फा. सं. ऐरा/20010/एमवाईटीपी/एनएमआईएएल/नवी मुंबई/सीपी-I/2025-26

F.No. AERA/20010/MYTP/NMIAL/Navi Mumbai/CP-I/2025-26

परामर्श पत्र संख्या 08/2025-26

Consultation Paper No. 08/2025-26

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 : 17 मार्च, 2026

Date of Issue: 17th March, 2026

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

Stakeholders' Comments

The city of Mumbai has an existing international airport, the Chhatrapati Shivaji Maharaj International Airport (CSMIA), operated by Mumbai International Airport Limited (MIAL). CSMIA's landside and airside expansion constraints created the need for second airport to serve the Mumbai Metropolitan Region (MMR).

The City and Industrial Development Corporation of Maharashtra Ltd. (CIDCO), undertook the global bidding process as the nodal agency, to develop a new greenfield airport known as the Navi Mumbai International Airport (NMIA) under a Public Private Partnership (PPP) framework on a Design, Build, Finance, Operate and Transfer (DBFOT) basis, for a 30 years concession period, extendable by another 10 years. Thereafter, the concession can be further extended for another 20 years through participation in an international competitive bidding process.

MIAL won the bid for development of NMIA. On October 25, 2017, CIDCO issued the Letter of Award (LoA) to MIAL. Thereafter, Navi Mumbai International Airport Private Limited (NMIAL), was established for development, construction, operation and maintenance of the greenfield international airport project at Navi Mumbai, Maharashtra. NMIAL is a special purpose vehicle (SPV) owned by MIAL (74% shareholding) and CIDCO (26% Shareholding). NMIAL signed the Concession Agreement with CIDCO on January 8, 2018.

NMIA is categorized as a Major Airport in accordance with the provisions of the AERA Act, 2008 read with AERA (Amendment) Act, 2019 and 2021, as it is designed to operate with designated capacity of more than 3.5 MPPA as stipulated under Annex-II to Schedule A of the Concession Agreement executed between NMIAL and CIDCO.

As per the provisions of the AERA Act 2008, NMIAL has submitted their Multi Year Tariff Proposal (MYTP) for the First Control Period from April 1, 2025, to March 31, 2030. In adherence to the regulatory requirements, NMIAL initially submitted MYTP for aeronautical tariff determination for the First Control Period on February 7, 2025, with commencement date as May 31, 2025.

However, due to delays, NMIAL in their email dated September 22, 2025, communicated the intention to open the airport for commercial operations by mid to end of November 30, 2025. Further NMIAL in their email dated November 21, 2025, indicated that the tentative start for commercial operations for NMIA is December 25, 2025. Since, the operations have commenced from December 25, 2025, the Authority proposes to revise the COD from May 31, 2025 to December 25, 2025. With the revised COD being December 25, 2025, the Authority proposes to consider the First Control Period as April 1, 2025, to March 31, 2030.

The Authority, after considering all the information currently available and further analysing the MYTP of the Airport Operator and the views of Independent and Capex Consultant appointed by the Authority, has undertaken the necessary adjustments in all regulatory building blocks. However, these adjustments would be finalized only after consideration of the comments from the stakeholders.

The Authority has released this Consultation Paper, putting forward its proposals in the background of Authority's analysis and observations on the MYTP submitted by the Airport Operator.

The Authority shall consider written evidence-based feedback, comments and suggestions from all stakeholders on the proposals made in the Consultation Paper and pass a suitable order determining the Tariff for aeronautical services. The Authority would like to emphasize that the consultation process timelines are sacrosanct and hereby requests the stakeholders to provide their comments/ input within the timelines specified in this Consultation Paper, beyond which the same will not be considered by the Authority.

The Authority has released this Consultation Paper, after considering various assumptions stipulated in the MYTP submitted by NMIAL in respect of NMIA. Accordingly, the Authority's proposals on the various aspects of the Tariff determination process have been explained in detail in this Consultation Paper.

As per the provisions of Section 13(2) of the AERA Act, 2008, the tariff determination under the Tariff Order can be reviewed and revised.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, 2008, the written comments on Consultation Paper No. 08/2025-26 dated 17th March 2026 are invited from the Stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)

Airports Economic Regulatory Authority of India (AERA),

3rd Floor, Udaan Bhawan,

Safdarjung Airport, New Delhi – 110003, India

Email to: director-ps@aera.gov.in and rajan.gupta1@aera.gov.in with copy to: secretary@aera.gov.in

Stakeholders' Consultation Meeting	2nd April 2026
Last Date for submission of comments	17th April 2026
Last Date for submission of counter comments	27th April 2026

Comments and Counter Comments will be posted on AERA website www.aera.gov.in

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

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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
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
BSSPL	Bharat Star Services Private Limited
CA	Concession Agreement
CAM	Cyril Amarchand Mangaldas
CAPEX	Capital Expenditure
CAPM	Capital Asset Pricing Model

Abbreviation	Full Form
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
CWIP	Capital Work-in-Progress
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
FIA	Federation of Indian Airlines
FRoR	Fair Rate of Return
GA	General Aviation
GBR	Gross Block Ratio
GDP	Gross Domestic Product
GH	Ground Handling
GoI	Government of India
GoM	Government of Maharashtra
GPU	Ground Power Unit

Abbreviation	Full Form
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
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
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

Abbreviation	Full Form
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 Air
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
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

Abbreviation	Full Form
SLA	Service Level Agreement
SOR	Schedule of Rates
SPV	Special Purpose Vehicle
TBLR	Terminal Building Ratio
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

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.

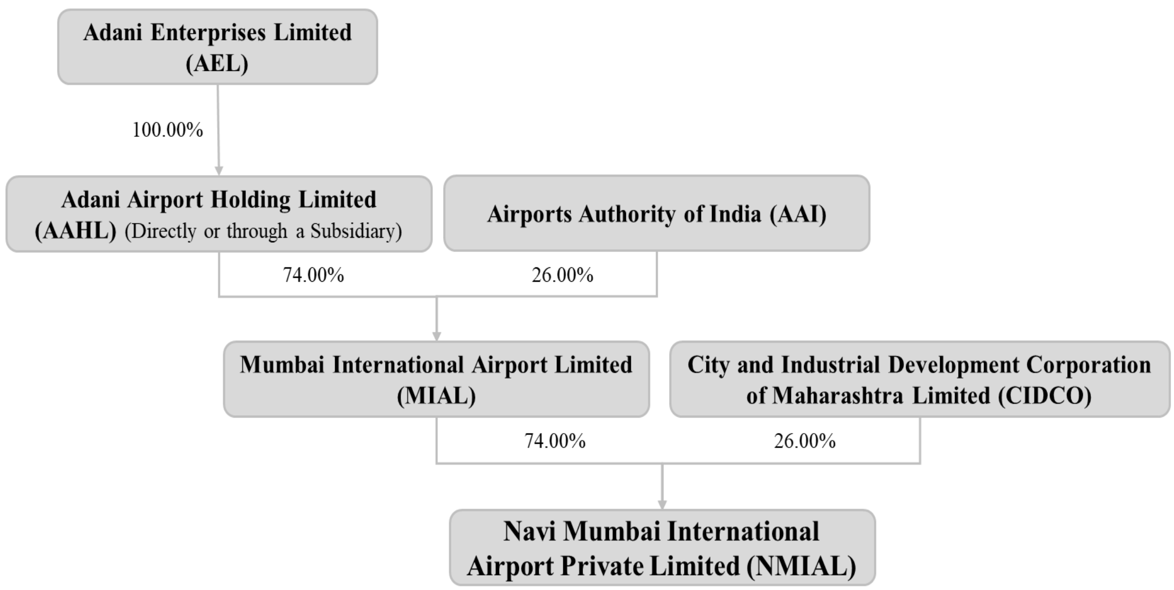
1.1.6 Following the evaluation of the bids received, CIDCO accepted the bid submitted by MIAL and issued its Letter of Award (LoA) bearing No. CIDCO/MD/NMIA/051 dated October 25, 2017, for execution of the project through a Special Purpose Vehicle (SPV).

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 15.1 - Annexure I – 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 Consultation Paper 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 notes 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 progres	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 April 1, 2026.

1.3.4 In view of the above, the Authority proposes 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 (combined for phase I, II, III, IV & V)
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.

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 Consultation Paper

2.2.1 The Authority's orders and guidelines applied in the tariff proposals in this Consultation Paper 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 April 1, 2026.

2.3.3 The Authority notes 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 25th September 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

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 has 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 Independent Consultant requested various clarifications on the information shared by NMIAL to assess the reasonableness of the proposed CAPEX, operating expenditure, non-aeronautical revenue, FRoR, etc., for finalizing this Consultation Paper. NMIAL provided additional information based on clarifications sought and queries raised by the consultants from time to time. The Authority has proposed to consider the same as part of its examination of the MYTP for the First Control Period of Navi Mumbai International Airport.

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, notes 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 notes 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 the 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 notes 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.

2.6 Construct of this Consultation Paper

2.6.1 The sequential timeline of drafting of this Consultation Paper 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

2.6.2 All the figures presented in this Consultation Paper have been rounded off up to two decimals.

2.6.3 This Consultation Paper has been developed in the following order as explained below. Chapter-wise details have been summarized as follows:

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.

c) Chapter 3 presents Pre-COD losses for the period from FY 2018 to COD.

d) Chapter 4 presents the submission of NMIAL regarding Traffic projections and the Authority's examination and proposals on the same.

e) Chapter 5 includes the submission 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.

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.

g) Chapter 12 presents the ARR as determined by the Authority based on the proposals for the First Control Period.

h) Chapter 13 summarizes the Authority's proposals put forward for consultation.

i) Chapter 14, the Authority invites views from all the stakeholders regarding proposals put forward for tariff determination for the First Control Period in the Consultation Paper.

j) Chapter 15 contains Annexures:

  i. Annexure I: Clauses of Concession Agreement

  ii. Annexure II: Clauses of MoU

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 has, 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 has submitted certain expenses incurred prior to the COD as Pre-COD losses. These Pre-COD losses are primarily on account of expenses related to the development of airport infrastructure that is not capitalized. NMIAL has 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

3.2.1 It is noted that Navi Mumbai being a greenfield airport, the airport has been under construction prior to the COD date of December 25, 2025. The investments and expenditure incurred by NMIAL in the regulatory building blocks are not available for utilization by users/passengers prior to COD. Therefore, the users/passengers cannot 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) are proposed not to be carried forward to the First Control Period as per the practice being followed by the Authority.

3.3 Authority's proposals regarding the period from FY 2018 to COD

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

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

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 has 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 has 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 has 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 has 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 began.

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 includes 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 is 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 is 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 have 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 have been 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 has been presented below:

Table 9: 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%

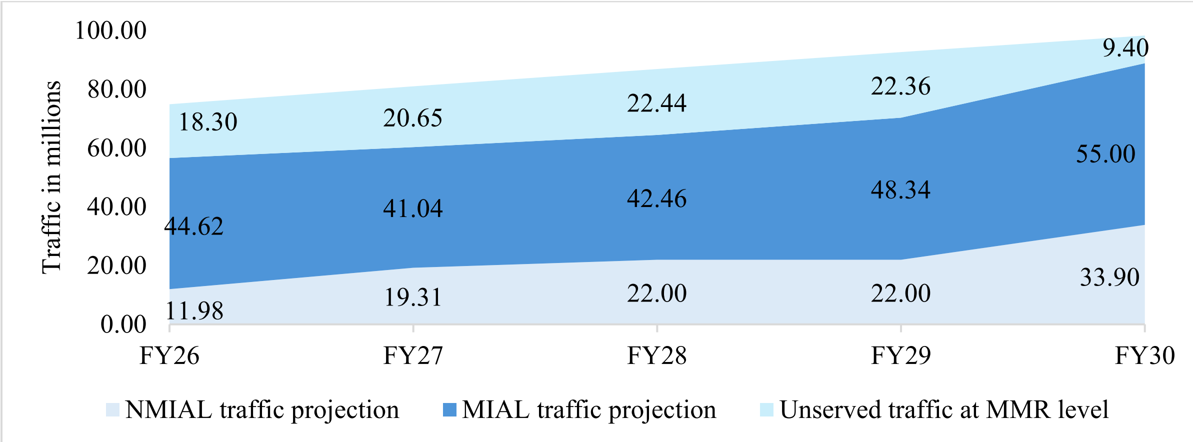
4.2 Authority's examination regarding traffic for the First Control Period

Passenger traffic

4.2.1 The Authority notes that NMIA (greenfield) is the second international airport in the MMR. Considering the constraints at CSMIA, the two airports are 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 notes that the MMR's unconstrained traffic projections indicate 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 has been considered.

4.2.3 The Authority observes 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 10*** below. This divergence is 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 10: 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 notes that the passenger traffic forecast of 11.98 million for FY 2025-26, as submitted by NMIAL is 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 notes 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 have been realigned to reflect change of COD against May 31, 2025. Accordingly, domestic traffic for FY 2025-26 have 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 are now assumed to commence from April 01, 2026.

4.2.7 The Authority observes that NMIAL has indicated a traffic trigger for initiation of Phase III development during FY 2026-27. Accordingly, in its Multi-Year Tariff Proposal (MYTP), NMIAL has 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 is 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 has 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 has assumed a minimum construction period of approximately three (3) years and has 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 proposes the passenger projections for the First Control Period as below:

Table 11: Passenger traffic proposed by Authority for the First Control Period

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 Authority has reviewed the assumptions considered by NMIAL as per ICF study for projecting the ATMs for the First Control Period. These assumptions include 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 notes 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 have 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 are now assumed to commence from April 01, 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 proposes the ATM projections for the First Control Period as below:

Table 12: ATMs proposed by Authority for the First Control Period

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 has 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 are now 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 proposes the cargo projections for the First Control Period as below:

Table 13: Cargo volume proposed by Authority for the First Control Period

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 14: Traffic proposed by the Authority for the First Control Period

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Domestic Passenger (in Mn)						
Domestic Pax submitted by NMIAL (Table 9)	9.35*	14.4	16	16	23.99	79.73
Domestic Pax proposed by Authority-A (Table 11)	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 9)	2.63*	4.91	6	6	9.91	29.46
International Pax proposed by Authority-B (Table 11)	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 9)	11.98	19.31	22	22	33.9	109.19
Total Pax proposed by Authority-(C=A+B) (Table 11)	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 9**)**	61,458*	92,970	1,01,446	1,01,446	1,49,384	5,06,704
Domestic ATM proposed by Authority-D (Table 12**)**	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 9**)**	14,871*	27,367	32,953	32,953	54,470	162,614
International ATM proposed by Authority-E (Table 12**)**	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 9**)**	76,329	120,337	134,399	134,399	203,854	669,318
Total ATM proposed by Authority-(F=D+E) (Table 12**)**	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 9**)**	57,297*	87,164	119,198	119,198	153,409	536,265

Particulars	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Domestic cargo volume proposed by Authority-G (Table 13**)**	17,189**	87,164	139,014	139,014	139,014	521,395
% 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 9**)**	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 13**)**	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 9**)**	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 13**)**	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 01, 2026*

4.3 Authority's proposals regarding traffic for the First Control Period

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

4.3.1 To consider the passenger, ATM and cargo traffic for the First Control Period for NMIA as per **Table 14**.

4.3.2 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 notes that NMIAL has 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 includes 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 is 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 notes that NMIAL has 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 has 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 are as below:

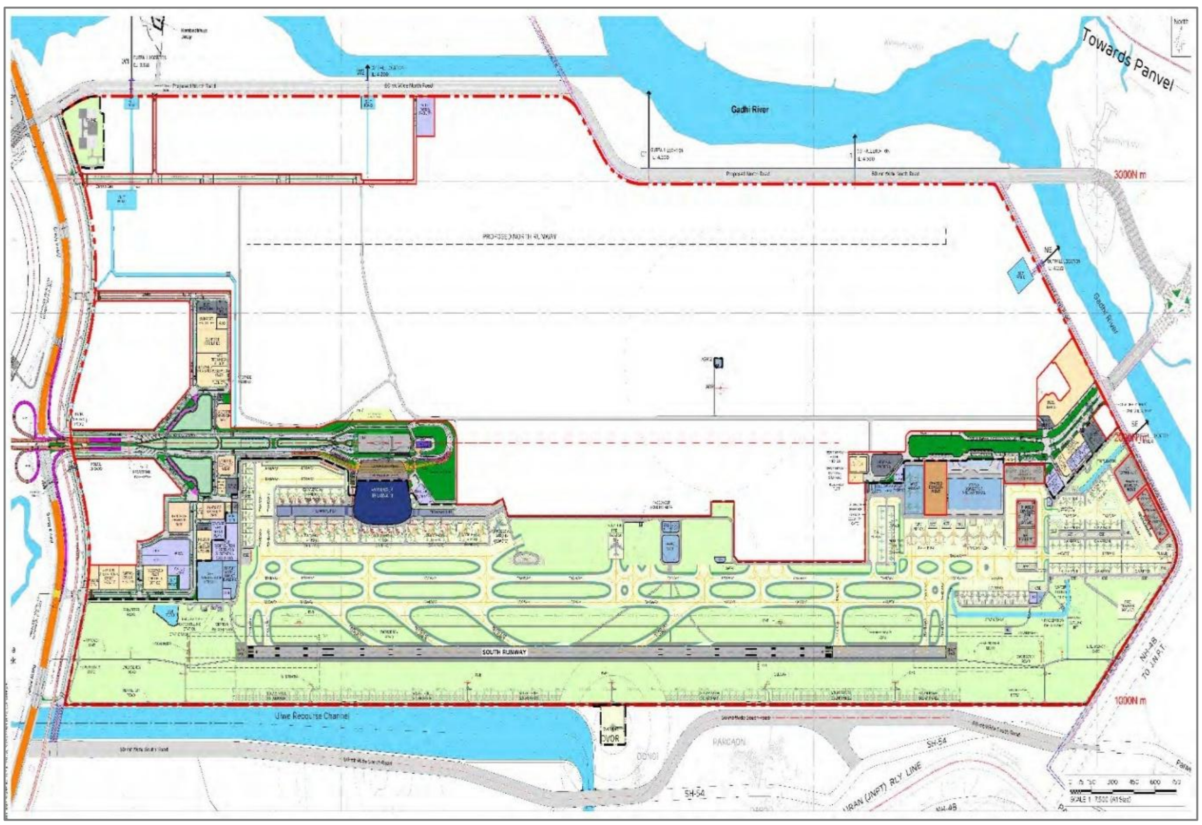
a) Runway (orientation 08R-26L) of 3,700 m length along with all associated works to make it suitable for Code F operations

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 notes 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 requires 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 04, 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 requires analysis by the domain expert. The Authority has undertaken an independent CAPEX study through an expert agency, M/s Engineering projects India Limited (EPIL) herein referred as CAPEX consultant. EPIL has analyzed the tendering procedures adopted by NMIAL and relevant contract agreements related to CAPEX submitted by NMIAL. The Authority, through its Independent Consultants, has carried out an analysis of the submissions made by NMIAL regarding capital additions and RAB, and has 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 has 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, has 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, has 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 has examined in detail the aeronautical CAPEX and RAB submitted by NMIAL and has 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, has 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 are set out below:

Table 15: 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 16: 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 17: 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 has 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 has 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 has 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 has 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/underpasses, 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 is 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 shall be constructed in this phase. Two airside underpasses shall 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 shall 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 has engaged EPIL (a CPSE, GoI) for "*Analysis of Capital Expenditure for Development of greenfield Airport Facilities at Navi Mumbai International Airport*". EPIL has 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 has submitted its final analysis to Authority vide email dated January 14, 2026

Financing allowance

5.2.12 NMIAL in its submission has stated that it has 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 18: 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 has 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 19: 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 has been further elaborated in Chapter 6.

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

Authority's examination of CAPEX

5.3.1 The Authority, through its Independent Consultants, has undertaken 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 has 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 notes 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 notes 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 has 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 has been provided with a breakup of costs, and that AERA will suitably review NMIAL's proposal accordingly.

<u>Bidding Procedure and Scope of EPC contracts</u>

5.3.6 The Authority through its independent consultants, based on the information made available by NMIAL along with necessary documents, noted that NMIAL has 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 notes 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 has 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 notes 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 is 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 notes 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 notes 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 proposes 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 20: 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.

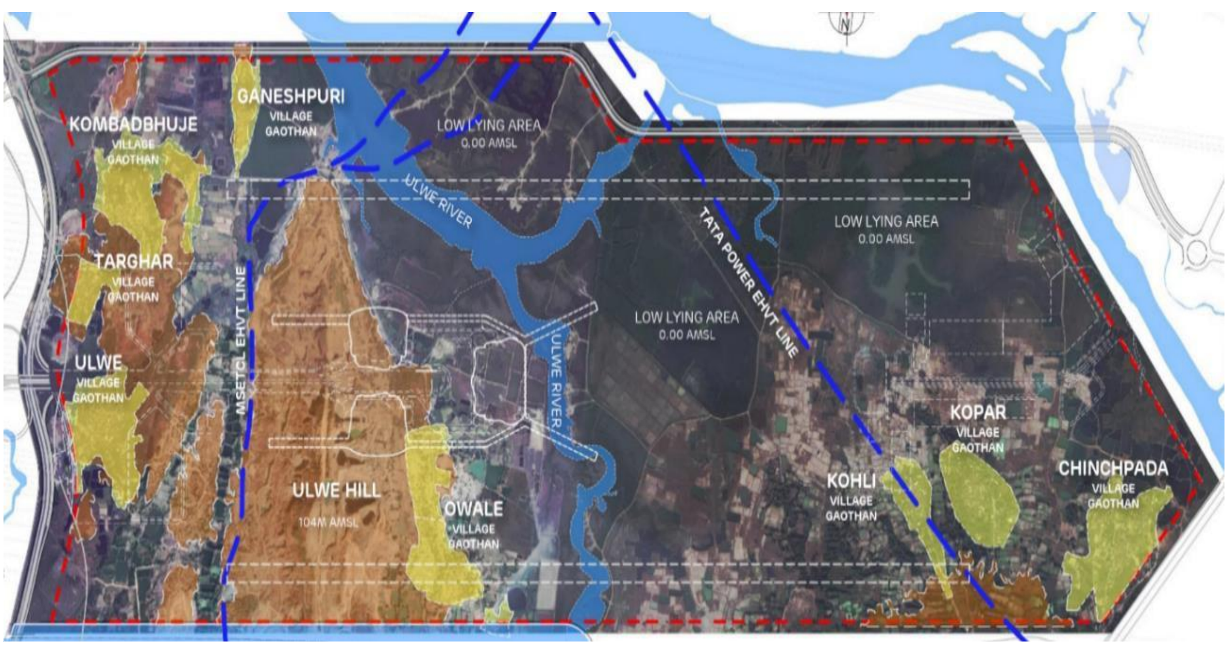


Figure 4:NMIA Site Conditions (2017)

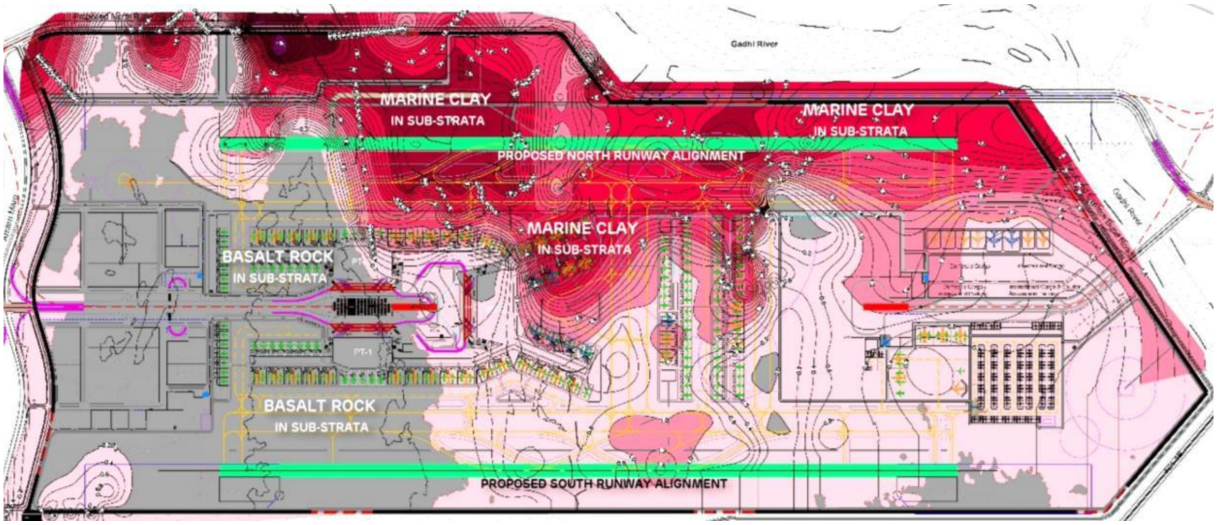


Figure 5: NMIA Site Sub-Soil Conditions (2017)

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 include:

(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.

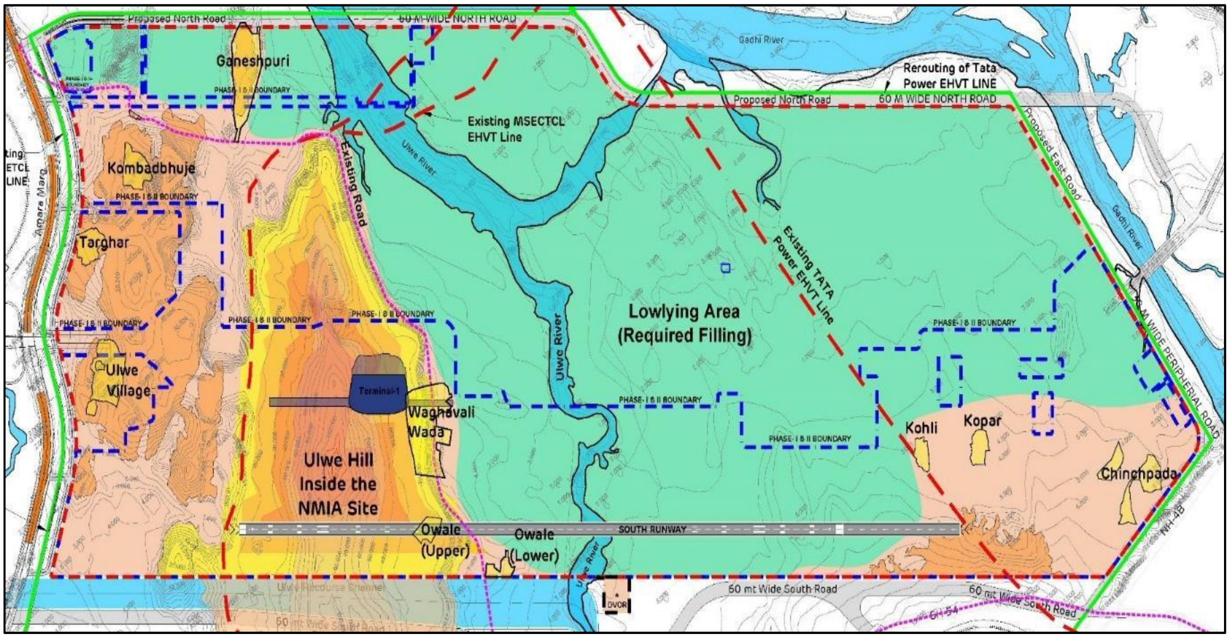


Figure 7: Aerial view of NMIA site depicting site level/contours

Technical Necessity for Land Development of Entire 1,160 hectares

5.3.20 From a technical perspective, it is 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 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. Furthermore, the scale, magnitude and technical complexity associated with the development of the 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 is 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 cannot be done partially or else would be an obstacle in the airport operations path, river running across the site cannot 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 is 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 alongwith 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 proposes 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 - <u>Site preparation & earthworks along with pre-development works done by CIDCO</u>

NMIAL has 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 21: 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 has been provided in the table below:

Table 22: 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) Contruction 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 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 include 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 include 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 have 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 has 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 solo, 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 has 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, has capitalized the pre-development expenditure as part of the Regulatory Asset Base (RAB). This capitalized amount has been amortized over a period of 40 years, which corresponds to the duration of the Concession Period. The amortization has 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 has 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 has also considered the land development cost as part of the RAB. Consequently, this cost has 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 notes that the expenditure of ₹3,420 crore incurred by CIDCO has 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 has recommended limiting the pre-development cost to ₹3,420 crore for the First Control Period. This amount of ₹3,420 crore is already stipulated in the Concession Agreement and represents verified expenditure incurred by CIDCO. The Authority also notes 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 proposes 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 has submitted that an amount of ₹ 1,917 crore has 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 23: 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 24: 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	
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)	1,615
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 has 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 has 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 are summarized in table below:

Table 25: Cost towards site preparation & earthworks along with pre-development works done by CIDCO considered by Authority

(₹ 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 has 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 26: 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**
19	Unawarded works (GA Apron expansion work)	319
	Total	**2,041**

The Authority through its Independent Consultants notes that NMIAL has 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 is 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) is found reasonable.

The Authority further notes 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 has 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 is still unawarded has not been considered.

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

The Authority through its Independent Consultants has 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 than 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 27: Airside Development works cost considered by Authority for First Control Period

(₹ in crore)

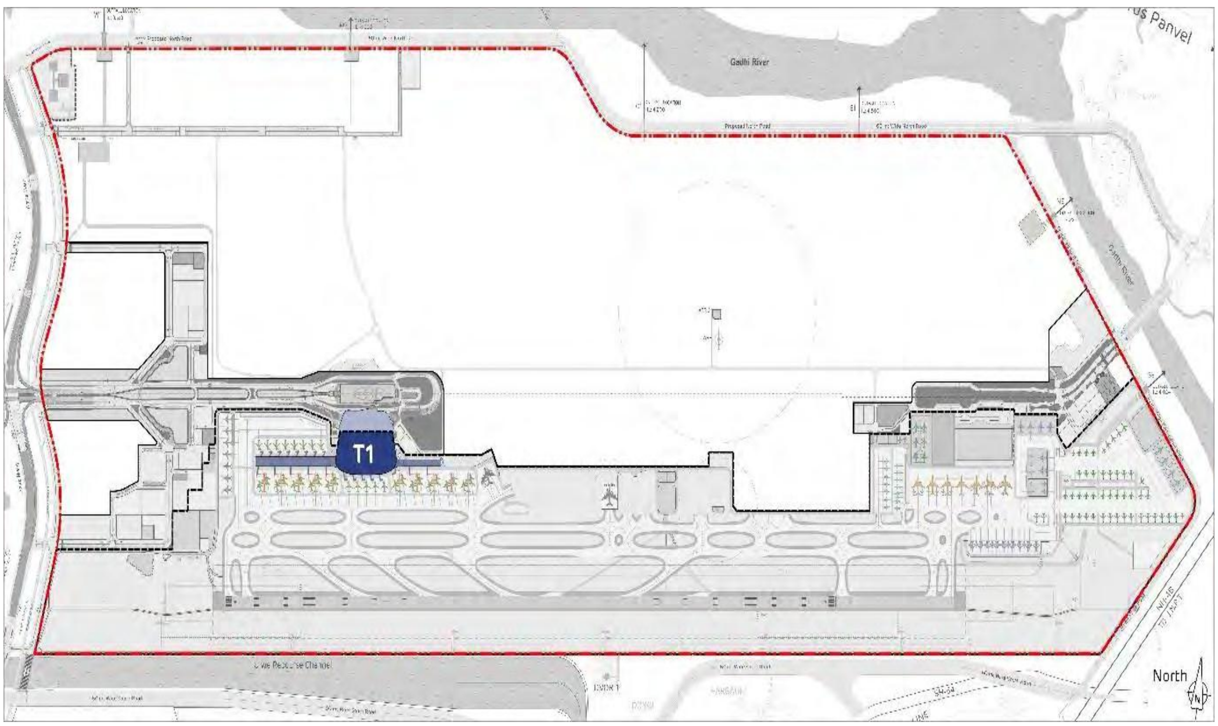
S. N.	Asset Category	Cost by NMIAL	Cost considered by Authority	Variance
1	Airside Development works	2,041	2,000	(-) 41

C - PASSENGER TERMINAL BUILDING (PTB)

NMIAL has submitted capital expenditure of ₹ 3,584 crore for PTB (T-1). This also includes ₹ 148 crore towards price adjustment claims including GST. Terminal building has 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, have been 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 28: 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

S. No.	Asset	Remarks	Cost
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 29: 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	
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%

S. No.	Facilities for 20 MPPA terminal building	Units	Count	Remarks
				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	
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%

S. No.	Facilities for 20 MPPA terminal building	Units	Count	Remarks
				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 30: 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 31: 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
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 notes 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 has 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 has 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 has 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 09, 2025.

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

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

NMIAL has submitted ₹ 68 crore in revised list of unawarded work as miscellaneous works towards Scope gap/Additional changes and the same has 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 has 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 has been restricted to ₹ 3,417 crore (₹ 3,584 crore- ₹ 167 crore).

The Authority through its Independent Consultant has assessed the cost of the Passenger Terminal Building (PTB) based on CPWD Plinth Area Rates (PAR), DSR, and prevailing market rates, and has 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 proposes to consider the capital costs as verified by the CAPEX consultant for the purpose of the present tariff determination.

Authority also notes 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 proposes to consider the cost of PTB as mentioned below:

Table 32: Terminal building cost considered by Authority

(₹ 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 has 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 33: 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
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

S.N.	Description of item	Cost
	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 has 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 has 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 has been duly analysed by Authority through its independent consultants based on CPWD PAR, DSR & Market rates. Hence the proposed cost for landside development works has been considered as ₹ 859 crore.

Table 34: Landside development cost considered by Authority

(₹ 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 has 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 35: 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

S. No.	Item	Cost
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**
	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 notes that, in support facility-1 under non-EPC works, an amount of ₹ 59 crore has 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” has not been considered & would be considered on actual incurrence.

2. **Change orders in various existing contracts**

   NMIAL has submitted ₹ 53 crore against change orders in various existing contracts under non-EPC works and the same has 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) has 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 proposes to consider cost towards support facility – 1 as follows:

Table 36: Support facility - 1 cost considered by Authority

(₹ 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 has 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 has been completed. The details of the work are as follows:

Table 37: Cost towards utilities & PNG works as submitted by NMIAL

(₹ in crore)

S. No	Asset	Cost
1	Utilities & PNG works	461

Table 38: 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 proposes to consider cost towards utilities and PNG works as follows:

Table 39: Utilities & PNG works cost considered by Authority

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

Table 40: 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
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 notes that out of the total cost of ₹ 121 crore towards support facility-2, works of ₹ 20 crore are 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 has been 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 proposes considering the cost submitted by NMIAL for support facility-2 works as follows:

Table 41: Support facility – 2 costs considered by Authority

(₹ 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 has submitted CAPEX of ₹ 409 crore towards IACT to support the development of critical cargo infrastructure. The works have been 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 has 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 42*: Cost towards Integrated Air Cargo Terminal as submitted by NMIAL*

(₹ in crore)

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

Table 43: 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 44: Integrated Air Cargo Terminal (IACT) cost analysis

S. No.	Description of Item	Cost (₹ in crore) (A)	Remark
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 has been analyzed by the CAPEX consultant based on CPWD PAR DSR, Market rates and other similar airports and has 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 proposes to consider cost towards IACT as follows:

Table 45: IACT considered by Authority

(₹ 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 has 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 is envisaged that NMIA will receive ATF through a dedicated pipeline and via tank truck deliveries to the Fuel Farm. The stored fuel will 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 can 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 has 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
  (i) Will be returned back to supplier or transferred upon COD.
  (ii) NMIAL has claimed only rental charge on 6,300 KL.

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

Table 46: 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 47: 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 has been proposed not to be considered. A clarification from the Airport operator was also sought by the CAPEX consultant.

In this regard, NMIAL has submitted a letter dated December 04, 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 has 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 is 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 has been adjusted for cost of 1 No tank amounting to ₹ 42 crore, as shown in table below.

Table 48: 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 proposes to consider the cost for Fuel Farm and Fuel Hydrant System as follows:

Table 49: Fuel Farm & Fuel Hydrant System cost considered by Authority

(₹ in crore)

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

J - <u>Ground Power Unit (GPU) & Pre-Conditioned Air (PCA)</u>

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 has 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 50: 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 has conducted a detailed market analysis to evaluate the cost benchmarks for similar systems across comparable airports and has found the cost proposed by NMIAL to be reasonable and in line with prevailing market rates.

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

Table 51: Cost towards GPU & PCA considered by Authority

(₹ in crore)

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

K - <u>Expected Claims</u>

NMIAL has 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 52: Cost towards expected claims as submitted by NMIAL

(₹ in crore)

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

The Authority notes the submission by NMIAL regarding claims raised by the EPC Contractor. The Authority also notes 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 proposes not to consider these as part of RAB at this stage. However, Airport Operator has 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 proposes 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 53: Cost towards expected claims considered by Authority

(₹ in crore)

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

L - <u>Others (Hard cost) Claims for Idling</u>

NMIAL has 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 has 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 54: 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 has not provided detailed calculations for the claim finalized as well as the details of the claim submitted by the EPC contractor.

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

Table 55: Cost towards Claims for Idling considered by Authority

(₹ in crore)

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

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

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

Table 56: 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**

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

I. Technical services

NMIAL has 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
- 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 has reviewed the services under these two categories

Under Category (A) pertaining to ₹ 671 crore for design consultancy services (awarded contracts), the Authority has 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 has not been considered.

2. ₹ 33.90 crore (Other technical services)

   The Authority notes 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 has not been 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 notes that NMIAL has not provided any supporting details for these services and expenditure on these services is yet to be incurred. Hence, it is 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 57: Cost towards technical & other technical services considered by Authority

(₹ 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 has 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 notes 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 has 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 58: Cost towards pre-operative expense considered by Authority

(₹ in crore)

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

III. Preliminaries

NMIAL has 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 notes that cost of ₹ 59 crore is related to the construction of the NMIAL project office, which was considered under soft cost by NMIAL. Since the facility constitutes a permanent structure, it is 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 has reviewed the above cost of ₹ 113 crore, and found it to be reasonable. Accordingly, the Authority proposes considering preliminary expenditure as follows:

Table 59: Cost towards preliminaries considered by Authority

(₹ 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 has been analysed and it is noted that the project office complex accommodates the planning, design, and construction departments of NMIAL and temporarily houses the corporate and operations departments, which will 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 has been classified under hard cost.

The Authority through its Independent Consultants has 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 has 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 60: 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 61: 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	

S.No	Item Description	Estimated amount in crore
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 proposes to consider as follows:

Table 62: Cost towards insurance & permits considered by Authority

(₹ 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 has 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 proposes to consider the following:

Table 63: Cost towards financing cost considered by Authority

(₹ 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 has been provided below:

Table 64: Summary of cost towards PMC/Statutory payments/ORAT/Pre-operative expenses etc. considered by Authority

(₹ 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 65: 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 has 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 has 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 has not been considered, due to the following reasons:

a) Payment has 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 has been scheduled in phase 3 of airport development.

Therefore, based on above ground, the cost pertaining to allotment of additional land for ₹ 60 crore has 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 notes the stipulations for the payment of one-time pre-operative expenses and Concession Fee as the Concession Agreement and thus proposes to consider the amount of ₹ 150 crore towards payment to CIDCO.

III. Building Approvals

NMIAL has 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 has 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 has been considered, as these payments constitute statutory obligations. Based on the above analysis, Authority proposes to consider as follows:

Table 66: Cost towards payment to CIDCO considered by Authority

(₹ 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 has stated that it has computed the financing allowance in accordance with section 5.2.7 of AERA guidelines. As per NMIAL, the computation of financing allowance has been provided in Table 18.

As per AERA Guidelines, 2011 and the Authority's principles followed in the recent tariff orders in case of Greenfield Airports, the Authority proposes 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 has 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, has 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 has been considered in same proportion as submitted by NMIAL for each financial year. This has 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 has adopted the actual applicable rate of interest.
- The Financing Allowance has been computed considering all assets would be capitalized on 25th December 2025

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

Table 67: Financing Allowance as proposed 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	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	C	0	0	0	0	0	0	0	0	0

Particulars	Ref.	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
stakeholders incl grants if any)										
- 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 has 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 - <u>Sustainable / Minor CAPEX</u>

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 68: 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 has been allowed out of ₹ 105.56 crore submitted by Airport operator • Full body scanner of ₹ 15 crore has been considered based on Airport operator submission • Radiological detection equipment of ₹ 5 crore has also been considered based on Airport operator submission • Other security equipment’s of ₹ 1.26 crore has been considered as submitted by Airport operator • Thus only ~₹ 95 crore (73.43 + 15 + 5+ 1.26) has 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

Department	Proposed operational CAPEX	Recommended by consultant	Remarks
			~₹ 10 crore has 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 has been considered towards essentially required works for operationalization of the Airport. Whereas balance work shall be allowed on actual incurrence basis.
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 has been considered towards related enabling works. In addition, RCR vehicles, charging points, navigation software etc. amount to ₹ 5.76 crore has 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 has 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 proposes to consider as follows:

Table 69: Sustainable/Minor CAPEX considered by Authority

(₹ 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**

Department	Cost considered by Authority
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 has calculated ITC of ₹ 314 crore, which is deductible from the CAPEX incurred by NMIAL.

Table 70: 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 notes 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 proposes to consider the recommendation of Independent Consultants for the ITC deduction as per **Table 70** above.

Summary of Authority Examination of Assets submitted CAPEX by NMIAL

5.3.29 Based on the above analysis, Authority has proposed to consider the recommendation provided by EPIL. The same has been provided below:

Table 71: CAPEX proposed by Authority for NMIA for the First Control Period

(₹ 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

Asset category	Cost submitted by NMIAL	Revised cost submitted by NMIAL	Cost proposed by Authority	Cost proposed by Authority after adjustment of GST credit
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
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 notes that NMIAL has considered aero allocation as 100% for the First Control Period.

Authority's examination on asset allocation into aero and non-aero

5.4.2 The Authority has obtained the area statement of the terminal building and notes that NMIAL has 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 proposes a TBLR of 88%:12%.

5.4.3 The Authority proposes 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 has been calculated as follows:

Table 72: Site preparation & earthworks along with pre-development works done by CIDCO as follows:

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 has been presented below:

Table 73: 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

Items	Asset Categorization	Classification	CAPEX proposed by Authority	Ratio	CAPEX after allocation
VHT	Plant & Machinery	Common	44.00	88%	39.00
PTB	Plant & Machinery	Common	310.00	88%	273.00
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

Items	Asset Categorization	Classification	CAPEX proposed by Authority	Ratio	CAPEX after allocation
INTO plane facility	Other Buildings	Aero	18.00	100%	18.00
Fuel station	Other Buildings	Aero	14.00	100%	14.00
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 has 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 has 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 have been presented below:

Table 74: Asset category wise aeronautical additions proposed by the Authority for the First Control Period

(₹ 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 has stated that it has 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 75: 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 76: 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

5.5.3 The Authority notes that NMIAL has not computed 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 12th January 2018, in the matter of determination of useful life of airports assets. The Authority proposes to consider the rates as per order No. 35/2017- 18 dated 12th January 2018.

5.5.4 The Useful life adopted by the Authority and NMIAL is presented below:

Table 77: 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 has computed the aeronautical depreciation of assets for the First Control Period. The following table summarizes the revised depreciation proposed by the Authority:

Table 78: Total aeronautical depreciation proposed by the Authority for the First Control Period

(₹ 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**
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 79: 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

5.6.2 The Authority has 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 80: RAB proposed 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	-	17,283.81	16,539.53	15,844.54	15,062.41	
Additions to RAB (Refer **Table** *74*)	B	17,491.80	38.90	95.33	10.19	5.62	17,641.85
Depreciation (Refer **Table 78**)	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 Authority's proposals 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 proposes the following with regard to CAPEX, depreciation, and RAB for the First Control Period.

5.7.1 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.

5.7.2 To consider financing allowance during the First Control Period as detailed in **Table 67**

5.7.3 To consider the CAPEX for the First Control Period in accordance with **Table 71**

5.7.4 To consider the aeronautical additions for the First Control Period in accordance with **Table** ***74***

5.7.5 To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the next Control Period.

5.7.6 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.

5.7.7 To true up the aeronautical CAPEX based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for next Control Period.

5.7.8 To adopt aeronautical depreciation as per **Table 78** for the First Control Period.

5.7.9 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.

5.7.10 To consider average RAB for the First Control Period for NMIA, Navi Mumbai as per **Table 80**.

5.7.11 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 has 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 has 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% has been considered to factor the risks associated with greenfield airports in the multiple airport system.

6.1.3 NMIAL has 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 81: 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 has submitted that it has 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 has submitted that it has 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 has submitted that in order to fund the project cost of phase I and II, NMIAL has tied up loan with consortium of banks with SBI as the lead bank. The facility has 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 has submitted that CIDCO has 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 has 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 has 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 82: 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 has 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 has 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 has submitted the following weighted cost of debt:

Table 83: 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 **<u>Fair Rate of Return</u>**

Based on the above CoE, cost of debt and gearing ratio of 48:52, the FRoR as submitted by NMIAL is below.

Table 84: 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

<u>Cost of Equity</u>

6.2.1 The Authority notes 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, has 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 85: 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 86: 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

Airport / Operator	Country	IIM-B study for 5 airports*	NMIAL study*
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 notes 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 notes 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 has 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 has 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 87: 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 • Construction of retaining wall along site boundary • Construction of diversion channel for Ulwe river flowing through site	The Authority notes 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 CIDCO. It is understood that most of these works have been successfully completed.

S No	Excerpts from NMIA COE Report	Authority's analysis
	• Re-routing of extra High Voltage Transmission lines • Excess rock disintegration and transportation of 140 m^3 volume	The Authority notes that the cost for land development works has been considered as soft loan and has 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 has been considered / approved in CAPEX (RAB) in the form of cost escalation, the Authority notes 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 proposes 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 notes that rehabilitation and resettlement was under the scope of work of CIDCO, most of which has been successfully completed. Additionally, no further risk is envisaged on this account. Therefore, the Authority proposes 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 notes that NMIA is strategically located between the 8-lane Amra Marg (west) and 4-lane NH-4B (east) in Navi Mumbai. The airport is 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 does not envisage any risk on account of connectivity.
4	**Airline willingness** • Airlines should be willing to operate flights from Navi Mumbai Airport	The Authority notes 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 does not envisage any risk on account of lack of airline willingness to operate from NMIA.
5	**Impact of yield gap on traffic** • YPP at NMIA expected to be much higher than CSMIA in initial periods –	The difference in yield has already been factored as part of traffic projection at NMIA. Additionally, with

S No	Excerpts from NMIA COE Report	Authority's analysis
	discouraging traffic uptake at the new airport	the capacity constraint at CSMIA, additional aviation traffic will move to NMIA.

6.2.5 Authority has noted the various risk factors listed out by the airport operator. 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 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 notes that the CoE for the purpose of determination of FRoR has 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 88: 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 notes 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 proposes the CoE of 15.18% for NMIA for the First Control Period.

Cost of Debt

6.2.10 As per details submitted, NMIAL has 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 has 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 notes that the airport operator has 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 notes 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 has 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 proposes to consider the above revised terms.

6.2.13 Based on the above, the Authority proposes to consider the following:

Table 89: SBI RTL calculation for First Control Period as per Authority

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 has 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 has been only been considered.

Table 90: Additional loan towards minor capex for First Control Period as per Authority

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 notes that the airport operator has 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, has 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 proposes 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 91: ICD calculation for First Control Period as per Authority

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 notes that NMIAL has 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 has 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 notes that NMIAL has 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 proposes 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 notes 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 proposes 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 proposes to consider the following soft loan for calculation of average cost of debt:

Table 92: Soft Loan calculation for First Control Period as per Authority

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 has been calculated as follows:

Table 93: Weighted average cost of debt

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 proposes to consider the cost of debt of 9.57% for the computation of FRoR.

<u>Fair Rate of Return</u>

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 proposes to consider the following FRoR for the First Control Period for NMIA as:

Table 94: FRoR proposed by the Authority for the First Control Period

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%
Weighted Average Cost of Capital (FRoR)	E=(A×C)+(B×D)	12.49%

6.3 Authority's Proposals Regarding FRoR for the First Control Period

Based on the materials before it and its analysis, the Authority proposes the following with regard to FRoR for the First Control Period:

6.3.1 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.

6.3.2 To consider FRoR of 12.49% for the First Control Period as per **Table 94**.

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 95: 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

7.2.1 The Authority notes NMIAL's submission on inflation to be considered during the First Control Period. The Authority proposes 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 proposes 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 96: Inflation rates proposed by the Authority for the First Control Period

Particulars	FY26	FY27	FY28	FY29	FY30
WPI inflation	0.50%	3.00%	3.00%	3.00%	3.00%

7.3 Authority's proposal regarding inflation for the First Control Period

Based on the materials before it and its analysis, the Authority proposes the following for the First Control Period:

7.3.1 To consider inflation for the First Control Period for NMIA as per **Table 96**

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 has 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 the 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 has 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% has 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 Consultation Paper, NMIAL proposes to undertake capacity expansion at NMIA from 20 to 50 MPPA during the First Control Period. In respect of phase III expansion, NMIAL has taken Y-o-Y increase of ~87%, considering operationalization of terminal 2 from mid of FY 2029-30, while projecting O&M expenses.

Table 97: 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 has 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 has projected a proportionate increase in utilities, rates & taxes, and other operating expenses. Expenditure on manpower, administrative, information technology and security functions has 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 has 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 98** below.

Table 98: 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 99: 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 has 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 has considered the following basis to estimate the O&M expenses summarized in the above **Table 98** for the First Control Period:

A. Manpower expenses

8.1.6 NMIAL has 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 has 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 has been derived. An annual escalation of 10% in average salary cost per employee has been assumed for projecting the manpower costs for the First Control Period. Further, NMIAL has 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 100** below:

Table 100: 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

Department (Employee nos.)	FY26	FY27	FY28	FY29	FY30@
Techno commercial	10	11	11	11	11
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 has 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 has 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 has been assumed at ₹ 16 lakh per annum. The average salary cost per employee has been escalated at the rate of 10% per annum for subsequent years of the First Control Period. To estimate the total manpower cost, NMIAL has 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 101** below.

Table 101: 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 has 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 has 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 has 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 has been considered to be 5%.

Fuel / Diesel Expense

- NMIAL has estimated ₹ 2 crore as fuel cost for FY 2025-26 and with Y-o-Y escalation of 10%.

Table 102: 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 has 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 has 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 has also submitted that it is in discussion with CIDCO regarding this matter and has 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 has 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 103: 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 has requested the Authority to consider these statutory expenses on an incurrence basis.

E. Corporate allocation

8.1.16 NMIAL has submitted that it is a Company of the Adani Group.

- Adani Enterprises Limited (AEL) is the flagship company for Adani Group which has 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 has 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 has 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 has projected an annual increase of 10% during the First Control Period.

Table 104: 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 has proposed UDF collection charges at ₹ 5 per departing passenger. Accordingly, the following have been submitted:

Table 105: 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 has 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 has considered an annual increase of 10% Y-o-Y for administrative expenses.

Table 106: 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 has 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 has 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 has 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 has 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 107: 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 has 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 108: 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 has 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 109: 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 has 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 has 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 110: 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 has 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 111: 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 has 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 has submitted the Concession fee for the First Control Period as follows:

Table 112: 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 has 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 has 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 has considered the rate of charges for IE services during the operations period at 50% of the rate during the construction period. Additionally, NMIAL has assumed an annual escalation in cost as 10%. Based on the above assumptions, NMIAL proposes the following cost of IE.

Table 113: 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 has 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 has submitted that it neither has 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 114: 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 has 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 has assumed 1.50% of the debt amount as financing charges.

8.1.49 NMIAL has 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 has 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 has 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 has 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 115: 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 has 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 has 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 has been considered for O&M Fee.

8.1.55 NMIAL has 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 has considered three (3) number of supervisors and three (3) number of duty managers in shifts. The average annual cost per person has been considered ₹ 33 lakh. Total cost has 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 has 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 has 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 116: 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**
Other expenses (IT, admin, marketing, etc.)	4.25	4.68	5.14	5.66	6.22	**25.95**

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Total	**272.84**	**498.02**	**695.02**	**764.52**	**1073.42**	**3,303.82**

Q. Fuel Farm operating expenses

8.1.59 NMIAL has 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 has 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 has 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 has considered three (3) number of supervisors and three (3) number of duty managers in shifts. The average annual cost per person has been considered ₹ 33 lakh. Total cost has been considered as approximately 2 crore per annum with an escalation of 10%.

Table 117: 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

8.2.1 The Authority notes the basis and estimation of O&M expenses submitted by NMIAL for the First Control Period. The Authority notes that NMIAL has projected O&M expenses considering infrastructure requirements, personnel costs, equipment maintenance, utilities, security measures and other costs. The Authority has noted that NMIAL has 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 notes that depending on the nature of services provided or area allocated, expenses should be segregated as aeronautical or non-aeronautical or common. The Authority has 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 notes 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 notes 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 proposes 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 73** and proposes the Gross Block Ratio for the First Control Period as presented in the table below.

Table 118: Gross Block Ratio proposed by the Authority for the First Control Period

(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 notes that NMIAL has 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 has been provided. As part of its MYTP, NMIAL has submitted department wise estimation of employee head count proposed to be deployed at NMIA.

8.2.7 The Authority notes that NMIAL has 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 has 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 notes that the passenger per employee count in NMIA was in line with other airports whose passenger profile was similar to NMIA.

Table 119: 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 proposes to consider the employee head count as submitted by NMIAL for the First Control Period incorporating a gradual ramp up in manpower. Therefore, it proposes adjusting the employee count from 550 to 752, effective from March FY 2026 to FY 2030 as per the **Table 121** 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 proposes reclassification of these departments as either non-aeronautical or common:

Table 120: 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 has recomputed EHCR as detailed in table below:

Table 121: Employee Head Count Ratio proposed by the Authority for the First Control Period

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**
Total Employee Head Count						
Aero		544	626	714	734	746
Non-aero		6	6	6	6	6
Total		**550**	**632**	**720**	**740**	**752**

Department	Classification	FY26	FY27	FY28	FY29	FY30
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 122: Allocation ratios proposed by the Authority for the First Control Period

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 121)	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 has 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 123: Classification and allocation of O&M expenses proposed by Authority for First Control Period

Particulars	Expense classification	Allocation basis	Aeronautical	Non-aeronautical
Manpower	Common	Employee Head Count Ratio	98.97% (for FY 2025-26) refer Table 122	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 122)	9.65%
Corporate allocation cost	Common	Employee Head Count Ratio	98.97% (refer Table 122)	1.00%
Collection charges on UDF	Aeronautical	-	100%	-
Other administrative expense	Common	Gross Block Asset Ratio	95.37% (refer Table 122)	9.65%
Insurance	Common	Gross Block Asset Ratio	95.37% (refer Table 122)	9.65%
R&M	Common	Gross Block Asset Ratio	95.37% (refer Table 122)	9.65%
Other operating cost	Common	Terminal Building Ratio	88% (refer Table 122)	12%
TNLC charges	Aeronautical	-	100.00%	-

Particulars	Expense classification	Allocation basis	Aeronautical	Non-aeronautical
Digitisation cost	Common	MCDA Approach used in MIAL	30.00% (Refer Table 148)	70.00%

II. Examination of O&M expenses and its allocation into aeronautical and non-aeronautical expenses

8.2.14 The Authority has 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, notes that inflation of 5% has been considered by NMIAL. However, the Authority proposes 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 notes that NMIAL in its submission has 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 has not been considered.

Head-wise analysis of various O&M expenses is as under.

A. Manpower expenses

8.2.17 The Authority notes that NMIAL has projected an average salary cost per employee of ₹ 16 lakh for FY 2025-26 and has 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 proposes 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 121**, proposes the following aeronautical manpower expenses for determination of tariff of the First Control Period of NMIA.

Table 124: Aeronautical manpower expenses proposed by the Authority for the First Control Period

(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 notes that NMIAL has 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 has undertaken a detailed examination of the utility expenses which is presented below

Power Charges/Expenses

8.2.21 The Authority notes that NMIAL has 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 has 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 125: 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 notes 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 has 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 notes 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 126: 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 proposes 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 notes 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 proposes 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 notes 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 proposes the power cost for the First Control Period as follows:

Table 127: Power charges proposed by the Authority for the First Control Period

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 (Rs / 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 notes that NMIAL has 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 128: 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 has 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 129: 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	
Water consumption / pax (KL)	0.03	0.04	0.04	0.04	0.03	
IGIA						

Particulars	FY25	FY26	FY27	FY28	FY29	FY30
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 notes 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 proposes considering 0.04 KL water consumption per passenger for NMIA.

8.2.32 Further, the Authority notes that NMIAL has 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 130: 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 proposes to consider the recovery percent for NMIA as 25% of total water consumption.

8.2.34 The Authority notes 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 proposes to consider the water charge of ₹ 53.04 per KL for FY 2025-26. Thereafter, inflationary increase has been proposed.

Table 131: Water charges proposed by the Authority for the First Control Period

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

Particulars	FY26	FY27	FY28	FY29	FY30	Total
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 (Rs / 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 notes 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 proposes 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 notes that NMIAL has 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 132 Basis of fuel cost submitted by NMIAL

		Unit	Oty.	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 proposes 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 proposes the following utility expenses for the First Control Period:

Table 133: Total utility expenses proposed by the Authority for the First Control Period

(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
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 notes that NMIAL has projected IT expenses as given in para 8.1.14. Authority also notes that NMIAL has 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 134: 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 notes that IT infrastructure pertains to the operations of the entire Airport. Further, the Authority proposes to allocate IT expenses between aeronautical and non-aeronautical segregation based on the GBR. NMIAL in its submission has 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 135: IT expenses proposed by the Authority

(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 notes that NMIAL has 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 has not included in rates and taxes in MYPT submission and has requested to consider these on an incurrence basis. The Authority proposes to consider the same on incurrence basis subject to reasonability and efficiency.

E. Corporate allocation

8.2.45 The Authority notes that NMIAL has submitted corporate allocation of ₹ 80 crore towards corporate support services received from AEL and AAHL. Thereafter 10% Y-o-Y increase has been considered.

The Authority notes that NMIAL has 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 has submitted the detailed breakup of this expense based on the study conducted by PwC as provided in the table below.

Table 136: 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 notes that AEL, on an overall basis, extends support and guidance to various Group Companies and AAHL provides expertise and specialist domain knowledge to the airport companies, which are essential for the sustainable operations of the business. The major composition of the costs of these services includes salaries and administrative costs that are recovered by AEL and AAHL through an appropriate allocation method. Further, this process is consistent with the approach followed by other PPP airports such as DIAL, GHIAL etc. for allocation of corporate costs to the airports. Based on the above factors, the Authority considers the apportionment of costs of AEL and AAHL to 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 has 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 has excluded the same from aeronautical O&M expenses.

Based on the above, the Authority proposes 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 122**.

8.2.50 Additionally, the Authority proposes 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 137: Corporate cost as proposed by the Authority for the First Control Period

(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 notes that NMIAL has 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 proposes computing Collection Charges on disembarking passengers, excluding exempt and transfer passengers of 7%.

8.2.53 The Authority further notes that NMIAL has 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 proposes 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 138: Collection charges on UDF as proposed by the Authority for the First Control Period

Particulars	Ref	FY26	FY27	FY28	FY29	FY30	Total
Domestic passenger in MPPA (Refer Table *14*)	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 *14*)	D		2.46	3.67	3.67	3.67	13.47
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**

Particulars	Ref	FY26	FY27	FY28	FY29	FY30	Total
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 notes that NMIAL has 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 has 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 139: 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 notes that NMIAL has considered ₹ 6 crore towards marketing and passenger engagement expense, printing expense. The Authority proposes considering the same.

8.2.59 The Authority notes that legal consultancy expense of ₹ 6 crore has 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 has 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 proposes 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 has 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 proposes to consider ₹ 8 crore on account of other miscellaneous admin. expenses.

8.2.61 The Authority notes that NMIAL has not allocated administrative expenses based on any ratios. However, the Authority proposes to allocate these expenses based on GBR in line with other airports.

8.2.62 Further, the Authority proposes to consider inflationary increase, as mentioned in **Table 96**for administrative and general expenses.

8.2.63 In accordance with the aforementioned analysis and considering the GBR as mentioned in **Table 122**, the aeronautical administrative expenses proposed by the Authority for the First Control Period are in line with other airports and are as follows.

Table 140: Administrative expenses as proposed by the Authority for the First Control Period

(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 notes that NMIAL has 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 notes that NMIAL has considered insurance for every aspect of infrastructure and operation that is essential to ensure proper functioning of the airport.

8.2.66 NMIAL has 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 notes 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 has reviewed the same and proposes 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 141: Insurance expenses as proposed by the Authority for the First Control Period

(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 notes that NMIAL has 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 has 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 142: 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 143: R&M Expense for NMIA as proposed by the Authority for the First Control Period

(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 notes 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 has considered Y-o-Y increase of 10%.

8.2.72 The Authority has taken note of the contract awarded by NMIAL for other operating expenses, which was submitted on December 25, 2025. The contract has 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 proposes 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 has 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 proposes adopting a simplified approach to allocate costs. The Authority proposes 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 144: Other operating expenses as proposed by the Authority for the First Control Period

(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 notes that NMIAL has 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 has 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 proposes 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 notes 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 has examined the break-up of CAPEX submitted by NMIAL and notes that it pertains to the cost incurred by AAI for development of CNS/ATM facilities. Accordingly, the Authority proposes 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 has not provided the same. Accordingly the Authority proposes 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 proposes Y-o-Y inflationary increase of 3% as per **Table 96** for CNS/ATM expenses.

8.2.80 The Authority also proposes 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 145: CNS/ATM expenditure as proposed by the Authority for the First Control Period

(in ₹ crore)

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
ATM traffic (*refer Table 12*)							
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

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
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 notes 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 8^{th} to 12^{th} Concession Year of the Concession Period.

Further, the Authority notes that Concession Fee is required to be paid by the 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 notes that Concession Fee totalling ₹40 crore has 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 proposes to consider concession fee as below during the First Control Period.

Table 146: Concession fee as proposed by the Authority for the First Control Period

(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 has 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 has 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 has 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 proposes considering the cost of ₹ 5 crore submitted by NMIAL for the Independent Engineer to be reasonable and justified. However, yearly increase has been considered as per **Table 154**.

Table 147: IE Cost as proposed by the Authority for the First Control Period

(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 notes that NMIAL has 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 has 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 has onboarded 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 has 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 has submitted that it has undertaken 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 has 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 has 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 has submitted that IPA has certified the selection of RPT at arm's length and in ordinary course of business in compliance of the Concession Agreement. Further, the NMIAL has submitted the Board Resolution of the NMIAL board meeting held on December 5, 2025, stating that NMIAL board has 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 notes 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 has 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 notes 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 proposes 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% has been considered in line with MIAL.

8.2.99 Further, based on Multi Criteria Decision Approach (MCDA) used in MIAL, the Authority proposes 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 proposes considering the digitisation cost as below:

Table 148: Digitisation cost as proposed by the Authority for the First Control Period

(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
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 notes that NMIAL has 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 proposes considering 1.50% financing charges on debt drawdown for minor CAPEX during the First Control Period.

8.2.103 Authority further proposes 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 proposes 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 149: 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 122	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 notes that NMIAL has 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 has 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 has submitted in its MYTP that there was a requirement for working capital for all tariff years of the First Control Period. Authority also notes that the applicable rate of interest is same as interest in loan facility by senior lender SBI.

8.2.109 The Authority proposes 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 notes that interest on working capital is dependent on many factors including aeronautical revenue which is in turn dependent on the tariff rate card. However, since the tariff rate card would be submitted by the Airport Operator only after the issue of this consultation paper, the Authority, for the purposes of this consultation paper, proposes to consider the interest on working capital corresponding to each tariff year as submitted by NMIAL in their financial model.

8.2.111 The Authority further proposes 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 150: Total Interest on Working Capital proposed by the Authority for the First Control Period

(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 has 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 notes 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 has submitted that following a two-stage global competitive bidding process, the O&M agency for cargo terminal(s) has 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 has 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 has 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 notes 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 notes 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 notes 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 has 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 notes 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) has 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 has 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 notes that the cargo complex being a 24*7 facility, to monitor the operations by O&M agency, NMIAL has considered 1 supervisor and 1 duty manager per shift i.e. 3 shifts. The Authority proposes 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 has submitted salary of ₹ 33 lakh, which the Authority proposes to consider. However, NMIAL has projected salary increase at 10% Y-o-Y, which the Authority proposes 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 has 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 151: Cargo O&M benchmarking with other airports

Airport	ISP	Particulars	
IGIA		Cargo ('000 MT)	218.98

Airport	ISP	Particulars	
	Delhi Cargo Service Center Pvt. Ltd. (DCSC)	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 notes 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 has projected O&M operator fee increase at 10% Y-o-Y, which the Authority proposes 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 has considered increase at 10% Y-o-Y, which the Authority proposes 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, has projected reimbursement of salary cost of customs officials who will be handling the international cargo operations, under the head ‘Customs cost recovery’. The Authority notes that the airport operator has 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 has 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 13**, 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 notes that NMIAL in its submission has 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 proposes not to consider other expenses under cargo O&M expenses.

8.2.137 The Authority proposes considering cargo O&M expenses as below:

Table 152: Cargo O&M expenses proposed by the Authority for First Control Period

(in ₹ crore)

Particulars	FY26	FY27	FY28	FY29	FY30	Total
Insourced salary						

Particulars	FY26	FY27	FY28	FY29	FY30	Total
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 notes that NMIAL has 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 has submitted that following a two-stage global competitive bidding process, the aviation fuel facility O&M services provider has 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 has 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 notes 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 has 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 has 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 notes 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 notes 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 has 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 notes 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 notes 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 has 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 has 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 notes that the Fuel Farm being a 24*7 facility, to monitor the operations by O&M agency, NMIAL has considered 1 supervisor and 1 duty manager per shift i.e. 3 shifts per day. The Authority proposes 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 has submitted salary of ₹ 33 lakh, which the Authority proposes to consider. However, NMIAL has projected salary increase at 10% Y-o-Y, which the Authority proposes to consider at 6%, as being considered for NMIA employees in para ----.

8.2.159 The Authority notes that to project fuel throughput NMIAL has 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 153: Fuel throughput considered by the Authority for First Control Period

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
ATM- domestic (in nos.) (Refer Table *12*)	A	18,437	92,970	118,311	118,311	118,311	**4,66,340**
ATM- international (in nos.) (Refer Table *12*)	B		27,367	40,313	40,313	40,313	**1,48,306**
Domestic fuel throughput KL/ATM (Refer Table *12*)	C	2	2	2	2	2	
International fuel throughput KL/ATM	D	12	12	12	12	12	

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
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 154: 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 notes 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 proposes to consider the fee as per agreement being the actual. Additionally, it is noted that NMIAL has considered Y-o-Y increase of 5% for O&M agency fee. The Authority proposes not to consider any increase.

Table 155: Fuel Farm operating expenses proposed by the Authority for the First Control Period

(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 (in KL)	B	2,50,000	2,50,000	5,50,000	5,50,000	5,50,000	
Total fuel throughput (Refer Table 153) (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	

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
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 156: Aeronautical O&M expense proposed by the Authority for First Control Period

(in ₹ crore)

S. No.	Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
A.	Manpower expenses	**Table 124**	23.45	99.22	120.45	137.97	149.48	**530.56**
B.	Utility expenses	**Table 133**	18.84	99.20	139.42	143.60	147.91	**548.97**
C.	IT expenses	**Table 135**	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 137**	20.78	81.75	86.66	91.86	97.37	**378.43**
F.	Collection charges on UDF	**Table 138**	0.65	4.49	6.05	6.05	6.05	**23.28**
G.	Administrative expenses	**Table 140**	5.14	19.65	20.24	20.84	21.47	**87.33**
H.	Insurance	**Table 141**	3.30	12.64	13.09	13.49	13.90	**56.42**
I.	Repairs and maintenance	**Table 143**	34.84	135.30	141.65	142.79	142.91	**597.48**
J.	Other operating expenses	**Table 144**	18.74	71.64	73.79	76.00	78.28	**318.45**
K.	CNS/ATM Expenditure	**Table *145***	23.57	68.60	55.88	59.08	62.37	**269.50**
L.	Concession fee (fixed)	**Table 146**	0.00	5.00	10.00	10.00	10.00	**35.00**
M.	Independent engineer cost	**Table 147**	1.35	5.15	5.30	5.46	5.63	**22.89**
N.	Digitisation cost	**Table 148**	7.02	27.37	28.74	30.18	31.68	**124.99**
O.	Financing charges and others	**Table 149**	0.58	2.29	2.87	2.08	2.04	**9.87**
P.	Interest on Working Capital	**Table 150**	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 152**	**14.66**	**384.23**	**760.42**	**708.20**	**729.45**	**2,596.95**

S. No.	Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
R.	Fuel Farm operating expenses	**Table 155**	**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 Authority's proposal regarding O&M Expenses for the First Control Period

Based on the material before it and based on its examination, the Authority proposes the following regarding Aeronautical Operations and Maintenance (O&M) expenses for the First Control Period

8.3.1 To consider O&M expenses for the First Control Period for NMIA in accordance with **Table** ***156***.

8.3.2 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.

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, has projected the NAR under a single head and has 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*

- *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 has 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 157: 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

9.2.1 The Authority has examined the basis and the projections of non-aeronautical revenue submitted by NMIAL for the First Control Period.

9.2.2 The Authority has 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 notes that NMIAL has 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 has submitted that following a two-stage global competitive bidding process, the master concessionaire has 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 has 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 *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.*	*A) Terminal Services at NMIA* *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***

Provision as per RFQ dated June 22, 2023	***Amended provision as per corrigendum dated December 6, 2023***
	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 notes 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 has 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 has submitted that the proposed related party transaction (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, the NMIAL board in its meeting dated July 2, 2024, considered the proposed RPT granted its approval on the same.

9.2.14 The Authority has 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 has 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 has 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 notes 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 notes 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 Rs. 347 crore submitted by NMIAL for the First Control Period, in place of requirement of Rs 105 crores (30% *347) average annual turnover, NMIAL has specified a turnover of Rs. 500 crore (which is more than 4 times).

- Net Worth

  The net worth of Rs 1,500 crore is additionally restrictive for a work value of Rs. 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 notes 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 has 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 158: 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 notes 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 notes 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 has 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 159: NAR proposed by the Authority for the First Control Period

Particulars	Ref.	FY26	FY27	FY28	FY29	FY30	Total
NAR projection submitted by NMIAL (₹ crore) Table 157	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 Authority's proposals regarding NAR for the First Control Period

Based on the material before it and based on its analysis, the Authority decides the following for Non-Aeronautical Revenue for the First Control Period.

9.3.1 To consider NAR for the First Control Period for NMIA in accordance with Table **159**.

9.3.2 NMIAL should make efforts to substantially increase the NAR for Navi Mumbai International Airport, for the First Control Period, in line with similar airports.

9.3.3 To true up NAR for the current control period, at the time of determination of tariff for the next control period subject to the minimum threshold as proposed by the Authority in Table **159**.

10. TAXATION FOR THE FIRST CONTROL PERIOD

10.1 NMIAL's submission regarding aeronautical taxation for the First Control Period

10.1.1 NMIAL has submitted that it has considered an effective tax rate of 25.17%. The computation of aeronautical income tax has been made based on regulatory books. Further, the aeronautical segment has been treated as a standalone entity with its own tax computations.

10.1.2 While calculating tax, NMIAL has 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 has been considered based on regulatory books of accounts.
- Interest cost has 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 160: 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

10.2.1 The Authority notes that NMIAL has 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 notes that for the purpose of tax calculation, NMIAL has 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 has 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 proposes to consider only aeronautical revenue and expenses in the calculation of aeronautical PBT.

10.2.5 The Authority has directed NMIAL to submit annual tariff proposal (tariff rate card) withing 7 days from issue of this Consultation Paper which will be reviewed and put up for Stakeholder Consultation. Further the Authority has issued the Ad-hoc order for NMIA. For calculation of tax the Authority has 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 has 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 161: Aeronautical taxes proposed to be considered by the Authority for First Control Period

(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 *156***)**	B	189.07	1,085.39	1,543.64	1,530.11	1,583.88	**5,932.10***
Less: Depreciation (Refer Table 78**)**	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 Authority's proposals regarding aeronautical taxation for the First Control Period

Based on the materials before it and its analysis, the Authority proposes the following with regard to taxation for the First Control Period:

10.3.1 To consider aeronautical tax as per **Table 161** for the First Control Period.

10.3.2 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.

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 has 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 has summarized the service qualities on the basis of performance indicators, measures, measurement mechanisms and measurement frequency. NMIAL has 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

11.2.1 The Authority notes that:

- As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall *"monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf."*
- As per section 13(1)(a)(ii), 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 notes 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 notes 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 has 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 Authority's proposals regarding Quality of Service for the First Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Quality of service for the First Control Period:

11.3.1 Not to consider any adjustment in the target revenue on account of Quality of Service for the First Control Period at this stage.

11.3.2 NMIAL should ensure that service quality at Navi Mumbai International Airport adheres to the performance standards outlined in the Concession Agreement and shall additionally comply with such performance standards as may be notified pursuant to the final order referred to in paragraph 11.2.4, once the same become applicable to major airports, during the First Control Period.

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 has 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 162: 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

12.2.1 The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR and Yield. The Authority proposes 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 163: ARR and YPP proposed 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 80**)	A	8,641.90	16,911.67	16,192.04	15,453.48	14,668.61	
Fair Rate of Return (Refer **Table 94**)	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 78**)	D	207.99	783.18	790.32	792.32	793.23	3,367.04
O&M expenses (Refer **Table 156**)	E	190.00	1,105.25	1,587.76	1,583.46	1,639.59	6,106.07
Tax Expense (Refer **Table 161**)	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 159**)	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 14**)	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 notes 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 has 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 Authority's proposal regarding ARR for the First Control Period

Based on the material before it and based on its analysis, the Authority proposes the following with regard to ARR for the First Control Period:

12.3.1 To consider the ARR and YPP for the First Control Period for NMIA in accordance with **Table 163**.

12.3.2 To direct NMIAL to submit the annual tariff proposal (Tariff rate card) within 7 days from issue of this Consultation Paper which will be put up for stakeholder consultations.

13. SUMMARY OF AUTHORITY'S PROPOSALS PUT FORTH FOR STAKEHOLDER CONSULTATIONS

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

3.3.1 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

4.3.1 To consider the passenger, ATM and cargo traffic for the First Control Period for NMIA as per **Table 14**.

4.3.2 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

5.7.1 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.

5.7.2 To consider financing allowance during the First Control Period as detailed in **Table 67**

5.7.3 To consider the CAPEX for the First Control Period in accordance with **Table 71**

5.7.4 To consider the aeronautical additions for the First Control Period in accordance with **Table** *74*

5.7.5 To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the next Control Period.

5.7.6 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.

5.7.7 To true up the aeronautical CAPEX based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for next Control Period.

5.7.8 To adopt aeronautical depreciation as per **Table 78** for the First Control Period.

5.7.9 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.

5.7.10 To consider average RAB for the First Control Period for NMIA, Navi Mumbai as per **Table 80**.

5.7.11 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

6.3.1 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.

6.3.2 To consider FRoR of 12.49% for the First Control Period as per **Table 94**.

Chapter 7: INFLATION FOR THE FIRST CONTROL PERIOD

7.3.1 To consider inflation for the First Control Period for NMIA as per **Table 96**

Chapter 8: OPERATING & MAINTENANCE EXPENSES FOR THE FIRST CONTROL PERIOD

8.3.1 To consider O&M expenses for the First Control Period for NMIA in accordance with **Table *156***.

8.3.2 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

9.3.1 To consider NAR for the First Control Period for NMIA in accordance with Table **159**.

9.3.2 NMIAL should make efforts to substantially increase the NAR for Navi Mumbai International Airport, for the First Control Period, in line with similar airports.

9.3.3 To true up NAR for the current control period, at the time of determination of tariff for the next control period subject to the minimum threshold as proposed by the Authority in Table **159**.

Chapter 10: TAXATION FOR THE FIRST CONTROL PERIOD

10.3.1 To consider aeronautical tax as per **Table 161** for the First Control Period.

10.3.2 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

11.3.1 Not to consider any adjustment in the target revenue on account of Quality of Service for the First Control Period at this stage.

11.3.2 NMIAL should ensure that service quality at Navi Mumbai International Airport adheres to the performance standards outlined in the Concession Agreement and shall additionally comply with such performance standards as may be notified pursuant to the final order referred to in paragraph 11.2.4, once the same become applicable to major airports, during the First Control Period.

Chapter 12: AGGREGATE REVENUE REQUIREMENT FOR THE FIRST CONTROL PERIOD

12.3.1 To consider the ARR and YPP for the First Control Period for NMIA in accordance with **Table 163**.

12.3.2 To direct NMIAL to submit the annual tariff proposal (Tariff rate card) within 7 days from issue of this Consultation Paper which will be put up for stakeholder consultations.

14. STAKEHOLDER CONSULTATION TIMELINE

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

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

14.1.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposals made in this Consultation Paper, latest by 17th April 2026.

Secretary,

Airports Economic Regulatory Authority of India

3rd Floor, Udaan Bhawan

Safdarjung Airport New Delhi -110003

Tel: 011-24695044-47, Fax: 011-24695048

(Chairperson)

15. ANNEXURES

15.1 Annexure I – 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.

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 164: 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
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	18^0 58' 45.82" 73^0 2" 19.12"	7.00 AMSL
2	South East Corner	18^0 59' 8.67" 73^0 5' 18.38"	8.00 AMSL
3	North East Corner (1)	18^0 59' 33.23" 73^0 5' 35.71"	8.00 AMSL
4	North East Corner (2)	19^0 0' 11.13" 73^0 4' 58.72"	8.00 AMSL
5	North East Corner (3)	19^0 0' 2.51" 73^0 3' 50.90"	8.0 AMSL
6	North West Corner (1)	19^0 0' 12.18" 73^0 3' 41.02"	8.00 AMSL
7	North West Corner (2)	18^0 59' 57.55" 73^0 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.

15.2 Annexure II – 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.

16. APPENDICES

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