mall with Global Brands

Reasoning

Non aeronautical revenue at airports is heavily dependent on the ability to curate global and premium brands, manage turnover linked lease structures, and maintain consistently high service standards despite very heavy footfall.

Developers of metro shopping malls that host global brands gain exposure to brand led leasing strategies, revenue sharing models that are similar to airport concessions, and environments where customer expectations are exceptionally high.

Illustrative Example

Premium retail tenants at airports typically expect centralized marketing and promotional initiatives, uniform operating standards across all outlets, and the ability to handle surge traffic during periods such as holidays or peak travel seasons. These competencies are more commonly developed in top tier metro shopping malls than in local or single brand retail developments.

4. Mandatory Airport Landside Exposure (At Least One Project)

Reasoning

This requirement ensures that even bidders with a primarily real estate background have direct, hands on experience in an airport environment. It helps prevent situations where a purely city based developer underestimates the complexities of airport security, regulatory clearances, and access controls. It also reduces the risk of project delays arising from unfamiliarity with aviation specific stakeholder coordination.

Illustrative Example

Even a relatively small landside project at an airport requires close coordination with the airport operator's security teams, local police authorities and the CISF, and aviation safety compliance units. Mandating experience of at least one airport landside project ensures that bidders have already navigated this learning curve.

D. Why Financial Criteria Are Necessary but Not Excessive

(Para 3.3.2)

5. Turnover of at Least Rs 500 Cr and Net Worth of at Least Rs 1,500 Cr

Reasoning

The Master Service Agreement pertains not just to the Terminal Building but also the Landside. As such, the scope is wider than is being considered by the Authority.

Also, a non aeronautical concession at an airport involves significant upfront capital expenditure, a gradual ramp up period before revenues stabilize, long term operations and maintenance commitments, and exposure to passenger traffic downturns similar to those experienced during events such as the COVID 19 pandemic.

Entities without sufficient financial depth may respond to such pressures by deferring maintenance and service quality investments, seeking mid concession renegotiations, or defaulting on revenue share or concession fee obligations.

Illustrative Example

During the COVID 19 period, airport non aeronautical operators were required to maintain minimum staffing levels, keep facilities operational despite severe revenue declines, and absorb temporary financial losses without compromising passenger services. Only organizations with strong balance sheet capacity were able to withstand such disruptions.

6. Criteria Do Not Eliminate Competition

Consortium bidding is expressly permitted, allowing technical expertise and financial strength to be combined within a single bid. In addition, no restrictions are imposed on nationality, ownership structure, or prior association with NMIAL. As a result, the eligibility criteria are designed to screen for capability and resilience rather than the identity of bidders.

Conclusion

NMIAL respectfully submits that:

- *The Technical Eligibility Criteria ensure operational readiness across multiple non-aero verticals, which is essential at an international airport;*
- *The scale thresholds are set at minimum credible levels, not at exclusionary levels;*
- *Alternative qualification routes ensure participation by both airport operators and large real-estate developers;*
- *Financial criteria safeguard long-term service quality, revenue stability, and public interest.*

Accordingly, the eligibility criteria are appropriate, proportionate, and necessary, and cannot be construed as restrictive or anti-competitive.

Further, the entire bidding process was undertaken under the supervision of External – Consultant i.e. Ernst and Young LLP (EY). It ought to be kept in mind that financial criteria in the bid process is necessary for Quality and Sustainability. The bid criteria was designed to achieve the highest standards of service and fiscal responsibility. Adani Holding Airports Limited was selected as the Master Service Provider on transparent evaluation criteria as per the conditions of the bid through open competitive bidding process. Neither any authority nor any potential bidder had raised any issue concerning the interest of the bidder being jeopardized nor is there any denial of equal participation in the entire bidding process.

The similar matter has also been upheld in the Hon. TDSAT's Judgement dated 11th September 2025 pertaining to Mangaluru, Ahmedabad, Lucknow, Thiruvananthapuram, Jaipur and Guwahati Airports.

In view of the above submissions, we request the Authority to revise its remarks of restrictive eligibility criteria as appropriate and necessary criteria for the complex scope of work of the Master Services. Also, it is requested that the Authority kindly consider the non-aeronautical revenues projected based on contractual arrangement."

9.3.2 NMIAL's comment on minimum threshold for Non-Aero Revenue is as follows:

*"**True-Up of Non Aero Revenue not to be subject to any minimum threshold***

The Authority has considered the true-up of non-aeronautical revenue only if the actual non-aeronautical revenues of NMIAL are more than projections made by the Authority.

This has the practical effect of implicitly regulating non-aeronautical services, since the Airport Operator bears the full downside risk of lower-than-projected non-aeronautical revenue, while surplus revenues are adjusted through true-up. Such an approach inadvertently distorts risk allocation and undermines the commercial nature of non-aeronautical activities.

It is submitted that non-aeronautical pricing itself is not within the regulatory mandate of the Authority. Introducing a de-facto floor through selective true-up intervention indirectly influences pricing and commercial strategies of non-aeronautical services, which are otherwise expected to be determined through competitive market mechanisms. This is neither intended under the regulatory framework nor consistent with the principle of keeping non-aeronautical revenue streams market-responsive.

As per the Hon. TDSAT's Judgement dated 11th September 2025 pertaining to Mopa Airport, Goa:

230. We hereby direct AERA the true-up exercise for the next Control Period shall be based upon actual non-aeronautical revenue irrespective of the fact that whether it exceeds or not, the minimum threshold of Rs.509.47 Crores, as fixed by AERA towards non-aeronautical revenue.

We request the Authority to true-up non-aeronautical revenues based on actuals without applying any minimum threshold."

9.3.3 NMIAL's comment on Non-Aero revenue for the First Control Period is as follows:

"Reduction of 30% of the Non-Aero Revenue by the annual revenue share/premium of 12.6% payable to the Concessioning Authority CIDCO

Revenue Share/Premium does not constitute a cost, as costs are those expenditures that are incurred for the purpose of generating revenue and prior to the earning of such revenue. In contrast, Revenue Share/Premium becomes payable to CIDCO only after "Gross Revenue" has been earned by NMIAL and is therefore not a prerequisite for earning revenue.

This distinction is further evident from the fact that even in scenarios where revenue is nil—and consequently no Revenue Share/Premium is payable—NMIAL continues to incur fixed costs associated with maintaining and operating the airport. Accordingly, Revenue Share does not bear the characteristics of an operational or revenue-generating cost.

Under the regulatory Hybrid Till framework followed by AERA, 30% of the revenues generated from non-aeronautical assets are considered for cross-subsidisation of aeronautical costs. In determining aeronautical charges, only those costs incurred for generating revenues from non-aeronautical assets are excluded from the calculation of cross-subsidy.

Since the concession fee payable to CIDCO is not a cost incurred for generating revenue, but rather a post-revenue appropriation, it does not qualify as a deductible operations related cost of the Non-Aeronautical Revenue that will be utilized for the purpose of cross-subsidisation. Accordingly, the Revenue Share/Premium is required to be deducted while calculating the cross-subsidy under the Hybrid Till framework.

The annual Revenue Share/Premium payable to the Concessioning Authority (CIDCO) from non-aeronautical revenues represents a prior contractual obligation and therefore cannot be considered as revenue available to the Airport Operator for cross-subsidisation of aeronautical tariffs.

The Revenue Share/Premium payable to CIDCO is not an operational surplus retained by NMIAL, but a pre-determined contractual outflow arising from the Concession Agreement. Accordingly, only the net non-aeronautical revenue remaining after meeting this unavoidable obligation represents the Airport Operator's disposable revenue. Including the gross non-aeronautical revenue—without deduction of Revenue Share/Premium—overstates the operator's actual earning capacity and results in an artificial inflation of surplus available for aeronautical subsidy.

Where a portion of non-aeronautical revenue is mandatorily transferred to the Concessioning Authority, that portion:

- *Cannot be deployed to meet O&M expenditure or capital recovery; and*
- *Cannot realistically be used to subsidise aeronautical tariffs.*

Therefore, the base for applying the 30% cross-subsidy mechanism must be net non-aeronautical revenue, i.e., after deduction of the Revenue Share/Premium payable."

9.3.4 GAL's comment on Non-Aero Revenue is as follows:

"The Consultation Paper provides that Non-Aeronautical Revenue shall be adjusted only where actual revenues exceed the Authority's projections, while any shortfall is required to be fully borne by the Airport Operator.

This results in an asymmetric and inequitable risk allocation, wherein the operator absorbs the entire downside risk, whereas any upside is subject to regulatory true-up. Such an approach distorts the commercial risk-reward framework of non-aeronautical activities and amounts to indirect regulatory

interference, notwithstanding that pricing and commercial decisions in respect of Non-Aeronautical services lie outside the Authority's regulatory mandate.

Hence, we request the authority to consider the non-aeronautical revenues on actual."

9.3.5 Sumedh Bhagwat's comment on Non-Aero Revenue is as follows:

"Maximizing Non-Aeronautical Revenue (NAR) Cross-Subsidy Imputation of Realistic Commercial Revenue:

NMIAL's projected NAR of a mere ₹347 crore (₹31.78 average revenue per passenger) is overly conservative, especially when greenfield airports like MOPA achieve yields of ₹106.85 per passenger. Realistic commercial revenue generation capabilities must be imputed to maximize the 30% cross-subsidy, directly reducing the burden on aeronautical tariffs. Mandating a 20% Terminal Building Ratio (TBLR): NMIAL proposed allocating only 10.96% of the terminal area for non-aeronautical activities. Inter-Ministerial Group (IMG) norms stipulate that for airports exceeding 10 MPPA, commercial area should be up to 20%. Enforcing a 20% TBLR would rightfully shift a larger portion of the Gross Block and O&M expenses to the non-aeronautical side, generating a direct downward revision of the ARR."

9.3.6 Lufthansa Group's comment on Non-Aero Revenue is as follows:

*"**Leveraging the Non Aeronautical Revenue***

Lufthansa Group submits that the Airport operators should maximize land monetization to boost non-aero revenue -retail, parking, real estate etc. Therefore AERA should take into consideration the intrinsic growth potential of non-aeronautical revenues. This is essential for offsetting capital expenditure and reducing the burden on the users."

9.3.7 Indigo's comment on Non-Aero Revenue is as follows:

*"**Non-Aeronautical Revenue:***

We observe that the Non-Aeronautical Revenue ('NAR') projected by NMI is significantly conservative and does not appear to reflect the inherent commercial potential of NMI's location, traffic base, and planned connectivity. As correctly noted by AERA in paragraphs 9.2.19 and 9.2.20 of the CP, lower NAR directly results in higher aeronautical tariffs, while the airport operator continues to recover full costs and assured returns on RAB. And accordingly, we request AERA to further review the projection for NAR."

9.3.8 IATA's comment on Related-party Arrangements and Non-aeronautical Revenue Outcomes is as follows:

"Related-party Arrangements and Non-aeronautical Revenue Outcomes

IATA notes that the Authority has applied probity and process safeguards to related-party transactions, including requirements around competitive bidding, oversight and governance approvals. While these measures are important for ensuring procedural integrity, they do not, on their own, address the economic outcomes of such arrangements, particularly under a Hybrid Till framework where non-aeronautical revenues play a critical role in moderating aeronautical charges. The extensive use of a Master Services / Master Concession structure with group entities across multiple non-aeronautical verticals creates a risk that commercial value is captured outside the regulated airport SPV.

IATA stays particularly concerned with the lack of transparency and potential conflicts of interest on account of the use of Master Concession structures by the airport operator – including the artificial lowering of non-aero revenue contribution through use of such structures. IATA has highlighted its serious concerns on this issue in other previous consultations as well where similar Master Concession structures have been used by the airport operator – and would once again strongly urge AERA's close scrutiny / disallowance. This directly affects the level of non-aeronautical revenue recognised for tariff purposes and weakens the intended cross-subsidy under the Hybrid Till, contrary to the intent of the National Civil Aviation Policy 2016 (NCAP).

These concerns are reflected in specific arrangements disclosed in the consultation material, including ground handling services where the revenue share structure appears skewed (0% for domestic operations versus approximately 9% for international).

In this context, IATA submits that:

• Process compliance alone is insufficient where related-party structures can materially influence non-aeronautical revenue outcomes at the airport SPV level.

• The current arrangements risk naturally deflating non-aeronautical revenue recoveries, thereby reducing

the contribution of non-aeronautical activities towards subsidization of aeronautical charges.

• Greater scrutiny of revenue-sharing terms and economic substance, in addition to tender process compliance, is warranted to ensure that non-aeronautical revenues are not artificially suppressed through intra-group arrangements. A stronger focus on economic outcomes is essential to preserve the integrity of the Hybrid Till framework and to avoid unintended upward pressure on user charges. Airports are regulated precisely to promote operational efficiency and cost-effective outcomes, and this principle must remain central to AERA's assessment.

Accordingly, AERA should base its analysis on the intrinsic growth potential of non-aeronautical revenues, independent of any commercial arrangements entered into by NMIAL (by their own choice) with its master services concessionaire. Such arrangements are immaterial to the regulatory assessment and to users. While it is entirely within NMIAL's commercial prerogative to structure its non-aeronautical operations as it sees fit, the consequences of any revenue leakages, inefficiencies, or underperformance arising from these arrangements should not be borne by aeronautical users through higher charges."

9.4 NMIAL's response to Stakeholders' comments regarding NAR for First Control Period

9.4.1 NMIAL's response on GAL's comment on Non-Aero Revenue is as follows:

"Considering 30% Non-Aeronautical Revenues, net of Revenue Share to Concessioning Authority, while calculating Aeronautical Tax."

9.4.2 NMIAL's response on Sumedh Bhagwat's comment on Non-Aero Revenue and TB ratio is as follows:

"Pls refer to Point 11 of NMIAL's Comments on the Consultation Paper, dated 17th April 2026 (para 5.7.10 of Tariff Order)."

9.4.3 NMIAL's response on Lufthansa Group's comment on Non-Aero Revenue is as follows:

"Pls refer NMIAL's Comments to Point 4 (para 9.4.5 of Tariff Order) *above.*

While the objective of maximizing non-aeronautical revenue is acknowledged, it is not appropriate to substitute actual commercial outcomes with hypothetical projections or assumptions of "intrinsic potential."

Non-aeronautical revenue is inherently dependent on market conditions, demand maturity, and commercial arrangements, and cannot be artificially enhanced without corresponding risk and investment."

9.4.4 NMIAL's response on Indigo's comment on Non-Aero Revenue is as follows:

*"Similar matter is responded in Point 4 above (*para 9.4.5 of Tariff Order) *and Point 23 of NMIAL's Comments on the Consultation Paper, dated 17th April 2026* (para 9.3.1 of Tariff Order)."

9.4.5 NMIAL's response on IATA's comment on Related-party Arrangements and Non-aeronautical Revenue Outcomes is as follows:

"IATA's concerns regarding related-party arrangements and their impact on non-aeronautical revenues overlook the safeguards already applied by the Authority. The Authority has examined these arrangements for compliance with probity norms, competitive processes, and arm's-length principles.

Adoption of a Master Services / Master Concession (MSA) framework is a conscious and well-established commercial strategy, adopted to allow the airport operator to focus on its core regulatory and operational mandate—namely, the development, operation, and management of safe, secure, and efficient airport infrastructure. The outsourcing of specialised non-aeronautical activities to experienced service providers, whether group entities or otherwise where appropriate, reflects sound business practice. The use of MSA enables:

- *operational efficiency and professionalisation of specialised services,*
- *transfer of commercial and operational risk away from the regulated airport entity,*
- *predictable and stable revenue streams during the ramp-up phase of a greenfield airport, and*
- *reduced managerial and execution complexity for the Airport Operator.*

Provided that such arrangements are entered into following transparent processes, appropriate governance approvals, and arm's-length principles—conditions already verified by the Authority—the choice of commercial structure remains a legitimate prerogative of the Airport Operator.

NMIAL further submits that the approach advocated by IATA—namely, applying hypothetical benchmarks or notional revenue thresholds to override actual contractual outcomes—is inconsistent with settled regulatory jurisprudence. The Telecom Disputes Settlement and Appellate Tribunal (TDSAT), while examining airport tariff matters under the Authority's jurisdiction, has consistently upheld the principle that legitimately executed contractual arrangements for non-aeronautical services must be respected, and that regulators should refrain from imposing arbitrary assumptions or artificial revenue normalization unless there is clear evidence of imprudence, inefficiency, or non-arm's-length conduct.

TDSAT has recognised that non-aeronautical revenues are inherently market-driven and contingent on commercial arrangements, demand conditions, and risk-return trade-offs. It has further cautioned against regulatory overreach in substituting actual commercial outcomes with assumed or "optimal" revenue scenarios.

Further, related party transactions are a common feature in the overall aviation industry. For example, Lufthansa Aero Technic's provision of MRO Services to Lufthansa Airline, as referred to in response to Point 16 below (para 2.7.3 of Tariff Order)."

9.5 Authority's analysis of Stakeholders' comments regarding the NAR for First Control Period

Reasonableness of Eligibility Criteria for appointment of Service Provider for Airport Services

9.5.1 The Authority has examined the submissions made by NMIAL regarding the eligibility criteria adopted for appointment of the Master Service Provider for non-aeronautical services, including the justifications relating to operational complexity, integrated management requirements, airport-specific experience and financial capability.

The Authority acknowledges that management of non-aeronautical activities at a greenfield international airport involves coordination across multiple commercial and operational verticals and that non-aeronautical revenues play an important role in reducing aeronautical tariff burden for airport users under the applicable regulatory framework. The Authority also notes that the Concessionaire is required to ensure operational continuity, service quality and long-term commercial sustainability while structuring such arrangements.

However, while certain eligibility conditions may have operational rationale, the Authority observes that the cumulative effect of the criteria prescribed by NMIAL, including airport-specific experience, multi-business vertical exposure, landside development requirements and substantial financial thresholds, appears to have significantly narrowed the competitive field and limited broader market participation. The Authority notes that the bidding outcome itself reflected limited participation, including participation from related parties.

The Authority further notes that there was no compulsion upon NMIAL to accept a lower bid solely on account of quoted consideration if wider competition, capability assessment, long-term value maximisation, or overall user interest warranted an alternative procurement approach. In the Authority's view, procurement frameworks should facilitate adequate competition and efficient price discovery, particularly since non-aeronautical revenues directly contribute towards moderation of aeronautical charges and overall user benefit.

Accordingly, the Authority reiterates its view that future procurement frameworks for major non-aeronautical concessions may be structured in a manner that encourages wider participation and competitive intensity, including participation by specialised domestic and international operators or consortium structures, while maintaining necessary safeguards relating to technical capability, operational standards, financial strength and long-term service quality.

True-Up of Non Aero Revenue not to be subject to any minimum threshold

9.5.2 The Authority has considered NMIAL's submission regarding true-up of non-aeronautical revenue without application of a minimum threshold.

The Authority views that the unique characteristics of NMIAL as a greenfield airport in the MMR, has a significant unconstrained traffic potential, strong passenger growth prospects and considerable commercial monetization opportunities arising from retail, F&B, advertising, real estate-led development and other non-aeronautical streams. The Authority is of the view that such inherent

commercial potential supports reasonable confidence in achievement of projected non-aeronautical revenues.

The Authority has been following this approach of true up of NAR based on minimum threshold uniformity across all airports. The Authority has scrutinized the NAR prudently through an independent consultant and arrived at the optimum NAR. The NAR has been arrived by benchmarking with comparable airport, examining the tender process and is justified based on potential market revenue. The Authority views that NAR projected by the NMIAL should be optimum and reflect the fair and justified market revenue potential of the airport.

The Authority further notes that, for the purpose of assessment of non-aeronautical revenue potential, benchmarking references have been drawn from CSMIA, which operates within the same Mumbai Metropolitan Region and is managed by the same airport group.

The Authority further observes that the proposed threshold-based true-up mechanism was intended to balance regulatory certainty, user interest and incentive for commercial efficiency, through tapping of the full potential for commercial activities while ensuring that extraordinary upside gains beyond projections are appropriately shared in the tariff framework. The mechanism does not seek to regulate pricing of non-aeronautical services but rather provides a prudential approach in a suitable treatment of non-aeronautical revenue as per Hybrid Till mechanism for tariff determination.

The Authority also notes that permitting unrestricted downward true up of Non-Aeronautical Revenues would result in the transfer of commercial risk entirely to airport users, which would be inconsistent with prudent tariff determination principles.

Accordingly, while recognising the sensitivity and evolving nature of Non-Aeronautical Revenue streams in the initial years of operation of a greenfield airport, the Authority considers it appropriate to retain the minimum threshold for truing up of Non-Aeronautical Revenues for the First Control Period, as proposed at the Consultation Stage.

Reduction of 30% of the Non-Aero Revenue by the annual revenue share/premium of 12.6% payable to the Concessioning Authority CIDCO

9.5.3 The Authority has carefully examined the submissions of NMIAL regarding deduction of the annual Revenue Share/Premium payable to CIDCO from Non-aeronautical Revenue for the purpose of computing cross-subsidy under the Hybrid Till framework. In this regard, the Authority notes that the treatment of concession fee and premium has been explicitly provided in the Concession Agreement itself.

The Authority observes that Clause 26.1.4 of the Concession Agreement specifically provides that the "Concession Fees" shall be considered as part of operating expense for the purpose of determination of aeronautical charges. However, Clause 26.2.4 categorically stipulates that the "Premium" payable by the Concessionaire to the Authority under Clause 26.2 "shall not be included as a part of costs for provision of Aeronautical Services and no pass-through would be available in relation to the same." Accordingly, the Concession Agreement itself draws a clear distinction between concession fee and premium/revenue share and expressly disallows pass-through of the premium in aeronautical charges.

The Authority further notes that the Premium under Clause 26.2 is linked to Gross Revenue and becomes payable only after accrual of revenue by the airport operator. Therefore, such payment represents an appropriation/application of revenue in accordance with the contractual arrangement

between NMIAL and CIDCO, rather than an operational expenditure incurred for provision of airport services. The Authority is of the view that expenditures qualifying for consideration under the regulatory framework are those incurred towards operation, maintenance and development of airport services, whereas the premium payable on gross revenue is in the nature of a post-revenue contractual outflow. In view of the above provisions of the Concession Agreement the Authority is not inclined to consider the annual Premium/Revenue Share payable to CIDCO as a deductible item from non-aeronautical revenue for the purpose of determination of cross-subsidy under the Hybrid Till approach. Accordingly, the submission of NMIAL in this regard is not accepted.

Non-Aeronautical Revenue

9.5.4 The Authority has examined the submissions made by GAL and the counter-comments of NMIAL regarding the true up of Non-Aeronautical Revenue (NAR).

With regard to the GAL's request for true-up of NAR on actual basis, the Authority observes that non-aeronautical revenues are largely driven by NMIAL's commercial decisions. Accordingly, the associated risks and rewards are integral to the operator's business model.

Allowing full downside true-up would shift commercial risk to users, which is not appropriate. The Authority's response at para 9.5.2 above on this issue may also be referred to.

In view of the above, the Authority does not find merit in this request and retains its approach as proposed at the Consultation Stage.

Maximizing Non-Aeronautical Revenue (NAR) Cross-Subsidy Imputation of Realistic Commercial Revenue

9.5.5 The Authority notes the comment of Sumedh Bhagwat and counter comment of NMIAL regarding maximization of non-aeronautical revenue and adoption of a higher allocation of Aeronautical portion in the Terminal Building Ratio.

The Authority notes that the TB ratio of 88%:12% proposed at the Consultation Stage was determined after considering the actual area statement submitted by NMIAL, wherein non-aeronautical area constituted 10.96% of the terminal area, as well as benchmarking with other PPP airports such as DIAL, MIAL, BIAL and HIAL, where allocation towards non-aeronautical activities is higher. The Authority had also considered IMG norms, which indicate non-aeronautical allocation in the range of 8%-12% for passenger terminals and up to 20% for larger airports with passenger traffic exceeding 10 million.

Taking into consideration that NMIAL is a newly established greenfield airport with substantial commercial potential and is expected to attract significant non-aeronautical services, the Authority had proposed 12% allocation towards non-aeronautical activities, which appropriately captures such potential.

Accordingly, the Authority considers the approach adopted at the Consultation Stage to be reasonable and does not find merit in modifying its proposed Terminal Building Ratio.

Leveraging the Non Aeronautical Revenue

9.5.6 The Authority has noted Lufthansa Group's comment regarding leveraging non-aeronautical revenue potential to support cross-subsidisation and reduce burden on users and NMIAL's counter comment thereafter.

The Authority notes that non-aeronautical revenue projections considered at the Consultation Stage have been assessed taking into account the airport's commercial potential, traffic profile, market benchmarks and the growth prospects of relevant revenue streams, including retail, parking and other commercial activities. The Authority further recognizes that optimal development and monetisation of non-aeronautical assets is an important element within the Hybrid Till framework.

Accordingly, the intrinsic growth potential of non-aeronautical revenues has been duly factored into the Authority's assessment for the purpose of tariff determination.

Non-Aeronautical Revenue

9.5.7 The Authority notes the comments of Indigo regarding the projection of Non-Aeronautical Revenue (NAR) and NMIAL's counter comments on the same. The Authority also notes that higher NAR has the potential to reduce the burden on aeronautical tariffs under the Hybrid Till framework.

At the outset, the Authority reiterates that the assessment of NAR has been undertaken based on a detailed review of the submissions made by NMIAL, supported by benchmarking with comparable airports, analysis of traffic projections, commercial potential and stage of airport development. The Authority has also exercised prudence in evaluating the projections and, where considered appropriate, has made suitable adjustments to ensure that the NAR considered reflects a reasonable estimate. Further, the Authority has provided that true up of NAR for the current control period, at the time of determination of tariff for the next control period subject to the minimum threshold as decided by the Authority as per Table **172**.

The Authority acknowledges that NMIA, being a greenfield airport, has inherent commercial potential over the long term. However, the Authority also notes that realization of such potential is contingent upon traffic ramp-up, development of supporting infrastructure and market maturity, particularly during the initial years of operation.

In view of the above, the Authority is of the view that the NAR considered at the Consultation Stage represents a balanced and prudent estimate for the First Control Period. Accordingly, no further revision is proposed at this stage.

Related-party Arrangements and Non-aeronautical Revenue Outcomes

9.5.8 The Authority notes the comments of IATA regarding the potential impact of related-party arrangements and Master Services / Master Concession structures on non-aeronautical revenue outcomes, as well as the counter comments of NMIAL.

The Authority recognizes that under the Hybrid Till framework, non-aeronautical revenues play an important role in moderating aeronautical tariffs and therefore both the process integrity and economic outcomes of such arrangements are relevant considerations. While procedural safeguards such as competitive bidding, governance oversight and arm's-length principles are essential, the Authority also acknowledges the concern that the structure and terms of such arrangements may have a bearing on the level of non-aeronautical revenues ultimately available at the regulated entity level.

At the same time, the Authority notes that non-aeronautical activities are inherently commercial in nature and may be structured by NMIAL in a manner considered operationally efficient, subject to compliance with applicable regulatory and contractual provisions. Further, NMIAL have to ensure that final figures derived are reasonable considering the potential. The Authority has undertaken due diligence of the relevant arrangements, including examination of tender processes, governance

mechanisms and revenue-sharing structures as per the extant norms related to RPTs, as detailed at Consultation Stage.

The Authority further notes the IATA's suggestion to place greater emphasis on economic outcomes and revenue potential, independent of specific commercial arrangements. In this regard, the Authority will continue to examine both the robustness of the underlying assumptions and the reasonableness of non-aeronautical revenue projections, including benchmarking and trend analysis, to ensure that tariff determination remains aligned with the principles of efficiency, transparency and protection of user interests.

In view of the above, the Authority has examined the matter and retains the treatment as proposed at the Consultation Stage.

9.6 Authority's decisions regarding NAR for the First Control Period

Based on the material before it and based on its analysis, the Authority decides the following with regard to Non-Aeronautical Revenue for the First Control Period.

9.6.1 To consider NAR for the First Control Period for NMIA, Mumbai as per Table 172.

9.6.2 To consider true up of NAR at the time of determination of tariff for the Second Control Period, if it is higher than that decided by the Authority in Table 172.

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10. TAXATION FOR THE FIRST CONTROL PERIOD

10.1 NMIAL's submission regarding aeronautical taxation for the First Control Period

10.1.1 NMIAL had submitted that it had considered an effective tax rate of 25.17%. The computation of aeronautical income tax had been made based on regulatory books. Further, the aeronautical segment had been treated as a standalone entity with its own tax computations.

10.1.2 While calculating tax, NMIAL had considered the following:

- 30% of non-aeronautical income which was reduced while calculating the ARR and corresponding aeronautical revenues streams, are added back to reflect the comprehensive aeronautical revenues for the airport.
- Aeronautical O&M expenses
- Premium (revenue share) as mentioned in clause 26.2.4 of the CA is not considered as expenditure.
- Depreciation had been considered based on regulatory books of accounts.
- Interest cost had been considered based on regulatory books of accounts (i.e. RAB * Avg. cost of debt * 48% gearing ratio)

10.1.3 Estimated tax proposed by NMIAL, based on building blocks as per MYTP submission is as detailed below:

Table 173: Aeronautical taxes submitted by NMIAL for the First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Aero revenues	3,856.06	6,416.80	7,943.43	8,423.89	13,225.30	**39,865.48**
Add: 30% NAR	9.00	15.96	20.00	22.00	37.29	**104.25**
Less: Aero operating expense	(1,090.08)	(1,564.61)	(1,866.99)	(2,039.32)	(2,971.43)	**(9,532.43)**
Less: Depreciation	(1,019.85)	(1,309.31)	(1,341.50)	(1,332.60)	(2,180.90)	**(7,184.16)**
Less: Interest cost	(592.50)	(1174.79)	(1185.13)	(1153.06)	(1909.68)	**(6,015.15)**
Aero PBT	1,162.63	2,384.04	3,569.81	3,920.91	6,200.59	**17,237.98**
Tax @ 25.17%	292.63	600.06	898.52	986.89	1,560.69	**4,338.80**

10.2 Authority's examination regarding aeronautical taxation for the First Control Period at Consultation Stage

10.2.1 The Authority noted that NMIAL had considered 30% NAR in the estimation of aeronautical Profit Before Tax (PBT), which was then used in the computation of aeronautical taxes. The fact that a part of NAR is used for cross subsidisation as per the hybrid till mechanism does not change the nature of such revenue to aeronautical. Further, the cross subsidisation as per the hybrid till mechanism is done in order to reduce tariff pressure on passengers and to incentivize NMIAL to make effective investments in non-aeronautical income generating sources.

10.2.2 Authority also noted that for the purpose of tax calculation, NMIAL had considered interest cost in proportion of notional gearing ratio.

10.2.3 Therefore, the Authority is of the view that:

- 30% NAR should not be treated as a subsidy for NMIAL as NMIAL had already earned it from non-aeronautical services and is meant as a cross subsidy to the airport user.
- The consideration of 30% NAR as part of revenue from aeronautical services would result in an unfair enrichment to NMIAL, effectively reducing the cross-subsidy benefit to the airport user from the present 30% non-aeronautical income.

10.2.4 Therefore, the Authority proposed to consider only aeronautical revenue and expenses in the calculation of aeronautical PBT.

10.2.5 The Authority had directed NMIAL to submit annual tariff proposal (tariff rate card) within 7 days from issue of the Consultation Paper for review and to be put up for Stakeholder Consultation. Further the Authority had issued the Ad-hoc order for NMIA. For calculation of tax the Authority had proposed to consider 5% Y-o-Y increase in rates from the rates in Ad-hoc order. This calculation will be revised in the Tariff Order based on rates approved at that time.

10.2.6 Also, the Authority had recomputed the aeronautical tax of NMIAL based on the changes proposed to the other building blocks and based on the proposal discussed above on exclusion of NAR.

10.2.7 Based on the above, the following table summarizes the aeronautical taxes proposed by the Authority for the First Control Period.

Table 174: Aeronautical taxes proposed to be considered by the Authority for First Control Period at Consultation stage

(in ₹ crore)

Particulars	Ref	FY26	FY27	FY28	FY29	FY30	Total
Aero revenues	A	272.35	2,974.24	4,540.28	4,730.37	4,929.34	**17,446.58**
Less: Aero operating expense (Refer Table 165)	B	189.07	1,085.39	1,543.64	1,530.11	1,583.88	**5,932.10***
Less: Depreciation (Refer Table 79)	C	207.99	783.18	790.32	792.32	793.23	3,367.04
Less: Interest cost including interest on term loan	D	398.20	799.58	794.16	770.74	737.29	3,499.97
Aero PBT	E=A-B-C-D	(522.91)	306.08	1,412.17	1,637.20	1,814.93	**4,647.47**
Carry Forward/ Losses Balance		522.91	216.83				
Tax @ 25.17%	F =E* 25.17%	-	-	**300.87**	**412.08**	**456.82**	**1,169.77**

**Interest on working capital and financing charges are shown separately under Interest Cost in table above and the same is not included in Operating Expenses*

10.3 Stakeholders' comments regarding taxation for First Control Period

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to taxation for First Control Period. The comments by the stakeholders are presented below:

10.3.1 NMIAL's comment on Non-Aero revenue for the First Control Period is as follows:

"Addition of 30% of the Non-Aero Revenue to the Revenue for calculation of Aeronautical Tax

As per AERA guidelines 5.5.1 as provided below, corporate tax paid on income from assets/ amenities/ facilities/ services (emphasis) taken into consideration for determination of Aggregate Revenue Requirement (ARR) will be considered for calculation of taxation component of ARR. Para 5.5 of the AERA Guidelines is reproduced below:

5.5. Taxation (T)

5.5.1. Taxation represents payments by the Airport Operator in respect of corporate tax on income from assets/ amenities/ facilities/ services taken into consideration for determination of Aggregate Revenue Requirement.

5.5.2. The Authority shall review forecast for corporate tax calculation with a view to ascertain inter alia the appropriateness of the allocation and the calculations thereof.

Explanation: For avoidance of doubt, it is clarified that any interest payments, penalty, fines and other such penal levies associated with corporate tax, shall not be taken into consideration for calculation of Taxation.

Income from Non-Aeronautical services are used in calculating the overall ARR. Therefore, in order to calculate the taxation under the regulatory framework, income from Non-Aeronautical services as proposed by the Authority in the CP need to be considered. In case, the Authority does not consider income from Non-Aeronautical services for the purposes of taxation, it will be in contradiction to its guidelines.

Also, as per the Hon. TDSAT's Judgement dated 11th September 2025 pertaining to Mangaluru, Ahmedabad, Lucknow, Thiruvananthapuram, Jaipur and Guwahati Airports:

210. ... We hereby direct AERA to consider 30% NAR while determining the Corporate Taxes. We hereby hold to include "NAR" factor as a part of aeronautical revenue base while determining aeronautical taxes ("T").

In view of the above, request the Authority to add 30% of the Non-Aero Revenue to the Revenue while determining the Tax amount."

10.3.2 GMR Airports Ltd. (GAL)'s comment on cross subsidy is as follows:

"Consideration of cross subsidy while calculating the aeronautical tax:

Under the Hybrid Till regulatory framework adopted by AERA in terms of Section 13 of the Airports Economic Regulatory Authority of India Act, 2008, 30% of the Non-Aeronautical Revenue is mandatorily cross-subsidized and offset against Aeronautical Revenue while determining the Aggregate Revenue Requirement (ARR) of the airport operator.

Accordingly, for the determination of tax building block arising from regulated aeronautical activities, the portion of Non-Aeronautical Revenue so cross-subsidized assumes the character of Aeronautical Revenue and cannot be excluded from consideration.

It is also pertinent to note that recent decisions of the Hon'ble TDSAT, while interpreting the AERA Act and the Hybrid Till framework, have reaffirmed that 30% of Non-Aeronautical Revenue is required to be treated as part of Aeronautical Revenue for computing Aeronautical Tax calculations."

10.4 NMIAL's response to Stakeholders' comments regarding taxation for the First Control Period

10.4.1 NMIAL's response on GAL's comment on cross subsidy is as follows:

"Considering 30% Non-Aeronautical Revenues, net of Revenue Share to Concessioning Authority, while calculating Aeronautical Tax."

10.5 Authority's analysis of Stakeholders' comments regarding taxation for First Control Period

Consideration of cross subsidy while calculating the aeronautical tax

10.5.1 The Authority has examined the submissions made by the NMIAL, GAL and the counter-comments furnished by NMIAL regarding consideration of the amount of cross-subsidised Non-Aeronautical Revenue for the computation of Aeronautical Tax.

The Authority observes that under Section 13 of the AERA Act, read with the provisions of NCAP 2016 and the applicable tariff guidelines issued by AERA, the Hybrid Till framework mandates consideration of 30% of Non-Aeronautical Revenue for the limited purpose of cross-subsidisation while determining the Aggregate Revenue Requirement for aeronautical tariffs. Such consideration is a regulatory adjustment mechanism intended to provide tariff relief to airport users and does not alter the accounting, legal, or operational character of such revenue as Non-Aeronautical Revenue.

The Authority further notes that neither the AERA Act, nor NCAP 2016, nor the extant tariff guidelines provide for re-classification of the cross-subsidised portion of Non-Aeronautical Revenue as an Aeronautical Revenue for the purposes of preparation of financial statements, computation of taxable income, or determination of Aeronautical Profit and Loss. Accordingly, the Authority is of the view that inclusion of such revenues in the Aeronautical Profit & Loss for tax computation purposes would be inconsistent with the intent and construct of the Hybrid Till framework envisaged under the regulatory regime.

The Authority also notes that permitting such suggested treatment would effectively reduce the benefit of cross-subsidy intended for users under the Hybrid Till framework by allowing a portion of the regulatory adjustment to be recovered through tax computation. This would dilute the intended tariff moderation objective embedded in NCAP 2016 and the Hybrid Till approach and would result in unintended regulatory advantage to the Airport Operator.

The Authority has adopted this consistent approach in previous tariff determinations, wherein the share of Non-Aeronautical Revenue considered for ARR determination has not been treated as part of the Aeronautical P&L for the purpose of computing corporate taxes.

In view of the above, the Authority proposed to compute taxation, if any, for the First Control Period in accordance with the approved methodology, excluding Non-Aeronautical Revenues from the tax base. The same shall be subject to true up based on actual financial performance and traffic realization, taking into account overall reasonableness and efficiency.

10.5.2 Based on the change in other building blocks and the Aeronautical revenue as decided in Chapter 13, the Aeronautical taxes are computed as given below:

Table 175: Aeronautical taxes decided by the Authority for First Control Period

(in ₹ crore)

Particulars	Ref	FY26	FY27	FY28	FY29	FY30	Total
Aero revenues	A	271.81	2,829.30	4,354.94	4,597.95	4,855.76	16,909.77
Less: Aero operating expense (Refer Table 168)	B	195.53	1,126.11	1,590.05	1,585.57	1,648.96	6,146.22*
Less: Depreciation (Refer Table 87)	C	209.90	790.36	797.51	799.49	800.40	3,397.66
Less: Interest cost including interest on term loan	D	402.51	806.99	799.98	776.31	743.20	3528.99
Aero PBT	E=A-B-C-D	(536.13)	105.85	1,167.41	1,436.57	1,663.20	**3,836.90**
Carry Forward/ Losses Balance		536.13	430.34				
Tax @ 25.17%	**F =E* 25.17%**	**-**	**-**	**185.53**	**361.59**	**418.63**	**965.75**

**Interest on working capital and financing charges are shown separately under Interest Cost in table above and the same is not included in Operating Expenses*

10.6 Authority's decisions regarding aeronautical taxation for the First Control Period

Based on the materials before it and its analysis, the Authority decides the following with regard to taxation for the First Control Period:

10.6.1 To consider aeronautical tax as per Table 175 for the First Control Period.

10.6.2 To true up the aeronautical tax amount appropriately taking into consideration all relevant facts at the time of tariff determination for the next control period.

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11. QUALITY OF SERVICE FOR THE FIRST CONTROL PERIOD

11.1 NMIAL's submission regarding Quality of Service for the First Control Period

11.1.1 NMIAL had submitted that it will abide by the Airport Service Quality (ASQ) performance indicators mentioned in Annex I of Schedule I in the Concession Agreement.

11.1.2 NMIAL had summarized the service qualities on the basis of performance indicators, measures, measurement mechanisms and measurement frequency. NMIAL had submitted that it is committed to abide by the ASQ performance indicators mentioned in Annex I of Schedule I.

11.2 Authority's examination regarding Quality of Service for the First Control Period at Consultation Stage

11.2.1 The Authority noted that:

- As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall *"monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf."*
- As per section 13(1)(a)(ii), the Authority is required to determine the tariff for aeronautical services taking into consideration *"the service provided, its quality and other relevant factors."*

11.2.2 The Authority noted that Annex I of Schedule I of the CA for NMIA lays down the following:

"The subjective quality of service shall be measured on the parameter of "Overall satisfaction with the airport" on the ACI ASQ survey to be conducted every quarter. The benchmark score for the parameter "Overall satisfaction with the airport" shall be at least equivalent to such score that the Airport is identified within top 20 (twenty) percentile of all airports in its category in the world. The Concessionaire shall also provide performance on all measured parameters of the ACI ASQ survey as part of the Monthly Statement being submitted as per the provisions of ARTICLE 20 of the Agreement."

11.2.3 The Authority also noted the clause 22.7.1 of the Concession Agreement that states, NMIAL shall participate in the user survey of ASQ undertaken by ACI or any substitute thereof, conducted every quarter and ensure that the airport achieves and maintains a rating of at least 4.50 (four point five) out of 5.00 (five) and / or shall appear within top 20 (twenty) percentile of all airports, in its category in the world in such survey within 5 (five) years from the phase I COD and maintain the same throughout the rest of the concession period.

11.2.4 The Authority had also issued Consultation Paper No. 03/2025-26 dated August 18, 2025, on the "Formulation of Performance Standards for Major Airports relating to Quality, Continuity and Reliability of Service and Associated Activities." The final order will be issued in due course and shall be applicable to NMIAL as and when the same becomes effective and applicable to major airports.

11.3 Stakeholders' comments regarding Quality of Service for the First Control Period

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to Quality of Service for First Control Period. The comments by the stakeholders are presented below:

11.3.1 NMIAL's comment on Performance Standards for Major Airports is as follows:

"Consultation Paper No. 03/2025-26 dated August 18, 2025, on the "Formulation of Performance Standards for Major Airports relating to Quality, Continuity and Reliability of Service and Associated Activities

We had submitted our detailed responses via letter dated 30th October 2025 to the Authority. We request the Authority to consider the same."

11.4 Authority's analysis of Stakeholders' comments regarding Quality of Service for the First Control Period

Formulation of Performance Standards for Major Airports

11.4.1 The Authority notes that the aforesaid consultation process is being undertaken separately and stakeholder comments received, including submissions made by NMIAL, are being examined in accordance with the consultation framework. On performance standards, once the final order is issued after the approval of Ministry of Civil Aviation (MoCA) by taking into consideration stakeholder comments it shall be applicable to all major airports, including NMIAL as per the notification, so, issued by MoCA.

Accordingly, no further comments are considered necessary in the present tariff determination process, as the matter shall be addressed through the separate regulatory process pertaining to performance standards.

11.5 Authority's decisions regarding Quality of Service for the First Control Period

Based on the material before it and its analysis, the Authority decides the following with regard to Quality of service for the First Control Period:

11.5.1 NMIAL should ensure that service quality at Navi Mumbai International Airport adheres to the performance standards outlined in the Concession Agreement and shall comply with such performance standards as may be notified pursuant to the final order referred to in paragraph 11.2.4, once the same becomes applicable to major airports.

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12. AGGREGATE REVENUE REQUIREMENT FOR THE FIRST CONTROL PERIOD

12.1 NMIAL's submission regarding ARR for the First Control Period

12.1.1 NMIAL had submitted Aggregate Revenue Requirement (ARR) and Yield per Passenger (YPP) for the First Control Period as per the regulatory building blocks discussed in the earlier chapters.

12.1.2 The summary of ARR and YPP submitted by NMIAL is as follows:

Table 176: ARR and YPP submitted by NMIAL for First Control Period

(in ₹ crore)

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
Average RAB	A	**10,789**	**21,108**	**20,063**	**18,842**	**34,172**	-
FRoR	B	15.45%	15.45%	15.45%	15.45%	15.45%	-
Return on RAB	C=A*B	2,661	3,262	3,101	2,912	5,281	17,217
Operating expenses	D	1,138	1,673	2,038	2,240	3,154	10,243
Depreciation	E	1,020	1,309	1,341	1,333	2,181	7,184
Taxes	F	293	600	899	987	1,561	4,339
Less: 30% Non-aeronautical services	G	(9)	(16)	(20)	(22)	(37)	(104)
Add: Pre COD losses	H	80	-	-	-	-	80
ARR	H=sum(C:F) – G+H	**5,182**	**6,829**	**7,359**	**7,449**	**12,140**	**38,959**
Discounting factor @15.45%	I	1.00	0.87	0.75	0.65	0.56	-
Present Value (PV) of ARR	J=H*G	5,182	5,914	5,521	4,840	6,832	**28,290**
Total traffic in MPPA	K	-	-	-	-	-	**109.19**
Yield per pax (YPP)	L=J÷K*10	-	-	-	-	-	**2,591**

12.2 Authority's examination regarding ARR for the First Control Period at Consultation Stage

12.2.1 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. The Authority proposed to consider the regulatory building blocks as discussed in the previous chapters with respect to each element of the regulatory building blocks considered by NMIAL, in computation of ARR and Yield in the table above.

12.2.2 The Authority is of the view that when a new airport is constructed, it involves significant capital investment in infrastructure, facilities and operational costs. These costs are typically recovered through tariffs imposed on airlines, passengers and other users of the airport's services. However, setting tariffs at excessively high levels can potentially discourage airlines from operating at the airport and deter passengers from choosing it as their preferred gateway. Conversely, setting tariffs too low may result in inadequate revenue generation, making it challenging for the airport to cover its operating costs and debt obligations.

12.2.3 This requires a delicate balance between cost recovery and its potential impact on air traffic demand. This balance is crucial for the financial viability of the airport and its ability to sustain operations while also ensuring that the tariffs remain competitive enough to attract and retain airlines and passengers. Therefore, the Authority, based on the tariff rate card to be submitted by NMIAL, will decide the balance between cost recovery and its potential impact on air traffic demand.

12.2.4 The Authority also draws reference to the guiding principles issued by the International Civil Aviation Organization (ICAO) on charges for airports and Air Navigation Services (ICAO doc 9082), which lays down the main purpose of economic oversight which is to achieve a balance between the interest of airports and the airport users. This policy document categorically specifies that *"caution be exercised when attempting to compensate for shortfalls in revenue considering its effects of increased charges on aircraft operator and end users". The said policy document also emphasizes balancing the interests of airports on one hand and aircraft operators, end users on the other, in view of the importance of the air transport system to States.* The Authority's objective is to strike a balance between reasonable collections for the airport operator and tariffs for airlines and passengers.

12.2.5 The Authority also brings notice to para 12 (c) of the National Civil Aviation Policy (NCAP) 2016, in case the tariff in one particular year or contractual period turns out to be excessive, the airport operator and regulator will explore ways to keep the tariff reasonable and spread the excess amount over future through its order no 14/2016-17 dated January 12, 2017.

12.2.6 The following table shows the proposed ARR and YPP as per the Authority.

Table 177: ARR and YPP proposed by the Authority for the First Control Period at Consultation Stage

(₹ in crore)

Particulars	Ref.	FY 2025-26*	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Average RAB (Refer **Table 81**)	A	8,641.90	16,911.67	16,192.04	15,453.48	14,668.61	
Fair Rate of Return (Refer **Table 102**)	B	12.49%	12.49%	12.49%	12.49%	12.49%	
Return on average RAB C=A*B	C=A*B	573.87	2,111.74	2,021.88	1,929.66	1,831.65	8,468.81
Depreciation (Refer **Table 79**)	D	207.99	783.18	790.32	792.32	793.23	3,367.04
O&M expenses (Refer **Table *165***)	E	190.00	1,105.25	1,587.76	1,583.46	1,639.59	6,106.07
Tax Expense (Refer **Table 174**)	F	0.00	0.00	300.87	412.08	456.82	1,169.77
Aggregate revenue requirement (ARR)	G=sum (C:F)	971.87	4,000.18	4,700.83	4,717.52	4,721.29	19,111.69
NAR (Refer **Table 172**)	H	51.61	417.28	594.81	624.15	632.71	2,320.56
Less: 30% NAR	I=H*30%	15.48	125.18	178.44	187.24	189.81	696.17
Net ARR	J=G-I	956.39	3,875.00	4,522.39	4,530.27	4,531.48	18,415.52
PV factor @12.49%	K	1.00	0.89	0.79	0.70	0.62	
PV of ARR	L=J*K	956.39	3,444.84	3,574.08	3,182.87	2,830.30	13,988.47
Total traffic in MPPA (Refer **Table 15**)	M	100.12					
Yield per Passenger (YPP) (in ₹)	N=(L/M)*10	1,397					
Departing passenger in MPPA	O=M/2	50.06					
Yield per departing passenger (in ₹)	P=(L/O)*10	2,794					

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

12.2.7 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 NMIAL had been directed to submit the detailed annual tariff proposals in line with the ARR and Yield arrived at by the Authority within 7 days of issuance of this Consultation Paper.

12.3 Stakeholders' comments regarding Aggregate Revenue Requirement (ARR) for the First Control Period

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to Aggregate Revenue Requirement (ARR) for First Control Period. The comments by the stakeholders are presented below:

Other Stakeholders' comments on ARR for the First Control Period

12.3.1 APAO's comments on benchmarking is as follows:

*"**Use of Normative and Comparative Benchmarks***

APAO has observed that the Consultation Paper relies extensively on normative, notional, and comparative benchmarks across multiple regulatory blocks—such as cost of debt linked to MCLR and fixed spread, cost of equity derived from study of 5 brownfield airports, TBLR fixed based on IMG norms rather than actual area allocation, benchmarking of utilities consumption with large metro airports, and estimation of non-aeronautical revenue based on a percentage of MIAL's per-passenger non-aeronautical revenue. While benchmarking may provide a broad reference, APAO would like to humbly submit that over-reliance on benchmarks risks diluting airport-specific assessment, particularly for a greenfield airport like NMIAL.

Debt financing, terminal area configuration, utilities usage, and commercial revenue potential are all deeply influenced by airport-specific factors, including stage of development, traffic ramp-up, contractual arrangements, regional market characteristics, and operational maturity. Applying norms or comparisons drawn from fully operational brownfield airports such as MIAL and DIAL, or from generic guidelines, does not adequately capture the distinct risk profile and evolving nature of NMIAL during its early years of operation. In conclusion, APAO respectfully urges the Authority to kindly reconsider the extensive use of normative and comparative benchmarks in the NMIAL Consultation Paper.

The Authority should avoid any capping or minimum threshold while encouraging true-up based on actual basis. Such an approach would better align with the principles of cost-based regulation, transparency, and regulatory certainty, while acknowledging the unique characteristics of a newly established greenfield airport."

12.4 NMIAL's response to Stakeholders' comments regarding Aggregate Revenue Requirement (ARR) for the First Control Period

12.4.1 NMIAL's response to APAO's comments on benchmarking is as follows:

"There should not be any cap (like proposed for cost of debt) or minimum threshold (like proposed for Non-Aeronautical Revenues) while encouraging true-up based on actual basis."

12.5 Authority's analysis of Stakeholders' comments regarding Aggregate Revenue Requirement (ARR) for the First Control Period

Use of Normative and Comparative Benchmarks

12.5.1 The Authority notes the comments of APAO and NMIAL's counter comment regarding the use of normative and comparative benchmarks across various regulatory building blocks.

The Authority recognizes that each airport has distinct characteristics, including its stage of development, traffic profile, contractual framework and regional dynamics, which are relevant for the purpose of tariff determination. At the same time, the Authority notes that benchmarking, both normative and comparative is an established regulatory tool used to assess reasonableness, ensure consistency and prevent inefficiencies from being passed on to users, especially in cases where historical actuals are limited or evolving, as is typical for greenfield airports.

In the present case, the Authority has applied benchmarking judiciously across relevant parameters, while also taking into account airport-specific submissions, underlying assumptions and supporting data provided by NMIAL. The approach adopted seeks to balance the need for cost reflectivity with regulatory prudence, ensuring that tariff determination remains grounded in efficiency, transparency and protection of user interests.

The Authority further notes that the regulatory framework provides for true-up of certain building blocks based on actuals in subsequent control periods, thereby addressing variations between projected and realized performance.

In view of the above, the Authority has examined the matter and retains the approach as proposed at the Consultation Stage.

12.5.2 The Authority, after due consideration of the stakeholders' submissions, has undertaken a detailed review of the Aggregate Revenue Requirement (ARR) for the First Control Period. Based on its decisions across the various regulatory building blocks (including changes in O&M expenses and Regulatory Asset Base) and after incorporating the impact arising from the revision in COD, the recomputed ARR for the First Control Period is presented below:

Table 178: ARR and YPP decided by the Authority for the First Control Period

(₹ in crore)

Particulars	Ref.	FY 2025-26*	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Average RAB (Refer **Table 88**)	A	8,736.51	17,097.29	16,370.47	15,624.73	14,832.69	
Fair Rate of Return (Refer **Table 102**)	B	12.49%	12.49%	12.49%	12.49%	12.49%	
Return on average RAB C=A*B	C=A*B	580.15	2,134.92	2,044.16	1,951.04	1,852.14	8,562.42
Depreciation (Refer **Table 87**)	D	209.90	790.36	797.51	799.49	800.40	3,397.66
O&M expenses (Refer **Table 168**)	E	196.43	1,144.85	1,631.80	1,636.63	1,703.03	6,312.74
Tax Expense (Refer **Table 175**)	F	0.00	0.00	185.53	361.59	418.63	965.75
Gross Aggregate revenue requirement (ARR)	G=sum (C:F)	986.48	4,070.13	4,659.00	4,748.75	4,774.21	19,238.57
NAR (Refer **Table 172**)	H	51.61	417.28	594.81	624.15	632.71	2,320.56
Less: 30% NAR	I=H*30%	-15.48	-125.18	-178.44	-187.24	-189.81	-696.17
ARR	**J=G-I**	**970.99**	**3,944.95**	**4,480.56**	**4,561.50**	**4,584.39**	**18,542.40**

AGGREGATE REVENUE REQUIREMENT FOR THE FIRST CONTROL PERIOD

Particulars	Ref.	FY 2025-26*	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
PV factor @12.49%	K	1.00	0.89	0.79	0.70	0.62	
PV of ARR	**L=J*K**	**970.99**	**3,507.03**	**3,541.02**	**3,204.81**	**2,863.35**	**14,087.20**
Sum present value of ARR (₹ in crore)						**14,087.20**	**14,087.20**
Total traffic in Million (Refer **Table 15**)	M					100.12	100.12
Yield per Passenger (YPP) (in ₹)	N=(L/M)*10					1,407	1,407
Departing passenger in Million	O=M/2					50.06	50.06
Yield per departing passenger (in ₹)	P=(L/O)*10					2,814	2,814
PV of ARR allowed during First Control Period, after carry forward of ₹ 1,595 crore (i.e. 11.32% of PV of ARR)							**12,492 (*88.68% of ₹ 14,087.20 crore*)**
Subject to above, the Aeronautical Revenue is as follows-							
Aeronautical Revenue (Refer *Table 179*)		**272**	**2,829**	**4,355**	**4,598**	**4,856**	**16,910**
PV factor		**1.00**	**0.89**	**0.79**	**0.70**	**0.62**	
PV of aero revenue		**272**	**2,515**	**3,442**	**3,230**	**3,033**	**12,492**
∑ PV projected aero revenue						**12,492**	**12,492**
Shortfall						**1,595**	**1,595**

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

12.5.3 As shown in the above table, there is a variance of ₹ 98.73 crore between the NPV of ARR computed by the Authority i.e. ₹ 14,087.20 crore as compared to ₹13,988 crore (refer **Table 177**) proposed at Consultation Stage. The variance primarily is on account of the following:

i. Increase in Return on RAB by ₹ 93.61 crore due to the consideration of additional capex as detailed in **Table *85***.

ii. Increase in Depreciation by ₹ 30.62 crore due to the consideration of additional capex as detailed in **Table *85***.

iii. Increase in Aeronautical O&M Expenses by ₹ 206.67 crore majorly due to change in inflation, change in GBR and additional Other Operating Expenses considered as detailed in **Table 166**.

iv. Reduction in taxation by ₹ 204.02 crore due to change in other building blocks and aero revenues.

12.5.4 The Authority, based on the deliberations held during the Stakeholder Consultation Meeting on April 2, 2026 and the written submissions received from various stakeholders, has undertaken a comprehensive assessment of the proposed ARR alongside the prevailing traffic base at the airport. Upon such evaluation, the Authority observes that the current revenue base is insufficient to enable full recovery of the Aggregate Revenue Requirement within the present Control Period as determined in

12.5.5 **Table 178**. The Authority notes that this position arises due to the inherent nature of greenfield airports, given the high initial CAPEX and cost required to be incurred upfront to enable

commencement of commercial operations at the Airport in compliance with all statutory requirements such as safety, security etc. (including the associated depreciation and return on RAB), coupled with a relatively low passenger base during the traffic ramp-up phase and O&M costs which are yet to achieve economies of scale.

12.5.6 In this regard, it is submitted that any attempt to achieve complete recovery of the ARR during this control period would result in a significant increase in airport charges including UDF for passengers and Landing Parking for airlines. In the Authority's considered view as well as views of few stakeholders during the Stakeholder Consultation Meeting, such an increase may adversely impact passenger traffic growth, demand elasticity and the overall competitiveness of the airport.

12.5.7 Further, upon detailed examination and rationalization of the ARR components including admissible CAPEX, operating expenditure and traffic projections, the Authority after comprehensive analysis, due diligence and prudence check has rationalised and moderated the various regulatory building blocks i.e. RAB (Capex), O&M, NAR, Traffic etc. and has worked out an ARR and YPP as per its regulatory guidelines which though significantly moderated and fairly justified is still on the higher side when translated to UDF and Landing & Parking Charges.

12.5.8 After careful consideration of stakeholder interests and with a view to balancing the financial viability of the Airport Operator with tariff affordability to users, the Authority has decided to consider the carry forward of ₹1,595 crore (11.32% of the ARR in NPV terms as on 31st March 2026) subject to true up (in NPV terms) in next Control Period (refer

12.5.9 **Table 178**).

12.6 Authority's decisions regarding ARR for the First Control Period

Based on the material before it and based on its analysis, the Authority decides the following with regard to ARR for the First Control Period:

12.6.1 To consider the ARR and YPP for the First Control Period for NMIA in accordance with Table 178.

12.6.2 To true up the ARR and YPP for the First Control Period based on actuals subject to reasonableness and efficiency at the time of tariff determination of Second Control Period.

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13. AERONAUTICAL REVENUE FOR THE FIRST CONTROL PERIOD

13.1 NMIAL's submission regarding Aeronautical Revenue for the First Control Period

13.1.1 Further to issuance of Consultation Paper, NMIAL had submitted the Tariff Rate Card to the Authority which was put up for Stakeholders' comments on AERA website vide Public Notice No. 18/2025-26 dated March 25, 2026.

13.2 Stakeholders' comments regarding Aeronautical Revenue for the First Control Period

During the stakeholders' consultation process, the Authority has received comments/views from various stakeholders in response to the proposals of the Authority in Consultation Paper No. 08/2025-26 with respect to Aeronautical Revenue for First Control Period. The comments by the stakeholders are presented below:

13.2.1 NMIAL's comment regarding the Compounding implications due to any deferment in revenue is as follows:

"Compounding implications due to any deferment in revenue

NMIAL submitted the tariff card which included the proposal of Variable Tariff Plan (VTP). As per our initial estimates considering the traffic evolution, the VTP will provide necessary support to the tune of Rs 500-700 Cr.

NMIAL appreciates the Authority's recognition of the need to strike a careful balance between recovery of prudently incurred costs and the potential impact of tariffs on air traffic demand, particularly in the context of a new greenfield airport with significant upfront capital investments.

NMIAL respectfully submits that while tariff moderation is an important regulatory objective, financial viability and bankability of the project form an equally critical pillar of sustainability, especially given the long-gestation nature of airport infrastructure projects. The capital structure and financing of NMIA have been undertaken based on clearly articulated regulatory principles, including recovery of efficient costs and maintenance of minimum financial covenants like debt service coverage ratios (DSCR) as stipulated by external lenders.

It is submitted that lenders financial covenants are not discretionary benchmarks but binding contractual obligations that directly impact the airport's ability to service debt and maintain financial stability. These covenants are assessed by lenders on the basis of regulated cash flows, which in turn are materially influenced by tariff determination. Any regulatory deferment or suppression of revenues—while perhaps well-intended to address demand considerations—has a direct and measurable impact on debt servicing capability, without any corresponding ability on the part of NMIAL to mitigate such risk through alternate pricing or revenue mechanisms.

A framework where revenue deferment could result in breach of financial covenant would significantly elevate perceived regulatory risk, adversely impacting not only NMIA but also future airport development projects. Any cash shortfall, penalties, charges, increase in rates or otherwise in meeting external lender's covenants due to any deferment in revenue by the Authority, will again be counted as eligible cost during the true-up exercise in the tariff determination of the next control period.

We therefore request the Authority to kindly consider the above factors while determining the final tariff order."

13.2.2 NMIAL's comment regarding the rate card is as follows:

*"**Authority Order No. 01/2026-27 dated 07th April 2026 and NMIAL submission of rate card dated 24th March 2026***

In compliance with the timelines mentioned in the CP, NMIAL submitted the rate card vide letter dated 24th March 2026. Subsequently, the Authority has issued an industry wide order dated 07th April 2026, directing all the airport operators to reduce the landing and parking charges for domestic flights by 25% which is subject to true-up with carrying cost in the next control period.

The true-up exercise for NMIAL will come after 4 years. Therefore, it is prudent that Authority makes necessary true-up adjustments within this final tariff order instead of waiting for true-up in the next control period."

13.2.3 APAO's comment on Landing and Parking charges is as follows:

"Consideration of Reduction in Landing and Parking Charges as per AERA Order No.1/2026-27 in computation of ARR

APAO notes that the reduction in landing and parking charges directed under AERA Order No. 1/2026-27 is beneficial from the perspective of airport users, as it directly lowers costs for airlines and passengers. However, such reductions also have direct and immediate cash-flow implications for the Airport Operator, particularly for a greenfield airport like NMIAL that is still in the infancy stages of operations and traffic stabilisation.

APAO submits that, in an ideal scenario, any reduction in landing and parking charges should be accompanied by a corresponding opportunity for recovery over a subsequent period, through levy of higher charges over a suitable time frame, so that the Airport

Operator does not bear a financial loss on account of such regulatory intervention. This approach ensures that user benefits are delivered without compromising the financial viability and cash-flow sustainability of airport operations.

Accordingly, it is kindly requested that the financial impact of the reduction in landing and parking charges be appropriately factored into the computation of the Aggregate Revenue Requirement (ARR) for NMIAL, so as to avoid unintended under-recovery.

We earnestly request the Authority to give serious consideration to the points raised by us before issuing the final order determining the aeronautical tariff for Navi Mumbai International Airport for the First Control Period."

13.2.4 Air India's comment on Variable Tariff Plan (VTP) is as follows:

"Variable Tariff Plan (VTP) needs to be improved to sustain development:

We strongly support and welcome NMIAL's VTP, which is vital for route development and airline sustainability. Considering global crises, aircraft delivery delays and practices at other international airports, we recommend:

a*) Extending VTP to 3 years: for new international routes (5000 km) shifted from CSIA to NMI. Many global airports offer multi-year incentives, such as Incheon, Kansai, Hong Kong & Kuala Lumpur (3 years). Such a period is required for viability of routes at a greenfield airport like NMI by the airlines, especially in the absence of a base carrier.*

b) VTP for new/shifted domestic sectors: Currently no VTP has been offered for new/shifted domestic sectors.

c) Frequency based VTP: we suggest frequency based VTP should be offered on both new & flights shifted from CSIA to NMIA, like DXN's model

Rationalising landing Charges to align with DXN:

NMI's proposed landing charges are significantly higher than DXN (84% higher for domestic and 113% higher for international in FY27). We recommend rationalizing these charges to align with DXN.

UDF Charges should not distinguish class of travel:

We support a common UDF across cabin classes (i.e., First/Business vs Economy), as differentiated charges do not yield meaningful service improvements as it is not uncommon to see Economy passengers in priority queues (e.g., Fast track services provided by the Airport operator).

Cargo Operating Expenses are very high:

The proposed cost of Rs. 8,000/ton is very high compared to benchmarks (Rs. 4,500–5,500/ton). Annual escalation should be limited to 5–7.5%, not 10%. The expected cost is 270crs per year and recovery is 610crs. Hence the cost should come closer to benchmark airports with similar tonnage. Higher costs to passenger: Looking at the Yield per Pax (YPP) data, Navi Mumbai (NMI) is consistently higher than Noida (DXN) by a wide margin of almost double.

We request AERA to reconsider the proposed tariffs, particularly landing charges, cargo costs and VTP provisions, to ensure fair, sustainable and competitive operations at NMI."

13.2.5 Indigo's comment on General conditions for Aeronautical charges is as follows:

"General Conditions for all Aeronautical Tariffs:

Further, in reference to note 4 of General Conditions for all Aeronautical Tariffs, it is recommended that invoices be issued on a monthly or fortnightly basis as standalone statements, with payment terms of 15–30 days."

13.2.6 Indigo's comment on Tariff for Aeronautical charges is as follows:

"It is noted from the Consultation Paper that the installed capacity for Phase I & II is 20 Million Passengers Per Annum (MPPA). Based on the current operational data, it is our opinion that the current traffic projections are very conservative. As on date, more than 140 daily movements are being handled at NMI equalling to about 9.4 million seats per annum. Even after taking a seat factor of 90%, the no. of passengers that will be handled at NMI is nearly 8.5 million passengers in the 1st year itself. With the commencement of international operations at NMIA, aggressive fleet expansion by Indian carriers in the near term including wide body aircraft, we are of the opinion that the traffic trigger will be achieved much before the projected timelines. Therefore, we strongly believe that the airport's projected installed capacity will get fully utilised at an early date.

Additionally, it is observed that NMI was initially expected to be inaugurated by early to mid-2025. However, domestic commercial operations commenced only on 25 December 2025, with international commercial operations commencing from 1 April 2026. In this context, we submit that retaining the First Control Period as 1 April 2025 to 31 March 2030 would result in a materially truncated effective control period from an operational and revenue standpoint. Such shrinkage would distort tariff

recovery including in subsequent control periods and may adversely impact demand as well as airport users. We therefore request the Authority, consistent with the approach adopted by AERA in the case of DXN, to align the First Control Period with the actual operational timeline and consider the First Control Period as 1 April 2026 to 31 March 2031. This would ensure regulatory certainty, comparability across greenfield airports and avoid undue tariff burden on airport users arising purely on account of delayed commencement of operations.

In addition to the above we would also like to submit the following points for AERA's consideration:

1. *Landing Charges*

As illustrated below, the proposed landing charges at NMI are significantly higher than those at BOM, which also serves the Mumbai Metropolitan Region, as well as proposed rates for Jewar Airport (DXN), a greenfield airport similar to NMI.

Charges (FY27)			NMI	BOM	DXN	% Variance (NMI over BOM)	% Variance (NMI over DXN)
Landing (<100MT)	INR/MT	Dom	1400	402	760	248%	84%
		Int	1850	603	870	207%	113%

As shown below, NMI has proposed an increase in Landing Charges for both domestic and international flights by approximately 20% from existing charges in FY 2027-28 and a 10% YoY increase for subsequent years up to FY 2029-30. The tariff increase in FY 2027-28 is very aggressive. The escalations in the first control period should not exceed 10% each year to promote growth from the airport.

	FY 2026-27 (Till 30.06.26) Existing Rate	FY 2026-27 (01.07.26 to 31.03.27)	FY 2027-28 (01.04.27 to 31.03.28)	FY 2028-29 (01.04.28 to 31.03.29)	FY 2029-30 (01.04.29 to 31.03.30)
Domestic (INR/MT)	**1,400**	**1,400**	**1,676**	**1,844**	**2,028**
YoY % increase		*0%*	*20%*	*10%*	*10%*
International (INR/MT)	**1,850**	**1,850**	**2,215**	**2,437**	**2,680**
YoY % increase		*0%*	*20%*	*10%*	*10%*

There should be differential landing charges based on either Maximum Take-Off Weight (MTOW 100MT) or type of aircraft (Narrow body/Wide body). The current charges proposed without any reference to MTOW discourages short hull connectivity (Intra-Maharashtra) with deployment of small aircraft thereby diluting vision of establishing a Hubs in India.

With respect to Note (2) under proposed Landing Charges, it is requested that the Note be updated as follows: "Landing Charges shall be calculated on next nearest rounded-off MT (i.e., 1,000 kg)".

Clarification is sought on Note 6 (a) to Landing Charges- AERA is requested to provide clarification on unscheduled flights operated by domestic scheduled operator as the same are currently being charged by Airport Operator. There should be a clarification to this effect since the exemption is provided to domestic scheduled operators and not restricted to only schedule operations by them.

2. *Parking Charges*

We would suggest that the Parking charges should be kept constant during the first control period. At airports like Manohar International Airport, while landing charges increase gradually, parking charges remain constant.

With respect to Note (2) under proposed Parking Charges, it is requested that the Note be updated as follows: "The charges set forth herein shall be calculated based on the next nearest rounded off MT and for calculating chargeable parking time, part of an hour shall be rounded off to the next hour nearest 15-minute interval and charges shall be applied on a pro-rata basis."

With respect to Note (3) under proposed Parking Charges, the following sentence should be added as per the industry practice and for sake of clarity.

"While calculating the free parking time, standard time of 15 minutes is added on account of time taken between touchdown and actual parking time on the parking stand. Another standard time of 15 minutes is added on account of taxiing time of aircraft from parking stand to take off point and collectively referred as free parking."

3. *User Development Fee (UDF)*

As shown below, while UDF rates proposed by NMI are considerably higher than those at BOM.

UDF (INR) – FY27		NMI	BOM	% Variance (NMI over BOM)
Embarking	Domestic	620	175	**254%**
	International	1225	615	**99%**
Disembarking	Domestic	270	75	**260%**
	International	525	260	**102%**

As shown below, NMI has proposed an increase in UDF Charges for both domestic and international flights by approximately 20% from existing charges in FY 2027-28 and a 10% YoY increase for subsequent years up to FY 2029-30. We suggest that the escalations in the first control period should not exceed 10% each year to promote growth from the airport.

		FY 2026-27 (Till 30.06.26) Existing Rate	FY 2026-27 (01.07.26 to 31.03.27)	FY 2027-28 (01.04.27 to 31.03.28)	FY 2028-29 (01.04.28 to 31.03.29)	FY 2029-30 (01.04.29 to 31.03.30)
DOMESTIC	***Per Embarking***	620	620	742	817	898
Variance from YOY			*0%*	*20%*	*10%*	*10%*
INTERNATIONAL	***Per Embarking***	1,225	1,225	1,467	1,613	1,775
Variance from YOY			*0%*	*20%*	*10%*	*10%*
DOMESTIC	***Per Disembarking***	270	270	323	356	391
Variance from YOY			*0%*	*20%*	*10%*	*10%*
INTERNATIONAL	***Per Disembarking***	525	525	629	69 1	761
Variance from YOY			*0%*	*20%*	*10%*	*10%*

(iii) UDF Rate card for each Financial year:

The Tariff card published for each financial year lacks clarity on booking date for rate change i.e change for each financial year to be applicable from 1st April of each financial year or any other cut-off date.

(iv) Collection Charges: We would like to invite AERA's attention to note (1) of UDF charges as below:

The rate of collection of UDF charges has been proposed to be as per the agreement between Airport Operator and Airline, and we hereby request AERA to kindly consider the collection charges to be specified at the rate of Rs. 5.00 per embarking passenger, in line with the existing rate of collection charges being remitted by other similar Airport operators. Further, AERA is kindly requested to consider that in light of the increasing administrative expenses due to inflation and other reasons (example - 5% inflationary /administrative increase each year), the collection charges may kindly be increased to keep pace with the proposed increase in UDF, as airlines only get a fixed rate, which results in disincentivizing the airlines. We would also request for an additional rate of collection charges to be specified for disembarking passengers considering the administrative and other costs involved in collection of disembarking passenger tickets.

(iv) Reference proviso (b) to Note 1 to User Development Fee (UDF) Charges:

We request AERA not to make the eligibility to claim collection charges contingent upon the existence of overdues pertaining to any other charges or invoices. Eligibility to claim collection charges should be assessed independently. However, the actual disbursement of such charges may be appropriately restricted until all outstanding dues payable by the airline are fully cleared.

(v) Reference Note 3 to User Development Fee (UDF) Charges:

We request AERA to incorporate the following additional exemption category in alignment with the list specified under Directorate General of Civil Aviation (DGCA) AIC No. 14/2019 dated 16.05.2019 and DGCA AIC No. 06/2023 dated 29.04.2023:

"(g) Passengers departing due to involuntary re routing, i.e., on account of technical problems or weather conditions."

4. *Aerobridge Charges:*

(i) Reference to Note 1 of Aerobridge Charges: NMI has proposed that any fraction of an hour for the purpose of calculating chargeable aerobridge usage be rounded up to the next full hour. This approach does not appear to be justified, as, for instance, a usage of 2 hours and 2 minutes would be billed as 3 hours, thereby imposing an undue cost burden on airline stakeholders. We recommend that Note 1 be revised as follows: "For calculating chargeable Aerobridge usage time, any part of an hour shall be rounded off to the next hour nearest 15-minute interval and charges shall be applied on a pro-rata basis."

5. *BME Charges (FEGP & PCA, Code C):*

FEGP CODE C

Particulars	FY 2026-27 (Till 30.06.26) Existing Rate	FY 2026-27 (01.07.26 to 31.03.27)	FY 2027-28 (01.04.27 to 31.03.28)	FY 2028-29 (01.04.28 to 31.03.29)	FY 2029-30 (01.04.29 to 31.03.30)
Domestic	2,500	2,500	3,944	4,338	4,338
International	5,750	5,750	8,435	9,279	9,279
YOY % increase Dom		0.0%	57.8%	10.0%	0.0%
YOY % increase Intl		0.0%	46.7%	10.0%	0.0%

It is observed that charges in Year 2 reflect a substantial increase (58% for domestic and 47% for international), which is quite steep and submit that annual BME escalations should be calibrated basis specific, transparently laid down criteria.

PCA Code C

Particulars	FY 2026-27 (Till 30.06.26) Existing Rate	FY 2026-27 (01.07.26 to 31.03.27)	FY 2027-28 (01.04.27 to 31.03.28)	FY 2028-29 (01.04.28 to 31.03.29)	FY 2029-30 (01.04.29 to 31.03.30)
Domestic	3,750	3,750	5,916	6,508	6,508
International	5,850	5,850	10,122	11,134	11,134
YOY % increase Dom		0.0%	57.8%	10.0%	0.0%
YOY % increase Intl		0.0%	73.0%	10.0%	0.0%

It is observed that charges in Year 2 reflect a substantial increase (58% for domestic and 73% for international), which quite steep and annual BME escalations should be calibrated basis specific, transparently laid down criteria.

6. *CUTE/CUSS/BRS Charges:*

(i) It is requested that the CUTE charges remain constant for at least 1st Control period.

		FY 2026-27 (Till 30.06.26) Existing Rate	FY 2026-27 (01.07.26 to 31.03.27)	FY 2027-28 (01.04.27 to 31.03.28)	FY 2028-29 (01.04.28 to 31.03.29)	FY 2029-30 (01.04.29 to 31.03.30)
DOMESTIC	***Per Embarking***	75.00	75.00	90.00	99.00	99.00
Variance from YOY			0%	20%	10%	0%
INTERNATIONAL (USD)	***Per Embarking***	1.25	1.25	1.50	1.65	1.65
Variance from YOY			0%	20%	10%	0%

ii) We observe that airline's self-handling is substantially lower than the CUTE charges being levied by the airport. We further note charges for international passengers are being levied in USD which is

inappropriate as an Indian carrier within an Indian airport should not bear the burden of foreign exchange risk which should be charged in INR.

13.2.7 Indigo's comment on VTP is as follows:

"Variable Tariff Plan (VTP):

The proposed VTP offers discount only on landing charges, it requested that it should also incorporate UDF (both embarking and disembarking along with landing charges) and the VTP validity should be extended for whole of First Control Period.

We would like to suggest that VTP should also be extended to scheduled domestic flights."

13.2.8 IATA's comment on Affordability and Early Year Pricing at NMI is as follows:

*"**Affordability and Early Year Pricing at NMI***

IATA acknowledges and supports the Authority's efforts to moderate NMI's proposed cost base, including reductions to CAPEX, operating expenditures, and the Fair Rate of Return. These interventions are important and directionally appropriate. However, notwithstanding these adjustments, the resulting level of the proposed aeronautical charges at NMI in the early years, particularly landing charges and the User Development Fee (UDF), is considerably high for a greenfield airport operating alongside an established

primary hub. In the context of a dual-airport system, early-year affordability is critical to support airline entry, route development and passenger acceptance. As highlighted by airline representatives during the stakeholder

consultation, elevated charges at NMI compound the cost of split operations and weaken the commercial case for shifting capacity, particularly where BOM continues to offer connectivity and capacity. Front-loaded charges during the ramp-up phase therefore risk undermining NMI's traffic build-up potential and utilization of available infrastructure/capacity.

Against this background, IATA submits that the pricing framework should place greater emphasis on affordability and demand responsiveness in the initial years' operation. In particular:

- *Early-year aeronautical charges, including UDF, should be moderated to reflect the limited traffic base and the role of NMI as a secondary airport during the ramp-up phase.*
- *UDF levels warrant particular caution, as high passenger-facing charges in the early years can severely*

dampen demand and slow the development of the airport's catchment.

- *Pricing should be progressively scaled with actual utilization, rather than prioritizing upfront cost recovery from a relatively small volume of early users.*

A more phased and demand-aligned approach to early-year pricing would better support NMI's long-term viability and success, while remaining consistent with the Authority's mandate to protect user interests. In this regard, a key question is whether the proposed level of charges appropriately reflects the competitive outcomes that regulatory intervention is intended to replicate."

13.2.9 CUTS International's comment on consumer issues at NMIAL is as follows:

"1. Consumer Issues at Navi Mumbai Airport

- *How can authorities address the current passenger experience at Navi Mumbai Airport, particularly in light of poor mobile network and internet connectivity affecting essential services such as digital payments and boarding processes?*

- *How can an integrated, multimodal last-mile connectivity framework be designed for Navi Mumbai International Airport to reduce dependence on taxis, improve modal share of public transport, and enhance passenger experience?*

2. Telecom Dispute and Consumer Impact

- *In the context of ongoing disputes between telecom operators and Navi Mumbai International Airport authorities over access permissions, in-building telecom infrastructure (IBS/DAS), and associated charges, how can service quality and passenger experience be safeguarded during such commercial disagreements?*

- *From our perspective this is fundamentally a commercial and competition-related dispute and should be resolved through consultation between the concerned parties rather than regulatory intervention.*

3. Regulatory Capacity and Passenger Safety

- *From a public interest perspective, ensuring adequate regulatory capacity is critical for passenger safety. In light of the reported 50% staffing shortfall in the DGCA, what roadmap is envisaged to strengthen institutional capacity and ensure effective and independent regulatory oversight?*

- *To what extent may AERA's oversight of performance standards be utilised to further strengthen passenger safety considering its evolving, multi-dimensional nature encompassing operational systems, infrastructure reliability and emergency preparedness alongside overall service quality and passenger experience?"*

13.2.10 Vishal Gupta's comment on consumer issues at NMIAL is as follows:

"I am a resident of Nerul, Navi Mumbai, and have recently travelled through Navi Mumbai International Airport (NMIAL). I would like to share my comments as an airport user in response to the Consultation Paper issued by AERA.

Overall, my experience at NMIAL has been satisfactory. The terminal is modern, clean, and well designed, and movement within the airport is smooth and comfortable. The staff were polite and helpful, and the airport felt significantly less crowded compared to Mumbai International Airport. This contributed to a less stressful and more pleasant travel experience. For residents of Navi Mumbai, NMIAL is a very welcome development.

Earlier, travelling to Mumbai airport was cumbersome, time-consuming, and costly, mainly due to traffic congestion, long travel distances, and uncertainty in travel time. In comparison, NMIAL offers a far more convenient option for those living in Navi Mumbai. At the same time, connectivity from Mumbai city to NMIAL still requires improvement. For passengers travelling from Mumbai, the journey can currently be lengthy and expensive, especially for those relying on road transport. Early completion of pending road, rail, and metro connectivity projects will be critical to making the airport easily accessible to a wider set of passengers.

I also hope that all remaining construction and finishing works at the airport are completed at the earliest. This will further enhance passenger comfort, service quality, and overall operational efficiency, and improve the experience for both domestic and international travellers.

The following areas require specific attention:

A) Availability of taxi services at reasonable and transparent rates.

B) Lounge access is currently limited and not available across a wide range of cards, unlike at Mumbai International Airport.

C) There is a need for reasonably priced food and beverage options. Even basic items such as tea and coffee are priced excessively (e.g., takeaway tea served in disposable cups priced at premium levels).

D) Mobile network connectivity within the terminal is patchy and needs improvement.

E) Increased flight connectivity is essential to make the airport a viable hub. While this will improve over time, there should ideally be at least one morning and one evening flight to all major destinations and state capitals at the earliest.

F) Security processes have scope for improvement. While current passenger volumes are low, the existing system may become a bottleneck as traffic increases. The requirement for multiple trays per passenger and manual frisking slows down the process. Adoption of international best practices could help streamline security checks, reduce dependency on manual frisking, and improve throughput. With faster completion of remaining construction activities and improved connectivity from Mumbai, the airport can deliver a significantly better end-to-end travel experience. I look forward to seeing NMIAL fully operational and achieving operational excellence."

13.2.11 BAOA's comment on GA/BA at NMIAL is as follows:

"2. Recognition of GA/BA as Core Aeronautical Segment

2.1 GA/BA operations involve continuous utilisation of core aeronautical infrastructure, including airside access, parking, apron usage, and associated facilities.

2.2 It is noted that certain GA/BA-related facilities (including terminals, hangars, and associated services) are presently envisaged within broader non-aeronautical frameworks.

2.3 BAOA submits that core GA/BA infrastructure—particularly parking, apron usage, and hangarage—should be recognised as aeronautical in nature, and accordingly brought within a principles-based regulatory framework under AERA.

3. Dedicated GA/BA Infrastructure – Implementation Commitment

3.1 NMIA's planning framework provides for phased infrastructure development.

3.2 BAOA submits that identified GA/BA infrastructure (including parking, hangars, and support facilities) should be:
(a) implemented in a time-bound manner;
(b) protected within planning frameworks without post-COD deferment; and
(c) scaled in line with demand growth.

3.3 This is essential to avoid the recurring industry concern of GA/BA infrastructure being deprioritised post-commissioning.

4. Dual-Airport Coordination – NMIA & CSMIA

4.1 The Consultation Paper recognises NMIA's role in addressing capacity constraints in the Mumbai region.

4.2 In view of common ownership, BAOA submits that:
(a) GA/BA operations should be strategically distributed across NMIA and CSMIA;
(b) infrastructure planning should be complementary and coordinated; and
(c) a framework should enable operational flexibility across both airports.

4.3 This is critical given Mumbai's position as a primary hub for corporate aviation.

5. Long-Term / Upfront Parking Framework (MYTP-Aligned)

5.1 BAOA proposes the introduction of an optional long-term parking framework (up to five years) aligned with the MYTP structure.

5.2 Such a framework may include:
(a) upfront parking charges;
(b) assured allocation; and
(c) transparent categorisation.

5.3 This would enhance predictability in fleet basing decisions and align with long-term planning under the tariff framework.

6. Regulation of Third-Party / Concessionaire-Based GA/BA Charges

6.1 The Consultation Paper envisages reliance on concessionaire and outsourced service models, including for GA/BA-related facilities.

6.2 BAOA submits that, where certain GA/BA terminal or facilitation services are classified as non-aeronautical, the associated charges must be strictly optional, unbundled, and usage-based, and should not form part of any mandatory charge structure.

Given the heterogeneity of GA/BA operations—including premium/VIP movements and cost-sensitive charter and air ambulance services—it is essential to preserve user choice and cost flexibility.

Accordingly, BAOA recommends that AERA may consider prescribing, as part of the Multi-Year Tariff Plan (MYTP), an approved optional services framework for GA/BA, under which:
(a) value-added or premium terminal services are offered on an opt-in basis; and
(b) access to essential aeronautical facilities remains available without mandatory linkage to such services.

This would ensure transparency, non-discrimination, and cost proportionality, while enabling

appropriate service differentiation within the GA/BA segment.

6.3 BAOA further submits that all concessionaire-based arrangements must remain subject to clear regulatory oversight, ensuring that charges are transparent, non-discriminatory, and appropriately linked to underlying services.

7. Principles-Based but Justified Tariff Differentiation

7.1 BAOA supports a principles-based tariff framework, allowing differentiation where justified by:
(a) infrastructure or service levels;
(b) congestion or capacity considerations; and
(c) approval within the MYTP framework.

7.2 This approach avoids both arbitrary pricing and artificial uniformity.

8. Performance-Linked Incentive Framework

8.1 NMIA has committed to service quality benchmarks.

8.2 BAOA submits that AERA may consider introducing performance-linked incentives and disincentives within the tariff framework.

8.3 This would strengthen accountability and service outcomes within a cost-plus regime.

9. Transparency and Standardisation

9.1 BAOA submits that AERA may consider mandating:
(a) clear classification of GA/BA services;
(b) disclosure of all applicable charges; and
(c) elimination of non-standard or indirect charges.

9.2 This is particularly relevant in the context of multi-layered concessionaire structures and evolving service delivery models.

10. Conclusion

NMIA presents a significant opportunity to establish a structured and forward-looking regulatory framework for GA/BA."

13.2.12 IATA's comment on Bundling Risk and Treatment of Dual-Airport Arrangements is as follows:

"Bundling Risk and Treatment of Dual-Airport Arrangements

While not explicitly stated in the Consultation Paper, IATA understands that NMIAL has requested the bundling of BOM and NMI for tariffs determination. While IATA recognizes the strategic objective of developing NMI to meet the long-term capacity needs of the Mumbai metropolitan region, common

ownership heightens the need for regulatory vigilance and not the opposite. Treating the two airports as part of a bundled economic system, explicitly or implicitly, would risk amplifying market power and could facilitate cross subsidization or risk transfer that undermines cost relatedness and tariff discipline.

The two distinct airports operate with separate concessions, cost bases and traffic profiles, and should therefore be assessed and regulated independently, irrespective of common ownership. Airline feedback during the stakeholder consultation reinforces that traffic migration from BOM to NMI is not frictionless and involves significant operational and commercial costs for carriers, including duplicated infrastructure, manpower and network risk. In this context, pricing structures or assumptions that rely on traffic redistribution between the two airports risk shifting commercial risk onto airlines and passengers, rather than reflecting market-driven airline decisions.

IATA therefore submits that:

• NMI and BOM should be treated as standalone airports for tariff determination purposes, with no assumption of economic, financial or traffic bundling, regardless of ownership structure.

• Affordability or ramp-up challenges at NMI should not be addressed through implicit cross-linkages with BOM, including tariff structures or incentive mechanisms that rely on traffic migration rather than airport specific fundamentals.

• Where NMI faces viability challenges in its early years, these represent commercial risks inherent to the concession, which the airport operator should address through appropriate adjustments to its profit expectations, phasing of investment, and pricing strategy, rather than through mechanisms that dilute regulatory separation or shift risk onto users.

IATA submits that maintaining clear regulatory separation between the two airports is essential to preserving any remaining residual competitive environment between the two airports, preventing unintended cross-subsidization, and ensuring that tariff outcomes remain transparent, cost-related, and aligned with the Authority's statutory mandate.

Concluding remarks

In conclusion, IATA submits that tariff determination for NMI during the first control period must remain firmly anchored in realistic traffic expectations, early-year affordability, disciplined and proportionate capital recovery, and a clear regulatory separation between the two Mumbai airports. A cautious, demand-aligned approach where costs are recovered in line with actual utilization and commercial or structural risks are not transferred to early users will be critical to ensuring a sustainable and successful ramp-up of operations at this greenfield airport. Such an approach will not only safeguard affordability for airlines and passengers but also support NMI's long-term traffic development, competitive positioning, and overall financial sustainability, consistent with the objectives of economic regulation and the intent of the National Civil Aviation Policy.

IATA remains fully committed to constructive engagement with the Authority and stands ready to provide further technical input and analytical support, as required, to assist AERA in facilitating the efficient, balanced, and sustainable development of NMI."

13.2.13 BAOA's comment on Unauthorized overstay charges are as follows:

"Unauthorized Overstay Charges & Parking Framework

At the outset, we submit that aircraft parking is a core aeronautical service, and therefore its pricing, allocation, and regulatory framework must strictly conform to the principles of transparency, non-discrimination, and regulatory oversight as envisaged under the AERA Act and the applicable concession framework.

In this context, the proposed "Unauthorized Overstay Charges" merit reconsideration.

It is submitted that:

• The concept of such charges has no uniform regulatory basis and was selectively introduced at Mumbai (CSMIA), which itself is currently under judicial challenge before the Hon'ble Supreme Court, and hence lacks finality.

• The proposed framework at NMIAL attempts to replicate a contested and non-standard mechanism, without establishing regulatory justification or policy rationale. More fundamentally, the proposal reflects a mischaracterisation of parking as a penalised activity, rather than as a regulated aeronautical service requiring structured allocation and pricing.

The categorisation of aircraft as "not having NMIA as usual station" further lacks clarity and regulatory backing:

• There is no defined framework under the AERA Act or concession agreements governing such classification.

• The basis, authority, and process for designating a "usual station" remain unclear and non transparent.

In our respectful submission, the determination of "usual parking base" should not be left to discretionary or undefined mechanisms, but must be:

• Formally regulated under AERA's tariff framework, and

• Aligned with the broader principles embedded in the concession agreement (OMDA) and aeronautical service obligations.

Regulatory Principle Note

It is respectfully submitted that under the AERA framework, aeronautical tariffs must reflect cost based, transparent, and non-discriminatory principles, and cannot incorporate punitive or deterrent elements unrelated to the provision of service. Parking charges, being integral to aeronautical infrastructure usage, must therefore be structured as a function of time, capacity utilization, and cost recovery, and not as discretionary or penal instruments. Any deviation from these principles risks distorting market access, undermining regulatory consistency, and creating unintended barriers for legitimate operators, particularly in the non-scheduled and general aviation segment.

Constructive Framework Proposal

In order to ensure a balanced, transparent, and commercially viable approach, we reiterate our support for a structured parking allocation mechanism, including:

• An option for operators to secure designated parking status at NMIAL through upfront payment of parking charges for a defined period (e.g., 3–5 years);

• Such a framework to be clearly determined and approved by AERA, including:

• Quantum of upfront charges

• Corresponding duration of assured parking rights

• Number of parking positions available under such arrangements

• Transparent and equitable allocation methodology

This approach would:

• Provide certainty to operators,

• Enable efficient capacity planning by the airport operator, and

• Ensure fair and non-discriminatory access to aeronautical infrastructure.

On Overstay / Parking Charges

In contrast, the currently proposed Unauthorized Overstay Charges are penal in nature, arbitrary in structure, and unsupported by a uniform regulatory framework, and therefore:

• Should be withdrawn in their present form.

• Any parking beyond allocated or free duration, if chargeable, should be governed through graded, time-based slab structures (24 hrs, 48 hrs, 72 hrs, etc.), as followed at other major airports in India.

Conclusion

With the development of dual airport infrastructure in the Mumbai Metropolitan Region, it is imperative to move towards:

• Harmonized, predictable, and regulator-driven frameworks,

• Efficient and optimal utilization of parking infrastructure, and

• Elimination of ad-hoc or legacy practices lacking regulatory consistency.

We respectfully request AERA to reframe the parking and overstay regime at NMIAL in line with the above principles, ensuring that it reflects the true nature of parking as a regulated aeronautical service, not a penal construct."

13.2.14 BAOA's comment on Regulation of GA/BA parking, GAT charges and service transparency are as follows:

*"**Regulation of GA/BA parking, GAT charges and service transparency***

At the outset, it is respectfully submitted that aircraft parking / apron space for General and Business Aviation (GA/BA) is an essential and inseparable part of aeronautical services at any public airport and squarely falls within the statutory regulatory ambit of AERA under Sections 13 and 14 of the AERA Act. Accordingly, all charges relating to aircraft parking, apron use, stand allocation and open-space usage within aeronautical areas at Navi Mumbai Airport must necessarily be subject to prior determination, approval and oversight by AERA through the tariff order framework.

Such charges must be determined on the basis of transparent cost disclosure, cost causation, proportionality, reasonableness, non-discrimination and efficient infrastructure utilization. Any attempt

to impose such charges outside the approved tariff structure would amount to private monetization of core aeronautical infrastructure without statutory scrutiny. In this regard, we invite AERA's attention to the communication recently issued by Navi Mumbai International Airport Limited / Adani Airport Holdings Limited (attached) to GA/BA operators, proposing substantial open-space parking charges and advance payment arrangements for access to non-exclusive and non-demarcated apron areas. Such arrangements, if permitted outside AERA's tariff framework, would effectively create a parallel charging regime for essential airport infrastructure, contrary to the statutory scheme and principles of economic regulation.

AERA is therefore respectfully requested to:

- *expressly examine and determine all GA/BA parking / apron / stand charges at Navi Mumbai Airport through the tariff order;*
- *require full cost justification and stakeholder disclosure for such charges; and*
- *specifically prohibit any coercive or indirect commercial arrangements requiring pre-payment, subscription, deposits or separate contractual commitments for access to aeronautical infrastructure outside the approved tariff framework.*

Further, unlike scheduled airlines, non-scheduled GA/BA operators are generally dependent on airport operators or their authorized agencies for ground handling, aircraft servicing, security coordination and passenger facilitation. This makes clarity on service scope, access conditions and applicable charges especially important. Accordingly, General Aviation Terminal (GAT) services should be clearly segregated between:

(a) essential aeronautical services necessary for aircraft handling, safety, security and passenger processing; and

(b) premium / optional / hospitality-related services.

AERA has consistently recognized in its regulatory approach and public notices that premium terminal services are optional in nature and cannot be bundled with access to essential aeronautical facilities. The final tariff order should therefore expressly provide that lounge access, concierge services, premium transport, meet-and-assist support and similar value-added amenities at the GAT shall remain strictly optional and chargeable only when specifically requested and actually availed.

In this regard, AERA may also take note of recent instances at Chhatrapati Shivaji Maharaj International Airport and certain other PPP airports, where airport-designated service providers, including AVGROUND Facilities Limited (attached), have unilaterally revised charges for ground support, facilitation and allied passenger handling services that are non-aeronautical / value-added in nature. In practice, such charges are being presented as bundled, standardised and effectively non-negotiable service packages linked to airport access, stand allocation or slot operations for GA/BA users. This has the effect of compelling users to pay for premium or discretionary services irrespective of actual requirement or choice, thereby diluting the principle of unbundled access and undermining tariff transparency. In this regard, AERA may kindly also refer to the attached communication / revised charge circular for ready reference. Such practices are inconsistent with the regulatory framework under the AERA Act and contrary to AERA's stated position, including its 2024 public notice, that

premium terminal / facilitation services must remain optional, transparent and separately chargeable only when specifically availed.

No airport operator, directly or through its designated concessionaires / service providers, should be permitted to bundle premium GAT or facilitation services with mandatory airport access, impose such services as a pre-condition for slot / stand allocation or terminal access, or unilaterally revise or introduce such charges outside the approved regulatory framework.

AERA may also consider prescribing:

- *clear service definitions and unbundled tariff heads;*
- *advance disclosure obligations;*
- *measurable service standards; and*
- *an effective grievance redressal mechanism for GA/BA users.*

We also respectfully reiterate our earlier submissions regarding overstay / penal parking charges. Such charges were historically justified at Chhatrapati Shivaji Maharaj International Airport in the context of legacy capacity constraints. However, with the commissioning of Navi Mumbai Airport and the resulting augmentation of regional airport capacity, the continued rationale for punitive parking structures requires fresh review.

It is therefore respectfully submitted that:

- *overstay / penal parking charges should not be replicated or introduced at Navi Mumbai Airport; and*
- *AERA may instead prescribe a rational, transparent and graded slab-based parking framework linked to actual parking duration and operational needs.*

AERA may also consider reviewing the continued justification of such penal charges at CSMIA in light of the evolving airport ecosystem and expanded regional capacity.

Lastly, Navi Mumbai Airport presents an important opportunity for AERA to establish a forward-looking benchmark for airport transparency and operational efficiency. We respectfully submit that the final tariff order may also encourage:

- *mandatory online slot allocation systems;*
- *real-time stand / parking availability visibility;*
- *digital coordination and access protocols; and*
- *objective access and service standards.*

Such measures would improve predictability, reduce subjectivity, promote optimal infrastructure utilization, and align with AERA's broader objectives of transparent and performance-linked airport regulation.

We respectfully request that the above concerns be duly considered and appropriately reflected in the final tariff order in the interest of regulatory certainty, fairness, user confidence and the long-term growth of India's GA/BA ecosystem."

13.3 NMIAL's response to Stakeholders' comments regarding Aeronautical Revenue for the First Control Period

13.3.1 NMIAL's response to APAO's comment on Landing and Parking charges is as follows:

"Financial impact of the recent 25% reduction in landing and parking charges for domestic flights be appropriately factored into the computation of the Aggregate Revenue Requirement (ARR) for the First Control Period of NMIAL."

13.3.2 NMIAL's response to Air India's comment on Variable Tariff Plan (VTP) is as follows:

"1. Variable Tariff Plan (VTP)

Pls refer to our comments on Point 26 (para 13.3.5 of Tariff Order).

2. Landing Charges

Pls refer to NMIAL's comment (i) of Point 20 above (para 13.3.4 (i) of Tariff Order).

3. UDF Charges

We do not understand the basis of this comment. We have not categorized UDF as per class of travel in our proposed Tariff Rate Card.

4. Cargo Operating Expenses

The assertion that the proposed cargo O&M cost of Rs 8,000 per ton is excessive is based on unidentified and presumed benchmarking of Rs 4,500-5,500 per ton and incomplete consideration of the Authority's analysis in the Consultation Paper. The Authority has done benchmarking of Cargo O&M costs per ton with other airports, including IGIA and CSMIA. Cost per ton at NMIAL (Rs 8,000 per ton) is quite lower than that of these two airports (about Rs 10,042 per ton). While Air India has not provided any written evidence to justify its proposed cost per ton, and therefore, its observation is otiose.

5. Yield per Passenger (YPP)

The Yield per Passenger (YPP) for NMIA is not directly comparable with Noida (DXN) as NMIA's YPP includes cost based eligible recoveries for Cargo Handling and Fuel Infrastructure businesses. In case of Noida Airport, both businesses/services are concessioned out and their costs are recovered by respective Concessionaires through separate tariff orders. The inclusion of costs related to these revenue services/streams naturally inflates NMIA's YPP, rendering a like-to-like comparison inappropriate.

Any comparison of tariffs between Noida International Airport (NIA) and NMIA without accounting for airport specific factors would be superficial. The geographical conditions at NMIA are materially different from those at Noida like hilly terrain, waterlogged land parcels, river flowing in between the site etc.

YPP is derived from the Aggregate Revenue Requirement (ARR) divided by passenger volumes. ARR itself is determined based on capital expenditure, operating expenditure, depreciation, cost of capital, and regulatory assumptions. Accordingly, differences in YPP primarily reflect differences in underlying

investment scale, cost structure, and regulatory determinations, rather than any inefficiency or over-recovery."

13.3.3 NMIAL's response to Indigo's comment on General conditions for Aeronautical charges is as follows:

"Such a requirement unduly prioritises airline cash-flow considerations while disregarding the legitimate working capital, reconciliation, and operational constraints of airport operators.

Regulatory conditions should not interfere with commercial credit norms absent clear evidence of systemic issues. Accordingly, invoicing frequency and payment terms should remain commercially negotiated, subject to overarching principles of transparency and reasonableness, rather than being rigidly standardized through tariff conditions"

13.3.4 NMIAL's response to Indigo's comment on Tariff for Aeronautical charges is as follows:

"The determination of the Control Period is a matter squarely within the Authority's jurisdiction. NMIAL will abide by and implement the Control Period as finally determined by the Authority, based on its independent assessment.

It is further submitted that, even if the Authority were to defer the commencement of the Control Period to FY 2027, such deferment would not result in any material or significant variation in the Yield Per Passenger (YPP), based on our preliminary assessment. Also then Capex for Phase III and its related operating costs need to be added in the building blocks.

1. Landing Charges

(i) The landing charges proposed at NMIA are derived directly from the Aggregate Revenue Requirement (ARR) as determined by the Authority, after applying extensive regulatory scrutiny to capital expenditure, operating costs, and return parameters. The tariff structure reflects a deliberate balancing between landing charges and User Development Fee (UDF) to ensure cost recovery in a manner that distributes the burden equitably between airline operators and passengers. Any artificial reduction in landing charges, without a corresponding reduction in the ARR, would necessarily result in a disproportionate increase in UDF, thereby shifting the same cost burden from airlines to passengers.

CSMIA is a mature brownfield airport with legacy infrastructure, materially depreciated assets, and significantly higher traffic density, which naturally allows cost recovery over a much larger throughput base. NMIA, by contrast, is a capital-intensive greenfield airport, with substantial upfront investments being deployed ahead of full traffic materialisation. Comparing its landing charges in isolation against those at CSMIA therefore ignores these structural differences and does not constitute a like-for-like comparison.

Similarly, reliance on proposed tariffs at Jewar Airport is misplaced, as tariff structures and charge mix at greenfield airports vary depending on concession terms, capital intensity and phasing of development. There is no regulatory principle requiring distinct greenfield airports to exhibit identical landing-charge levels.

NMIAL therefore submits that the proposed landing charges at NMIA are reasonable, cost-reflective, and appropriately balanced, and that the comparisons drawn by Indigo do not warrant any adjustment.

(ii) With respect to capping tariff increase % for FY2027-28, imposing a flat percentage cap on annual escalation may create the appearance of short-term relief, but would materially worsen tariff outcomes in subsequent periods. NMIAL further submits that proposed tariff increase in FY2027-28 is also considering the debt servicing obligations associated with the financing of NMIA, which are contractual and binding commitments. Failure to honour the debt servicing obligations would have significant implications for financial stability, creditworthiness, and long-term airport viability. Tariffs must therefore be aligned to ensure timely and adequate cash flow to meet these obligations.

(iii) Regarding differential landing charges proposed by Indigo, we would like to submit that there is no requirement in the AERA Act, Tariff Guidelines, or prevailing regulatory practice that landing charges must necessarily be differentiated by MTOW bands or aircraft categories. While certain airports may adopt MTOW-linked slabs where justified by cost structure or operational imperatives, such differentiation is discretionary, not obligatory. The absence of MTOW segmentation does not render the tariff unreasonable or anti-competitive; rather, it reflects an airport-specific determination of the most efficient and administrable charging structure, taking into account traffic mix, operational simplicity, and revenue predictability.

The assertion that the current landing charges "discourage" deployment of smaller aircraft is unsupported by evidence. Airline fleet and route decisions are driven by a constellation of factors including demand density, yield, crew economics, turnaround efficiency, and network strategy. Landing charges constitute only one component of overall operating cost and, by themselves, are unlikely to determine aircraft selection. The vision of developing aviation hubs in India is best served through coherent network policy, capacity creation, and operational efficiency, not through ad-hoc segmentation of landing charges.

(iv) The practice of calculating landing charges based on the next higher 1,000 kg MTOW slab is a well-established and widely applied convention in airport tariff structures. This approach ensures simplicity, predictability, and administrative certainty. Airport airside infrastructure—runways, taxiways, pavements, lighting systems, and safety areas—is designed and maintained based on certified Maximum Take-Off Weight of aircraft types, not on small variations around rounding thresholds. Accordingly, efficiency and cost causation principles support charging based on the upper MTOW band, rather than allowing downward rounding that does not reflect actual infrastructure usage or stress. Further, this is standard and consistent approach in all the tariff orders.

(v) The exemption under Note 6(a) is explicitly linked to the nature of the operation, not merely the identity of the operator. Unscheduled flights, even when operated by airlines that otherwise hold scheduled operator permits, are operationally and regulatorily distinct from scheduled services. Such flights:

- *do not operate under published schedules,*
- *involve ad-hoc deployment of resources,*
- *impose different operational and planning requirements on airport infrastructure, and*
- *are treated as unscheduled operations under established aviation and tariff frameworks.*

Extending the exemption to unscheduled operations merely because the operator also conducts scheduled services would dilute the distinction between scheduled and non-scheduled operations and result in unequal treatment across operators conducting similar unscheduled movements.

Therefore, the Note should be interpreted as applying strictly to scheduled domestic operations, and not to unscheduled flights undertaken by scheduled operators.

2. Parking Charges

(i) Parking charges, like other aeronautical tariffs, are derived from the Aggregate Revenue Requirement (ARR) and form part of an integrated tariff structure. Each airport exhibits a distinct cost-recovery profile depending on capital deployment, operating costs, traffic mix, and asset utilisation patterns. Accordingly, approaches adopted at other airports—such as Manohar International Airport—cannot be transposed mechanically to NMIA without regard to its specific ARR composition and cost trajectory.

(ii) Pls refer to NMIAL's comment (iv) of Point 20 above (Para 13.3.4 (iv) of Tariff Order).

(iii) The proposed Tariff Card explicitly and transparently provides that:

"Parking time will be calculated based on On-Blocks and Off-Blocks time as recorded at the Airport Operations Control Centre (AOCC)."

This methodology clearly establishes that parking charges are levied solely for the period during which an aircraft occupies a parking stand, commencing from on-block time and ending at off-block time. Taxi-in and taxi-out movements are, by definition, excluded from parking time under this approach. By anchoring parking calculation to AOCC-recorded on-block and off-block times, NMIAL has adopted a precise, objective, and verifiable methodology that aligns with regulatory transparency and administrative simplicity.

3. User Development Fee (UDF)

(i) Pls refer to NMIAL's comment (i) of Point 20 above (Para 13.3.4 (i) of Tariff Order).

(ii) Pls refer to NMIAL's comment (ii) of Point 20 above (Para 13.3.4 (ii) of Tariff Order).

(iii) The UDF slabs in the proposed Tariff Card are explicitly defined on the basis of the Travel Date of the passenger.

(iv) We have already proposed a ceiling collection charge of Rs 2.50 per embarking or disembarking passenger. This proposed rate has been determined after due consideration of the limited scope of activities involved in UDF collection, which is largely automated and integrated within existing airline billing and settlement systems. Collection activity does not materially vary with the level of UDF, nor does it expand proportionally with inflation. The underlying administrative process—recording passenger counts, applying the applicable rate based on travel date, and remittance—is largely standardized and automated. Introducing an inflation-linked escalation or tying collection charges to UDF levels would therefore decouple the charge from actual cost causation and result in over-compensation.

(v) Collection charges are facilitation charges linked to the airline's overall payment discipline. Since airlines collect UDF on behalf of the Airport Operator, eligibility to receive collection charges must logically be tied to clearance of all outstanding dues payable to the airport. Separating eligibility from payment compliance—by allowing eligibility to subsist while other dues remain unpaid—would undermine financial discipline and weaken incentives for timely settlement.

Further it is worth mentioning that when a passenger cancels the tickets, airlines forfeit most of the ticket charges which include portion of UDF. Ideally UDF should have been given back to passenger or paid to Airport Operator. However, Airlines are illegally accounting the UDF of the cancelled tickets as unauthorized revenues which is against the Public Interest. We request the Authority to kindly make airlines accountable for forfeiting the regulated revenue collected from the innocent passengers who have not even travelled in the first place.

(vi) DGCA AICs cited by airlines (AIC 14/2019 and AIC 06/2023) primarily deal with passenger service obligations, facilitation, and airline handling responsibilities—not airport economic regulation or tariff exemptions. UDF is charged based on use of airport facilities, not on the cause of travel or operational contingencies. Passengers who depart due to re-routing:

- *still use terminal infrastructure,*
- *security, immigration (for international), boarding gates,*
- *and passenger processing facilities.*

From a cost-causation perspective, the airport incurs the same—or sometimes higher—costs. Exempting such passengers would mean other passengers subsidise airport services that were actually used.

Further, the proposed exemption is operationally vague. This would increase disputes, complicate billing and reconciliation and undermine transparency in UDF administration.

4. Aerobridge Charges

Pls refer to NMIAL's comment (iv) of Point 20 above (Para 13.3.4 of Tariff Order).

5. BME Charges (FEGP & PCA, Code C)

The tariff rate card has been carefully designed, with charges reflecting the underlying costs of airport operations. Any reduction in BME charges would necessarily lead to a corresponding increase in other airport charges to recover the same costs.

6. CUTE/CUSS/BRS Charges

(i) CUTE charges form part of the overall aeronautical tariffs and are determined based on the Aggregate Revenue Requirement (ARR) approved by the Authority.

(ii) Comparisons between airport-provided CUTE charges and airline self-handling costs are misplaced and not like-for-like. CUTE systems provided by the airport involve:

- *centralised infrastructure,*
- *redundancy and system resilience,*

- *cyber security and compliance requirements,*
- *integration with common-user platforms and multiple stakeholders, and*
- *responsibility for uptime, upgrades, and regulatory compliance.*

Airline self-handling arrangements typically do not internalise or benchmark against these system-level costs and risks. Lower apparent self-handling costs therefore cannot be used as a valid benchmark for disallowing or suppressing regulated CUTE charges.

With respect to charges being denominated in USD for international passengers, NMIAL submits that this is neither inappropriate nor unusual. International passenger handling systems and interfaces involve foreign-currency-linked software licenses, vendor contracts, maintenance arrangements, and technology upgrades that are inherently exposed to foreign exchange risk. Charging such services in USD reflects cost causation and currency alignment and avoids inequitable distortion of recovery through INR conversion volatility. The proposed treatment is cost-reflective, non-discriminatory, and aligned with regulatory principles."

13.3.5 NMIAL's response to Indigo's comment on VTP is as follows:

"(i) The objective of the VTP is to encourage specific route introductions and airline deployment decisions, which are primarily influenced by airline-facing charges, particularly landing charges. Further, the VTP is already valid for the whole of the First Control Period. Year 1, 2 and 3 refer to the individual airline's year of operations of the new international route, not the years of Control Period.

(ii) VTP to scheduled domestic flights is neither necessary nor aligned with the intent of the scheme. Domestic operations already benefit from established demand bases and shorter route development lead times. VTP is designed as a selective intervention to address specific market gaps and operational challenges, particularly in segments where incremental capacity decisions involve higher commercial risk."

13.3.6 NMIAL's response to IATA's comment on Affordability and Early Year Pricing at NMI is as follows:

"We note IATA's acknowledgement of the Authority's extensive interventions to moderate NMIA's proposed cost base, including reductions in capital expenditure, operating expenditure and the Fair Rate of Return. These adjustments underscore the Authority's conscious effort to balance airport viability with user affordability within the established regulatory framework.

At the outset, it is important to reiterate that aeronautical tariffs at NMIA have not been determined on the basis of upfront or accelerated cost recovery, but through application of the Authority's prescribed methodological approach, which is explicitly designed to smooth recovery over the Control Period and across successive periods through the true-up mechanism. Early-year tariffs therefore reflect a controlled allocation of cost recovery aligned with a prudent ramp-up of traffic, rather than disproportionate front-loading of charges on early users. Any artificial reduction in early-year tariffs would not eliminate costs but would defer recovery, potentially resulting in sharper increases in subsequent control periods.

The Authority has already exercised restraint by adopting conservative traffic forecasts, excluding Phase-III infrastructure from the current Control Period, and moderating recoverable costs, thereby mitigating undue tariff pressure during the ramp-up phase.

IATA's recommendation to suppress early-year tariffs, particularly User Development Fees (UDF), overlooks the fundamental principle of cost reflectivity. The tariff determination framework does not permit arbitrary deferral of cost recovery, as doing so would merely shift the burden onto future users and create inter-generational inequity.

NMIA's terminal and passenger infrastructure is:

- *substantially complete from COD,*
- *available to early users in full.*
- *early users derive full benefit from infrastructure that is substantially complete and operational from the commencement of services.*

It would therefore be inequitable for later users to subsidize infrastructure already consumed by earlier users.

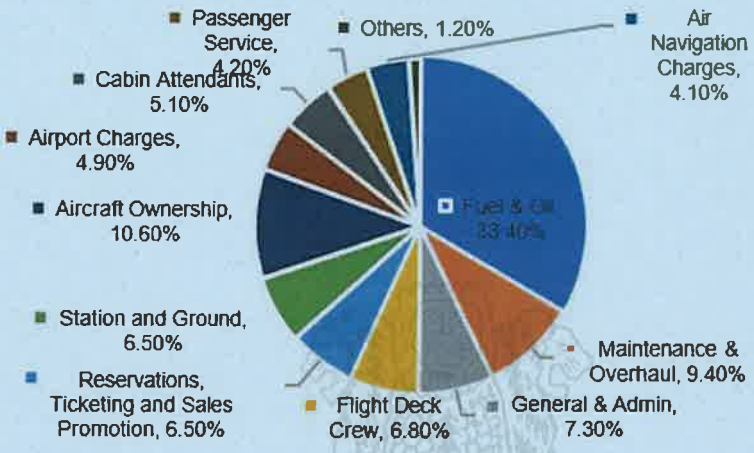
Further, for airlines, NMIAL has proactively proposed a Variable Tariff Plan (VTP) aimed specifically at incentivizing the commencement of new international routes from NMIA. This mechanism directly addresses IATA's stated concern regarding early-year route development and demand stimulation, by allowing targeted, route-linked tariff relief without diluting the overall cost-reflective tariff framework approved by the Authority. The VTP ensures that incentives are:

- *Targeted, rather than blanket in nature,*
- *Linked to incremental traffic and network development, and*
- *Time-bound and performance-oriented, thereby aligning airport support with demonstrable airline commitment.*

Such targeted instruments are inherently more efficient and equitable than across-the-board tariff suppression, which would effectively shift the burden of cost recovery onto later users or future control periods. A uniform reduction of early-year charges, as suggested by IATA, would not eliminate costs but merely defer recovery, potentially resulting in sharper tariff corrections in subsequent periods.

NMIAL has consciously designed its tariff structure keeping the interests of airport users at the forefront. In this regard, it is pertinent to note that NMIAL has proposed tariffs for FY 2026–27 at the same level as the ad hoc tariffs approved by the Authority for FY 2025–26. This has been done deliberately to avoid any sudden tariff shock to airport users during the initial years of airport operations and to facilitate gradual traffic build up in the early stages of development. Such an approach is consistent with the International Air Transport Association (IATA)'s principle of affordability, which emphasises moderation of airport charges during the initial phase of airport development to support traffic growth

We would like to emphasise that airport charges cost is relatively 4-5% of the overall cost of operation of Airline. This has been supported by IATA's own analysis.



Accordingly, the assertion that tariff levels materially constrain demand or route development is economically overstated."

13.3.7 NMIAL's response to CUTS International's comment on consumer issues at NMIAL is as follows:

"As communicated by NMIAL during the Stakeholders Consultation Meeting, we acknowledge that certain issues related to connectivity and on-ground operations persist which are normal teething issues in any large scale project. We expect this to be resolved likely within a timeframe of 6 to 10 months.

There is a great connectivity between Mumbai and Navi Mumbai through Airport Link Road within NMIA is 5+5 lane access road with 3+3 lanes connecting Ulwe Coastal Road and MTHL (Atal Setu) and 2 lane entry/ exit ramps (Ramp A & Ramp B) connecting to existing Amra Marg.

Next phase of growth shall witness construction & commissioning of western metro line from Mumbai to NMIA (Metro Line 8A), including the elevated CTC/T2 metro station, elevated western metro corridor within NMIA & western metro station, facilitating passengers to walk from CTC/T2 Metro Station to T1& T2 through connecting skywalks. The eastern metro line from Taloja to NMIA (Navi Mumbai Metro Line 2/3/4) shall also be commissioned.

NMIAL is actively engaged and in continuous coordination with the local authorities including urban local bodies, transport authorities, rail and metro agencies, and state government departments, to facilitate and support multimodal connectivity initiatives—such as rail, metro, bus, and road-based linkages—as part of the broader regional transport planning framework. NMIAL remains committed to enabling seamless passenger access within the airport precinct and to cooperating with public agencies to enhance last-mile connectivity. It must also be appreciated that development of such connectivity networks takes significant time."

13.3.8 NMIAL's response to Vishal Gupta's comment on consumer issues at NMIAL is as follows:

"*We thank Mr. VG for the honest and constructive feedback. Navi Mumbai Airport is a welcome step in the aviation ecosystem development at MMR, particularly Navi Mumbai. NMIAL, its shareholders and its wider group of stakeholders, are committed to providing seamless and world-class connectivity and*

experience. We believe that most of the issues cited are because of the early stage of the Airport operations and will get resolved in due course."

13.3.9 NMIAL's response to BAOA's comment on GA/BA at NMIAL is as follows:

"1. Recognition of GA/BA as Core Aeronautical Segment

The classification of services as Aeronautical or Non-Aeronautical is governed strictly by the definitions provided under the AERA Act.

2. Dedicated GA/BA Infrastructure – Implementation Commitment

Infrastructure development at a greenfield airport must necessarily follow a phased, demand-linked approach to ensure efficient capital deployment and avoid creation of underutilized assets. Mandating time-bound implementation independent of demand realities would lead to premature capital expenditure, thereby increasing the regulatory asset base and ultimately burdening users with higher tariffs.

Post-COD phasing is a globally accepted planning practice and is essential for aligning infrastructure provision with actual utilization levels.

3. Dual-Airport Coordination – NMIA & CSMIA

Notwithstanding common major shareholding, NMIA and CSMIA are legally, contractually, and operationally distinct airports, governed by separate Concession Agreements, separate Concessioning Authorities, regulatory approvals, Master Plans, and site-specific obligations. Each airport has independently defined concession conditions, capacity constraints, land use plans, traffic profiles, safety layouts, and regulatory commitments. Decisions relating to allocation of traffic, infrastructure planning, or operational flexibility must therefore be assessed airport-specific and cannot be bundled or jointly optimized merely on the basis of ownership structure.

Without prejudice to above, as a Good Industry Practice, NMIAL has done a detailed traffic assessment for Mumbai Metropolitan Region (MMR) as a whole. Based on the outcome of such study and the likely demand and supply in the region, the necessary infrastructure has been planned in a phase wise manner.

4. Long-Term / Upfront Parking Framework (MYTP-Aligned)

Introducing long-term commitments of up to five years, including upfront charges and assured allocations, would unduly constrain operational flexibility, risk inefficient capacity lock-in, and limit NMIAL's ability to dynamically manage apron and parking resources in line with actual demand and broader airport operational priorities.

Further, tying such arrangements to the MYTP framework is inappropriate, as MYTPs are designed for revenue and tariff regulation, not for the pre-commitment or reservation of scarce operational infrastructure.

5. Regulation of Third-Party / Concessionaire-Based GA/BA Charges

The regulatory jurisdiction of AERA is limited to aeronautical services as defined under the Act, and extending regulation to optional or premium GA/BA services would exceed the statutory mandate.

Non-aeronautical and value-added services are inherently commercial in nature and are best governed through market-based mechanisms rather than tariff regulation.

BAOA's proposal to prescribe an "optional services framework" within the MYTP is fundamentally misconceived and reflects a clear misunderstanding of the scope and purpose of tariff regulation, which is limited to aeronautical services and does not extend to structuring commercial offerings.

The MYTP framework is not an instrument for designing or approving optional or premium service models, and any attempt to embed such constructs within tariff determination would constitute regulatory overreach into areas that are inherently commercial and market-driven.

The suggestion that value-added or premium services should be formally "approved" by the Authority is entirely unwarranted, as such services are, by definition, non-aeronautical, and therefore fall outside the regulatory tariff domain.

The implicit assertion that access to essential aeronautical services is being or may be linked to premium services is baseless, speculative, and unsupported by any evidence, and appears designed to create a regulatory issue where none exists.

BAOA's demand for regulatory oversight over all concessionaire-based arrangements is overboard and legally untenable, as the Authority's jurisdiction is confined to ensuring that aeronautical tariffs are reasonable and non-discriminatory—not to micromanage every commercial contract entered into by the airport operator.

Concessionaire arrangements for non-aeronautical or value-added services are standard industry practice, structured through competitive processes and governed by commercial principles.

Imposing blanket regulatory oversight on such arrangements would:

- *undermine commercial flexibility,*
- *discourage private investment and innovation*

BAOA's repeated emphasis on "transparency" and "non-discrimination" is misplaced, as these principles are already fully embedded within the existing regulatory framework for aeronautical services, and cannot be used as a pretext to extend oversight into non-regulated domains.

The proposal, in effect, seeks to convert optional, market-driven services into regulated constructs, which would blur the distinction between aeronautical and non-aeronautical activities and fundamentally distort the Hybrid Till framework.

Accordingly, BAOA's recommendations are legally unsustainable, operationally impractical, and contrary to established regulatory boundaries, and should be rejected in entirety as an attempt to inappropriately expand tariff regulation into commercial domains beyond the Authority's mandate.

6. Principles-Based but Justified Tariff Differentiation

The Authority already applies a principles-based approach within its tariff determination for Aeronautical Services. The scope for differentiation must remain strictly within the framework prescribed under the AERA Act, Concession Framework and the MYTP methodology approved by the Authority.

The MYTP framework is intended to regulate essential aeronautical services and is not designed to govern optional or premium service offerings. Mandating inclusion of optional services within the tariff framework would blur the distinction between regulated and commercial activities, leading to regulatory overreach.

BAOA's submission, while superficially framed as support for a "principles-based framework," is in reality a veiled attempt to introduce selective tariff differentiation tailored to the commercial interests of a niche user segment, rather than grounded in statutory or regulatory principles.

The proposed grounds for differentiation—such as infrastructure levels, congestion, or capacity—are already inherently embedded within the cost-based tariff determination methodology, and cannot be selectively invoked to justify bespoke pricing outcomes for specific users.

BAOA's attempt to seek differentiation based on such factors ignores the fundamental regulatory principle that aeronautical tariffs must be cost-related, non-discriminatory, and uniformly applicable, unless explicitly justified under the statutory framework.

Allowing discretionary or user-specific tariff differentiation, as implicitly advocated by BAOA, would open the door to arbitrary pricing, regulatory inconsistency, and preferential treatment, which is contrary to both the letter and spirit of economic regulation.

Accordingly, BAOA's submission on tariff differentiation is conceptually flawed, legally unsupported, and contrary to established regulatory practice, and should be rejected in entirety as it seeks to distort a uniform, cost-based tariff framework into a preferential regime for select users.

7. Principles-Based but Justified Tariff Differentiation

We had submitted our detailed representation to the Authority via letter dated 30th October 2025. We request the Authority to consider the same.

8. Transparency and Standardisation

The existing regulatory framework already ensures transparency and non-discrimination for Aeronautical Services and extending mandatory prescriptions to non-aeronautical GA/BA services is neither warranted nor consistent with the AERA Act or the Concession framework.

Extending such requirements to non-aeronautical services would interfere with commercial arrangements and exceed regulatory scope.

The demand for disclosure of "all applicable charges" reflects a mischaracterization of the existing regulatory framework, under which all aeronautical charges are already transparently disclosed and approved through tariff orders, and therefore BAOA's submission ignores the robust disclosure mechanisms already in place.

To the extent BAOA seeks disclosure of charges beyond the regulated tariff framework, such a request amounts to an unwarranted intrusion into commercial arrangements, which are outside the statutory scope of tariff regulation and are appropriately governed by market dynamics.

The proposal to eliminate so-called "non-standard or indirect charges" is vague, undefined, and conceptually flawed, as it fails to recognize that airports, by necessity, design context-specific

commercial arrangements to efficiently manage capacity, operational complexity, and service differentiation.

Accordingly, BAOA's proposals in this regard are not only unnecessary but also inconsistent with the statutory framework and should be rejected in entirety as they seek to expand regulatory oversight into areas that are fundamentally commercial in nature."

13.3.10 NMIAL's response to IATA's comment on Bundling Risk and Treatment of Dual-Airport Arrangements is as follows:

"IATA's concerns regarding bundling of NMIA and CSMIA are premature at this stage, as the Consultation Paper contains no such proposal. Therefore, objections raised against an un-proposed regulatory construction do not assist the consultative process and accordingly merit no consideration in the current tariff proceedings.

Without prejudice to the above, grouping of two or more airports for the purpose of tariff determination is a policy-level initiative and any such determination would necessarily be guided by the objectives set out under the AERA Act, including protection of user interests, promotion of efficient and viable airport operation, and long-term sectoral sustainability. Such decisions cannot, and should not, be predicated on speculative competitive narratives or hypothetical concerns raised by a single category of stakeholders.

AERA Act was suitably amended in the year 2021 to provide for tariff determination of Group of Airports. Hence IATA objection on this policy matter reflects its narrow approach and undermines the steps taken or being undertaken by regulators and policy experts towards the growth of the overall aviation industry at India.

IATA must keep in mind the challenges in development of greenfield infrastructure projects in India and the risks associated with it. Such huge investments cannot be permitted to be vulnerable to economic uncertainties when they can be safeguarded through statutory provisions, which is the need of the hour in the overall public interest."

13.3.11 NMIAL's response to BAOA's comment on Unauthorized overstay charges are as follows:

"(i) BAOA's contention that unauthorized overstay charges lack a "uniform regulatory basis" is factually incorrect and deliberately selective, as such charges are a well-established regulatory mechanism to ensure efficient utilization of scarce apron and parking infrastructure. Such charges are necessary to prevent indefinite occupation of parking stands, which would otherwise disrupt airport operations and reduce overall capacity availability. In the absence of such charges, operators would have no economic disincentive against prolonged or indefinite occupation of parking stands, leading to sub-optimal utilization, congestion, and denial of access to other users. Airport parking is a shared and dynamic resource that must be managed based on operational priorities and also contractual commitments.

Any dilution or removal of such charges would:

- *incentivize inefficient behavior,*
- *increase congestion risk, and*

- *ultimately necessitate recovery of the same costs through higher general aeronautical charges, thereby penalizing all users.*

Further overstay charges are classified as aeronautical revenues. In case overstay charges are reduced then the corresponding increase is to be provided for other charges like landing, parking, UDF etc. to match the PV of ARR.

(ii) The attempt to discredit the concept of Unauthorized Overstay Charges by referring to a matter allegedly under judicial consideration at another airport is irrelevant and misleading, as the mere existence of litigation does not invalidate a regulatory practice, nor does it preclude its application elsewhere in accordance with established principles.

(iii) BAOA's demand to rigidly define and regulate "usual parking base" within the tariff framework reflects a fundamental misunderstanding of airport operations, where parking allocation is inherently dynamic and must respond to real-time operational conditions. Attempting to codify such operational parameters within tariff regulation would introduce rigidity, reduce responsiveness, and impair efficient airport management, particularly in a complex, capacity-constrained environment. The Concession Agreement and regulatory framework already provide sufficient guidance on service obligations, and there is no requirement or precedent for micro-regulating operational allocation decisions at this level of detail.

(iv) BAOA's simultaneous opposition to overstay charges and advocacy for long-term reserved parking through upfront payments is inherently contradictory and self-serving. While opposing mechanisms that discourage prolonged occupation, BAOA seeks to institutionalize exactly such prolonged occupation through guaranteed multi-year allocations, which would:

- *lock in scarce capacity,*
- *exclude other users, and*
- *significantly reduce operational flexibility.*

Granting assured parking rights for 3–5 years would create artificial scarcity, distort access equity, and undermine efficient capacity utilization, particularly at a new airport where demand patterns are still evolving. The proposal effectively seeks preferential treatment for a specific user segment under the guise of "structure" and "transparency," which is inconsistent with non-discriminatory access principles.

(v) The suggestion to replace overstay charges with broad time-based slabs (24/48/72 hours) is operationally inferior, as it:

- *fails to address real-time congestion,*
- *delays corrective price signals, and*
- *enables inefficient use of parking resources for extended periods.*

Summary:

BAOA's submissions on this issue are internally inconsistent, operationally impractical, and transparently self-serving, seeking to:

- *avoid economic discipline through overstay charges, while*
- *simultaneously securing preferential long-term access to scarce infrastructure.*

The proposals are contrary to fundamental principles of efficiency, equity, and cost-reflectivity, and if accepted, would severely impair airport operations and distort fair access to infrastructure.

Accordingly, BAOA's recommendations should be rejected in entirety, and the proposed overstay charge framework should be retained as an essential and legitimate component of efficient airport tariff design and operations."

13.3.12 NMIAL's response to BAOA's comment on Regulation of GA/BA parking, GAT charges and service transparency are as follows:

"This is not a matter within the Consultation Paper and hence need no comments from NMIAL. Further the annexure provided in the BAOA letter is neither signed nor on any letter head. The Authority may suitably advise BAOA to limit its comments to the issues highlighted in the consultation paper and also do not provide comments in the public domain which will jeopardize its legal position in respect to confidentiality and commercial arrangements of other parties.

Matters relating to commercial arrangements, including non-aeronautical charges and contractual terms, fall outside the scope of the current consultation and tariff determination process.

Regulatory intervention in such matters would be inappropriate unless they directly impact aeronautical tariffs within the defined scope of AERA's mandate. The point wise response is as under:

1. *Allegation regarding "substantial charges" and advance payment arrangements*

- *BAOA's reference to alleged communications proposing "substantial charges" is unsupported, selective, and lacks evidentiary credibility, particularly as the annexure relied upon is neither formally authenticated nor part of the consultation record.*
- *The characterization of standard commercial arrangements—such as advance payments or structured access—as "coercive" is misleading and commercially naïve, given that such mechanisms are widely adopted across airports globally to ensure efficient utilization of scarce apron and parking infrastructure.*
- *Airports operate under capacity constraints and operational priorities, and therefore retain full commercial discretion to structure access arrangements in a manner that ensures:*
  - *optimal utilization of limited apron space,*
  - *operational predictability, and*
  - *avoidance of congestion and inefficiencies.*

2. *Demand for AERA to regulate all GA/BA parking and apron charges*

- *BAOA's request that AERA "expressly examine and determine all GA/BA parking / apron / stand charges" is legally untenable, as the Authority's jurisdiction is clearly limited to aeronautical services as defined under the AERA Act, and does not extend to every form of commercial arrangement relating to infrastructure usage.*

- *Not all GA/BA-related services fall within the regulated tariff domain; several elements—including open parking usage, preferential access, or capacity reservation—are commercial constructs, not standardized aeronautical services.*
- *Expanding tariff regulation to such areas would constitute regulatory overreach, distort market-based mechanisms, and undermine the commercial viability and operational flexibility of the airport.*

3. *Objection to advance payments, deposits, or contractual commitments*

- *BAOA's attempt to prohibit advance payments or contractual commitments reflects a fundamental misunderstanding of infrastructure economics, where upfront commitments are often necessary to:*
  - *allocate scarce capacity efficiently,*
  - *ensure commitment from users, and*
  - *prevent opportunistic or inefficient usage of limited resources.*
- *Such arrangements are neither coercive nor discriminatory, but rather standard commercial practices adopted across sectors where infrastructure is finite and demand is variable.*
- *Eliminating these mechanisms would:*
  - *encourage speculative booking,*
  - *lead to sub-optimal utilization of parking stands, and*
  - *ultimately reduce availability for genuine operational requirements.*

4. *Segregation of GAT services into "essential" and "premium" categories*

- *The proposed rigid segregation of GAT services is artificial and operationally impractical, as airport services are inherently integrated, with multiple shared systems supporting both aeronautical and commercial functions.*
- *The classification of services is already governed by the statutory framework, and any attempt to impose additional categorization outside this framework is arbitrary and unnecessary.*
- *Furthermore, premium or optional services are commercial offerings, and their pricing and structure must remain outside tariff regulation to preserve innovation and service differentiation.*

5. *Demand for regulatory prescription of operational systems (slots, visibility, digital coordination)*

- *BAOA's suggestion that the tariff order should mandate operational systems such as slot allocation platforms, real-time visibility tools, and digital coordination protocols represents a clear overreach into airport operations, which are:*
  - *dynamic,*
  - *technology-driven, and*
  - *best managed by the airport operator.*

- *Such matters fall squarely within operational and technical domain, not tariff regulation, and imposing prescriptive requirements through tariff orders would:*
  - *reduce operational flexibility,*
  - *stifle technological innovation, and*
  - *create rigidities inconsistent with efficient airport management.*
- *NMIAL is already implementing modern, technology-enabled systems as part of its operational framework, and such initiatives should not be subjected to prescriptive regulatory micromanagement.*

6. Overall Comments on BAOA's Submission

- *BAOA's submissions are internally inconsistent, as they simultaneously seek:*
  - *increased regulatory control over pricing, and*
  - *guaranteed access and preferential treatment for a specific user segment.*
- *The proposals are fundamentally biased towards securing commercial advantage for a narrow class of operators, at the expense of:*
  - *equitable access,*
  - *efficient capacity utilization, and*
  - *overall airport operations.*
- *Acceptance of BAOA's recommendations would:*
  - *distort regulatory boundaries,*
  - *undermine commercial discipline, and*
  - *ultimately increase costs for all users by restricting efficient allocation of infrastructure.*

The Authority is therefore respectfully urged to reject these submissions in entirety, as they do not contribute constructively to tariff determination and instead seek to expand regulation into areas that are neither warranted nor appropriate."

13.4 Authority's analysis on Stakeholders' comments regarding Aeronautical Revenue for the First Control Period

Compounding implications due to any deferment in revenue

13.4.1 The Authority has taken note of NMIAL's submissions regarding the compounding implications arising from deferment in revenue, including concerns relating to financial viability, lender covenants, debt servicing obligations and the potential treatment of any resulting shortfall, penalties or financing cost impacts in future tariff determination.

The Authority observes that tariff determination is guided by the principles of balancing recovery of prudent costs, ensuring financial sustainability of NMIAL and safeguarding user interest through moderation of tariffs and protection of traffic growth.

In this regard, the Authority also notes NMIAL's submission regarding the potential impact of any revenue deferment on project bankability.

The Authority is of the view that lender covenants and financing arrangements, while relevant considerations need to be assessed in conjunction with regulatory principles, traffic development considerations and affordability concerns.

Accordingly, while determining the Aggregate Revenue Requirement and tariff structure for the First Control Period, the Authority has suitably considered an appropriate balance between cost recovery, financial sustainability and the potential impact on air traffic demand, based on submissions made by NMIAL, stakeholder comments and material available on record.

Authority Order No. 01/2026-27 dated 07th April 2026 and NMIAL submission of rate card dated 24th March 2026

13.4.2 The Authority has examined the submissions made by NMIAL, the submissions of APAO and the counter-comments furnished by the NMIAL regarding the impact of Authority Order No. 01/2026-27 dated April 07, 2026 and Landing and Parking Charges.

The Authority issued directions under AERA Order No. 1/2026-27 for moderation in Landing and Parking Charges considering the prevailing West Asia situation and the need to support continuity and growth of air traffic. At the outset, the Authority notes that this direction to reduce Landing and Parking Charges for domestic flights by 25% has been issued through a separate industry-wide order, with a clear provision for true-up along with carrying cost in the subsequent Control Period.

Further, AERA Order No. 1/2026-27 specifically provides that "any under-recovery from the Aggregate Revenue Requirement (ARR) shall be trued-up during the tariff determination of the next Control Period." The said mechanism has been designed to ensure regulatory certainty and uniform applicability across all Airport Operators. In view of the above regulatory provision, the Authority observes that concerns relating to potential under-recovery and consequential impact on cash flows are adequately addressed through the established true-up mechanism under the regulatory framework.

With respect to NMIAL's submission seeking immediate adjustment within the current tariff order, the Authority observes that the existing regulatory framework already provides appropriate compensation through the true-up mechanism. Accordingly, any deviation from the established approach may disturb regulatory consistency and comparability across airports. The timing of such adjustments has been explicitly addressed in the Order dated April 07, 2026 and does not warrant reconsideration in the present tariff determination.

Accordingly, the Authority does not find merit in the request for immediate adjustments in the current Control Period and decides that the impact of the said Order shall be considered at the time of true-up in the next Control Period, in line with the extant framework.

Rationalization of charges to sustain development

13.4.3 The Authority notes the comments of Air India and the counter comments of the Airport Operator on **landing charges, UDF charges and cargo operating expenses.**

With respect to landing charges and UDF, the Authority reiterates that tariffs are derived from the ARR and reflect airport-specific cost structures. Comparisons with other airports may not be strictly comparable due to differences in scale, maturity, traffic base and concession frameworks.

On cargo O&M costs, the Authority notes that benchmarking and prudence checks have been undertaken and will continue to be reviewed for reasonableness.

On YPP, the Authority observes that it is driven by ARR and traffic assumptions and varies across airports based on investment scale and service scope.

Standarization of Invoicing Frequency and Payment Timelines

13.4.4 The Authority notes the comments of Indigo regarding General Conditions for Aeronautical Charges and the counter comments of NMIAL.

Indigo has suggested standardization of invoicing frequency (monthly/fortnightly) along with defined payment timelines to enhance cash-flow predictability, while NMIAL has submitted that such matters are operational and commercial in nature and should not be rigidly prescribed through tariff conditions.

The Authority observes that invoicing practices and payment terms are generally governed through commercial arrangements between NMIAL and users, taking into account operational, reconciliation and working capital considerations of both parties. At the same time, the Authority emphasizes that such arrangements should adhere to the principles of transparency, reasonableness and non-discrimination.

Tariff for Aeronautical charges

13.4.5 The Authority has carefully examined the submissions made by Indigo and the counter submissions provided by NMIAL with respect to landing charges, parking charges, UDF, aerobridge charges, BME charges, CUTE/CUSS charges and associated tariff design elements.

The Authority further notes that the impact of any shift in the Control Period on tariff outcomes for NMIAL is expected to be limited, considering that substantial future capital expenditure pertaining to subsequent development phases, including Phase III, has been considered on an incurrence basis. Accordingly, YPP and overall tariff structure are not expected to witness material variation on account of such timing differences in the Control Period.

The Authority observes that comparison of tariff levels across airports such as CSMIA and Jewar is not appropriate for regulatory determination. Each airport operates under distinct characteristics including capital cost structure, stage of development (brownfield vs greenfield), traffic profile, concession terms and phasing of investments. In particular, NMIA is a greenfield airport with significant upfront capital deployment ahead of full traffic materialisation, whereas BOM is a mature airport with largely depreciated asset base.

Similarly, tariff structures at Jewar Airport are based on its own concession framework, phasing and cost assumptions and cannot be considered as a benchmark for NMIA. The major distinction between the two greenfield airport developments was the extensive Pre-development cost deployed for NMIAL due to the complexities of terrain. The Authority reiterates that tariff determination is airport-specific and no regulatory principle mandates uniformity of tariffs across different airports.

On tariff levels and ARR recovery

The Authority notes Indigo's submission that tariff elements, including landing charges and UDF, are derived from the Aggregate Revenue Requirement (ARR). The Authority has at the Consultation Stage, already undertaken prudence checks on capital costs, excluded/adjusted certain elements and adopted a calibrated tariff design to ensure equitable distribution of cost recovery between airlines and passengers. Any selective reduction in specific tariff elements without a corresponding reduction in ARR would distort the cost recovery framework.

On traffic projections and ramp-up

The Authority has considered traffic projections based on available data, benchmarking and prudent assumptions. At the same time, the Authority recognizes that NMIA, being a greenfield airport in a high-demand catchment area, is expected to witness a relatively faster traffic ramp-up post commencement of operations. Traffic has been projected by keeping these considerations in mind.

Further, any variation in actual traffic vis-à-vis projections will be addressed through the truing-up mechanism in subsequent control periods, thereby ensuring regulatory balance.

On capping of tariff increases

The Authority notes the Indigo's suggestion to cap annual tariff escalation. However, as also highlighted by NMIAL, tariff trajectories are linked to underlying cost recovery requirements, including debt servicing obligations and capital recovery profile. Imposing an artificial cap on escalation without regard to these factors may lead to recovery distortions and inter-temporal shifting of tariff burden. Accordingly, the Authority does not find merit in prescribing such caps and has independently evaluated the tariff rate card and rationalised the same. However, it is submitted that the tariff so approved by the Authority in the form of landing, parking, UDF etc. are the maximum tariff/capped levied to the airport users.

On tariff structuring and methodology (MTOW slabs, rounding, etc.)

The Authority observes that the proposed tariff structures, including MTOW-based charging principles and rounding conventions, are consistent with established regulatory practice and ensure administrative simplicity, predictability and cost-reflective recovery. No material justification has been provided to warrant deviation from such established practices.

On parking charges methodology

The Authority notes that parking charges are proposed to be computed based on objective parameters such as on-block and off-block time recorded through AOCC systems. This provides a transparent and verifiable basis for billing. The suggestions for alternative computation approaches are not considered necessary.

On UDF and related provisions

The Authority has already recalculated UDF charges at the Consultation stage after considering affordability concerns and overall ARR recovery. The proposed structure, including collection charges and applicability conditions, is found to be consistent with regulatory principles and operational practicality. The Authority does not find sufficient grounds to modify the same.

On BME and CUTE/CUSS charges

The Authority notes that these charges form part of the overall ARR-based tariff framework and are determined based on cost allocation and projected utilisation. Comparisons with airline self-handling costs are not strictly comparable, as airport-provided systems involve additional infrastructure, resilience, compliance and integration costs. The Authority finds the proposed approach to be consistent with cost-recovery principles.

Variable Tariff Plan (VTP)

13.4.6 The Authority notes the support of the stakeholders Air India and Indigo and the responses furnished by NMIAL regarding implementation of a Variable Tariff Plan (VTP) and notes that such mechanisms play an important role in providing initial traffic ramp up at greenfield airports, particularly during the early stages of development.

The Authority further recognizes that external factors such as geopolitical uncertainties, elevated operating costs for airlines, aircraft delivery delays and the absence of a base carrier can influence the time taken for routes to become viable.

At the same time, the Authority reiterates that while tariff incentives are necessary to stimulate early traffic, the design and duration of VTP schemes must be balanced against the interests of users, long term tariff stability and the reasonable return expectations of investors and should be devoid of discrimination. In undertaking this assessment, the Authority has endeavored to balance the interests of all stakeholders and ensure that the tariffs determined are reasonable, while maintaining the economic and viable operation of the major airport, in line with the mandate under Section 13(1)(a) of the AERA Act, 2008. Accordingly, the proposed VTP has been examined in the overall context of tariff sustainability, projected traffic ramp up and the regulatory framework governing multi-year control periods.

The Authority is of the view that the approved VTP provides an appropriate level of support for initial airline operations at Navi Mumbai International Airport, while ensuring that aeronautical tariffs remain economically efficient and do not impose an undue burden on future users. The Authority also directs NMIAL to ensure that the proposed VTP is in line with ICAO principles of non-discrimination.

The Authority further emphasises that the effectiveness of the VTP, including its role in fostering route viability and traffic growth, will be reviewed in subsequent control periods based on actual outcomes, thereby allowing the regulatory framework to respond appropriately as the airport transitions from the initial development phase.

The Authority directs NMIAL to keep a separate financial year-wise record of such incentives granted and revenue generated from increase in ATM and passengers on account of VTP during the First Control Period.

Affordability and early-year tariff levels at NMIA

13.4.7 The Authority notes the comment of IATA regarding affordability and early-year tariff levels at NMIA, that, as detailed at the Consultation Stage, significant moderation has already been undertaken in key building blocks, including CAPEX, O&M expenses and FRoR, with a view to balancing user affordability and airport viability. The Authority also notes NMIAL's submission that tariffs have been

determined based on the prescribed regulatory methodology, which ensures calibrated cost recovery over the Control Period through the true-up mechanism, rather than upfront recovery.

With regard to IATA's concern on high early-year tariffs, the Authority observes that early-stage infrastructure costs in a greenfield airport are inherently front-loaded, while traffic ramp-up is gradual. Any artificial suppression of tariffs in initial years would not eliminate such costs but defer recovery, potentially resulting in higher tariff burden in subsequent control periods and inter-generational inequity.

The Authority further notes NMIAL's submission that infrastructure at NMIA is substantially complete and available from COD and early users derive full benefit of such capacity. In this regard, cost-reflective tariffs remain an important regulatory principle. The Authority also takes note of targeted mechanisms such as variable tariff structures aimed at supporting traffic development without distorting overall tariff design.

In view of the above, the Authority is of the considered opinion that the tariff approach adopted in the Tariff Order appropriately balances affordability considerations with financial sustainability and does not warrant modification.

Consumer Issues , Telecom Dispute & Consumer Impact and Regulatory Capacity & Passenger Safety

13.4.8 The Authority notes the submissions made by CUTS International regarding consumer issues , telecom dispute & consumer impact and regulatory capacity & passenger safety and the counter comments provided by NMIAL.

At the outset, the Authority recognises that passenger experience, including availability of reliable telecom services, digital payment infrastructure and seamless connectivity, is an important aspect of overall airport service quality. The Authority notes NMIAL's submission that certain initial operational challenges are being addressed and are expected to stabilise over a period as the airport transitions from commissioning to steady-state operations.

With respect to telecom-related concerns, including in-building solutions and service quality, the Authority observes that such matters primarily involve commercial and operational arrangements between telecom service providers and NMIAL. While these may not fall directly within tariff determination, the Authority emphasises that any such issues should not adversely impact passenger convenience and essential airport processes. The Authority expects NMIAL to engage with relevant stakeholders to ensure timely resolution in the interest of users.

On multimodal and last-mile connectivity, the Authority acknowledges the importance of integrated transport linkages for enhancing accessibility and reducing dependence on private modes of transport. The Authority notes the ongoing and planned initiatives relating to road, metro and other connectivity infrastructure as highlighted by NMIAL. While development of such infrastructure lies largely within the domain of government agencies and urban planning authorities, the Authority encourages continued coordination to facilitate seamless passenger movement.

Regarding regulatory capacity and passenger safety, the Authority reiterates that safety oversight is primarily the responsibility of the aviation safety regulator. However, within its mandate, the Authority monitors performance standards relating to quality, continuity and reliability of airport services. The

Authority will continue to utilize this framework to ensure that service delivery, including aspects impacting passenger experience, meets the prescribed standards.

In view of the above, the Authority acknowledges the concerns raised and emphasises the need for coordinated efforts among all stakeholders to ensure that passenger experience, service quality and operational efficiency are progressively enhanced as the airport matures.

Consumer issues at NMIAL

13.4.9 The Authority has noted the observations provided by the airport user Mr. Vishal Gupta and the response of NMIAL on the same. AERA has taken note of the positive observations on infrastructure and passenger experience at NMIAL along with issues relating to connectivity, taxi services, pricing of food and beverages, lounge access, mobile network and security processes primarily fall within the operational domain of NMIAL and other service providers. While these aspects are not directly within the scope of tariff determination, they are important for overall passenger experience.

Accordingly, the Authority expects NMIAL to take cognizance of these concerns and take appropriate measures to further improve service quality and efficiency.

The Authority will continue to monitor service quality within its regulatory ambit.

Bundling Risk and Treatment of Dual-Airport Arrangements

13.4.10 The Authority has noted the submissions of the IATA regarding Bundling Risk and Treatment of Dual-Airport Arrangements, as well as the counter-comments of NMIAL.

At the outset, the Authority notes that the present tariff determination pertains solely to Navi Mumbai International Airport for the First Control Period and does not involve any proposal relating to bundling or grouped tariff determination with any other airport. Accordingly, concerns relating to cross-subsidization, traffic bundling or implicit tariff linkages between airports do not arise in the context of the present determination.

The Authority further notes that the tariff assessment at the Consultation Stage has been undertaken based on airport-specific costs, traffic projections, asset base and revenue assumptions pertaining to NMIA, consistent with the regulatory framework and the principles of cost-related tariff determination. No assumption of financial or operational bundling with any other airport has been considered in the approach adopted.

With regard to the broader issue of grouping of airports, the Authority notes that the AERA Act contains enabling provisions in this regard and only after any notification in this regard by the Govt. as stipulated in section 2(i) of AERA Act, 2008 and accordingly in consideration thereof the same would be addressed in accordance with the applicable statutory and regulatory framework and in the context of the specific facts and circumstances relevant at that stage.

In view of the above, the Authority is of the view that no modification to the approach adopted in the Consultation Stage is required.

Recognition of GA/BA as Core Aeronautical Segment

13.4.11 The Authority has noted the submissions of BAOA regarding recognition of GA/BA as Core Aeronautical Segment, implementation of dedicated GA/BA infrastructure, dual airport coordination between NMIA and CSMIA, long-term parking arrangements, regulation of third-party based GA/BA

charges, principles-based tariff differentiation, performance linked incentive mechanisms and transparency and standardization measures, along with NMIAL's counter comments regarding the same.

In this regard, the Authority has examined these submissions in the context of the statutory scope of tariff determination framework under the AERA Act, tariff guidelines and the commercial and operational independence of the Airport Operator and the need to ensure efficient and demand-linked infrastructure development. The Authority has also considered the need to balance efficient airport operations, equitable access to common-use infrastructure, user affordability and regulatory certainty within the statutory framework of the AERA Act.

Regulatory determination of GA/BA parking / apron / stand charges

The Authority notes that GA/BA operations involve the use of the core airside infrastructure such as aircraft parking, apron usage, stand allocation and associated facilities, which are essential for aircraft operations and to the extent such services relate to common-use essential aeronautical infrastructure. Accordingly, charges relating to such notified aeronautical services are subject to determination and approval by the Authority under the established tariff framework.

Dedicated GA/BA infrastructure implementation

The Authority reiterates that infrastructure development at a greenfield airport is ordinarily undertaken in a modular and scalable manner to align infrastructure commissioning with actual traffic materialization and utilization levels. The phased development is also stipulated in the Concession Agreement based on actual traffic and demand, to ensure efficient use of capital involvement.

The Authority notes that mandating implementation within fixed timelines, without demonstrated demand, may result in underutilized capital deployment and inefficient inclusion of costs within the Regulatory Asset Base and consequently higher tariffs for airport users.

The Authority further notes that Navi Mumbai International Airport is presently in the initial stage of operations. The Authority is of the view that decisions relating to scale, timing and commercial structuring of dedicated GA/BA facilities are primarily matter of airport planning and operational assessment, subject to applicable regulatory and concession framework requirements.

The Authority notes that NMIA and CSMIA operate under separate concession agreements, regulatory frameworks and operational constraints. The Authority also acknowledges the concerns regarding regional traffic distribution and operational coordination within the MMR, such matters principally fall within the operational, planning and policy domain of the relevant airport operators. Further, commercial arrangements relating to premium services, dedicated access, or differentiated facility usage are operational matters of the Airport Operator, subject to applicable regulatory provisions and principles of transparency and non-discrimination.

Regulation of third-party / concessionaire-based GA/BA charges

The Authority reiterates that tariff determination under the AERA Act primarily relates to aeronautical services. Non-aeronautical and Value-added, optional, or commercially differentiated services including preferential access, premium/VIP facilitation, special assistance, offered through concessionaire or third-party arrangements may not necessarily require direct tariff prescription,

provided access to core aeronautical facilities remains available on a transparent and non-discriminatory basis.

However, the Airport Operator shall ensure that such arrangements do not result in denial of access to essential aeronautical services or lead to discriminatory treatment among similarly placed users.

Principles-based tariff differentiation

The Authority notes that factors such as infrastructure development, congestion and capacity considerations are part of the Airport Operator's master planning framework as envisaged in the Concession Agreement as well and are already reflected in the cost-based tariff determination process.

The Authority is of the view that the existing tariff framework already permits consideration of relevant operational and infrastructure-related factors within the overall tariff determination process. The Authority does not consider it necessary to prescribe additional differentiated tariff structures beyond the existing framework at this stage.

Performance-linked incentive framework

The Authority notes that service quality and obligations and monitoring mechanisms are already embedded withing the prevailing regulatory and concession framework. At this stage, the Authority does not consider it necessary to introduce an additional performance-linked incentive/disincentive structure specific to GA/BA services.

Transparency and standardisation

The Authority reiterates that the existing regulatory framework ensures transparency and non-discrimination for aeronautical charges.

GA/BA parking, General Aviation Terminal (GAT) Charges and service transparency and proposed framework for Unauthorized Overstay charges

13.4.12 The Authority has examined the submissions made by BAOA regarding the GA/BA parking, General Aviation Terminal (GAT) Charges and service transparency and proposed framework for Unauthorized Overstay charges as well as the counter comments provided by NMIAL.

GA/BA Parking

The Authority notes that aircraft parking forms part of regulated aeronautical services. Parking charges are basically linked to the duration of parking and also the aircraft weight (Maximum Take-Off Weight) which reflects the extent and intensity of usage of the runway and airside facilities. This ensures usage-based allocation of costs.

The charges relating to aircraft parking stands and use of other aircraft-related facilities are determined by AERA for major airports in a transparent and uniform tariff framework that applies equally to all aircraft operators within the same category of service, independent of status of the aircraft operator i.e., whether scheduled or non-scheduled/ private operators. Aircrafts operated by non-scheduled/private operators actually utilize the same common airside infrastructure as scheduled aircraft operators viz., runways, taxiways, aprons/parking bays, airfield lighting facilities. The charges payable for such infrastructure and facilities vary based on factors such as aircraft weight, duration of parking and the

extent of infrastructure usage, particularly at airside capacity-constrained airports such as Mumbai Airport.

In fact, it can be seen that aircraft parking charges under the approved tariff framework are in a hour based slab structure and charged per hour per MT. Generally, for first two hours aircraft parking charges are nil. Thereafter, for the next two hours, the aircraft parking charges are levied at a specified rate which then increases telescopically for every next slab of fixed hours and thus the present parking charges framework ensures that if an aircraft is parked for unduly long hours the overall parking charges (per hour per MT) for the total number of hours so parked would be steep enough to provide the necessary deterrence against prolonged parking occupancy.

The robust tariff determination regulatory framework of AERA is aimed at financial sustainability of airports by allowing recovery of efficient costs and a reasonable return on investment, while simultaneously safeguarding the interests of passengers and airlines through due diligence, prudence check and rationalisation of costs to arrive at fair tariffs with cross-subsidization from non-aeronautical revenue. The framework promotes cost efficiency by permitting only prudently incurred capital and operating expenditure to be included in tariff calculations. It also ensures transparency and predictability in tariff determination through a consultative process under the Multi-Year Tariff framework. At the same time, it supports safe, secure and reliable airport operations by enabling adequate funding for infrastructure maintenance, expansion and regulatory compliance.

Accordingly, parking charges across airports are a direct function of capital investment, traffic levels, financing structure, asset utilization and the regulatory methodology uniformly applied across major airports linked to usage-based cost recovery, ensuring fairness and consistency. Such usage based charges are economically justified and are determined transparently, aligned with long-term sustainability of airport infrastructure.

AERA's regulatory framework ensures that core aeronautical charges such as parking and use of airside infrastructure are based on transparent, uniform and non-discriminatory principles for uniform application across all categories of aircraft operators.

GA Terminal Charges

To enhance and improve commercial revenues, airport operators also develop dedicated General Aviation (GA) terminals exclusively for chartered and business aircraft operations. Generally at these terminals airport operators offer value-added facilities such as meet-and-greet services, special assistance, premium lounges and other customised amenities for private aircraft operators.

However, in certain cases it has been observed that these value-added facilities/services were bundled with the usage of GA terminals in a manner that created an impression that availing such services was mandatory for General Aviation/Business Aviation operators.

In the above context, the AERA, in order to safeguard user choice and ensure transparency, has issued advisories from time to time, clarifying that such GA terminal-related value-added facilities/services, being purely non-aeronautical in nature, must remain optional and unbundled from the essential airside services required for operation of non-scheduled aircraft, including GA/BA aircraft. Such operators if they don't want to use the GA Terminal facilities should also have the option to use the common Passenger Terminal Building (PTB) in the same manner as scheduled commercial airlines as per the

charges for the said aeronautical facilities as fixed by the AERA through its regular Tariff Order for the said Airport.

Unauthorized Overstay Charges at Mumbai Airport: The issue of unauthorised overstay charges primarily arises in the context of congestion management, scarcity of airport land on airside and optimal utilisation of operational infrastructure at highly airside constrained airports. Such charges are generally intended to discourage prolonged parking or occupation of airside facilities beyond the permitted duration, particularly where there is no scope for expanding airside infrastructure and where the aircraft movements are very high due to huge traffic demand. The Authority has examined the historical context relating to unauthorized / overstay parking charges at Chhatrapati Shivaji Maharaj International Airport (CSMIA).

CSMIA is one of the most airside-constrained brownfield airports in the country. The airport with single runway operates under severe land constraints on airside with limited apron availability, restricted parking bays and high air traffic density. Further, it has no scope to expand airside infrastructure facilities due to inherent physical and operational limitations. It is to be noted that the prolonged occupation of apron stands by aircraft reduces the availability of parking stands for scheduled and commercial aircraft operations, particularly at such highly congested airports like Mumbai thereby adversely impacting operational efficiency. Hence, efficient utilization of parking stands and airport infrastructure have become critical for maintaining smooth operations and minimizing delays at CSMIA.

Under such circumstances, unauthorized overstay charges for GA/BA aircraft were considered necessary as a congestion and capacity management tool. Actually, such charges have been levied right from the beginning since the 1st Control Period from 2009 to 2014 and continued across the 2nd, 3rd and 4th Control Periods in view of the typical airside infrastructure constraints and high utilization levels at the airport.

The continuation of these charges over successive control periods reflects the operational realities of Mumbai Airport, where demand for parking bays and airside infrastructure has consistently remained high relative to available capacity. However, from the parking charges framework at Mumbai Airport, it can be seen that although parking charges are already levied on hour-based slabs which substantially increase for prolonged parking duration/occupancy, such slab-based charges alone do not fully address the operational challenges arising from severe airside space constraints and limited parking bay availability at CSMIA. Accordingly, beyond the normal hour-based parking slabs, unauthorized overstay charges are also levied in cases where non-scheduled aircraft not having CSMIA as their usual base station occupy parking stands beyond the slot time allotted by the Airport Operator. In such cases, the unauthorized overstay charges are levied only on those aircrafts which do not have their usual base station as CSMIA and are parked for longer duration/excess period beyond the approved slot time. However, non-scheduled aircraft having CSMIA as their usual base station do not attract such overstay parking charges and continue to be governed under the normal hour based slab for parking charges.

CSMIA, Mumbai, being a legacy brownfield airport situated within a densely urbanized area, the scope for significant physical expansion particularly on airside remain inherently limited. Thus, as a congestion management measure, unauthorized overstay charges, have continued to remain operationally relevant in CSMIA, Mumbai.

Situation in the new Greenfield Navi Mumbai Airport: Navi Mumbai International Airport has been developed as a greenfield airport with substantial land availability, planned infrastructure expansion capability and no infrastructure constraints at the airside. Thus, the situation at Navi Mumbai Airport is not comparable to what is existing at CSMIA, Mumbai.

The Authority has considered the submissions of NMIAL regarding efficient utilization of parking stands and congestion management. The Authority recognizing the importance of effective parking management and optimum stand utilization has come out with a parking charges framework within the existing tariff structure wherein parking charges are levied on hour-based time slabs which substantially increase on hourly bases for prolonged parking duration/ occupancy, thereby automatically providing adequate deterrence against unduly long parking/occupancy. Hence, the imposition of additional charges in the nature of "unauthorized / overstay parking charges" as proposed by NMIAL does not seem appropriate when there are no such airside constraints.

In view of the above and considering the evolving regional airport infrastructure scenario, the Authority is of the opinion that in the absence of demonstrated operational necessity or airside congestion-related constraints, the inclusion of unauthorized overstay parking charges for GA/BA as proposed by NMIAL in the tariff structure of Navi Mumbai Airport is not warranted. Hence, the Authority decides that the regular parking charges framework as approved under the tariff framework would be adequate to address parking utilization requirements and operational management needs as it adequately provides for steep parking charges beyond specified hours to discourage unduly long overstay of aircrafts.

The development of Navi Mumbai Airport is intended to augment aviation capacity within the Mumbai Metropolitan Region and to reduce congestion pressure on Mumbai Airport. Even during the initial years of operation, the airport is expected to have sufficient parking, apron and operational infrastructure availability. Unlike Mumbai Airport, Navi Mumbai Airport in its initial years of operations, is not expected to face acute land scarcity, apron congestion, parking bay shortages; or operational saturation necessitating deterrence-based overstay measures. Against this background, the Authority has noted the comments of BAOA and the counter-comments of NMIAL regarding long-term and upfront parking arrangements for GA/BA/non-scheduled aircraft. Authority observes that NMIAL, being a greenfield airport, has adequate land availability and does not face the airside space constraints generally associated with congested brownfield airports such as Mumbai Airport. Accordingly, NMIAL may formulate an appropriate long-term parking plan and explore mutually agreeable long-term parking arrangements for GA/BA/non-scheduled aircrafts, taking into account projected demand in the region, operational requirements, and infrastructure planning. Such arrangements may be worked out in consultation with GA/BA/non-scheduled operators and other relevant stakeholders through an appropriate consultative process for putting in place an appropriate long term parking plan for such aircrafts that require it on regular basis.

Rationalization of Minimum Charges with respect to Cargo Services

13.4.13 The tariff for cargo handling services is generally determined on a per-kg basis, with provision of minimum charges. As regards Tariff Structure of Cargo Handling Services as proposed by NMIAL particularly the provision of Minimum Charges associated with various cargo, the Authority considering the feedback received from the cargo industry from time to time inter-alia requesting for the simplification of structure of Tariff Rate Card & rationalization of Minimum Charges, and taking

cognizance of the larger mandate of the Government of India to promote air cargo throughput in the country and to reduce the air cargo logistics cost, deems it necessary to rationalize the Minimum Charges associated with various Cargo Handling Services. Authority is of the view that an appropriate balance is required between user affordability and operational viability of cargo handling services. The Minimum Charges are required to be kept at levels which allow for recovery of fixed costs associated with processing of each cargo consignment, irrespective of weight of Cargo; but at the same time, it should not result in charging of disproportionally higher rates to small packets/ consignments.

Considering the above, the Authority decides to cap the Minimum Charges at 50 times the applicable per-kg rate under various heads of cargo handling services as against 100 to 200 times as proposed by NMIAL.

13.4.14 In light of the above and as elaborated in Chapter 12, the Authority has determined the ARR for the First Control Period as given at **Table 178**, which is again reproduced as follows:

(₹ in crore)

Particulars	Ref.	FY 2025-26*	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
Average RAB (Refer Table 88)	A	8,736.51	17,097.29	16,370.47	15,624.73	14,832.69	
Fair Rate of Return (Refer Table 102)	B	12.49%	12.49%	12.49%	12.49%	12.49%	
Return on average RAB C=A*B	C=A*B	580.15	2,134.92	2,044.16	1,951.04	1,852.14	8,562.42
Depreciation (Refer Table 87)	D	209.90	790.36	797.51	799.49	800.40	3,397.66
O&M expenses (Refer Table 168)	E	196.43	1,144.85	1,631.80	1,636.63	1,703.03	6,312.74
Tax Expense (Refer Table 175)	F	0.00	0.00	185.53	361.59	418.63	965.75
Gross Aggregate revenue requirement (ARR)	G=sum (C:F)	986.48	4,070.13	4,659.00	4,748.75	4,774.21	19,238.57
NAR (Refer Table 172)	H	51.61	417.28	594.81	624.15	632.71	2,320.56
Less: 30% NAR	I=H*30%	-15.48	-125.18	-178.44	-187.24	-189.81	-696.17
ARR	**J=G-I**	**970.99**	**3,944.95**	**4,480.56**	**4,561.50**	**4,584.39**	**18,542.40**
PV factor @12.49%	K	1.00	0.89	0.79	0.70	0.62	
PV of ARR	**L=J*K**	**970.99**	**3,507.03**	**3,541.02**	**3,204.81**	**2,863.35**	**14,087.20**
Sum present value of ARR (₹ in crore)						**14,087.20**	**14,087.20**
Total traffic in Million (Refer Table 15)	M					100.12	100.12
Yield per Passenger (YPP) (in ₹)	N=(L/M)*10					1,407	1,407
Departing passenger in Million	O=M/2					50.06	50.06
Yield per departing passenger (in ₹)	P=(L/O)*10					2,814	2,814
PV of ARR allowed during First Control Period, after carry forward of ₹ 1,595 crore (i.e. 11.32% of PV of ARR)							**12,492 (*88.68% of ₹***

Particulars	Ref.	FY 2025-26*	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	Total
							14,087.20 crore)
Subject to above, the Aeronautical Revenue is as follows-							
Aeronautical Revenue (Refer *Table 179*)		**272**	**2,829**	**4,355**	**4,598**	**4,856**	**16,910**
PV factor		1.00	0.89	0.79	0.70	0.62	
PV of aero revenue		**272**	**2,515**	**3,442**	**3,230**	**3,033**	**12,492**
∑ PV projected aero revenue						**12,492**	**12,492**
Shortfall						**1,595**	**1,595**

**Prorated based on the days of operation within the year, taking into account the COD of December 25, 2025*

13.4.15 Accordingly, the estimated Aeronautical Revenue for the First Control Period is as follows:

Table 179: Aeronautical revenue decided by the Authority for the First Control Period

(₹ in crore)

Particulars	FY26*	FY27	FY28	FY29	FY30	Total
PV of ARR allowed to be recovered during First Control Period (as per Table **178**)					**12,492**	**12,492**
Aeronautical Revenue						
Landing revenue	122	1,104	1,576	1,673	1,776	6,251
Parking & housing revenue	2	14	20	21	22	78
Ground handling revenue	0	3	4	5	5	17
Passenger UDF	116	996	1,452	1,539	1,631	5,734
CUTE and BRS revenue	1	8	11	11	11	43
X- Ray Screening Charges	11	90	121	121	121	465
Aerobridge revenue	2	28	40	40	40	148
Cargo revenue	9	466	962	1,019	1,081	3,537
Fuel Revenues	7	103	144	144	144	542
BME	2	18	25	25	25	94
Total Projected Aero Revenues	**272**	**2,829**	**4,355**	**4,598**	**4,856**	**16,910**
PV Factor	1.00	0.89	0.79	0.70	0.62	
PV of Projected Aero Revenues	**272**	**2,515**	**3,442**	**3,230**	**3,033**	**12,492**
∑ PV of projected aero revenue						**12,492**
Shortfall to be carried forward to next Control Period as per the Table 178						**1,595**

**Considering COD as December 25, 2025*

13.4.16 As per Authority's decision and as per the computation of ARR in **Table 178**, NMIAL is entitled to recover an ARR of ₹ 14,087.20 crore (in NPV terms) in respect of the First Control Period. The present value of total projected Aeronautical Revenues as per the Authority including Landing & Parking, UDF charges and Other Charges is ₹ 12,492 crore (in NPV terms), thus resulting in a net under recovery/shortfall of ₹ 1,595 crore (i.e. 11.32% of ARR), which the Authority decides to carry forward to the next Control Period

13.5 Authority's decisions regarding Aeronautical Revenue for First Control Period

Based on the material before it and based on its analysis, the Authority decides the following with regard to ARR for the First Control Period:

13.5.1 To consider the Aeronautical Revenue as per Table 179.

13.5.2 The Authority directs NMIAL to keep a separate financial year-wise record of such incentives granted and revenue generated from increase in ATM and passengers on account of VTP during the First Control Period.

13.5.3 To direct NMIAL to ensure the principles of non-discrimination of ICAO are not violated.

13.5.4 To direct NMIAL to maintain separate accounts for its Cargo Handling and Fuel Services and to submit the Annual Compliance Statement (ACS) for each accounting year (ending on March 31st) as per AERA CGF Guidelines.

13.5.5 To true up Aeronautical Revenue based on the actual numbers for the First Control Period at the time of determination of Tariff for the Second Control Period.

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14. SUMMARY OF AUTHORITY'S DECISIONS

Chapter 3: PRE-COD LOSSES FOR THE PERIOD FROM FY 2018 TO COD

3.6.1 Not to consider the pre-COD losses as part of tariff for the period from Company inception to COD for Navi Mumbai International Airport.

Chapter 4: TRAFFIC FOR THE FIRST CONTROL PERIOD

4.6.1 To consider the passenger, ATM and cargo traffic for the First Control Period for NMIA as per Table 15.

4.6.2 To true up the traffic volume (passenger, ATM and cargo) on the basis of actual traffic in the First Control Period while determining tariff for the Second Control Period.

Chapter 5: CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FIRST CONTROL PERIOD

5.10.1 To consider the Terminal Building Ratio (TBLR) of 88:12 (aeronautical: non-aeronautical) as mentioned in para 5.4.2 in line with IMG norms.

5.10.2 To consider financing allowance during the First Control Period as detailed in Table 84

5.10.3 To consider the CAPEX for the First Control Period in accordance with Table 85

5.10.4 To consider the aeronautical additions for the First Control Period in accordance with Table 86

5.10.5 To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the next Control Period.

5.10.6 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule, as mentioned in para 5.3.30. The same will be examined during the true up of the First Control Period, at the time of determination of tariff for the next Control Period.

5.10.7 To true up the aeronautical CAPEX based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for next Control Period.

5.10.8 To adopt aeronautical depreciation as per Table 87 for the First Control Period.

5.10.9 To true up the depreciation of the First Control Period based on the actual asset additions and actual date of capitalization during the tariff determination of the next Control Period.

5.10.10 To consider average RAB for the First Control Period for NMIA, Navi Mumbai as per Table 88.

5.10.11 To true up the RAB based on actuals at the time of tariff determination for the next Control Period.

Chapter 6: FAIR RATE OF RETURN (FRoR) FOR THE FIRST CONTROL PERIOD

6.6.1 To consider Cost of Debt as 9.57% as per para 6.2.27.

6.6.2 To true up the Cost of Debt (except for soft loan & ICD) for the First Control Period based on actuals (or) SBI average 6-month MCLR plus 155 bps (whichever is lower) at the time of tariff determination for the Second Control Period.

6.6.3 To consider Cost of Equity at 15.18%.

6.6.4 To consider FRoR of 12.49% for Navi Mumbai International Airport for the First Control Period as per Table 102.

Chapter 7: INFLATION FOR THE FIRST CONTROL PERIOD

7.6.1 To consider inflation for the First Control Period for NMIA as per Table 105.

Chapter 8: OPERATING & MAINTENANCE EXPENSES FOR THE FIRST CONTROL PERIOD

8.6.1 To consider O&M expenses for the First Control Period for NMIA in accordance with Table 168.

8.6.2 To true up O&M expenses incurred by NMIA for the First Control Period, while determining tariff for the next control period, subject to reasonability and efficiency.

Chapter 9: NON-AERONAUTICAL REVENUE FOR THE FIRST CONTROL PERIOD

9.6.1 To consider NAR for the First Control Period for NMIA, Mumbai as per Table 172.

9.6.2 To consider true up of NAR at the time of determination of tariff for the Second Control Period, if it is higher than that decided by the Authority in Table 172.

Chapter 10: TAXATION FOR THE FIRST CONTROL PERIOD

10.6.1 To consider aeronautical tax as per Table 175 for the First Control Period.

10.6.2 To true up the aeronautical tax amount appropriately taking into consideration all relevant facts at the time of tariff determination for the next control period.

Chapter 11: QUALITY OF SERVICE FOR THE FIRST CONTROL PERIOD

11.5.1 NMIAL should ensure that service quality at Navi Mumbai International Airport adheres to the performance standards outlined in the Concession Agreement and shall comply with such performance standards as may be notified pursuant to the final order referred to in paragraph 11.2.4, once the same becomes applicable to major airports.

Chapter 12: AGGREGATE REVENUE REQUIREMENT FOR THE FIRST CONTROL PERIOD

12.6.1 To consider the ARR and YPP for the First Control Period for NMIA in accordance with Table 178.

12.6.2 To true up the ARR and YPP for the First Control Period based on actuals subject to reasonableness and efficiency at the time of tariff determination of Second Control Period.

Chapter 13: AERONAUTICAL REVENUE FOR THE FIRST CONTROL PERIOD

13.5.1 To consider the Aeronautical Revenue as per Table 179.

13.5.2 The Authority directs NMIAL to keep a separate financial year-wise record of such incentives granted and revenue generated from increase in ATM and passengers on account of VTP during the First Control Period.

13.5.3 To direct NMIAL to ensure the principles of non-discrimination of ICAO are not violated.

13.5.4 To direct NMIAL to maintain separate accounts for its Cargo Handling and Fuel Services and to submit the Annual Compliance Statement (ACS) for each accounting year (ending on March 31st) as per AERA CGF Guidelines.

13.5.5 To true up Aeronautical Revenue based on the actual numbers for the First Control Period at the time of determination of Tariff for the Second Control Period.

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15. ORDER

15.1.1 In exercise of power conferred by Section 13(1)(a) of the AERA Act, 2008, and based on the above decisions, the Authority hereby determines the Aeronautical tariff to be levied at Navi Mumbai International Airport for the First Control Period as placed in **Annexure - I.**

15.1.2 In exercise of power conferred by Section 13(1)(b) of the AERA Act, 2008, read with rule 89 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934, the Authority hereby determines the rate of UDF as indicated in the rate card at Annexure – I to the Order of the First Control Period.

15.1.3 The tariff determined herein are ceiling rates, exclusive of taxes, if any.

15.1.4 The Order shall be made effective from June 1, 2026.

15.1.5 The Airport Operator shall submit its MYTP to the Authority for the Second Control Period in a timely manner as per Authority's Guidelines.

By the Order and in the name of the Authority

(Suyash Narain)
Secretary

To
Capt. B V J K Sharma
Chief Executive Officer
Navi Mumbai International Airport Private Limited
Mumbai – 410 206

Copy to:

1. **Secretary,** Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi – 110003
2. **Directorate General of Civil Aviation:** For Issuance of AIC

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16. ANNEXURES

16.1 Annexure I – Annual Tariff approved by the Authority for Navi Mumbai International Airport for the First Control Period – effective from June 1, 2026

16.1.1 Annexure IA - Tariff Rate Card

a) **LANDING CHARGES**

(Rate in ₹ per MT)

Flight	June 1, 2026 to March 31, 2027	April 1, 2027 to March 31, 2028	April 1, 2028 to March 31, 2029	April 1, 2029 to March 31, 2030
Domestic	1,400	1,484	1,573	1,667
International	1,850	1,961	2,079	2,203

Notes:

1. Weight of an aircraft means Maximum Take-Off Weight (MTOW) in MT (i.e. 1,000 kg) as indicated in the Certificate of Airworthiness (CoA) issued by competent authority.
2. Landing charges shall be calculated on next rounded-off MT (i.e., 1,000 kg)
3. The above-mentioned rates are Rack Rates (RR), wherever necessary in the Tariff rate card.
4. Domestic legs of international routes of Indian operators to be treated as domestic flights as far as landing charges are concerned, irrespective of the flight numbers assigned to such flights.
5. A minimum charge of ₹ 8,000/- shall be levied per single unscheduled landing of helicopter and general aviation aircraft. For over the specified tonnage, the charges as per MTOW will be applicable.
6. No landing charges shall be payable in respect of:
   a) Aircraft with a maximum certified passenger capacity of less than 80 seats, being operated by domestic scheduled operators at the airport.
   b) Training flights operated by DGCA approved flying schools/flying training institutes.
   c) Helicopters of all types (not applicable to non-scheduled operators).
   d) Military aircraft (Government of India) including para-military forces such as BSF, Coast Guard etc.

b) **PARKING CHARGES**

Parking Charges for all Aircraft - Domestic and International (after free parking period of two hours)

(Rate in ₹ per MT per hour)

Flight	June 1, 2026 to March 31, 2027	April 1, 2027 to March 31, 2028	April 1, 2028 to March 31, 2029	April 1, 2029 to March 31, 2030
First 2 hours after Free Parking Period	19	20	21	23
Beyond 4 Hours	23	24	26	27

Notes:

1. Weight of an aircraft means MTOW in MT (1,000 kg) as indicated in the certificate of airworthiness filed with DGCA.
2. The charges set forth herein shall be calculated based on the next rounded off MT and for

calculating chargeable parking time, part of an hour shall be rounded off to the next hour.

3. Free parking is allowed on all aircraft stands (Contact and Remote) for the first two hours.
4. Parking time will be calculated based on On-Blocks and Off-Blocks time as recorded at the Airport Operations Control Centre (AOCC).

c) **USER DEVELOPMENT FEES (UDF)**

Applicable rates for travel date from June 1, 2026 to March 31, 2027

(Rate in ₹ per passenger)

Type of Passenger	Domestic	International
Embarking passenger	620	1,225
Disembarking passenger	270	525

Applicable rates for travel date from April 01, 2027 to March 31, 2028

(Rate in ₹ per passenger)

Type of Passenger	Domestic	International
Embarking passenger	657	1,299
Disembarking passenger	286	557

Applicable rates for travel date from April 01, 2028 to March 31, 2029

(Rate in ₹ per passenger)

Type of Passenger	Domestic	International
Embarking passenger	697	1,376
Disembarking passenger	303	590

Applicable rates for travel date from April 01, 2029 to March 31, 2030

(Rate in ₹ per passenger)

Type of Passenger	Domestic	International
Embarking passenger	738	1,459
Disembarking passenger	322	625

Notes:

1. **Collection Charges**: Collection charges shall be applicable as per the policy pertaining to such charges between NMIAL and the airline.
2. For calculating UDF in Foreign currency, the RBI conversion rate as on the last day of the previous month for tickets issued in the first fortnight and rate as on 15th of the month for tickets issued in the second fortnight shall be adopted.
3. Exemptions in Payment of User Development Fee (UDF) - In terms of DGCA AIC No. 14/2019 dated 16.05.2019 and AIC No. 20/2019 dated 06.11.2019 (decision of Ministry of Civil Aviation, Govt. of India vide order no. AV 29012/39/2018-AD dated 30.10.2019) the following categories of persons are exempted from levy and collection of UDF:
   a. Children (Under the age of 2 years)
   b. Holders of Diplomatic Passport.
   c. Airlines crew on duty including sky marshals and airline crew on board for the particular flight

only (this would not include Dead Head Crew, or ground personnel),

d. Persons travelling on official duty on aircraft operated by Indian Armed Forces.

e. Persons travelling on official duty for United Nations Peace Keeping Missions.

f. Transit/transfer passengers (this exemption may be granted to all the passengers transiting up to 24 hours. A passenger is treated in transit only if onward travel journey is within 24 hours from arrival into airport and is part of the same ticket. In case 2 separate tickets are issued it would not be treated as transit passenger). UDF (Domestic / International) will be determined and levied based on ultimate destination in particular ticket / PNR.

d) INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) – CUTE/CUSS/BRS CHARGES

(Rate per passenger)

Particulars	June 1, 2026 to March 31, 2030
Per Embarking Domestic passenger	₹ 75
Per Embarking International passenger	USD 1.25

Notes:

1. ICT services are being Licensed to Licensee on revenue share model. The Charges mentioned above will be collected by Licensee from Airlines.
2. ICT charges shall be applicable on the UDF paying passengers on scheduled flights and passengers on non-scheduled chartered flights.
3. For converting the USD to ₹, the RBI reference conversion rate as on last day of the previous month for tickets issued in first fortnight and rate as on 15th of the month for tickets issued in the second fortnight shall be adopted.

e) BRIDGE MOUNTED EQUIPMENT (BME) CHARGES

Applicable rates for travel date from June 1, 2026 to March 31, 2030

(Rate in ₹ per hour)

Particulars	Service	FEGP		PCA	
Domestic	Code C		2,500		3,750
	Code D		3,000		4,000
	Code E		3,500		4,250
International	Code C	Single Cable	5,750	60T	5,850
		Double Cable	6,950	90T	6,525
	Code D	Single Cable	5,750	90T	6,525
		Double Cable	6,950		6,525
	Code E	Single Cable	5,750	90T	6,525
		Double Cable	6,950		6,525
	Code F	Single Cable	5,750	90T	6,525
		Double Cable	6,950	120T	7,525
				120T for A380 Series	8,725

* FEGP – Fixed Electric Ground Power

**PCA – Pre-Conditioned Aircool

f) X-RAY BAGGAGE CHARGES FROM JUNE 1, 2026 TO MARCH 31, 2030

(Rate in ₹ per flight)

Particulars	No. of seats per aircraft	Amount
Scheduled Domestic Departing Flight	Upto 80	8,000
	More than 80	12,000
Scheduled International Departing Flight	All	25,000

g) **AEROBRIDGE CHARGES FROM JUNE 1, 2026 TO MARCH 31, 2030**

Aerobridge Charges are payable for each usage as per the rates given below.

(Rate in ₹ per hour)

Weight of Aircraft	Domestic Flight	International Flight
Upto Code C	1,700	3,400
Code D	3,400	6,800
Code E	3,400	6,800
Code F	5,050	10,110

Notes:

1. For calculating chargeable Aerobridge usage time, any part of an hour shall be rounded off to the next hour
2. Charges for each usage shall be rounded off to nearest Rupee
3. Parking charges shall be levied separately as mentioned above in point (b).

h) **FUEL INFRASTRUCTURE CHARGES**

(Rate in ₹ per KL)

Particulars	June 1, 2026 to March 31, 2030
Fuel Infrastructure Charges (Including Aircraft Refueling)	2,000
Aircraft Defueling	300
Re-fueling of defueled product	
Within 24 hrs	350
Beyond 24 hrs	400

General Conditions for all Aeronautical Tariffs:

(i) All above mentioned charges (Landing, Parking, UDF, ICT(CUTE/CUSS/BRS) Charges, BME Charges, X-ray Baggage Charges, Aerobridge Charges and Fuel Infrastructure Charges) are exclusive of applicable taxes.

(ii) All the charges applicable (a) to Indian Carriers (including international operations) will be in ₹/INR; and (b) to Foreign carriers in USD.

(iii) **Aviation security Fee (ASF)** shall be applicable as prescribed by MoCA from time to time

(iv) Flights operating under Regional connectivity Scheme will be exempted from charges as per Order No 20/2016-17 dated March 31, 2017 of the Authority from the date the scheme is operationalized by the GoI as amended from time to time.

i) **CARGO CHARGES**

I - Charges Payable by Shippers/Agents (City Side Charges)

(A) Export Cargo Handling Services *(Rates in ₹)*

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	Terminal, Storage & Processing (TSP) Charges					
a	General Cargo	Min Charges/AWB	101	107	113	120
		Rate per KG	2.01	2.13	2.26	2.40
b	Special (AVI)/VUN Cargo	Min Charges/AWB	180	191	202	214
		Rate per KG	3.60	3.82	4.05	4.29
c	Valuable/DG/ Project/OD Cargo	Min Charges/AWB	234	248	263	279
		Rate per KG	4.67	4.95	5.25	5.57
d	Perishable Cargo (Including Fruits & Vegetables etc.)	Min Charges/AWB	180	191	202	214
		Rate per KG	3.60	3.82	4.05	4.29
e	Pharma Cargo (including other Cargo requiring controlled temperature)	Min Charges/AWB	180	191	202	214
		Rate per KG	3.60	3.82	4.05	4.29
f	Facilitation Fee - Express/International Courier	Min Charges/AWB	NA	NA	NA	NA
		Rate per KG	14.13	14.98	15.88	16.83
2	Demurrage Charges (Rate per Kg per day or part thereof)					
a	General Cargo	Min Charges/AWB	83	88	93	99
		Rate per KG	1.65	1.75	1.86	1.97
b	Special (AVI)/VUN Cargo	Min Charges/AWB	163	173	183	194
		Rate per KG	3.26	3.46	3.67	3.89
c	Valuable/DG/ Project/OD Cargo/Express/Courier/Gems & Jewellery	Min Charges/AWB	163	173	183	194

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
		Rate per KG	3.26	3.46	3.67	3.89
d	Perishable Cargo (Including Fruits & Vegetables etc.)	Min Charges/AWB	163	173	183	194
		Rate per KG	3.26	3.46	3.67	3.89
e	Pharma Cargo (including other Cargo requiring controlled temperature)	Min Charges/AWB	163	173	183	194
		Rate per KG	3.26	3.46	3.67	3.89
3	Build-up-Pallet (BUP) Charges - AFS Cargo					
a	General Cargo					
i	BUP Charge (upto LD3) Capacity 1588 kgs	Per Unit	2234	2368	2512	2668
ii	BUP Charge (above LD3 - lower deck pallet) Capacity 3175 kgs	Per Unit	4467	4734	5023	5334
iii	BUP Charge (above LD3-main deck pallet) Capacity 6800 kgs	Per Unit	9568	10139	10758	11424
b	Other than General Cargo					
i	BUP Charge (upto LD3) Capacity 1588 kgs	Per Unit	4002	4246	4502	4769
ii	BUP Charge (above LD3 - lower deck pallet) Capacity 3175 kgs	Per Unit	8001	8490	9001	9535
iii	BUP Charge (above LD3-main deck pallet) Capacity 6800 kgs	Per Unit	17136	18183	19278	20420
4	Weight/ Volume Mis-declaration Charges	2-5% Variation	2 times of TSP	2 times of TSP	2 times of TSP	2 times of TSP
		More than 5% Variation	5 times of TSP	5 times of TSP	5 times of TSP	5 times of TSP
5	Custom Facilitation Charges (If Applicable)	per Kg	1.25	1.33	1.41	1.49

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(B) Import Cargo Handling Services *(Rates in ₹)*

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	Terminal, Storage & Processing (TSP) Charges					
a	General Cargo	Min Charges/AWB	267	283	300	318
		Rate per KG	10.28	10.90	11.55	12.24
b	Special (AVI)/VUN Cargo	Min Charges/AWB	523	554	587	622
		Rate per KG	20.70	21.94	23.26	24.66
c	Valuable/DG/ Project/OD Cargo	Min Charges/AWB	1035	1097	1163	1233
		Rate per KG	20.70	21.94	23.26	24.66
d	Perishable Cargo (Including Fruits & Vegetables etc.)	Min Charges/AWB	518	549	582	617
		Rate per KG	10.35	10.97	11.63	12.33
e	Pharma Cargo (including other Cargo requiring controlled temperature)	Min Charges/AWB	523	554	587	622
		Rate per KG	20.70	21.94	23.26	24.66
2	Custom facilitation Charges (if applicable) - Cargo	Rate per Packet	1.25	1.33	1.41	1.49
2a	Facilitation Charges - Express/ International Courier	Rate per Kg	18.00	19.08	20.22	21.43
3	Demurrage Charges (Rate per KG per day or part thereof)					
a	General Cargo					
i.	Between 48 hrs. Upto 96 hrs.	Min Charges/AWB	161	171	181	192
		Rate per KG	3.22	3.41	3.61	3.83
ii.	Between 96 hrs. and 720 hrs.	Min Charges/AWB	319	338	358	379
		Rate per KG	6.38	6.76	7.17	7.60
iii.	Beyond 720 hrs.	Min Charges/AWB	480	509	540	572

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
		Rate per KG	9.59	10.17	10.78	11.43
b	Special(AVI)/VUN Cargo					
i.	Between 48 hrs. Upto 96 hrs.	Min Charges/AWB	319	338	358	379
		Rate per KG	6.38	6.76	7.17	7.60
ii.	Between 96 hrs. and 720 hrs.	Min Charges/AWB	639	677	718	761
		Rate per KG	12.78	13.55	14.36	15.22
iii.	Beyond 720 hrs.	Min Charges/AWB	958	1015	1076	1141
		Rate per KG	19.16	20.31	21.53	22.82
c	Valuable/DG/ Project/OD Cargo					
i.	Between 48 hrs. Upto 96 hrs.	Min Charges/AWB	479	508	538	570
		Rate per KG	9.57	10.14	10.75	11.40
ii.	Between 96 hrs. and 720 hrs.	Min Charges/AWB	959	1017	1078	1143
		Rate per KG	19.17	20.32	21.54	22.83
iii.	Beyond 720 hrs.	Min Charges/AWB	1437	1523	1614	1711
		Rate per KG	28.74	30.46	32.29	34.23
d	Perishable Cargo (Including Fruits & Vegetables etc.)					
i.	Between 48 hrs. Upto 96 hrs.	Min Charges/AWB	160	170	180	191
		Rate per KG	3.19	3.38	3.58	3.79
ii.	Between 96 hrs. and 720 hrs.	Min Charges/AWB	320	339	359	381
		Rate per KG	6.39	6.77	7.18	7.61
iii.	Beyond 720 hrs.	Min Charges/AWB	479	508	538	570
		Rate per KG	9.58	10.15	10.76	11.41

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Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
e	Pharma Cargo (including other Cargo requiring controlled temperature)					
i.	Between 48 hrs. Upto 96 hrs.	Min Charges/AWB	319	338	358	379
		Rate per KG	6.38	6.76	7.17	7.60
ii.	Between 96 hrs. and 720 hrs.	Min Charges/AWB	639	677	718	761
		Rate per KG	12.78	13.55	14.36	15.22
iii.	Beyond 720 hrs.	Min Charges/AWB	958	1015	1076	1141
		Rate per KG	19.16	20.31	21.53	22.82
f	Express/ Courier Cargo					
i.	0-2 Days per Kg	Min Charges/AWB	NA	NA	NA	NA
		Rate per KG/ Day	NA	NA	NA	NA
ii.	2 to 10 Days	Min Charges/AWB	42	45	48	51
		Rate per KG/ Day	3.66	3.88	4.11	4.36
iii.	10 to 20 Days	Min Charges/AWB	42	45	48	51
		Rate per KG/ Day	4.88	5.17	5.48	5.81
iv.	20 to 30 Days	Min Charges/AWB	42	45	48	51
		Rate per KG/ Day	6.71	7.11	7.54	7.99
v.	More than 30 Days	Min Charges/AWB	42	45	48	51
		Rate per KG/ Day	8.53	9.04	9.58	10.15
4	Build-up-Pallet (BUP) Charges - AFS Cargo					

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
a	General Cargo					
i	BUP Charge (upto LD3) Capacity 1588 kgs	Per Unit	4,129	4,377	4,640	4,918
ii	BUP Charge (above LD3 - lower deck pallet) Capacity 3175 kgs	Per Unit	8,255	8,750	9,275	9,832
iii	BUP Charge (above LD3-main deck pallet) Capacity 6800 kgs	Per Unit	17,680	18,741	19,865	21,057
b	Other than General Cargo					
i	BUP Charge (upto LD3) Capacity 1588 kgs	Per Unit	7,938	8,414	8,919	9,454
ii	BUP Charge (above LD3 - lower deck pallet) Capacity 3175 kgs	Per Unit	12,064	12,788	13,555	14,368
iii	BUP Charge (above LD3-main deck pallet) Capacity 6800 kgs	Per Unit	21,489	22,778	24,145	25,594

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Notes pertaining to International Cargo Handling Services in respect of Agents/Shippers

1	Consignments of Human Remains, Coffins including Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of the Terminal, Storage and Processing charges and Demurrage Charges.
2	Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight" and/or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
3	Terminal, Storage and Processing (TSP) Charges are inclusive of Forklift Charges wherever Forklift usage is involved. No separate Forklift Charges will be levied.
4	Free period: Free period for calculations of demurrage charges will be as per Govt. of India Orders, issued from time to time.
	(i) Export Cargo: Free period of 12 hrs. for examination/ processing by shippers on "Per kg. per day".
	(ii) Import Cargo: Free period for import cargo is 48 hrs. Computation of Free Period will start from the Segregation time of flight till time of generation of release note inclusive of Holidays. After expiry of above mentioned stipulated Free Period, Demurrage for next 48hrs. will be charged on' per kg per day non-cumulative basis inclusive of holidays, provided the consignment is cleared within 96 hours from Segregation time. Number of hours applicable for demurrage will be computed as the time between Segregation Time and "Time of generation of Release Note". Each 24 hrs. cycle will be taken as one day and any part thereof will be counted as one full day. After expiry of the stipulated free period i.e. 48 hrs., if the total time between Segregation Time and generation of the Release Note exceeds 96 hrs., Demurrage charges will be levied on cumulative basis inclusive of holidays from Segregation Time as per above table.
5	Valuable consignment means" cargo with high declared value for example, rare and precious metal such as gold, platinum, iridium, rhodium, ruthenium, osmium and palladium and their alloys/products; various precious stones, rubies, emeralds, sapphires, opals, Jade articles, diamond, pearl and its jewellery/ products; watches made of silver, gold or platinum, valuable documents including books, paintings, and antiques etc.; currency notes, securities, stamps and articles that have been declared with value of no less than 1000 US Dollars per kilogram of gross weight."
6	Back to town charges are at 100% of all applicable charges including TSP charges.
7	Any cost incurred for leasing/hiring of any special equipment for handling a particular shipment shall be recovered on Actuals plus15% Admin Fee.
8	Customs Deployment Charge including Merchant Overtime Charge (MOT) at actuals on a per kg basis to be charged based on the actual Customs deployment. The same shall be reconciled and revised on a quarterly basis to adjust for short/excess recovery in over subsequent quarters.
9	For Bonded Trucking activities applicable TSP will be charged.
10	Special Cargo Consists of Live Animals & Day-old Chicks
11	Additional Processing Charges for non-Scheduled Aircraft would be 15% of TSP Charges.
12	All Import/Export Charges for Freight Forwarder/ Consignees/ Agents shall be on per Bill of Entry/AWB basis.
13	Complete Shipment should be physically available prior to payment of TSP Charges.
14	50% of TSP Charges as applicable to General Cargo will apply to Newspapers (Dailies) on per kilo charge only.
15	All bills will be rounded off to the next ₹ 1.
16	All charges above are excluding GST & other taxes, which shall be Payable extra at prevailing rates.

(C) Domestic Cargo Handling Services – Outbound Cargo ***(Rates in ₹)***

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	Terminal, Storage & Processing (TSP) Charges					
a	General Cargo	Min Charges /AWB	66	70	74	78
		Rate per KG	1.31	1.39	1.47	1.56
b	Special (AVI)/VUN Cargo	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
c	Valuable/DG/ Project/OD Cargo	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
d	Perishable Cargo (Including Fruits & Vegetables etc.)	Min Charges /AWB	66	70	74	78
		Rate per KG	1.32	1.40	1.48	1.57
e	Pharma Cargo (including other Cargo requiring controlled temperature)	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
2	Demurrage Charges (Rate per Kg per day or part thereof)					
a	General Cargo	Min Charges /AWB	66	70	74	78
		Rate per KG	1.31	1.39	1.47	1.56
b	Special (AVI)/VUN Cargo	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
c	Valuable/DG/ Project/OD Cargo	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
d	Perishable Cargo (Including Fruits & Vegetables etc.)	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
e	Pharma Cargo (including other Cargo requiring controlled temperature)	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14

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Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
3	Weight/Volume Mis-Declaration Charge					
a	2-5% variation	Min Charges /AWB	NA	NA	NA	NA
		Rate per KG	1.56	1.65	1.75	1.86
b	More than 5% variation	Min Charges /AWB	NA	NA	NA	NA
		Rate per KG	3.90	4.13	4.38	4.64

(D) Domestic Cargo Handling Services - Inbound Cargo ***(Rates in ₹)***

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	Terminal, Storage & Processing (TSP) Charges					
a	General Cargo	Min Charges /AWB	66	70	74	78
		Rate per KG	1.31	1.39	1.47	1.56
b	Special (AVI)/VUN Cargo	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
c	Valuable/DG/ Project/OD Cargo	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
d	Perishable Cargo (Including Fruits & Vegetables etc.)	Min Charges /AWB	66	70	74	78
		Rate per KG	1.32	1.40	1.48	1.57
e	Pharma Cargo (including other Cargo requiring controlled temperature)	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
2	Demurrage Charges (Rate per KG per day or part thereof)					

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
a	General Cargo	Min Charges /AWB	66	70	74	78
		Rate per KG	1.31	1.39	1.47	1.56
b	Special(AVI)/VUN Cargo	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
c	Valuable/DG/ Project/OD Cargo	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
d	Perishable Cargo (Including Fruits & Vegetables etc.)	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14
e	Pharma Cargo (including other Cargo requiring controlled temperature)	Min Charges /AWB	132	140	148	157
		Rate per KG	2.63	2.79	2.96	3.14

Notes pertaining to Domestic Cargo Handling Services in respect of Agents/Shippers

1.	Consignments of Human Remains, Coffins including Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of the TSP and Demurrage charges.
2.	Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and/or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
3.	50% of TSP Charges as applicable to General Cargo will apply to Newspapers (Dailies) on per kilo Charge only.
4.	The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
5.	Valuable consignment means "cargo with high declared value for example, rare and precious metal such as gold, platinum, iridium, rhodium, ruthenium, osmium and palladium and their alloys/products; various precious stones, rubies, emeralds, sapphires, opals, Jade articles, diamonds, pearl and its jewellery / products; watches made of silver, gold or platinum, valuable document Including books, paintings, and antiques etc.; currency notes, securities, stamps and articles that have been declared with value of no less than 1000 US Dollars per kilogram of gross weight".
6.	Back to town charges are at 100% of all applicable charges including TSP charges.
7.	Special Cargo Consists of Live Animals & Day-old Chicks
8.	Out bound cargo- free period shall be 24 hours from the time shipment deposited by the forwarder/ agent/ shipper on 'per Kg per day'
9.	In bound cargo- free period shall be 24 hours from the actual time of flight arrival at 'per Kg per day'
10.	The traffic rates indicated above are maximum rates to be charged to users.

11.	All bills will be rounded off to the next ₹ 1 as per rules.
12.	All charges above are excluding GST & Other applicable Taxes & Duties, which shall be levied at prevailing rates.
13.	Each 24 hrs. Cycle will be taken as 01 day, and any part thereof will be counted as one full day.

(E) Other Optional Services - Payable by Shippers/ Agents ***(Rates in ₹)***

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	Pet Assistance	Per Pet	1788	1895	2009	2130
2	Marketing & Labelling Charges	Per AWB	1247	1322	1401	1485
3	Bonded Trucking Charges	Rate per KG	2.00	2.12	2.25	2.39
		Per AWB	NA	NA	NA	NA
4	Dry Ice Acceptance Certification	MAWB	1333	1413	1498	1588
5	Bar Code label Printing Charges	Per Label	2.00	2.12	2.25	2.39
6	DG Certification	Per Check List	2666	2826	2996	3176
7	Amendment of AWB	Per AWB	127	135	143	152
8	Return Cargo Charges/ Back to Town (BTT)/ Withdrawal	Per AWB	NA	NA	NA	NA
		Rate per KG	Additional 50% of TSP	Additional 50% of TSP	Additional 50% of TSP	Additional 50% of TSP
9	Repacking / Plastic Strapping Charge	Min Charges/AWB	127	135	143	152
		Rate per Package	26	28	30	32
10	Shrink Wrap of Unit Load Device (ULD) [cost inclusive of material]	Per ULD	3574	3788	4015	4256
11	Shrink Wrap of Euro Pallet/Skid	Per Pallet /Skid	536	568	602	638
12	Repacking with Wooden skid (Excluding Strapping)	Per Wooden Skid	894	948	1005	1065
13	Special Wrap (Bubble/Thermal) Service Charge/ULD inclusive of material	Per ULD	3574	3788	4015	4256
14	Shrink Wrap [inclusive of material]	Per Box	63	67	71	75
15	Packing Charges [inclusive of material]	Per Box	27	29	31	33
16	Plastic Sheets	Per Sheet (20*40)	636	674	714	757
17	HAWB Consolidation Charges	Per AWB	890	943	1000	1060

Sr. No.	Particulars	Unit	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
18	Delivery Order Fees	Per AWB	7479	7928	8404	8908
19	HAWB Issuance Fees	Per AWB	4861	5153	5462	5790
20	HAWB De-Consolidation Charges	Per AWB	890	943	1000	1060
21	Special Handling Fees with Pre-Alert	Per Kg	0.25	0.27	0.29	0.31
22	Miscellaneous Charges	Per Kg	3.00	3.18	3.37	3.57
23	Miscellaneous Charges	Per AWB	20	21	22	23

II - CHARGES PAYABLE BY AIRLINES (AIR SIDE CHARGES)

(A) Export Cargo Handling Services

(Rates in ₹)

Sr. No.	Particulars of Services	Charge type	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	Unitization/Build-up/Palletization - Cargo	Min Charges/AWB	NA	NA	NA	NA
		Rate per KG	5.93	6.29	6.67	7.07
2	Unitization/Build-up/Palletization - Express/ Courier (0-1,000 Tons)	Min Charges/ Ton	3174	3364	3566	3780
		Rate per KG	NA	NA	NA	NA
3	Unitization/Build-up/Palletization - Express/ Courier (Every Extra Ton, after 1,000 Tons)	Min Charges/ Ton	1000	1060	1124	1191
		Rate per KG	NA	NA	NA	NA
4	X-Ray charges (including screening certification) - Cargo	Min Charges/AWB	167	177	188	199
		Rate per KG	3.33	3.53	3.74	3.96
5	X-Ray charges (including screening certification) - Express/ Courier	Min Charges/AWB	104	110	117	124
		Rate per KG	2.08	2.20	2.33	2.47
6	Demurrage/Storage Charge (Per Kg per day or part thereof)					

Sr. No.	Particulars of Services	Charge type	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
a	General Cargo	Min Charges /AWB	121	128	136	144
		Rate per KG	2.42	2.57	2.72	2.88
b	Special (AVI)/VUN Cargo	Min Charges /AWB	236	250	265	281
		Rate per KG	4.72	5.00	5.30	5.62
c	Valuable/DG/ Project/OD Cargo	Min Charges /AWB	236	250	265	281
		Rate per KG	4.72	5.00	5.30	5.62
d	Perishable Cargo (Including Fruits & Vegetables etc.)	Min Charges /AWB	172	182	193	205
		Rate per KG	4.72	5.00	5.30	5.62
e	Pharma Cargo (including other Cargo requiring controlled temperature)	Min Charges /AWB	172	182	193	205
		Rate per KG	4.72	5.00	5.30	5.62

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(B) Import Cargo Handling Services *(Rates in ₹)*

Sr. No	Particulars of Services	Charge type	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	De-Unitization/Break-down/De-Palletization	Min Charges/Flight	200	212	225	239
		Rate per KG	3.99	4.23	4.48	4.75
2	Demurrage/Storage Charge (Per Kg per day or part thereof)					
a	General Cargo	Min Charges /AWB	300	318	337	357
		Rate per KG	6.00	6.36	6.74	7.14
b	Special (AVI)/VUN Cargo	Min Charges /AWB	600	636	674	714
		Rate per KG	12.00	12.72	13.48	14.29
c	Valuable/DG/ Project/OD Cargo	Min Charges /AWB	1200	1272	1348	1429
		Rate per KG	24.00	25.44	26.97	28.59
d	Perishable Cargo (Including Fruits & Vegetables etc.)	Min Charges /AWB	600	636	674	714
		Rate per KG	12.00	12.72	13.48	14.29
e	Pharma Cargo (including other Cargo requiring controlled temperature)	Min Charges /AWB	958	1015	1076	1141
		Rate per KG	19.16	20.31	21.53	22.82
f	Express/ International Courier	Min Charges /Ton	2268	2404	2548	2701
		Rate per KG	NA	NA	NA	NA
3	Transshipment Charges					
a	Transshipment Charges - INTL to INTL	Min Charges/AWB	310	329	349	370
		Rate per KG	6.19	6.56	6.95	7.37
b	Transshipment charges - INTL to DOM & DOM to INTL	Min Charges/AWB	310	329	349	370
		Rate per KG	6.19	6.56	6.95	7.37

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(C) Domestic Cargo Handling Services- Outbound Cargo ***(Rates in ₹)***

Sr. No	Particulars of Services	Charge type	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	Cargo Handling (Outbound)	Min Charges/ Flight	94	100	106	112
		Rate per KG	1.88	1.99	2.11	2.24
2	Loading of Outgoing Cargo in Trolleys	Min Charges/AWB	94	100	106	112
		Rate per KG	1.88	1.99	2.11	2.24
3	X-Ray Charges (including screening and Certification)	Min Charges/AWB	143	152	161	171
		Rate per KG	2.86	3.03	3.21	3.40

(D) Domestic Cargo Handling Services- Inbound Cargo ***(Rates in ₹)***

Sr. No	Particulars of Services	Charge type	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	Cargo Handling (Inbound)	Min Charges/AWB	94	100	106	112
		Rate per KG	1.88	1.99	2.11	2.24
2	Transshipment Charges					
a	Transshipment charges - DOM to DOM	Min Charges/AWB	73	77	82	87
		Rate per KG	1.45	1.54	1.63	1.73

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(E) Other Optional Services – Charges Payable by Airlines *(Rates in ₹)*

Sr. No	Particulars of Services	Charge type	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
1	Handling and Electricity Charges for RKN Container/Environtainer/Cool Dolly	Min Charges per Container per Trip	2000	2120	2247	2382
2	Handling and Electricity Charges for RAP Container/Environtainer/Cool Dolly	Min Charges per Container per Trip	2000	2120	2247	2382
3	Escort services for general cargo	Min Charges/AWB	NA	NA	NA	NA
		Rate per KG	3.25	3.45	3.66	3.88
4	Escort services for Special/Valuable	Min Charges/AWB	2032	2154	2283	2420
5	Escort services for High value Pharma	Min Charges/AWB	199	211	224	237
		Rate per KG	3.98	4.22	4.47	4.74
6	Document Handling					
a	Document Handling (General/PO Mail)	Min Charges/AWB	150	159	169	179
		Rate per Kg	3.00	3.18	3.37	3.57
b	Document Handling Special/Valuable cargo	Min Charges/AWB	150	159	169	179
		Rate per Kg	3.00	3.18	3.37	3.57
7	ULD management (Import/Export)	Per Flight	14818	15707	16649	17648
8	ULD cleaning charges	Per ULD	9523	10094	10700	11342
9	Carting of cargo from aircraft stand to cargo" terminal"	Min Charges/AWB	NA	NA	NA	NA
	and vice-versa (If services of GHA not available)	Rate per KG	2.60	2.76	2.93	3.11
10	Preparation of NOTOC	Min Charges/NOTAC	2332	2472	2620	2777
		Rate per KG	NA	NA	NA	NA

Sr. No	Particulars of Services	Charge type	2026-27 (June 1, 2026 to March 31, 2027)	2027-28	2028-29	2029-30
11	FWB/FHL data verification	Min Charges/AWB	193	205	217	230
12	FWB/FHL data capture	Min Charges/AWB	593	629	667	707
13	Empty Pallet Stack making charges	Per Stack	500	530	562	596
14	Priority Handling (Import/Export)	Rate per KG	25% over and above applicable TSP			

Notes pertaining to Cargo Handling Services in respect of Airlines

1	Free period for demurrage calculation will be calculated as per Govt. Orders issued from time to time.
2.	Each 24 hrs. Cycle will be taken as 01 day, and any part thereof will be counted as one full day.
3.	Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and / or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
4.	Back to town charges are at 100% of all applicable charges including TSP charges.
5.	Additional per kg charges for Non-Scheduled Aircraft: ₹ 0.50 for carting of Import shipments; ₹ 1/- for Unitization and Demurrage (both Export & Import) charges; ₹ 3.25 for De-Unitization/ De-stuffing and Document Handling.
6.	Warehouse Services is dedicated space and handling staff for Export Cargo Handling.
7.	For Consolidation TP Cargo -TSP Charges will be levied to all types of Cargo in addition to Transshipment Charges mentioned above. For such shipments, Demurrage Charges will be applicable as per General Cargo tariff.
8.	The Tariff Rates indicated above are maximum rates to be charged to users.
9.	All Charges above are excluding GST & other Taxes, which are payable at prevailing rates.

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16.1.2 **Annexure 1B – Variable Tariff Plan**

VTP for Landing Charges

International Flights – Applicable Rates as a Proportion of Rack Rates (RR) – June 1, 2026 to March 31, 2030

Particulars	New Route in MMR* Region	Additional Frequency from NMI
Passenger Short Haul <= 5,000 km	Year 1 – 0 X RR Year 2 – 0.5 X RR	Year 1 – 0.5 X RR
Passenger Long Haul > 5,000 km	Year 1 – 0 X RR Year 2 – 0.5 X RR Year 3 – 0.75 X RR	Year 1 – 0.25 X RR
International Freighters	Year 1 – 0.1 X RR Year 2 – 0.5 X RR	

***MMR - Mumbai Metropolitan Region**

Terms and conditions:

1. The VTP is applicable to airlines operating international routes from NMIA and that have signed a formal agreement with NMIAL to use the services provided at the Airport.
2. No discount over and above the VTP is applicable
3. The airline operator shall operate a direct flight to an international destination.
4. VTP for passenger flight is applicable for airlines operating on international route for a minimum of 1 year. In case the airline withdraws the operations before the said period, the VTP will stand null and void.
5. The Variable International Landing Charges are applicable only for years as mentioned in the table above, from the date of the commencement of flight.
6. Passenger Flight - The payment of landing charges should be made by the airline in full without any deductions, as per the invoicing by NMIAL. The settlement shall be provided in the form of a 'Credit Note' at the end of each 1-year period. For applicable discount for subsequent years of operations, the deduction in charges shall be made in the respective year itself.
7. Freighter Flight - For applicable discount, the deduction in charges shall be made in the respective year itself.

General Notes:

1. All Bills shall be rounded up to the nearest Rupee.
2. All minimum charges shall be rounded off to the nearest Rupee.
3. All applicable taxes, including Goods and Services Tax, shall be payable over and above the above charges at the prevailing rates from time to time.

16.2 Annexure II – Clauses of Concession Agreement (CA)

NMIAL entered into a CA with CIDCO on January 8, 2018 for design, construction, operation and maintenance of the greenfield international airport at Navi Mumbai.

Certain relevant clauses of the CA read as below:

ARTICLE 3: GRANT OF CONCESSION

3.1 The Concession

3.1.1 Subject to and in accordance with the provisions of this Agreement, Government of India Approval, Applicable Laws and the Applicable Permits, the Authority hereby grants to the Concessionaire, the concession set forth herein including the exclusive right, licence and authority to develop, operate and maintain the Airport ("Concession") for an initial period of 30 (thirty) years commencing from the Appointed Date, and the Concessionaire hereby accepts the Concession and agrees to implement the Project subject to and in accordance with the terms and conditions set forth herein.

Provided that the Concessionaire shall, at any time not earlier than 25th (twenty fifth) anniversary of the Appointed Date and no later than 27th (twenty seventh) anniversary of the Appointed Date, intimate the Authority about its interest and request for extending the term of this Concession by a period of 10 (ten) years. While making such request, the Concessionaire shall submit each of the following documents:

(a) a certificate confirming that there has been no material default by the Concessionaire under this Agreement (including compliance of provisions relating to any of the Key Performance Indicators), resulting in the accrual of a right in favour of the Authority to identify any such event as Concessionaire's Default;

(b) a certificate confirming from Airports Council International (ACI) or any other equivalent agency of similar international repute confirming that the Airport has been within top 20.00 (twenty) percentile of all airports in its category in the world, for a continuous period of preceding 5 (five) years as on the date of such application; and

(c) an undertaking that the Concessionaire shall continue to comply with the terms and conditions of the Agreement in its full form and effect for the remainder of the Concession Period.

Provided further that the Concessionaire shall, at any time not earlier than 35th (thirty fifth) anniversary of the Appointed Date and no later than 37th (thirty seventh) anniversary of the Appointed Date, intimate the Authority about its interest and request for renewing/ extending the term of this Concession by another period of 20 (twenty) years. While making such request, the Concessionaire shall submit a confirmation that it is agreeable to participate in the international competitive bidding process for the determination of the Premium for any additional period of 20 (twenty) years, in the form and manner, as may be prescribed by the Authority, at such time, and in any such case of international competitive bidding: (a) the Concessionaire shall have a right to match the highest bid, if its bid is within 05.00% of the highest bid that may be offered at that time in accordance with the terms and conditions of the bidding documents issued at such time, and (b) the Affiliate(s) of the Concessionaire shall not be qualified, either directly or indirectly, participating in any such bidding process.

Provided further that, in the event of the Airport is not expanded by the Concessionaire in accordance with the provisions of this Agreement or the Concessionaire has been in default of the provisions of this

Agreement, then, the Authority shall not be under any obligation to extend the Concession Period under this Clause 3.1.1.

In any event, at all times, any decision concerning the extension of the Concession Period will vest with the Authority.

ARTICLE 5: OBLIGATIONS OF THE CONCESSIONAIRE

5.6 Obligations Relating to Procurement of Goods and Services

5.6.1 The Concessionaire agrees and undertakes that it shall procure contracts, goods and services for the construction and operation of the Airport in a fair, transparent and efficient manner, and without any undue favour or discrimination in this behalf. In pursuance hereof, it shall frame a procurement policy specifying the principles and procedures that it shall follow in awarding contracts for supply of goods and services, and shall place the policy on its website for the information of general public and all interested parties. The policy shall also include the principles and procedures to be followed for sub-licensing or grant or allocation of any space, building, rights or privileges to private entities in the Airport.

5.6.2 For procurement of goods, works, services, sub-licenses or any other rights or privilege where the consideration (including deposits in any form in respect thereof) exceeds ₹ 25,00,00,000.00/- (Rupees Twenty Five crore) in any Accounting Year (collectively, the "**Contracts**"), the Concessionaire shall invite offers through open competitive bidding by means of e-tendering and shall select the awardees in accordance with the policy specified under Clause 5.6.1. The Parties agree that the Concessionaire should pre-qualify and short-list the applicants in a fair and transparent manner for ensuring that only experienced and qualified applicants are finally selected on arm's length basis in a manner that is commercially prudent and protects the interests of the Users. The Parties further agree that the Concessionaire shall not enter into any Related Party Transaction or a Contract with any Related Party except (a) after the prior written approval of the Authority as reserved item/ affirmative action, in accordance with the terms of the Shareholders' Agreement; and (b) such transaction is on arm's length basis and is in compliance with the provisions of the Companies Act, 2013. The Parties also agree that before granting any consent hereunder, the Authority shall be entitled to seek any information as it may reasonably require in relation to the Contract and the Related Party with whom the Contract is proposed to be executed including but not limited to the commercial information concerning such Contract and in the event the Authority does not approve or reject the proposal within 30 (thirty) days of the date on which the required information has been provided, it shall be deemed that the Authority has no objection to such Contract.

5.6.3 Notwithstanding anything contained contrary elsewhere, the Concessionaire shall adhere to the following contracting principles in respect of any of the Related Party Transactions:

a) No shareholder of the Concessionaire, and/or Key Managerial Personnel that has an interest in the contract, can be involved in the design of the contract, or the contracting process or decision-making.

b) Where a shareholder of the Concessionaire, Key Managerial Personnel or any Related Party intends to tender for the contract, an independent probity auditor must be appointed to review and monitor the tender to ensure a complete arms' length arrangement. It is clarified that the independent probity

auditor shall not be a Related Party of the Concessionaire or any of its shareholders. Concessionaire shall agree to the appropriate terms of reference and the selection procedure of the independent probity auditor as laid down by the Authority.

c) The Concessionaire shall constitute an audit committee headed by a nominee of the Authority which would be responsible for auditing all the Related Party Transactions. The board of the Concessionaire shall provide the terms of reference of the audit committee at the time of its constitution. The Concessionaire shall enter into any Related Party Transaction only after obtaining approval of audit committee in writing. Any amendment/ modification in the terms and conditions of the Related Party Transaction shall also require prior approval of the audit committee.

ARTICLE 12: CONSTRUCTION OF THE AIRPORT

12.2 Master Plan

12.2.1 The Concessionaire shall at all times procure and ensure that the Airport is constructed and developed in accordance with the Master Plan. The guidelines for preparing the Master Plan is provided in Annex II to Schedule A.

12.2.2 The Master Plan for the Airport must be consistent with all the regulatory requirements. The Master Plan shall be made pursuant to full consultation with all major stakeholders, in accordance with the terms of the Applicable Laws and this Agreement.

12.2.3 The Preferred Bidder has submitted the initial Master Plan to the Authority within 30 (thirty) days of the issuance of the LOA. The Concessionaire hereby undertakes that it shall submit the updated Master Plan, based upon the initial Master Plan submitted by the Preferred Bidder, to the Independent Engineer and the Authority, for its review and comments on or before 90 (ninety) days from the date of execution of this Agreement.

12.2.4 Within 30 (thirty) days of the submission of the Master Plan as per Clause 12.2.3, the Authority shall provide to the Concessionaire, any comments or suggested changes that the Authority may have on the Master Plan. If the Authority provides any comments and/or suggestions to the Master Plan, then, the Concessionaire shall within 30 (thirty) days of receipt thereof, submit to the Authority a revised Master Plan by suitably incorporating such comments and/or changes suggested by the Authority. However, if the Authority does not provide any comments or suggest any changes, within the said time period, it shall be deemed that the Authority has no comments and/or any changes to suggest to the Master Plan and the Master Plan submitted to the Authority shall be deemed to be the final Master Plan. The Master Plan shall accordingly be finalized by the Concessionaire and shall regulate the construction, development, operation and management of the Airport in a Phase-wise manner.

12.10 Development of MRO Facilities

12.10.1 Subject to the provisions of this Clause 12.10 and Clause 18.13, the Concessionaire shall undertake the development of the MRO Facilities and as specified in Schedule B together with provision of Project Facilities as specified in Schedule C, in conformity with the Specifications and Standards set forth in Schedule D and in accordance with the provisions of this Agreement, Applicable Laws, relevant ICAO Documents and Annexes, CAR Guidelines and Good Industry Practice.

12.10.2 The area earmarked for the MRO Facilities in the Master Plan, may be used for any other facility until any inquiry comes and the Concessionaire enters into any arrangement with any third party or the Concessionaire itself decides for developing and operating the MRO Facilities and for associated activities.

12.10.3 Any development, addition or modification to the MRO Facilities and its surroundings area shall be in accordance with the Master Plan and in harmony with the overall design and environment of the Airport.

ARTICLE 18: O&M Services

18.2 Ground Handling

The Concessionaire shall provide or cause to be provided, the infrastructure required for operation of the ground handling services required at the Airport for and in respect of the Users like aircrafts, passengers and cargo, which shall include ramp handling, traffic handling, aircraft handling, aircraft cleaning, loading and unloading ("**Ground Handling Services**"). Such infrastructure shall include luggage conveyor belts, computer terminals, information technology backbone and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice.

18.3 Aircraft Fuelling

The Concessionaire shall provide, or cause to be provided, the infrastructure required for operation of fuelling services on equal access basis for all aircrafts at the Airport in a transparent and non-discriminatory manner ("**Aircraft Fuelling Services**"). Such infrastructure shall include tank farms, common hydrant fuelling systems and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice.

18.8 Reserved Area

18.8.1 The space for the following entities or purposes, shall constitute the Reserved Area in the Terminal Building:

a) the Authority;

b) security;

c) VIP lounges;

d) immigration;

e) customs;

f) quarantine; and

g) health.

18.8.2 The control over the Reserved Area shall vest in the respective Authority or the Designated Government of India Agencies responsible for carrying out the functions for which the space shall be earmarked under Clause 18.8.1 or for any other purpose analogous to the purposes specified in Clause 18.8.1. The obligations of the Concessionaire in respect of Reserved Areas and its access thereto shall be restricted to maintenance of civil works, structures and equipment forming part of the Reserved Area, provided that it shall have unrestricted access thereto in case of Emergency, fire or other similar event.

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18.8.3 The Concessionaire shall supply electricity and water, on chargeable basis, to the Reserved Area within the Terminal Building.

18.8.4 To the extent central air conditioning is installed and operated in the Terminal Building, the Concessionaire shall not deny the benefit thereof to the Reserved Area, provided that this obligation shall not extend to the hours when general air conditioning is switched off for lounges and other common areas within the Terminal Building.

18.8.5 Notwithstanding anything to the contrary contained in this Clause 18.8, the Authority and/or the Designated Government of India Agencies, as the case may be, may, with consent of the Concessionaire, transfer the Reserved Area or any part thereof to the Concessionaire on such terms and conditions as may be agreed upon. In such an event, the Concessionaire shall make best endeavours to cooperate with the Authority and/or the Designated Government of India Agencies, including the agencies designated by it, for procuring a safe and efficient environment in the Reserved Area.

ARTICLE 19: RESERVED SERVICES

19.1 Reserved Services

19.1.1 The Concessionaire acknowledges and agrees that only the Designated Government of India Agencies are authorized to undertake the following services ("**Reserved Services**") at the Airport:

a) CNS/ ATM Services;

b) security services;

c) meteorological services;

d) mandatory health services;

e) customs control;

f) immigration services;

g) quarantine services;

h) any other services, as may be notified by GOI

Provided that, subject to the Applicable Laws and Applicable Permits, nothing in this Agreement shall restrict the Authority from requiring the Concessionaire to undertake any or all of the Reserved Services on such terms and conditions as may be mutually agreed between the Parties.

ARTICLE 26: CONCESSION FEE

26.1 Concession Fee

26.1.1 In consideration of the grant of Concession, the Concessionaire shall pay to the Authority by way of concession fee ("Concession Fee"), the following amounts to the Authority on annual basis:

Table 180: Concession fee payable by NMIAL

Concession Period	Concession Fee (in ₹ crore)	Concession Period	Concession Fee (in ₹ crore)
Year 1	5.00	Year 21	130.00

Concession Period	Concession Fee (in ₹ crore)	Concession Period	Concession Fee (in ₹ crore)
Year 2	5.00	Year 22	135.00
Year 3	5.00	Year 23	140.00
Year 4	5.00	Year 24	750.00
Year 5	5.00	Year 25	790.00
Year 6	5.00	Year 26	825.00
Year 7	5.00	Year 27	870.00
Year 8	5.00	Year 28	910.00
Year 9	5.00	Year 29	955.00
Year 10	10.00	Year 30	1005.00
Year 11	10.00	Year 31	1250.00
Year 12	10.00	Year 32	1315.00
Year 13	10.00	Year 33	1380.00
Year 14	10.00	Year 34	1445.00
Year 15	10.00	Year 35	1520.00
Year 16	100.00	Year 36	1595.00
Year 17	105.00	Year 37	1675.00
Year 18	110.00	Year 38	1760.00
Year 19	115.00	Year 39	1845.00
Year 20	120.00	Year 40	1940.00

26.1.4 The Concession Fees shall be considered as a part of the operating expense for the purpose of the determination of Aeronautical Charges.

26.2 Premium

26.2.1 Without prejudice to the provisions of Clause 26.1, but subject to Clause 26.2.2, the Concessionaire agrees to pay to the Authority, for each year, commencing from the date of the execution of this Agreement, a premium ("**Premium**") equal to 12.60% (twelve decimal six zero percent) of the Gross Revenue during that year, in the form and manner provided in this Clause 26.2.

26.2.2 The Premium payable under this Clause 26.2 shall be in addition to the Concession Fee.

RELEVANT EXTRACTS FROM SCHEDULES

SCHEDULE A - ANNEX I

1. Location of the Site

The site for the proposed Airport is located at Navi Mumbai in an area admeasuring 1160.00 ha. It is situated on the National Highway No. 4B, at a distance of approx. 35.00 km from the existing CSIA. The Site is bound within the following WGS84 Coordinates, subject to marginal variation as per Site demarcation:

Corner No.	Co-ordinate Points	Co-ordinate	Airport Land Elevation (Above Mean Sea Level)
1	South West Corner	18° 58' 45.82" 73° 2" 19.12"	7.00 AMSL
2	South East Corner	18° 59' 8.67" 73° 5' 18.38"	8.00 AMSL
3	North East Corner (1)	18° 59' 33.23" 73° 5' 35.71"	8.00 AMSL
4	North East Corner (2)	19° 0' 11.13" 73° 4' 58.72"	8.00 AMSL
5	North East Corner (3)	19° 0' 2.51" 73° 3' 50.90"	8.0 AMSL
6	North West Corner (1)	19° 0' 12.18" 73° 3' 41.02"	8.00 AMSL
7	North West Corner (2)	18° 59' 57.55" 73° 2' 8.60"	7.00 AMSL

1.2 The National Highway 4B and Aamra Marg provides the main road access to the Site from the east and the west. The Airport is also proposed to be accessible from the existing Mankhurd–Belapur–Panvel commuter rail corridor from Khandeshwar Railway Station, and from the proposed Targhar Railway Station on the Nerul–Uran Railway line, which is presently under development. The Airport will derive access from NH-4B at point having coordinates 18° 59' 59.60", 73° 5' 56.92" and Aamra Marg at point having coordinates 18° 59' 17.47", 73° 2' 12.52". In addition to these accesses, the Concessionaire may explore the access from northern arterial road or SH54 state highway, in consultation with the Authority.

SCHEDULE A – ANNEX II

1. Master Plan

1.1 The Airport is envisaged to be state-of-the-art with modular and scalable facilities, for both domestic and international passengers, and cargo.

1.2 The Master Plan shall be developed for the development and implementation of the Project in a Phase-wise manner, for a minimum annual passenger handling capacity of 60.00 million and minimum annual cargo handling capacity of 1.50 million tonnes during the Concession Period.

1.3 The Concessionaire shall prepare and submit a Master Plan for the Airport within 90 (ninety) days of the execution of this Agreement, setting out the proposed development for the entire Airport, planned over the Concession Period. The Master Plan shall include short term and long term traffic forecasts and link all planned major development to these forecasts. The Master Plan shall be prepared in accordance with and include the following:

(a) a statement of the overall development strategy and philosophy;

(b) details of traffic forecasts and provide the traffic trigger points for subsequent developments of each of the Project Facilities, which are linked to traffic growth, indicating at what traffic level the subsequent phases will be commenced and completed;

(c) approach for preparing the Master Plan shall be as per the philosophy of adaptability to the current and future requirements;

(d) vision of how the Airport and each of its precincts will look at each phase and the ultimate vision of the Airport, at the end of the period when it reaches capacity;

(e) requirements of the Master Plan are set forth in Schedule A, Schedule B, Schedule C and Schedule D hereof;

(f) obstacle limitation surface for the Airport and approach and take-off areas;

(g) provide graphic presentation of the development of the Airport in a phased manner;

(h) proposed development through the technical, economic, and environmental investigation of concepts and alternatives;

(i) report on the outcome of consultations with users, community, business and the government;

(j) realistic schedule for the implementation of the development proposed in the Master Plan;

(k) propose an achievable financial plan to support the implementation schedule;

(l) such other matters that may be specified by the Authority.

1.4 The Master Plan should be in accordance with Civil Aviation Requirements (CAR) as prescribed by the DGCA, ICAO guidelines and conforming to Good Industry Practice.

1.5 The area earmarked for development and the implementation of the Airport, including the expansion thereof, location and land use in respect of the Project Assets shall be specified in the Master Plan.

1.6 The Master Plan shall incorporate target dates for construction of individual facilities (**"Target"**) linked to traffic trigger points or otherwise. The Concessionaire shall ensure that each of the Targets are met fully and on time. At any time after the Phase I COD, in the event that the Concessionaire feels that a Phase set out in the Master Plan, or a traffic trigger or such other trigger needs to be revised due to technological up-gradations, procedural improvement or other such improvisations, it shall submit a request for deviation fully reasoned and explained at least 3 (three) months prior to likely occurrence of the designated trigger. On receipt of the request, the Authority may seek views of Users and stakeholders and shall convey its agreement or otherwise, within 30 (thirty) days of the receipt of the request.

2 Phasing of Master Plan and Development

2.1 Phase I Development

2.1.1 The Concessionaire shall plan and develop Phase I of the Airport to cater to the minimum annual passenger throughput capacity of handling of a minimum of 10.00 million passengers (domestic and international) and annual cargo handling capacity of a minimum of 260,000.00 tonnes, along with all ancillary facilities.

2.1.2 The Concessionaire will prepare the Development Plan based on the provisions of Schedule A, Schedule B, Schedule C and Schedule D, which is to be submitted to the Authority in 60 (sixty) days from the submission of the revised/ final Master Plan in accordance with Clause 12.2.4.

2.2 Development during subsequent phases

2.2.1 The Development Plans for subsequent phases shall inter-alia provide for undertaking specific capital expenditure projects linked to traffic triggers and shall provide for traffic linked capacity expansions. The Concessionaire shall submit the Development Plan for subsequent phases after Phase I, atleast 3

(three) months prior to the planned date of start of Construction Works for such phase, as defined in the Master Plan.

2.2.2 The Concessionaire shall initiate Construction Works for subsequent phases after Phase I, within 3 (three) months, upon the earlier occurrence of any one of the following traffic triggers:

(a) Actual Peak Hour passengers exceeds the design Peak Hour passengers for 50.00% (fifty percent) of the time in a period of 6 (six) months on a rolling basis;

(b) Annual passenger traffic in any Accounting Year is projected to exceed 75.00% (seventy fice percent) of the design throughput capacity of the Airport, by taking into account the observed traffic growth rate over the preceding 6 (six) month period.

2.2.3 While following the requirements mentioned in Clause 2.2.2 above, the Concessionaire shall plan its development activities and Construction Works for any phase, in such a way that in any case, there is no breach of Key Performance Indicators, IATA Level of Service-C (optimal standards), Safety Requirements and any other statutory and regulatory requirements under the Applicable Laws, which are required to be followed for the operations of the Airport.

SCHEDULE B

2. Airfield Requirements

2.1 ICAO Aerodrome Reference Code – 4F

2.2 Critical Aircraft – A380

2.3 Fixed separation distance of 1,580.00 m between the two parallel runway

2.4 Location of Runways are fixed as follows:

2.4.1 Runway North

Runway Orientation	08 L	26 R
	083°	263°
	18°59'47.58" N	19°00'03.56" N
	73°02'45.39" E	73°04'50.76" E
	2101587.9910	2102038.9076
	294300.8914	297973.3122

2.4.2 Runway South

Runway Orientation	08 R	26 L

	083°	263°
	18°58'56.66" N	18°59'12.63" N
	73°02'52.56" E	73°04'57.92" E
	2100019.6123	2100470.529
	294492.1734	298164.5942

3. Terminal Building

3.1 Level of service for Terminal Building – IATA Level of Service "C" (optimum standards) compliant.

3.2 80.00% (eighty percent) of each of the international and domestic aircrafts gates shall be served by the boarding bridges.

3.3 Unit area of the Terminal Building (including all miscellaneous and support spaces), per Peak Hour passenger (including arrival and departure), shall be minimum 30.00 sqm.

3.4 Provide international standard range of retail and other passenger services.

3.5 Terminal design must be capable of incremental expansion with minimum impact on extant operations.

4. Defence Area

4.1 The Concessionaire shall, in the Master Plan, earmark and carve out (a) a separate parking area for military aircraft for use, whenever required, and (b) a pocket of 16.42 ha of land for the strategic requirement of the Defence Forces ("**Defence Area**").

4.2 The Defence Area preferably should be located north of Runway 08L-26 R along the northern boundary of the Site.

4.3 The Concessionaire shall provide access.

4.4 While preparing the Master Plan, the Concessionaire shall also take into consideration providing access to defence aircrafts apron from Runway 08L-26 R with adequate taxiway system.

5. Expansion of Airport

5.1 The expansion of the Airport shall take place in phases.

5.2 The Concessionaire shall commence the process and complete the expansion of the Airport by having a subsequent phase linked to traffic triggers, as identified in the Master Plan.

5.3 The expansion of the Airport in phases shall be completed by the Concessionaire in conformity with the Specifications and Standards set forth in the Schedule D.

6. MRO Facilities

6.1 The Concessionaire shall earmark minimum 13.00 ha of land within the Site for the development of a MRO Facility in the Airport.

6.2 The MRO Facility shall be developed, subject to the requirements specified in Clause 12.10 of the Concession Agreement, serving 1 (one) CODE 'E' aircraft or 2 (two) CODE 'C' aircrafts, which shall include the buildings, structures and equipment required by the aircraft service area for performing "heavy maintenance visit". This will be built in accordance with the provisions of this Agreement, Applicable Laws, relevant ICAO Documents and Annexes, DGCA CAR Guidelines and Good Industry Practice.

6.3 The Concessionaire shall procure that the MRO Facilities to be provided hereunder includes hangars designed to deal with maintenance of aircraft in a 'nose-in' orientation with coverage for the entire aircraft of 1 (one) CODE 'E' aircraft or 2 (two) CODE 'C' aircrafts. The Concessionaire shall procure that the MRO Facilities allow the aircrafts' main components, including the wings, entry doors, landing gear, engines, and empennage to be protected from weather, at the time when any maintenance or repair work, as the case may be is being carried out. A high volume bay should be planned to accommodate the housing, repair and maintenance activities of 1 (one) CODE 'E' aircraft or 2 (two) CODE'C' aircrafts, expected during the life of the Airport. Adequate bay area, length and width are required for access and staging of maintenance equipment beyond the footprint envelope of the 1 (one) CODE 'E' aircraft or 2 (two) CODE 'C' aircrafts. This will be built in accordance with the provisions of this Agreement and Good Industry Practice.

SCHEDULE B – ANNEX

Pre-development Works

The Pre-development Works include the following:

1. **Land Development Works**

The Land Development Works include the works of land development within and outside the Site, and shall primarily include the following:

(a) Cutting of hills in and around the Site upto level of 8.00 m above mean sea level;

(b) Ground improvement works;

(c) Construction of sea wall/ retaining wall along the boundary of the Site;

(d) Shifting/ relocation of the Utilities.

Exclusion: Any part of the land development works, which falls outside the Site, shall not form part of the remaining Land Development Works for the purposes of the LDS Agreement.

2. **Construction of diversion channel for Ulwe river flowing through the Site**

This work includes:

(a) Cutting of 120.00 m/ 200.00 m wide channel, along the southern boundary of the Airport, for diversion of the Ulwe river, of 3.50 km length, from near the bridge on SH-54 to Moha creek, including construction of 10.00 m bund on either side of channel and the lining of channel;

(b) Crossing on the Aamra Marg by culvert/ bridge.

3. **Re-routing of Extra High Voltage Transmission Lines passing through the Site**

Extra High Voltage Transmission lines of TATA Power and MSETCL passing through the Site, are being re-routed through underground/ at grade cabling and on bridges over mud flats, push through culvert and river/ creek crossings near the Airport periphery. The electrical works shall be executed by the respective Transmission Companies.

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16.4 Annexure III – Clauses of MoU

NMIAL signed Memorandum of Understanding (MoU) with the Government of India (GoI) on April 11, 2018. The relevant provisions of the MoU are reproduced below for reference.

ARTICLE 2: GOI SUPPORT

Clause 2.2 Principles for Determination and Revision of Fees

2.2.1 The Ministry of Civil Aviation, Government of India has, vide its letter no. F. No. AV.24011/1/95-VB dated December 8, 2014 ("Shared Till Approval"), approved the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for the Airport."

2.2.3 The Concession Fees shall be considered as a part of the operating expense for the purpose of the determination of the Aeronautical Charges.

2.2.4 Any payments made by the Concessionaire to or on behalf of any Government Instrumentality/ agency for providing Reserved Services except Security Services, within the Airport shall be considered as pass through for the purpose of the determination of the Aeronautical Charges.

2.2.9 Asset forming part of the Pre-development Works and financed by Soft Loan shall be considered as part of the capital expenditure for the purposes of the determination of the Aeronautical Charges. The interest on Soft Loan, pertaining to Pre-development Works inside and outside the Site to the extent it is part of the mandated cost under the Concession Agreement, will be taken into calculation of FRoR at:

a) 0% cost of capital, if no interest is payable/ paid by the Concessionaire to the Authority on the Soft Loan, and

b) the applicable rate of interest as may be payable/ paid by the Concessionaire to the Authority on exercise of optional deferment of the linkage date for the repayment of the Soft Loan as per proviso (ii) to clause 12.9.6 of the Concession Agreement to keep the net present value of the Soft Loan as on the Appointed Date, for determination of the Aeronautical Charges.

2.2.10. Incremental capital costs, if any, borne by the Concessionaire for Land Development Works for airport activities over and above the Soft Loan, to the extent required for the Project work as per the terms of the Concession Agreement, would be considered for inclusion in the regulated asset base with appropriate depreciation rate, by AERA for determination of the Aeronautical Charges.

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17. APPENDICES

17.1 Appendix 1 – Independent Study of Capital Expenditure for Development of Navi Mumbai International Airport (Greenfield) at Navi Mumbai

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