फा. सं. ऐरा/20010/एमवाईटीपी/बीआईएएल-बैंगलोर/सीपी-IV/2025-26

F. No. AERA/20010/MYTP/BIAL/Bangalore/CP-IV/2025-26

परामर्श पत्र संख्या 01/2026-27

Consultation Paper No. 01/2026-27

सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

Airports Economic Regulatory Authority of India

केम्पेगौड़ा अंतर्राष्ट्रीय हवाईअड्डा, बैंगलुरू (बीएलआर) के लिए चतुर्थ नियंत्रण अवधि (01.04.2026–31.03.2031) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में

IN THE MATTER OF
DETERMINATION OF AERONAUTICAL TARIFFS FOR KEMPEGOWDA INTERNATIONAL AIRPORT, BENGALURU (BLR) FOR THE FOURTH CONTROL PERIOD (01.04.2026 – 31.03.2031)

जारी करने की तारीख : 12 जून, 2026

Date of Issue: 12th June, 2026

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

STAKEHOLDERS' COMMENTS

Kempegowda International Airport (KIA), Bengaluru, is a Major Airport as per Section 2(i) of the *Airports Economic Regulatory Authority of India Act, 2008 (AERA Act), read with the AERA (Amendment) Acts of 2019 and 2021*, based on its annual passenger throughput. The Airport handled actual passenger traffic of **44.47 million passengers per annum (MPPA)** during FY 2025-26 and has continued to witness steady growth in air traffic, reaffirming its strategic significance within India's civil aviation network.

The development of Kempegowda International Airport, Bengaluru, emanates from the policy initiative of the Government of India aimed at promoting private sector participation in airport infrastructure development through the Public-Private Partnership (PPP) model. Pursuant to this policy framework, Bangalore International Airport Limited, hereinafter referred to as **"BIAL"** or **"the Airport Operator"**, was incorporated in January 2001 under the Companies Act, 1956, as a Special Purpose Vehicle (SPV) for the development, design, financing, construction, operation and maintenance of a greenfield international airport at Devanahalli, Bengaluru.

The Concession Agreement for the development and operation of the Airport was executed on **5 July 2004** between the Government of India and BIAL. Subsequently, the Airport commenced commercial operations on **24 May 2008** and has since evolved into one of the country's key aviation gateways.

In accordance with the provisions of the AERA Act, 2008 and the applicable provisions of the Concession Agreement, BIAL submitted its Multi-Year Tariff Proposal (MYTP) before the Authority for determination of tariff for aeronautical services for the Fourth Control Period (2026 - 2031). The MYTP, inter alia, comprises:

i. true-up of the Third Control Period based on the audited financial statements for FY 2022–FY 2025 and the unaudited actuals for FY 2026;
ii. projections for the Fourth Control Period commencing from **1 April 2026** and ending on **31 March 2031**.

The submissions include detailed information relating to traffic projections, Capital Expenditure (Capex), Operating Expenditure (Opex), Non-Aeronautical Revenue (NAR), and other relevant parameters forming the basis for determination of aeronautical tariff for the Fourth Control Period.

Subsequent to the initial filing, BIAL furnished revised financial models, additional information and updated submissions through various communications up to **3rd June 2026**. The analysis and assessment contained in this Consultation Paper are based upon such revised submissions and updated financial calculations furnished by the Airport Operator.

During the preparation of this Consultation Paper, the Authority undertook a comprehensive examination of the MYTP submissions and the supporting documents furnished by BIAL. The assessment included scrutiny of the audited financial statements pertaining to the Third Control Period. For FY 2025-26, unaudited actual financials furnished by BIAL were also relied upon for the purpose of preparation of this Consultation Paper.

Accordingly, the Authority has issued this Consultation Paper setting out its proposals as part of the tariff determination exercise for the Fourth Control Period in respect of Kempegowda International Airport, Bengaluru. The Authority shall duly consider written, evidence-based comments, suggestions and feedback received from stakeholders on the proposals contained herein and shall issue the Final Tariff Order for aeronautical services after taking into account stakeholder submissions on merits.

The Authority would further like to emphasise that the timelines prescribed for the consultation process are sacrosanct. Stakeholders are, therefore, requested to submit their comments and inputs strictly within the timelines specified in this Consultation Paper. Comments received beyond the stipulated timelines may not be considered by the Authority.

Further, it is pertinent to note that, in terms of Section 13(2) of the AERA Act, 2008, the tariff determined under a Tariff Order for a Control Period may be reviewed and revised during the current Control Period, if considered necessary by the Authority in public interest and in accordance with the provisions of the Act.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, written comments on **Consultation Paper No. 01/2026-27 dated 12 June 2026** are invited from stakeholders, preferably in electronic form, at the following address:

Director (P&S)

Airports Economic Regulatory Authority of India (the Authority),

3rd Floor, Udaan Bhawan

Safdarjung Airport

New Delhi – 110003

Email: director-ps@aera.gov.in, rajan.gupta1@aera.gov.in Copy to: secretary@aera.gov.in

Stakeholders' Consultation Meeting:	29.06.2026
Last Date for Submission of comments:	13.07.2026
Last Date for Submission of counter comments:	23.07.2026

Comments and counter-comments will be posted on the Authority's website: **www.aera.gov.in**.

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

Table of Contents

List of Tables

LIST OF ABBREVIATIONS

Abbreviation	Expansion
AAI	Airports Authority of India
ACI	Airports Council International
AERA / the Authority	Airports Economic Regulatory Authority of India
AERA Act	Airports Economic Regulatory Authority of India Act, 2008
AGL	Airfield Ground Lighting
AHU	Air Handling Unit
AISATS	Air India SATS Airport Services Private Limited
AMC	Annual Maintenance Contract
AOCC	Airport Operations Control Centre
AOD	Airport Opening Date
APHO	Airport Health Organization
ARR	Aggregate Revenue Requirement
ARFF	Aircraft Rescue and Fire Fighting
ASQ	Airport Service Quality
ATC	Air Traffic Control
ATCT	Air Traffic Control Tower
ATM	Air Traffic Movement
ATMS	Airport Terminal Metro Station
ATRS	Automated Tray Retrieval System
AUCC	Airport Users Consultative Committee
BACL	Bengaluru Airport City Limited
BAHL	Bangalore Airport Hotel Limited
BASL	Bengaluru Airport Services Limited
BIAL	Bangalore International Airport Limited
BHS	Baggage Handling System
BMRCL	Bangalore Metro Rail Corporation Limited
BRS	Baggage Reconciliation System
BWSSB	Bangalore Water Supply and Sewerage Board
CA	Concession Agreement
CAGR	Compounded Annual Growth Rate
CAPEX / Capex	Capital Expenditure
CAT	Category
CFT	Crash Fire Tender
CGF	Cargo, Ground Handling and Fuel Farm
CISF	Central Industrial Security Force
CNS/ATM	Communication, Navigation and Surveillance / Air Traffic Management
CP	Control Period
CPWD	Central Public Works Department

Abbreviation	Expansion
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
CUSS	Common User Self Service
CUTE	Common User Terminal Equipment
CWIP	Capital Work in Progress
DG	Diesel Generator
DGCA	Directorate General of Civil Aviation
DIAL	Delhi International Airport Limited
DME	Distance Measuring Equipment
DSR	Delhi Schedule of Rates
DVOR	Doppler Very High Frequency Omnidirectional Range
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
ECT	Eastern Connectivity Tunnel
ESG	Environmental, Social and Governance
F&B	Food and Beverages
FA	Financing Allowance
FAR	Fixed Asset Register
FAS	Fire Alarm System
FCP	First Control Period
FIA	Federation of Indian Airlines
FIDS	Flight Information Display System
FOD	Foreign Object Debris
FRoR	Fair Rate of Return
FSS	Fire Suppression System
FY	Financial Year
GA	General Aviation
GoI	Government of India
GoK	Government of Karnataka
GSE	Ground Support Equipment
GST	Goods and Services Tax
HVAC	Heating, Ventilation and Air Conditioning
IAPP	Isolation Aircraft Parking Position
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICT	Information and Communication Technology
IDC	Interest During Construction
IMG	International Management Group
INR	Indian Rupee
IRR	Internal Rate of Return
JV	Joint Venture

Abbreviation	Expansion
KIA / KIAB	Kempegowda International Airport, Bengaluru
KIADB	Karnataka Industrial Areas Development Board
KL	Kilo Litres
KPWD	Karnataka Public Works Department
KPTCL	Karnataka Power Transmission Corporation Limited
KSIIDC	Karnataka State Industrial and Infrastructure Development Corporation
kVA	Kilo Volt Ampere
kWh	Kilowatt Hour
LAN	Local Area Network
LED	Light Emitting Diode
LLA	Land Lease Agreement
MAT	Minimum Alternate Tax
MCLR	Marginal Cost of Funds based Lending Rate
MIAL	Mumbai International Airport Limited
MLD	Million Litres per Day
MLCP	Multi-Level Car Parking
MMTH	Multi Modal Transport Hub
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers Per Annum
MRO	Maintenance, Repair and Overhaul
MT	Metric Tonne
MYTP	Multi Year Tariff Proposal
NAR	Non-Aeronautical Revenue
NASFT	National Aviation Security Fee Trust
NCAP	National Civil Aviation Policy
NCD	Non-Convertible Debenture
NSPR	New South Parallel Runway
O&M	Operations and Maintenance
OLS	Obstacle Limitation Surface
OPEX / Opex	Operating Expenditure
ORAT	Operational Readiness and Airport Transfer
PAL	Planning Activity Level
PAT	Profit After Tax
PAX	Passenger
PBT	Profit Before Tax
PHP	Peak Hour Passenger
PIDS	Perimeter Intrusion Detection System
PMC	Project Management Consultancy
PPP	Public Private Partnership
PRM	Passengers with Reduced Mobility

Abbreviation	Expansion
PSF	Passenger Service Fee
RAB	Regulatory Asset Base
RCS	Regional Connectivity Scheme
ROCE	Return on Capital Employed
RPT	Related Party Transaction
RWH	Rainwater Harvesting
SBR	Sequencing Batch Reactor
SCP	Second Control Period
SEBI	Securities and Exchange Board of India
SITC	Supply, Installation, Testing and Commissioning
SPV	Special Purpose Vehicle
SSA	State Support Agreement
STP	Sewage Treatment Plant
SWR	South West Runway
TCP	Third Control Period
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
UDF	User Development Fee
UDAN	Ude Desh ka Aam Nagrik
UPS	Uninterruptible Power Supply
VESDA	Very Early Smoke Detection Apparatus
VFD	Variable Frequency Drive
VHT	Vertical Handling Technology
VUP	Vehicular Underpass
WACC	Weighted Average Cost of Capital
WCT	West Cross Field Taxiway
WPI	Wholesale Price Index
WTP	Water Treatment Plant
YPP	Yield Per Passenger

1. BACKGROUND

1.1 Introduction

1.1.1 Bangalore International Airport Limited (hereinafter referred to as "BIAL" or "the Airport Operator"), is a Major Airport as per the provisions of the Airports Economic Regulatory Authority of India Act, 2008, based on the annual passenger throughput criteria prescribed thereunder. BIAL was incorporated as a Special Purpose Vehicle (SPV) under the Public-Private Partnership (PPP) framework with the objective of developing, financing, constructing, operating and maintaining the greenfield international airport at Bengaluru. The Airport project was conceptualized as a collaborative initiative by Karnataka State Industrial and Infrastructure Development Corporation (KSIIDC) and Government of India (via Ministry of Civil Aviation and Airports Authority of India) with strategic private sector participation, consistent with the policy framework of the Government of India aimed at encouraging private sector investment in airport infrastructure development.

1.1.2 Under the shareholding structure of BIAL, the Karnataka State Industrial and Infrastructure Development Corporation (KSIIDC), a Public Sector Undertaking of the Government of Karnataka (GoK), and Airports Authority of India (AAI), under the Government of India (GoI), together hold 26% equity in the Company, while the remaining 74% equity is held by strategic private sector joint venture partners. A concession agreement was signed between Ministry of Civil Aviation (MoCA) and Bangalore International Airport Limited (BIAL) on 05.07.2004 that authorized BIAL for the Development, Construction, Operation and Maintenance of the Bangalore International Airport The institutional and ownership framework of BIAL reflects the PPP model envisaged for development of critical aviation infrastructure, combining private sector efficiency and investment capability with continued public sector participation and institutional oversight.

1.1.3 In order to facilitate implementation of the Airport project and provide requisite state support for infrastructure development, the Government of Karnataka extended various forms of assistance to BIAL. As part of such support measures, the Government of Karnataka extended a soft loan of Rs. 350 Crores. to BIAL, for which a State Support Agreement (SSA) was executed between the Government of Karnataka and BIAL specifying the terms and conditions governing such assistance.

1.1.4 In addition to financial support, the Government of Karnataka facilitated land availability for the Airport project by providing approximately 4,008 acres of land on lease, thereby ensuring availability of adequate land required for development of airport infrastructure and associated facilities. A Land Lease Agreement (LLA) was executed in this regard between the parties concerned. The financial assistance and land support extended by the State Government constituted a critical enabling framework for timely implementation, construction and operationalization of the Airport project.

1.1.5 At the stage of financial closure and commencement of construction activities, the initial phase of Bengaluru International Airport was conceived with a designated passenger handling capacity of approximately 4.5 million passengers per annum (MPPA), with an estimated project cost of Rs. 1,411.79 Crores. However, during the course of project implementation, air traffic demand and passenger growth projections indicated a substantially higher level of aviation activity than originally envisaged. In view of the emerging traffic requirements and with the objective of ensuring adequate infrastructure availability and prescribed service levels at the Airport Opening Date (AoD), BIAL undertook a redesign and expansion of the initial phase during implementation itself.

1.1.6 Consequently, the planned passenger handling capacity of the Airport was enhanced from 4.5 MPPA to 11.4 MPPA, resulting in a corresponding increase in the project cost from Rs. 1,411.79 Crore to Rs. 1,930.29 Crore. The incremental capital requirement arising from such redesign and capacity augmentation was primarily financed through additional debt mobilization from lenders.

1.1.7 Subsequently, BIAL undertook supplementary development works involving an additional expenditure budget of Rs. 540 Crore. These works were financed through a combination of additional equity infusion by shareholders and further debt funding from lenders, resulting in the aggregate project cost getting increased to Rs. 2,470.29 Crore. The phased capacity augmentation and financing approach adopted by BIAL enabled the Airport to achieve the requisite operational readiness and infrastructure capability at commencement of operations while maintaining prescribed operational and service standards.

1.1.8 The shareholding pattern of BIAL as on 31.03.2026 is provided below:

Table 1: Shareholding Pattern of Bangalore International Airport Limited

Shareholder	Holding (%)
FIH Mauritius Investment Limited	30.36%
Anchorage Infrastructure Investments & Holdings Limited	43.64%
Airports Authority of India (GoI)	13.00%
Karnataka State Industrial Infrastructure Development Corporation Limited (GoK)	13.00%
Total	100%

1.2 Profile of Kempegowda International Airport

1.2.1 Kempegowda International Airport, Bengaluru ("KIAB"/ "Airport") is a greenfield airport developed under the Public-Private Partnership ("PPP") framework. The Airport was commissioned on 24.05.2008 and has since developed into an important aviation hub serving Bengaluru and the adjoining region.

1.2.2 KIAB has recorded significant growth in passenger and aircraft traffic since commencement of commercial operations. The Airport presently provides connectivity to approximately **80 domestic destinations** and **34 international destinations**. In terms of passenger throughput, KIAB is the third busiest airport in India and has the largest passenger and cargo handling capacity in South India.

Table 2: Actual Traffic achieved in the Third Control Period

Year	Passenger (in Millions)			ATM (in 000's)		
	Domestic	International	Total	Domestic	International	Total
FY22	15.19	1.10	16.29	132.53	15.48	148.01
FY23	28.13	3.79	31.92	198.51	24.71	223.22
FY24	32.86	4.67	37.53	216.98	27.91	244.89
FY25	36.04	5.83	41.87	232.89	34.96	267.85
FY26	37.24	7.23	44.47	237.15	42.82	279.97
Total	**149.46**	**22.62**	**172.08**	**1018.07**	**145.88**	**1163.95**

1.2.3 The Airport has integrated passenger terminal facilities and supporting airside infrastructure to cater to domestic and international traffic. The airside and terminal infrastructure are designed to support increasing traffic volumes while ensuring operational efficiency, safety and passenger service quality. The terminal and technical characteristics of BLR Airport, as submitted by BIAL, are summarized in the table below.

Table 3: Terminal Building and Technical Details of KIA

Terminal Building Details			
Terminal-wise details	**Terminal 1 – Dom**	**Terminal 2 - Dom**	**Terminal 2 - Int**
Terminal serving	Domestic only with GA	Integrated with GA	
Total Departure entry gates	30	19	
Departure entry gates for passengers	28	18	
No. of traditional check-in counters	86	54	
No. of self-baggage drops	16	36	
No. of security lanes	26	9	9
No. of immigration counters (departure)	NA	NA	38
No. of boarding gates	Contact gates – 17 Nos; Bus gates – 9 Nos	24 (10 Contact + 14 Bus)	13 (9 Contact + 4 Bus)
No. of aerobridges	17	10	9
No. of Baggage Delivery Belts	7	4	4
No. of immigration counters (arrival)	NA	NA	58
Capacity (annual)	Current – 26.5 MPPA	Current -15.6 MPPA	Current - 9.4 MPPA
Statutory Capacity (annual)	Post Upgrade – 35 MPPA	Post Expansion – 45 MPPA	
Area	163,535 m2	255,645 m2	

Airside Details	
Particulars	**Details**
No. of Runways	2 (two parallel runways)
Dimension of each runway	North Runway - 4000 X 45m + 7.5m Shoulder each side
Dimension of each runway	South Runway - 4000 X 45m + 15m Shoulder each side
Orientation of each runway	09L/27R and 09R/27R
Dimension of parallel taxiway	TWY A: 4000 X 25m + 10.5m Shoulder each side
Dimension of parallel taxiway	TWY H: 4000 X 23m + 10.5m Shoulder each side
Dimension of parallel taxiway	TWY B: 1300 X 23m + 10.5m Shoulder each side
Dimension of parallel taxiway	TWY G: 2000 X 23m + 10.5m Shoulder each side

Key Milestones FY26	
Passenger Traffic Handled (in Mn)	44.47
Average Pax/Day	1,21,836
Average ATM/Day	767
Cargo Tonnage (in Tonnes)	5,32,012

Key Concessionaires/ Operators	
Cargo Services	Menzies Aviation (Bengaluru) Private Limited (“MABPL”) WFS (Bengaluru) Private Limited (WFS(B)PL
Ground handling services	M/s Globe Ground India M/s Menzies Aviation M/s Air India Sats
Oil Marketing Companies (OMCs)	Fuel Farm: M/s IOSL, ITP : M/s IOSL and BSSPL.

1.3 Tariff Setting Principles for BIAL

1.3.1 Airports Economic Regulatory Authority of India (AERA) was established by the Government of India vide notification No. GSR 317(E) dated 12.05.2009. The function of AERA, in respect of Major Airports, are specified in section 13(1) of The Airports Economic Regulatory Authority of India Act, 2008 ('AERA Act' or 'the Act') read with AERA (Amendment) Act 2019 and 2021, which are as below:

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

i. *Capital expenditure incurred and timely investment in improvement of airport facilities;*

ii. *Quality of services provided and other relevant service-related considerations;*

iii. *Costs associated with improvement in efficiency;*

iv. *Economic and viable operation of major airports;*

v. *Revenue received from services other than aeronautical services;*

vi. *Concessions offered by the Central Government under agreements, memoranda of understanding, or other arrangements; and*

vii. Any other factor considered relevant for the purposes of the Act.

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

b) to determine the amount of development fees in respect of major airports;

c) to determine the amount of passenger service fee levied under rule 88 of the Aircraft Rules,1937 made under Aircraft Act, 1934 (22 of 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 such information as may be necessary to determine the tariff under clause 13(1)(a).

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 this Act."

1.3.2 The terms "aeronautical services" and "Major Airports" are defined in Sections 2(a) and 2(i) of the Act, respectively.

1.3.3 As per the AERA Act, 2008, the aeronautical service means any services provided:

"

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

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

c) for ground safety services at an Airport;

d) for ground handling services relating to aircraft, passengers and cargo at an Airport;

e) for the cargo facility at an Airport;

f) for supplying fuel to the aircraft at an Airport; and

g) 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"

1.3.4 AAI (Airports Authority of India) under Ministry of Civil Aviation, Government of India, being the sole service provider, handles Air Navigation Services (ANS) across the country including at Bengaluru Airport. Thus, the tariff for ANS is presently determined and regulated by the Ministry of Civil Aviation (MoCA) at national level to ensure uniformity across airports. All assets, expenses and revenues pertaining to ANS are accordingly considered separately by the MoCA while determining the tariff for ANS.

1.4 Authority's orders applied in tariff proposals in this Consultation Paper (CP)

1.4.1 Regulatory philosophy and Tariff Determination

i. Order No. 13 dated 12.01.2011 (Regulatory philosophy and approach in Economic Regulation of Airport Operators) and Direction No. 5 dated 28.02.2011 (Terms and conditions for determination of tariff for Airport Operators)

ii. Order No. 14/2016-17 dated 23.01.2017 in the matter of aligning certain aspects of the Authority'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

iii. Order No. 42/2018-19 dated 5.03.2019 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

iv. Order No. 20/2016-17 dated 31.03.2017 in the matter of allowing Concession to Regional Connectivity Scheme (RCS) Flights under RCS – Ude Desh ka Aam Nagarik (UDAN) at Major Airports

1.4.2 Normative approach to Building Blocks in Economic Regulation of Major Airports (Capital Costs Reg.)

i. The Authority issued Order No. 07/2016-17 dated 6.06.2016, in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports – Capital Costs Reg.

1.4.3 Determination of useful life of airport assets

i. The Authority issued Order No. 35/2017-18 dated 12.01.2018 and Amendment No.1 to Order No.35/2017-18 dated 9.04.2018, in the matter of determination of useful life of airport assets.

1.5 Sequence of past events in tariff determination exercise

1.5.1 Pursuant to the AERA Act, 2008, the Authority issued guidelines for determining aeronautical tariffs at major airports. BIAL submitted Multi-Year Tariff Proposals (MYTP) for the control periods, based on which the Authority determined the aeronautical tariffs as detailed below

i. For the First Control Period (1.04.2011 – 31.03.2016), the Authority determined the aeronautical tariff vide Order No. 08/2014-15 dated 10.06.2014

a. As per Order No. 8/2014-15, vide Decision No. 17 (a)(i), inter alia, Authority decided to consider revenue from ICT services as revenues arising out of Aeronautical service and had thus considered these charges as Aeronautical charges. Accordingly, as part of the tariff structure of BIAL, the Authority had approved CUSS/CUTE/BRS charges at USD 1.25 per departing passenger, effective from 1.07.2014.

b. Subsequent to the issue of tariff Order, Federation of Indian Airlines (FIA) filed an appeal in the Airports Economic Regulatory Authority Appellate Tribunal (AERAAT) against the aforesaid order of the Authority. The AERAAT vide its order dated 1.07.2014 had ordered status quo in respect of these ICT charges as on 10.06.2014, when the impugned order was passed. Subsequently, BIAL and FIA arrived at a settlement to scale down the CUSS/CUTE/BRS charges.

c. Based on this, the Authority issued Order No. 15/2014-15 on 6.01.2015 allowing BIAL to levy CUTE, CUSS and BRS Charges on Domestic and International departing passengers at USD 1 effective from 15.01.2015, for First Control Period.

ii. For the Second Control Period (1.04.2016 – 31.03.2021), the aeronautical tariff was finalized vide Order No. 18/2018-19 dated 31.08.2018. The Authority vide corrigendum dated 4.9.2018, issued a revised tariff card.

a. BIAL filed an appeal against Order No. 18/2018 - 19 in Ld. TDSAT vide appeal No.8 of 2018 dated 14.03.2019. BIAL had also filed an interlocutory application, M.A. No. 449/2018 requesting for interim relief by way of staying operation of certain portion of the Order No. 18/2018-19 and for permitting BIAL to collect charges as per the rate card of the First Control Period.

b. Ld. TDSAT passed an interim order on 14.03.2019 ("Ld. TDSAT Interim Order"), permitting BIAL to collect UDF of First Control Period for a limited period of four months - from 16.04.2019 to 15.08.2019.

iii. For the Third Control Period (1.04.2021 – 31.03.2026), BIAL submitted its MYTP on 24.07.2020. Following stakeholder consultations, the aeronautical tariff was finalized vide Order No. 11/2021-22 dated 28.08.2021.

iv. BIAL has filed an appeal No 5 of 2021 against the tariff order No. 11/2021-22 dated 28.08.2021 passed by AERA determining the tariff for aeronautical services in respect of Airport for the Third Control Period i.e., 01.04.2021 to 31.03.2026 (“TCP”). The said appeal is pending before the Ld. TDSAT for adjudication.

v. In view of the likelihood of spike in tariff in the 4th Control Period on account of substantial carry forward of shortfall along with carrying cost coupled with huge Capex and with the objective of reducing under recovery and balancing the tariff in the interest of passengers in the succeeding Control Period, the Authority vide its amendment order dated 14.11.2025, amended the Order No. 11/2021-22 dated 28th August 2021 and maintained the Landing, Parking and UDF charges as applicable from 01.04.2025 to 31.12.2025 even for the last quarter of FY 2025-26 i.e. for the period of 1.01.2026 to 31.03.2026.

vi. Further, the Authority vide Order No.26/2025-26 dated 16.03.2026, allowed BIAL to levy the existing tariff, applicable as on 31.03.2026, on interim basis, for a further period of 06 (six) months w.e.f. 01.04.2026 to 30.09.2026 or till the determination of regular tariff for their respective Control Period, whichever is earlier.

1.5.2 The following are the tariff orders issued by the Authority for BIAL:

Table 4: Tariff Orders issued by the Authority for BIAL

Tariff Orders	Applicability Period	Pertaining To
Order No. 08/2014-15 10.06.2014	w.e.f. 01.04.2011 to 31.03.2016	First Control Period

Tariff Orders	Applicability Period	Pertaining To
Order No. 18/2018-19 dated 31.08.2018	w.e.f. 01.04.2016 to 31.03.2021	Second Control Period
Order No. 11/2021-22 dated 28.08.2021	w.e.f. 01.04.2021 to 31.03.2026	Third Control Period
Order no 40/2023-24 dated 14.11. 2025 Interim Tariff Extension Order	w.e.f. 01.01.2026 to 31.03.2026	Third Control Period
Order no 26/2025-26 dated 16.03.2026 Interim Tariff Extension Order	w.e.f. 01.04.2026 to 30.09.2026	Fourth Control Period

1.6 Matters pending before the Ld. TDSAT/Hon'ble Supreme Court

1.6.1 The Tariff Orders issued by the Authority for the First and Second Control Period were challenged by BIAL and FIA. Ld. TDSAT vide its common judgment dated 16.12.2020, disposed of both these appeals and all the decisions of the Authority in these two Tariff Orders barring the decisions on two issues i.e. Corporate Social Responsibilities and Pre-Control Period Entitlement, were upheld by the Ld. TDSAT. The Ld. TDSAT's judgment dated 16.12.2020, has been challenged by BIAL, AERA and FIA. All these Civil appeals are pending in the Hon'ble Supreme Court and accordingly, the issues raised therein are sub judice and yet to attain finality.

1.6.2 AERA issued Tariff order no. 11/2021-22 dated 28.08.2021, for the Third Control Period (2021-26). BIAL has filed Appeal No. 5 of 2021 Ld. TDSAT, challenging this Tariff Order.

1.6.3 Subsequently, BIAL also filed a Miscellaneous Application (M.A.) No. 171 of 2024 in Appeal No. 5 of 2021, seeking amendment of the appeal for the inclusion of additional issues and grounds on the basis of number of Hon'ble TDSAT judgments dated 21.07.2023, 06.10.2023, 14.02.2024, passed in DIAL 2nd & 3rd Control Period Appeal, MIAL 2nd & 3rd Control Period Appeal and HIAL 3rd Control Period Appeal, respectively. In all these judgements, certain issues have been decided in favor of the Airport Operators and on certain issues the decision of the Authority have been upheld. All these judgments of Hon'ble TDSAT have been challenged by AERA by filing Civil Appeals in the Hon'ble Supreme Court and these Civil Appeals are pending for adjudication. Additionally, the Appeal No. 5 of 2021, filed by BIAL against the Tariff Order for the 3rd Control Period is also pending adjudication in Hon'ble TDSAT. Therefore, the issues raised in the Civil Appeals filed by AERA against Hon'ble TDSAT judgments dated 21.07.2023, 06.10.2023, 14.02.2024, and in the Appeal No. 05 of 2021 filed by BIAL in Hon'ble TDSAT are sub-judice and yet to attain finality.

1.7 MYTP of BIAL for the Fourth Control Period

1.7.1 BIAL submitted the Multi Year Tariff Proposal ("MYTP") for the 4th Control Period on 12.07.2025, seeking revision of tariffs for aeronautical services at Kempegowda International Airport, Bengaluru, for the Authority's consideration and approval for the Fourth Control Period, i.e., from 01.04.2026 to 31.03.2031. BIAL has factored the decisions/orders of the Hon'ble TDSAT on many issues relating to tariff determination of the previous Control Periods as covered in various Hon'ble TDSAT judgments dated 21.07.2023, 06.10.2023, 14.02.2024, passed in Appeals filed by DIAL against 2nd & 3rd Control Period Tariff Order, Appeals filed by MIAL against 2nd & 3rd Control Period Tariff Order and the Appeal filed by HIAL against 3rd Control Period Tariff Order, respectively. As per BIAL, these decisions/orders have implications for the true-up of earlier Control Periods, including the Second and Third Control Periods, as well as for the treatment of various Regulatory Building Blocks for the Fourth Control Period.

1.7.2 However, the Authority has challenged the decisions of the Hon'ble TDSAT by filing Civil Appeals in the Hon'ble Supreme Court under Section 31 of AERA Act, 2008. These Civil Appeals filed by AERA were opposed by the Airport Operators on the ground that AERA, being a Tariff determining Authority, is a quasi-judicial body and therefore, it cannot file Appeal against the judgement of Hon'ble TDSAT which is an appellate Authority. The Hon'ble Supreme Court vide its judgement dated 18.10.2024 rejected the contentions of Airport Operators and has held that the appeals filed by the Authority under Section 31 of the AERA Act, 2008, against the Hon'ble TDSAT orders are maintainable on the ground that AERA is a necessary party in the Appeals filed before the Hon'ble TDSAT and the Authority is the custodian of public interest and for protecting public interest it can file Civil Appeal under Section 31 of the AERA Act, 2008. The Hon'ble Supreme Court has now listed these Civil Appeals filed by the Authority for hearing on merit and are pending before Hon'ble Supreme Court for final settlement and thus the issues raised in these Civil Appeals are sub-judice.

1.7.3 Authority further notes that the Civil Appeals filed by BIAL, AERA and FIA against the Hon'ble TDSAT's judgment dated 16.12.2020, passed in BIAL's appeal against 1st & 2nd Control Period Tariff orders issued by the Authority, are also pending adjudication before the Hon'ble Supreme Court. Further, Appeal No. 05 of 2021, filed by BIAL against the Tariff Order for the Third Control Period, is pending before the Hon'ble TDSAT and hence, the issues raised in these appeals are also sub judice.

1.7.4 The Authority has carefully examined the issue of factoring the above-mentioned orders of the Hon'ble TDSAT in the Fourth Control Period Tariff Order. The Authority has utmost regards for the directions of the Appellate Authority. However, the Authority has challenged these orders in Hon'ble Supreme Court under section 31 of AERA Act, 2008, and Hon'ble Supreme Court is presently hearing these matters. Thus, the issues raised in the Civil Appeal filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized up of the matters. Therefore, the Authority notes that under such circumstances if it decides to implement the Hon'ble TDSAT orders without finally settling the issues before the Hon'ble Supreme Court and increase in tariff is effected considering BIAL's submissions on the basis of Hon'ble TDSAT judgments, for the Fourth Control Period, then it shall lead to a significant increase in Aeronautical tariff which will have to be borne by the Airport users as BIAL will start recovery of increased tariff from the Airport users. However, if at a later stage, the Civil Appeals filed by the Authority are upheld or decided in AERA's favour, then it will not be possible to refund excess charges collected from the Airport users during this period on account of increase in tariff. Thus, there will be substantial over recovery by the Airport Operator at the cost of Airport Users. Due to all these factors, BIAL would have unjust enrichment at the cost of Airport users. All these factors clearly establish that considering BIAL submissions of giving effects to the Hon'ble TDSAT judgements without finally settling the issues before Hon'ble Supreme Court, is not in public interest, more so when the Hon'ble Supreme Court is seized up of all these issues and is hearing these Civil Appeals. On the contrary, Authority is of view that public interest would be better served if Authority takes decisions on the basis of final decision of Hon'ble Supreme Court of India on these issues.

1.7.5 Considering the above and in public interest, the Authority proposes to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period. The final decision with regard to the issues raised by the Authority in the Civil Appeal will be taken once the matters attain finality in the proceedings before the Hon'ble Supreme Court.

1.7.6 Further, BIAL, vide email dated 21.05.2026, furnished actual unaudited financial data for FY 2025-26, including information relating to passenger traffic, aircraft traffic, operating expenditure, non-aeronautical revenues and Regulatory Asset Base ("RAB"). The said information was submitted to facilitate the Authority's examination of the true-up exercise and the regulatory assumptions forming part of the MYTP for the Fourth Control Period.

1.7.7 As part of the tariff determination process for the Fourth Control Period, the Authority engaged M/s PricewaterhouseCoopers (PwC) as an independent Tariff Consultant to carry out a detailed review of the Multi-Year Tariff Proposal (MYTP) submitted by BIAL. PwC assisted the Authority in verifying and validating the data and supporting documents submitted by BIAL, including audited financial statements, Fixed Asset Register (FAR), construction and contract records, expenditure details, traffic and financial information. PwC also supported the Authority in examining whether the treatment of various regulatory building blocks is consistent with the Authority's regulatory principles and tariff determination framework. Also, the Authority had engaged M/s MECON Limited as an independent Capital Expenditure (Capex) Consultant to evaluate the capital expenditure proposals submitted by BIAL for the Fourth Control Period. The review covered the need, scope, size, cost and capitalization schedule of the proposed projects, as well as their alignment with traffic growth and operational requirements. The assessment and recommendations of the independent Capex consultant form an integral part of this Consultation Paper.

1.7.8 The independent consultants further assisted the Authority in assessing whether the proposed treatment of various regulatory building blocks is consistent with the Authority's established regulatory principles, methodologies, and tariff determination framework.

1.7.9 The Authority, through the independent consultant, has sought from BIAL additional information, supporting documents, and clarifications relating to the true-up exercise for previous control periods as well as the assumptions underpinning projections for the Fourth Control Period. Such information has been sought to facilitate a comprehensive examination of the MYTP and to ensure that the regulatory treatment accorded to various building blocks is supported by adequate justification, documentary evidence, and prudent forecasting assumptions. The timeline of various submissions made by BIAL with regards to the MYTP for the Fourth Control Period is as below:

Table 5: Timeline of various submissions made by BIAL

S. No.	Activity	Date
1.	MYTP Submission	12.07.2025
2.	MYTP Presentation by BIAL	19.09.2025
3.	Queries relating to impact of TDSAT Orders sent to BIAL	08.10.2025
4.	Queries relating to Aeronautical Revenue volumes for the Third Control Period sent to BIAL	13.10.2025
5.	Submission of response by BIAL on impact of TDSAT Orders	15.10.2025
6.	Submission of response by BIAL on volumes considered for computation of Aeronautical Revenue	16.10.2025
7.	First set of queries relating to Non-Aeronautical Revenue and Operating Expenses sent to BIAL	21.10.2025 & 23.10.2025
8.	Submission of responses by BIAL to queries relating to Non-Aeronautical Revenue and Operating Expenses	25.10.2025 & 27.10.2025
9.	First set of queries relating to RAB and Depreciation sent to BIAL	10.11.2025
10.	First set of queries relating to Aeronautical Revenue, Tax and Fair Rate of Return sent to BIAL	11.11.2025
11.	Query relating to sizing of Terminal 2 Phase 2 sent to BIAL	11.11.2025
12.	Submission of copies of Income Tax Returns for FY 2021-22 to FY 2024-25 by BIAL	11.11.2025
13.	Submission of responses by BIAL to queries relating to Fair Rate of Return	13.11.2025

S. No.	Activity	Date
14.	Submission of responses by BIAL to queries relating to RAB and Depreciation	18.11.2025
15.	Queries relating to Traffic sent to BIAL	19.11.2025 & 20.11.2025
16.	Submission of responses by BIAL to queries relating to Traffic	19.11.2025 & 20.11.2025
17.	Submission of responses by BIAL to queries relating to Aeronautical Revenues	20.11.2025
18.	Follow-on queries relating to Non-Aeronautical Revenue sent to BIAL	21.11.2025
19.	Submission of responses by BIAL to follow-on queries relating to Non-Aeronautical Revenue	27.11.2025
20.	Follow-on queries relating to Fair Rate of Return and Operating Expenses sent to BIAL	12.01.2026
21.	Submission of responses by BIAL to queries relating to Fair Rate of Return	21.01.2026
22.	Submission of responses by BIAL to queries relating to Operating Expenses	23.01.2026 & 29.01.2026
23.	Submission of response by BIAL regarding runway capacity	28.01.2026, 30.01.2026 & 04.02.2026
24.	Submission of information regarding AAI's letter on the new ATC Tower at Bengaluru Airport	23.02.2026
25.	Submission of further responses by BIAL to queries relating to Operating Expenses	23.02.2026 & 26.02.2026
26.	Partial submission of responses by BIAL to queries relating to RAB and Depreciation for the Third Control Period	26.02.2026
27.	Submission of response by BIAL on completed cost of MMTH under Forecourts, Roads and Landside Infrastructure programme in the Third Control Period	02.03.2026
28.	Submission of response by BIAL on Eastern Connectivity Tunnel project proposed for the Fourth Control Period	18.03.2026
29.	Submission of basis for Soft Costs, including Design, PMC, Pre-operative Expenses and Contingency estimates for proposed Capex in the Fourth Control Period	
30.	Submission of response by BIAL regarding additional projects under T1 Upgrade Programme	
31.	Submission of response by BIAL regarding Master Plan prepared by BIAL	27.03.2026
32.	Further follow-on queries sent to BIAL regarding operating expenses	10.04.2026
33.	Submission of revised Sustaining Capex proposed for the Fourth Control Period by BIAL	17.04.2026
34.	Queries relating to Provisional Financials for FY'26 sent to BIAL	22.04.2026
35.	Further follow-on queries sent to BIAL regarding NAR	24.04.2026
36.	Queries relating to Variable Tariff Plan sent to BIAL	04.05.2026
37.	Response relating to Variable Tariff Plan by BIAL	05.05.2026
38.	Response relating to Variable Tariff Plan by BIAL	07.05.2026
39.	Response relating to NAR by BIAL	
40.	Further follow-on queries relating to 3rd and 4th CP, RAB, Depreciation and Aeronautical Revenue sent to BIAL	08.05.2026
41.	Follow on queries pertaining to Variable Tariff Plan sent to BIAL	11.05.2026
42.	Response relating to 3rd and 4th CP RAB/CAPEX/Depreciation by BIAL	
43.	Follow on queries pertaining to 3rd CP CAPEX sent to BIAL	20.05.2026
44.	Submission of revised MYTP Financial Models by BIAL	21.05.2026
45.	Responses relating to 3rd CP CAPEX by BIAL (x 2)	

S. No.	Activity	Date
46.	Response relating to 3^{rd} CP CAPEX by BIAL	23.05.2026
47.	Queries relating to ASQ ratings sent to BIAL	25.05.2026
48.	Response relating to ASQ ratings by BIAL	
49.	Response relating to NAR and Opex by BIAL	
50.	Response relating to 3^{rd} CP CAPEX by BIAL	
51.	Follow on queries pertaining to 3^{rd} CP CAPEX sent to BIAL	
52.	Further follow on queries pertaining to 3^{rd} CP CAPEX sent to BIAL	26.05.2026
53.	Response by BIAL on query relating to FAR	
54.	Submission of response by BIAL regarding Provisional Financials for FY'26	27.05.2026
55.	Submission of response by BIAL regarding 3^{rd} CP CAPEX	27.05.2026
56.	Further follow on queries pertaining to 3^{rd} CP CAPEX sent to BIAL	28.05.2026
57.	Further follow-on queries sent to BIAL regarding NAR	28.05.2026
58.	Follow on queries pertaining to 4^{th} CP CAPEX sent to BIAL	29.05.2026
59.	Submission of response by BIAL regarding 3^{rd} CP CAPEX	30.05.2026
60.	Submission of response by BIAL regarding 4^{th} CP NAR	
61.	Further follow on queries pertaining to 3^{rd} CP CAPEX sent to BIAL	31.05.2026
62.	Follow on queries pertaining to 3^{rd} and 4^{th} CP Opex sent to BIAL	
63.	Submission of response by BIAL regarding 4^{th} CP CAPEX	
64.	Submission of response by BIAL regarding 3^{rd} CP Opex	01.06.2026
65.	Clarifications pertaining to Capex for the 3^{rd} Control Period	02.06.2026
66.	Submission of response by BIAL regarding 3^{rd} CP CAPEX	02.06.2026
67.	Submission of response by BIAL regarding Aero Asset Additions during 3^{rd} CP	03.06.2026

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

1.8 Related Party Transactions

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

Table 6: Related Parties of BIAL in the Third Control Period

SL. No	Nature of Services	Name of Related Party	Description of Relationship
1.	Duty-Free Concession/ Rental Income	DUFRY India Retail Private Limited	JV
2.	Cargo Service	Menzies Aviation (Bengaluru) Private Limited (MABPL)	JV
3.	Cargo Service	WFS (Bengaluru) Private Limited	JV
4.	Lounge Service	Bengaluru Airport Services Limited (BASL)	Subsidiary
5.	Hotel	Bangalore Airport Hotel Limited (BAHL)	Subsidiary
6.	Lease/ Real Estate	Bengaluru Airport City Limited (BACL)	Subsidiary
7.	Airport operations / holding company	Bangalore International Airport Limited (BIAL)	Parent / main company

SL. No	Nature of Services	Name of Related Party	Description of Relationship
8.	Hotel services	Bangalore Airport Hotel Limited (BAHL)	Wholly owned subsidiary
9.	Airport services	Bengaluru Airport Services Limited (BASL)	Wholly owned subsidiary
10.	Section 8 / foundation activities	DIGI Yatra Foundation (DYF)	Section 8 Company; BIAL holds 14.8%
11.	Cargo / logistics / aviation support services	WFS (Bengaluru) Private Limited [WFS(B)PL]	Associate; BIAL holds 26%
12.	Renewable energy services	Clean Max BIAL Renewable Energy Private Limited (CMBREL)	Associate
13.	Airport city / real estate development	Bengaluru Airport City Limited (BACL)	Wholly owned subsidiary
14.	Foundation / CSR / social initiatives	Kempegowda International Airport Foundation (KIAF)	Section 8 Company; subsidiary structure shown as BIAL 90%, BAHL 10%
15.	Aviation ground handling / aviation services	Menzies Aviation Bengaluru Private Limited (MABPL)	Associate; BIAL holds 26%
16.	Retail / duty free services	Dufry India Retail Private Limited (DIRPL)	Associate; BIAL holds 50%
17.	Airport operations / holding company	Bangalore International Airport Limited (BIAL)	Parent / main company
18.	Hotel services	Bangalore Airport Hotel Limited (BAHL)	Wholly owned subsidiary

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

i. Every Related Party Transaction and subsequent modifications shall be subject to the prior approval of the Audit Committee of the Board of BIAL whether at a meeting or by a resolution by circulation. Further, only those members of the Audit Committee who are independent directors shall approve Related Party Transactions.

ii. Further, if the Audit Committee of the Board of BIAL determines that a Related Party Transaction should be brought before the Board, or where Audit Committee does not approve of the transaction, it shall make its recommendation to the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction.

1.8.3 The Authority also notes the relevant provision under Concession Agreement related to Related Party Transactions:

Clause 3.2 Recognition of Rights

"Subject to Applicable Laws and in accordance with the provisions of this Agreement, GoI recognises that BIAL may carry out:

i. any activity or business related or ancillary to the activities referred to in Article 3.1 or which BIAL considers desirable or appropriate to be carried on or engaged in connection therewith *(including any infrastructure service considered by BIAL to be reasonably necessary for the activities referred to in Article 3.1); and*

ii. *any activity or business in connection with or related to the arrival, departure and/or handling of aircraft, passengers, baggage, cargo and/or mail at the Airport; and*

iii. *any activity or business in connection with or related to the development of the Site or operation of the Airport to generate revenues including the development of commercial ventures such as hotels, restaurants, conference venues, meeting facilities, business centres, trade fairs, real estate, theme parks, amusement arcades, golf courses and other sports and/or entertainment facilities, banks and exchanges and shopping malls."*

1.8.4 The Authority notes that as per the provisions of the concession agreement mentioned above, the grant by BIAL of a Service Provider Right shall not relieve BIAL of any of its responsibilities, duties and obligations under this Agreement.

1.8.5 The Authority notes that the tenders for the Cargo Concession and Duty-Free Concession expressly required that BIAL take an equity stake in the SPV to be formed by the successful bidder.

1.8.6 In relation to lounge services, BACL assumed responsibility for providing lounge services because the successful bidder failed to obtain BCAS clearance.

1.8.7 BIAL also holds a 26% equity stake in the SPV that supplies renewable energy to BIAL, which is necessary to comply with the Electricity Act, 2003 in order for the plant to qualify as a captive generating station.

1.8.8 Further, the hotel and real-estate subsidiaries are concessionaires undertaking non-airport activities in accordance with the provisions of the Concession Agreement.

1.8.9 Further, the Authority observes that the Chartered Accountant Certificate provided by BIAL confirms the following:

"Transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards."

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

1.9 Construct of this Consultation Paper

1.9.1 This Consultation Paper is organized into multiple chapters to facilitate a structured and comprehensive examination of the tariff determination exercise for BIAL for the Fourth Control Period. The sequence of Chapters is as follows:

i. Chapter 1 provides the introduction, profile of Bangalore International Airport Limited (BIAL) and Kempegowda International Airport (KIA), broad contours of services and service providers at the airport, background of past tariff determination exercises, relevant judicial developments including the orders of the Hon'ble TDSAT.

ii. Chapter 2 presents the submissions of BIAL relating to the true-up of the Second Control Period. This is followed by the Authority's examination of the issues raised, reference to the earlier treatment adopted in the Tariff Order for the Third Control Period, and the Authority's proposals regarding the true-up of the Second Control Period, as part of the Fourth Control Period tariff determination exercise.

iii. Chapter 3 covers the submissions of BIAL relating to the true-up of the Third Control Period. The Chapter includes the Authority's examination and proposals on key building blocks for true-up, including traffic, capital expenditure, depreciation, Regulatory Asset Base, Weighted Average Cost of Capital, operating expenditure, aeronautical revenue, non-aeronautical revenue, aeronautical taxes and other related matters.

iv. Chapters 4 to 11 present the submissions of BIAL on the key Regulatory Building Blocks for the Fourth Control Period i.e. Traffic projections; Capital Expenditure; Depreciation; additions to Regulatory Asset Base; Weighted Average Cost of Capital; Aeronautical Operation and Maintenance Expenditure; Non-Aeronautical Revenue; Aeronautical Taxes; Quality of Service etc. Further, these Chapters also contain in detail the Authority's comprehensive analysis, adjustments, rationalization followed by Authority's proposals on each of the respective Regulatory Building Blocks post analysis and examination.

v. Chapter 12 on Aggregate Revenue Requirement (ARR) presents the ARR determined by the Authority for the Fourth Control Period based on the Authority's proposals on the various regulatory building blocks.

vi. Chapter 13 relating to Summary of Authority's Proposals summarises the proposals put forward by the Authority for stakeholder consultation.

vii. Chapter 14 relating to Stakeholder Consultation invites comments/views of all stakeholders on the proposals put forward by the Authority in this Consultation Paper for tariff determination for BIAL for the Fourth Control Period.

viii. Appendix 1: Capex Evaluation Report submitted by MECON Limited for the Fourth Control Period

2. TRUE UP FOR THE SECOND CONTROL PERIOD

2.1 Issues raised by BIAL pertaining to True up for the Second Control Period

2.1.1 BIAL in its MYTP submitted in July 2020 for the Third Control Period has considered actual values for the 4 years from FY 2017 to FY 2020 and has considered estimates for FY 2021. During the course of the MYTP evaluation for the Third Control Period, BIAL submitted details of actual financials including revenues, operating expenditure and capital expenditure to the Authority.

2.1.2 BIAL has submitted that in computing the True up to the end of the Second Control Period, BIAL has re-drawn its under recovery estimate by considering:

- Actual values for FY 2021-22
- Other updates to the RAB considering the Financing allowance values based on the certification submitted for SCP by BIAL after the submission of MYTP

2.1.3 Accordingly, BIAL has recomputed its True up of under-recovery for the Second Control Period, and as submitted the following table in its MYTP for the Fourth Control Period:

Table 7: True-Up of Second Control Period as submitted by BIAL

(Rs. in Crore)

Particulars (FY ending March 31)	2017	2018	2019	2020	2021	Total
Average RAB	2,278.84	2,253.43	2,119.58	3,011.97	4,160.58	
FroR	15.35%	15.35%	15.35%	15.35%	15.35%	
Return on RAB	**349.88**	**345.98**	**325.43**	**462.45**	**638.80**	**2,122.54**
Operating Expenditure	299.37	330.27	376.73	440.94	388.60	**1,835.91**
Depreciation	198.58	201.93	345.17	251.08	331.28	**1,328.04**
Tax	55.53	80.38	42.92			**178.83**
WC Interest etc.	19.83	0.96	0.74	1.03		**22.55**
Gross ARR	**923.20**	**959.52**	**1,090.99**	**1,155.50**	**1,358.68**	**5,487.87**
Less: Deductions for Non-Aeronautical Revenues	(154.35)	(174.80)	(204.85)	(224.37)	(78.94)	**(837.31)**
Add: Concession Fee on Regulated	32.67	37.06	29.29	22.95	9.49	**131.46**
Less/Add: Over/Under-recovery in previous CP	1,515.16					**1,515.16**
Net ARR	**2,316.68**	**821.77**	**915.43**	**954.07**	**1,289.23**	**6,297.19**
Actual Revenue	816.86	926.39	732.18	573.71	230.81	**3,279.96**
Under/(Over) Recovery	**1,499.82**	**(104.62)**	**183.24**	**380.36**	**1,058.43**	**3,017.23**
FV Factor	2.04	1.77	1.53	1.33	1.15	
FV of Under/(Over) Recovery	**3,063.33**	**(185.23)**	**281.27**	**506.12**	**1,220.93**	**4,886.42**

2.2 Authority's examination regarding True Up for the Second Control Period

2.2.1 The Authority has taken note of BIAL's submissions pertaining to the true-up of the Second Control Period, as included in the Multi-Year Tariff Proposal (MYTP) filed for the Fourth Control Period. In this regard, the Authority observes that, during the tariff determination process for the Third Control Period, BIAL submitted the actual financial statements for FY 2020-21, which were duly examined and appropriately considered by the Authority while determining the Aggregate Revenue Requirement (ARR) for the Third Control Period.

2.2.2 However, BIAL has filed an appeal before the Hon'ble TDSAT against the Tariff Order of the Third Control Period. As noted in Para 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4, 1.7.5 and 1.7.6, the appeals filed by BIAL in Hon'ble Supreme Court and in Hon'ble TDSAT and appeals filed by AERA in Hon'ble Supreme Court are pending and Hon'ble Supreme Court is presently hearing these matters. Thus, the issues raised in the Civil Appeal filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized up of the matters. Therefore, the Authority notes that under such circumstances if it decides to implement the Hon'ble TDSAT orders without finally settling the issues before the Hon'ble Supreme Court and increase in tariff is effected considering BIAL's submissions on the basis of Hon'ble TDSAT judgments, for the Fourth Control Period, then it shall lead to a significant increase in Aeronautical tariff which will have to be borne by the Airport users as BIAL will start recovery of increased tariff from the Airport users. However, if at a later stage, the Civil Appeals filed by the Authority are upheld or decided in AERA's favour, then it would be practically impossible to refund to passengers the excess charges collected by the Airport Operator during this period on account of increase in tariff. Thus, there will be substantial over recovery by the Airport Operator at the cost of Airport Users. All these factors clearly establish that considering BIAL submissions of giving effects to various judgments of Hon'ble TDSAT without finally settling the issues before Hon'ble Supreme Court, is not in public interest, more so when the Hon'ble Supreme Court is seized up of all these issues and is hearing these Civil Appeals. On the contrary, Authority is of view that public interest would be better served if Authority takes decisions on the basis of final decision of Hon'ble Supreme Court of India on these issues. Therefore, the Authority is of the view that in public interest, presently, it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period.

2.2.3 In light of the foregoing discussion and consistent with the regulatory approach adopted in Tariff Order No. 11/2021-22 dated 28.08.2021 for the Third Control Period, the Authority proposes to retain the true-up of the Second Control Period as previously determined. Accordingly, the true-up considered by the Authority, as reflected in Table 57 of the Third Control Period Tariff Order, is reproduced below for ease of reference and continues to represent the Authority's position on the matter.

Table 8: True Up of Second Control Period decided by the Authority

(Rs. in Crore)

Particulars (FY ending March 31)	2017	2018	2019	2020	2021	Total
Average RAB (A)	2,230.39	2,208.81	2,121.02	3,073.80	4,257.04	
FROR (B)	0.12	0.12	0.12	0.12	0.12	
Return on RAB (C=A*B)	262.30	259.76	249.44	361.49	500.64	**1,633.64**
Depreciation (D)	188.67	191.33	277.88	199.34	270.23	**1,127.44**
Operating Expenditure (E)	282.35	313.15	332.18	397.08	362.57	**1,687.33**
Working Capital Interest (F)	20.69	1.86	1.30	2.26	3.15	**29.26**
Tax (G)	65.47	89.64	52.10	13.61	(2.59)	**218.24**
Gross ARR (H=C+D+E+F+G)	**819.48**	**855.75**	**912.90**	**973.78**	**1,134.00**	**4,695.90**
Less: Non-Aero Revenue (I)	(110.24)	(132.38)	(160.55)	(156.07)	(50.71)	**(609.95)**
Add: Concession Fee (J)	39.67	44.65	38.14	32.88	13.99	**169.32**
Over-recovery of FCP (K)	(349.20)					
ARR (L = H+I+J+K)	**399.70**	**768.02**	**790.49**	**850.59**	**1,097.28**	**3,906.08**
Actual/proposed collections (M)	**996.95**	**1,122.50**	**960.14**	**829.23**	**354.30**	**4,263.12**

Particulars (FY ending March 31)	2017	2018	2019	2020	2021	Total
(Under)/Over recovery (N = M-L)	597.25	354.48	169.65	(21.36)	(742.98)	357.04
PV Factor (O)	1.74	1.56	1.40	1.25	1.12	
(Under)/Over recovery PV (P=N*O)	1,041.35	553.02	236.81	(26.68)	(830.36)	974.14

2.3 Authority's proposals regarding True Up for the Second Control Period as part of tariff determination for the Fourth Control Period

Based on the material before it and its examination, the Authority proposes the following with regards to True up for the Second Control Period

2.3.1 To retain the over recoveries as determined in the Tariff Order of the Third Control Period as per **Table 8**.

3. TRUE UP FOR THE THIRD CONTROL PERIOD

3.1 Background

3.1.1 The Authority issued Tariff Order no. 11/2021-22 dated 28.08.2021 for the Third Control Period, settling the regulatory building blocks after considering BIAL's submissions (including those addressing COVID-19 impacts) and comments from other stakeholders. BIAL has challenged that Order before the Hon'ble TDSAT, and AERA has also filed its counter-affidavit. Thus, the Authority's determination of Tariff for the Third Control Period is sub judice before Hon'ble TDSAT. In addition, BIAL has also filed Civil Appeals against the Hon'ble TDSAT judgment dated 16.12.2020 passed in the Appeals filed by BIAL against the Tariff Order of First and Second Control periods. As stated in Para 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4, 1.7.5 and 1.7.6, the appeals filed by BIAL in Hon'ble Supreme Court and in Hon'ble TDSAT and appeals filed by AERA in Hon'ble Supreme Court are pending and Hon'ble Supreme Court is presently hearing these matters. Thus, the issues raised in the Civil Appeal filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized up of the matters. Therefore, the Authority notes that under such circumstances if it decides to implement the Hon'ble TDSAT orders without finally settling the issues before the Hon'ble Supreme Court and increase in tariff is effected considering BIAL's submissions on the basis of Hon'ble TDSAT judgments, for the Fourth Control Period, then it shall lead to a significant increase in Aeronautical tariff which will have to be borne by the Airport users as BIAL will start recovery of increased tariff from the Airport users. However, if at a later stage, the Civil Appeals filed by the Authority are upheld or decided in AERA's favour, then it would be practically impossible to refund to passengers the excess charges collected by the Airport Operator during this period on account of increase in tariff. Thus, there will be substantial over recovery by the Airport Operator at the cost of Airport Users. All these factors clearly establish that considering BIAL submissions of giving effects to various judgments of Hon'ble TDSAT without finally settling the issues before Hon'ble Supreme Court, is not in public interest, more so when the Hon'ble Supreme Court is seized up of all these issues and is hearing these Civil Appeals. On the contrary, Authority is of view that public interest would be better served if Authority takes decisions on the basis of final decision of Hon'ble Supreme Court of India on these issues.

3.1.2 Considering the above and in public interest, the Authority proposes to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period. The final decision with regard to the issues raised by the Authority in the Civil Appeals will be taken once the matters attain finality in the proceedings before the Hon'ble Supreme Court and accordingly, the issues which are sub judice, their impact is not factored in carrying out current tariff computation in public interest.

3.2 Issues raised by BIAL pertaining to True Up for the Third Control Period

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

(i) Traffic

(ii) Capital Expenditure, Depreciation and RAB

(iii) Weighted Average Cost of Capital

(iv) Operating and Maintenance Expenses

(v) Aeronautical Taxation

(vi) Non-Aeronautical Revenue

(vii) Aeronautical Revenues

(viii) Aggregate Revenue Requirement

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

(i) Recording and understanding BIAL's submission in the MYTP;

(ii) Recap of decision taken by the Authority for these matters at the time of tariff determination for the Third Control Period;

(iii) Examination and proposal regarding these matters as part of tariff determination for the current control period.

3.2.3 The Authority has considered the following documents for determining True up of the Third Control Period:

(i) Tariff Order for the Third Control Period (11/ 2021-22) dated 28.08.2021.

(ii) Multi Year Tariff Proposal (MYTP) submitted by BIAL for the Fourth Control Period.

(iii) Audited financial statements for FY 2022–FY 2025 and the unaudited actuals for FY 2026;

(iv) AERA Guidelines and Orders.

(v) The Authority's decisions on the Regulatory Building Blocks as per previously issued Tariff Orders of other airports.

(vi) Hon'ble Supreme Court and Ld. TDSAT orders.

3.2.4 In view of the Authority's analysis provided in paras 1.6.2, 1.6.3, 1.7.1, 1.7.2 and 1.7.3 the Authority is of the view that in public interest, presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the issues are sub-judice before the Ld. TDSAT and Hon'ble Supreme Court.

3.3 True up of Traffic

BIAL's submission regarding Traffic for True up of the Third Control Period

3.3.1 As part of the MYTP for the Fourth Control Period, BIAL has submitted the actual traffic achieved at KIA during the Third Control Period (FY 2021–22 to FY 2024–25) for the purpose of true-up. Subsequently, vide email dated 21.05.2026 submitted the actual traffic for FY26 for True up. The traffic details submitted by BIAL, including passenger traffic, Air Traffic Movements (ATMs) and cargo volumes, are presented in the table below:

Table 9: Traffic Submitted by BIAL for True up of the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Passenger Traffic (Mn)						
Domestic	15.19	28.13	32.86	36.04	37.24	**149.46**
International	1.1	3.79	4.67	5.83	7.23	**22.62**
Total	**16.29**	**31.92**	**37.53**	**41.87**	**44.47**	**172.08**
Air Traffic Movement – Billable (Nos)						
Domestic	132,532	198,512	216,983	232,889	237,153	**1,018,069**
International	15,482	24,711	27,908	34,963	42,818	**145,882**
Total	**148,014**	**223,223**	**244,891**	**267,852**	**279,971**	**1,163,951**
Cargo Traffic (MT)						

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Domestic	1,39,584	154,012	173,334	181,226	195,467	**704,039**
International	271,966	256,299	266,161	321,284	336,545	**1,452,255**
Total	**411,550**	**410,311**	**439,495**	**502,510**	**532,012**	**2,295,878**

Recap of Authority's decision regarding Traffic for the Third Control Period

3.3.2 Decision Nos. 4.6.1: "*To consider the passenger traffic, ATM traffic and cargo traffic as per Table 66 respectively which shall be trued up based on actuals*."

3.3.3 The traffic considered by the Authority at the time of tariff determination for the Third Control Period is presented in the table below:

Table 10: Traffic considered by the Authority for the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Passenger Traffic (Mn)						
Domestic	14.32	27.78	32.50	38.03	44.49	**157.12**
International	0.92	3.38	4.05	4.50	4.91	**17.76**
Total	**15.24**	**31.16**	**36.55**	**42.53**	**49.40**	**174.88**
ATM – Billable ('000s)						
Domestic	119	217	249	286	323	**1,193.60**
International	10	23	27	29	32	**121.19**
Total	**129**	**239**	**276**	**316**	**355**	**1,314.79**
Cargo Traffic (in '000 MT)						
Domestic	149	165	183	204	226	**927.20**
International	230	256	284	315	350	**1,434.89**
Total	**379**	**421**	**467**	**519**	**576**	**2,362.08**

Authority's examination and proposal regarding Traffic for the True-up of the Third Control Period

3.3.4 The Authority has examined passenger traffic submissions made by BIAL as part of its MYTP for the true-up of the Third Control Period. A comparison between passenger traffic projected by the Authority in the Tariff Order for the Third Control Period and actual passenger traffic reported by BIAL is presented in the table below:

Table 11: PAX Traffic Variation between the Authority's Projections and actuals for the Third Control Period

(in Mn)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Total PAX Traffic Projected by the Authority	15.24	31.16	36.55	42.53	49.40	**174.88**
Total PAX Traffic as per actuals	16.29	31.91	37.53	41.88	44.47	**172.08**
Variation (%) – Increase/(Decrease)	*6.89%*	*2.41%*	*2.68%*	*-1.53%*	*-9.98%*	***-1.60%***

3.3.5 The Authority notes that passenger traffic during the Third Control Period broadly followed the recovery path considered at the time of tariff determination, although year-wise variations were observed. Cumulative passenger traffic stood at 172.08 million passengers against the projected 174.88 million passengers, reflecting a marginal shortfall of about 1.6%.

3.3.6 The Authority further notes that passenger traffic recovered steadily after the disruption caused by the COVID-19 pandemic. Growth during the subsequent years was supported by recovery in travel demand, improved connectivity and restoration of airline operations. As a result, passenger traffic surpassed the pre-COVID level of 33.39 million passengers recorded in FY 2019–20 and reached 37.53 million passengers in FY 2023–24.

3.3.7 However, the Authority notes that actual passenger traffic during FY 2024–25 and FY 2025–26 remained below the levels approved in the Third Control Period Tariff Order due to operational disruptions and geopolitical uncertainties.

3.3.8 The Authority notes that the shortfall in traffic was mainly due to:

- FY 2024–25: Shortage of pilots and cabin crew, leading to flight cancellations and delays in the domestic sector; and
- FY 2025–26: Continued capacity constraints, safety-related concerns and geopolitical tensions affecting air travel demand.

3.3.9 Overall, the Authority notes that passenger traffic during the Third Control Period remained broadly aligned with the traffic assumptions considered at the time of tariff determination. The Authority independently has also verified passenger traffic data with the traffic statistics available on the Airports Authority of India website and notes that the revised passenger traffic submitted by BIAL for the Third Control Period is consistent with the AAI data.

3.3.10 The Authority has also examined the variation between Air Traffic Movements (ATMs) projected in the Tariff Order for the Third Control Period and actual ATMs submitted by BIAL, and comparison is presented in the table below:

Table 12: ATM Variation between the Authority's Projections and actuals for the Third Control Period

(in '000 MT)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Total ATM Projected by the Authority	114	129	239	276	316	1074
Total ATM as per actuals	148	223	245	268	280	1,164
Variation (%) – Increase/(Decrease)	*30%*	*73%*	*2%*	*-3%*	*-11%*	*8%*

3.3.11 The Authority observes from the foregoing that, while the cumulative actual ATMs over the Third Control Period exceeded the projections by approximately 8%, the year-on-year variation pattern was markedly bidirectional and uneven, comprising distinct phases as analysed hereunder.

3.3.12 **Phase I: Significant Over-performance (FY 2021-22 and FY 2022-23):** The actual ATMs in FY 2021-22 and FY 2022-23 exceeded the projections by 30% and 73% respectively. The Authority observes that the said over-performance corresponds with the period of accelerated post-COVID-19 traffic recovery at KIAB. This is corroborated by the corresponding passenger traffic figures, wherein:

a) Total passenger throughput more than doubled from 16.29 million in FY 2021-22 to 31.92 million in FY 2022-23; and

b) International passenger traffic, in particular, registered a sharp uplift from 1.10 million to 3.79 million over the same period.

3.3.13 **Phase II: Convergence with Projections (FY 2023-24):** In FY 2023-24, the actuals were broadly in alignment with the projections, registering a marginal positive variation of 2% (viz., 2.45 lakh ATMs as against the projected 2.39 lakh). The Authority observes that, by FY 2023-24, the post-pandemic recovery had largely normalised, and the operating environment had reverted to a more predictable growth trajectory.

3.3.14 **Phase III: Under-performance against Projections (FY 2024-25 and FY 2025-26):** In contrast to the earlier phases, the actuals fell short of the projections by 3% in FY 2024-25 and by 11% in FY 2025-26. The Authority observes that:

a) while the passenger traffic continued to register a positive year-on-year growth (rising from 41.87 million in FY 2024-25 to 44.47 million in FY 2025-26), the rate of growth in ATMs decelerated materially (from 2.68 lakh to 2.80 lakh, i.e., approximately 4.5%);

b) this divergence is reflective of the stabilisation of the PAX/ATM ratio at approximately 159 in FY 2025-26 from 115 in FY 2021-22, evidencing that incremental passenger throughput is being absorbed through enhanced load factors and larger aircraft deployments, particularly on international routes (where the PAX/ATM ratio has stabilised at approximately 169 from 71 in FY 2021-22), rather than through a proportionate increase in ATMs.

3.3.15 The Authority has also independently verified the ATM data with the data available on the Airports Authority of India website. Revised ATM data submitted by BIAL for the Third Control Period is consistent with the data available from AAI.

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

Table 13: Cargo Traffic Variation between the Authority's Projections and Actuals for the Third Control Period

(in '000 MT)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Cargo Traffic Projected by the Authority	**379**	**421**	**467**	**519**	**576**	**2,362.08**
Cargo Traffic as per actuals	**412**	**410**	**440**	**503**	**532**	**2,295.88**
Variation (%)-Increase/(Decrease)	*8.71%*	*-2.61%*	*-5.78%*	*-3.08%*	*-7.64%*	*-2.80%*

3.3.17 The Authority observes from the foregoing that, contrary to the generally observed trends observed for the passenger traffic and Air Traffic Movements (ATMs), the actual cargo traffic at KIAB fell marginally short of the projections in the Tariff Order for the Third Control Period, with the cumulative actuals of ~22.96 lakh MT registering a shortfall of approximately 2.80% vis-à-vis the projected 23.62 lakh MT.

3.3.18 The Authority notes that actual cargo traffic in FY 2021-22 exceeded the projections by 8.71% (viz., 4.12 lakh MT as against the projected 3.79 lakh MT). The Authority observes that this over-performance is attributable to the resilience of cargo operations during the COVID-19 pandemic, wherein, unlike passenger traffic which was severely curtailed, cargo movements (particularly pharmaceutical and essential commodity shipments) continued largely uninterrupted.

3.3.19 From FY 2022-23 onwards, the actual cargo traffic consistently fell short of the projections, with the variation ranging between (2.61%) and (7.64%) across the four-year period. The Authority observes that the said under-performance is divergent from the corresponding trends observed in passenger traffic, viz., where actuals over-performed materially in the same years. The reasons underlying the said cargo under-performance include,

a) **Stagnation in International Cargo (FY 2022-23):** International cargo declined from ~2.72 lakh MT in FY 2021-22 to ~2.56 lakh MT in FY 2022-23, contrary to the upward trajectory assumed in the Tariff Order projections. The said decline reflects the post-pandemic normalization of pharmaceutical exports and the unwinding of the elevated COVID-era cargo demand.

b) **Modest Growth in International Cargo (FY 2023-24):** International cargo recovered only marginally to 2.66 lakh MT in FY 2023-24, falling short of the projected growth trajectory;

c) **Slower Domestic Cargo Build-up:** Domestic cargo, which grew from 1.40 lakh MT in FY 2021-22 to 1.95 lakh MT in FY 2025-26, registered a CAGR of approximately 8.8%, a steady but more measured growth rate than may have been assumed in the original projections.

3.3.20 The Authority has also independently verified the Cargo Traffic data with the data available on the Airports Authority of India website. The Cargo Traffic data submitted by BIAL for the Third Control Period is consistent with the data available from AAI.

3.3.21 In view of the above and verified traffic data, the Authority proposes to consider Traffic for the true-up of the Third Control Period presented in **Table 9.**

3.4 True Up of Capital Expenditure (Capex), Depreciation and RAB for the Third Control Period

Capital Expenditure submitted by BIAL for the True up of Third Control Period

3.4.1 BIAL has submitted a total capital expenditure of Rs. 8,524.81 Crores for the true-up of the Third Control Period as against the approved capital expenditure of Rs. 8,883.44 Crores in the Third Control Period Tariff Order. The asset category-wise (head-wise) details of CAPEX submitted by BIAL are presented below:

Table 14: Head-wise CAPEX submitted by BIAL for true-up of Third Control Period

(Rs. in Crore)

S. No.	Project	BIAL's submission for True up
1	Terminal 2 - Phase I	4832.92
2	Forecourt, roadways & landside development - Phase 1b (except MMTH)	1426.66
3	MMTH – Phase- I	781.70
4	Aircraft Maintenance & Airport Maintenance Facilities	52.87
5	Utilities	61.76
6	T2 Apron - Phase II	219.65
7	Airport Rescue and Fire Fighting Building	1.62
8	South Runway - Phase II	530.26
9	Existing Runways / Taxiway Improvements	71.92
	Sub-Total - (A)	**7979.36**
10	Airside Security wall	0
11	Airside perimeter Road	0
12	T1 Optimization	0
13	Northwest road expansion	0
14	CISF Barrack Expansion	0
15	Animal Quarantine facility	0
16	New cargo domestic terminal including Cool Port	0
17	Refurbishment of existing cargo terminals	0
18	Refurbishment of existing catering buildings	0
19	Water Treatment Plant	0
20	Landside Maintenance Building	0
	Sub-Total – Projects proposed in TCP (B)	**0**

S. No.	Project	BIAL's submission for True up
21	Sustaining capex including other Capex (C)	545.45
	Total	**8,524.81**

3.4.2 Year-wise capital additions submitted by BIAL for the True-up of the Control Period are as follows:

Table 15: Capital additions submitted by BIAL for True-up of the Third Control Period

(Rs. in Crore)

#	S. No	Particulars (Year ending March 31)	2022	2023	2024	2025	2026	Total
1	A1	Terminal 2 - Phase I	-	4,066.66	528.08	233.42	4.76	4,832.92
2	A2.1	Forecourt, roadways & landside development - Phase 1b (except MMTH)	139.75	1,122.01	149.90	15.00	-	1,426.66
3	A2.2	MMTH – Phase- I	-	-	705.43	74.25	2.02	781.70
4	A3	Aircraft Maintenance & Airport Maintenance Facilities	13.25	41.95	(2.14)	(0.19)	-	52.87
5	A4	Utilities	53.66	5.77	(0.57)	2.90	-	61.76
6	A5.1	T2 Apron - Phase II	14.25	207.80	0.11	(2.51)	-	219.65
7	A5.2	Airport Rescue and Fire Fighting Building	0.02	1.60	-	-	-	1.62
8	A6	South Runway - Phase II	159.02	243.31	117.03	10.90	-	530.26
9	A7	Existing Runways / Taxiway Improvements	46.34	13.97	-	11.61	-	71.92
		Sub-Total - (A)	**426.29**	**5,703.07**	**1,497.84**	**345.38**	**6.78**	**7,979.36**
10	B	Sustaining capex incl other Capex (B)	58.50	121.65	127.30	140.52	97.48	545.45
		Total (A+ B)	**484.79**	**5,824.72**	**1,625.14**	**485.90**	**104.26**	**8,524.81**

BIAL's submission on asset allocation between Aeronautical and Non-Aeronautical

3.4.3 BIAL has submitted independent auditor's certificates on its adopted basis for bifurcation of fixed assets into aeronautical and non-aeronautical assets for the FY22 to FY25.

3.4.4 BIAL has submitted the following regarding its basis of allocation of assets between aeronautical and non-aeronautical:

- Allocation ratios for Opening RAB have been considered based on principles applied in the Second Control Period and the certificates submitted.
- Assets capitalized over FY22 to FY 26 have been reviewed based on its Fixed Asset Register and were classified as Aeronautical, Non-Aeronautical and Common assets.
- Common Assets capitalized relating to Terminal 2 - Phase 1 have been segregated between Aeronautical and Non-Aeronautical based on BIAL's calculation of the Terminal 2 - Phase 1 area ratio of 87.66%. BIAL has also submitted an Area Statement of Terminal 2.
- Other Common assets capitalized in the Third Control Period, till commissioning of Terminal 2, have been considered by BIAL based on Terminal-1 ratio (85.34%) and assets commissioned post Terminal 2 have been segregated between Aeronautical and Non-Aeronautical applying the overall Terminal Building ratio of 87.1%.
- For its MMTH Phase – I, BIAL has adopted an allocation ratio of 34.49% based on its own determination of attributable aeronautical usage in the MMTH – Phase I facility.

Table 16: Allocation ratios as submitted by BIAL

(Rs. in Crore)

S. No.	Project	BIAL's submission for True up	Allocation ratio
1	Terminal 2 - Phase I	4832.92	87.66%
2	Forecourt, roadways & landside development - Phase 1b (except MMTH)	1426.66	85.73%
3	MMTH – Phase- I	781.70	31.53%
4	Aircraft Maintenance & Airport Maintenance Facilities	52.87	85.73%
5	Utilities	61.76	85.73%
6	T2 Apron - Phase II	219.65	99.20%
7	Airport Rescue and Fire Fighting Building	1.62	100%
8	South Runway - Phase II	530.26	100%
9	Existing Runways / Taxiway Improvements	71.92	100%
	Sub-Total -(A)	**7979.36**	
10-20	**Sub-Total – Projects proposed in TCP (B)**	**0**	
21	Sustaining capex including other Capex (C)	545.45	86.64%
	Total	**8,524.81**	

BIAL's submission on Aeronautical Capex

3.4.5 Based on the head-wise capex and the allocation ratios adopted by BIAL, the aeronautical capex submitted by BIAL for the true-up of the Third Control Period aggregates to Rs. 7,098.63 Crores as detailed in the table below:

Table 17: Aeronautical capex submitted by BIAL for the true-up of the Third Control Period

(Rs. in Crore)

S. No.	Project	As submitted by BIAL for True up	Allocation ratio	Aero Portion
		A	B	C=A*B
1	Terminal 2 - Phase I	4832.92	87.66%	4236.54
2	Forecourt, roadways & landside development - Phase 1b (except MMTH)	1426.66	85.73%	1223.08
3	MMTH – Phase- I	781.70	31.53%	246.47
4	Aircraft Maintenance & Airport Maintenance Facilities	52.87	85.73%	45.33
5	Utilities	61.76	85.73%	52.95
6	T2 Apron - Phase II	219.65	99.20%	217.89
7	Airport Rescue and Fire Fighting Building	1.62	100%	1.62
8	South Runway - Phase II	530.26	100%	530.26
9	Existing Runways / Taxiway Improvements	71.92	100%	71.92
	Sub-Total -(A)	**7979.36**		**6626.05**
10-20	**Sub-Total – Projects proposed in TCP (B)**	**0**		**0.00**
21	Sustaining capex including other Capex (C)	545.45	86.64%	472.58
	Total	**8,524.81**		**7098.63**

Authority's examination and proposal regarding Capital Expenditure (CAPEX) for the True up of the Third Control Period

3.4.6 The Authority had allowed total capital expenditure amounting to Rs. 8,883.44 Crores in the Tariff Order for the Third Control Period. This comprised Rs. 7,458.57 Crores towards major projects, Rs. 495.69 Crores towards additional projects and Rs. 929.17 Crores towards sustaining capex including other capex.

3.4.7 The table below sets out a comparison between the costs approved by the Authority in the Third Control Period Tariff Order and the costs submitted by BIAL in the MYTP for the Fourth Control Period.

Table 18: Project-wise Capex approved by the Authority for the Third Control Period versus the Capex submitted by BIAL for True up for the Third Control Period

(Rs. in Crore)

S. No.	Project	As approved by Authority in TCP Order	As submitted by BIAL for True up	Variance
		A	B	C = B - A
1	Terminal 2 - Phase I	4579.32	4832.92	253.60
2	Forecourt, roadways & landside development - Phase 1b (except MMTH)	1495.65	1426.66	(68.99)
3	MMTH – Phase- I	537.34	781.70	244.36
4	Aircraft Maintenance & Airport Maintenance Facilities	45.05	52.87	7.82
5	Utilities	67.48	61.76	(5.72)
6	T2 Apron - Phase II	447.17	219.65	(227.52)
7	Airport Rescue and Fire Fighting Building	0	1.62	1.62
8	South Runway - Phase II	286.56	530.26	243.70
9	Existing Runways / Taxiway Improvements	0	71.92	71.92
	Sub-Total - (A)	**7458.57**	**7979.36**	520.79
10	Airside Security wall	4.62	0	(4.62)
11	Airside perimeter Road	21.65	0	(21.65)
12	T1 Optimization	62.52	0	(62.52)
13	Northwest road expansion	47.87	0	(47.87)
14	CISF Barrack Expansion	43.16	0	(43.16)
15	Animal Quarantine facility	4.25	0	(4.25)
16	New cargo domestic terminal including Cool Port	119.44	0	(119.44)
17	Refurbishment of existing cargo terminals	139.01	0	(139.01)
18	Refurbishment of existing catering buildings	30.59	0	(30.59)
19	Water Treatment Plant	8.07	0	(8.07)
20	Landside Maintenance Building	14.53	0	(14.53)
	Sub-Total – Projects proposed in Third Control Period (B)	**495.69**	**0**	(495.69)
21	Sustaining capex including other Capex (C)	929.17	545.45	(383.72)
	Total	**8,883.44**	**8,524.81**	(358.62)

3.4.8 The table below provides Aeronautical Capital Expenditure approved by the Authority in the Tariff Order for the Third Control Period.

Table 19: Aeronautical Capital Expenditure considered by the Authority in the Tariff Order of the Third Control Period

(Rs. in Crore)

#	Particulars (Year Ending March'31)	2022	2023	2024	2025	2026	Total addition	Aero Allocation ratio (%)	Total Aero
A1	Terminal 2 - Phase I	-	4,014.23	-	-	-	4,579.32	87.66%	4,014.23
A2.1	Forecourt, roadways & landside development - Phase 1b (except MMTH)	-	1,282.22	-	-	-	1,495.65	85.73%	1,282.22
A2.2	MMTH - Phase 1	-	169.43	-	-	-	537.34	31.53%	169.43
A3	Aircraft Maintenance & Airport Maintenance Facilities	38.63	-	-	-	-	45.05	85.73%	38.63
A4	Utilities	57.85	-	-	-	-	67.48	85.73%	57.85
A5	T2 Apron - Phase II	443.58	-	-	-	-	447.17	99.20%	443.58
A6	South Runway - Phase II	286.56	-	-	-	-	286.56	100.00%	286.56
A	**Sub-Total**	**826.62**	**5,465.87**	**-**	**-**	**-**	**7,458.57**		**6,292.50**
B1	Airside Security wall	-	4.62	-	-	-	4.62	100.00%	4.62
B2	Airside perimeter Road	-	21.65	-	-	-	21.65	100.00%	21.65
B3	T1 Optimization	-	-	-	54.29	-	62.52	86.85%	54.29
B4	Cycle Track along SAR / SWR / NCR plus docking stations	-	-	-	-	-	0	100.00%	-
B5	MMTH - Phase 2	-	-	-	-	-	0	31.53%	-
B6	Airport Terminal Metro Station	-	-	-	-	-	0	100.00%	-
B7	City side Metro Station	-	-	-	-	-	0	0.00%	-
B8	North west road expansion	-	-	-	-	47.87	47.87	100.00%	47.87
B9	CISF Barrack Expansion	-	-	-	-	43.16	43.16	100.00%	43.16
B10	BIAL Campus Parking and Canteen	-	-	-	-	-	0	100.00%	-
B11	Animal Quarantine facility	-	-	-	-	4.25	4.25	100.00%	4.25
B12	New cargo domestic terminal including Cool Port	-	119.44	-	-	-	119.44	100.00%	119.44

#	Particulars (Year Ending March'31)	2022	2023	2024	2025	2026	Total addition	Aero Allocation ratio (%)	Total Aero
B13	Refurbishment of existing cargo terminals	-	139.01	-	-	-	139.01	100.00%	139.01
B14	Refurbishment of existing catering buildings	-	-	-	-	-	30.59	0.00%	-
B15	Water Treatment Plant	-	8.07	-	-	-	8.07	100.00%	8.07
B16	Landscape Works	-	-	-	-	-	0	100.00%	-
B17	Alpha 4	-	-	-	-	-	0	86.85%	-
B18	Landside Maintenance Building	-	-	-	-	12.62	14.53	86.85%	12.62
B20	CISF Permanent housing - Phase 1	-	-	-	-	-	0	100.00%	-
B	**Sub-Total - Projects proposed in TCP**	**-**	**292.78**	**-**	**54.29**	**107.89**	**495.69**		**454.97**
C	**Sustaining capex**	**144.45**	**153.51**	**161**	**168.9**	**177.2**	**929.17**		**805.12**
	Total	**971.07**	**5,912.17**	**161**	**223.2**	**285.09**	**8,883.44**		**7,552.58**

Review of variance in Capital cost and Asset Capitalization date/scheduling

3.4.9 The Authority notes that BIAL has proposed a Capital Expenditure of Rs. 8,524.81 Crores for the true-up of the Third Control Period as against the approved Capital Expenditure of Rs. 8,883.44 Crores in the Third Control Period Order, resulting in a net variance of Rs. (358.62) Crores.

3.4.10 The Authority notes that the projects capitalized during the Third Control Period are broadly categorized into four groups, namely:

i. projects approved by the Authority and executed by BIAL;

ii. projects approved by the Authority but subsequently deferred or dropped by BIAL; and

iii. unplanned projects undertaken and capitalized by BIAL, which were not approved by the Authority under the Tariff Order for the Third Control Period (Order No. 11/2021-22 dated 28.08.2021).

iv. Sustaining CAPEX

3.4.11 In respect of projects approved by the Authority and executed by BIAL, the Authority had approved a total capital cost of Rs. 7458.57 Crores, whereas BIAL has submitted an actual capital expenditure of Rs. 7905.82 Crores for completion of these projects. The Authority notes that in case of three projects, namely Terminal 2 – Phase I, MMTH Phase – I, and South Runway – Phase II, the actual expenditure incurred by BIAL exceeded the costs approved by the Authority.

3.4.12 The Authority further notes that BIAL has deferred or dropped 11 projects for which an aggregate capital cost of Rs. 495.71 Crores was approved by the Authority in the Third Control Period Order. Additionally, BIAL has undertaken and capitalized two projects amounting to Rs. 73.54 Crores which were not approved under the Tariff Order for the Third Control Period.

3.4.13 The Authority observes that against the approved sustaining CAPEX of Rs. 929.17 Crores, BIAL has incurred CAPEX of Rs. 545.45 Crores.

3.4.14 In order to examine these variances, the Authority, through its Independent Consultant, has undertaken a detailed review and due diligence of the actual capital expenditure incurred by BIAL during the Third Control Period.

3.4.15 As part of the due diligence exercise, the Independent Consultant reviewed, the Fixed Asset Register, procurement and bidding processes, project implementation details, and supporting documentation submitted by BIAL. The assessment also encompassed need, essentiality, and prudence of the capital expenditure, keeping in view both prevailing and projected traffic demand at the Airport.

3.4.16 Further, the Independent Consultant engaged by the Authority examined the technical specifications and execution details of the respective projects and assessed the reasonability and justification of the actual expenditure incurred. In addition, during site visits undertaken by the Independent Consultant at the Airport, the Independent Consultant reviewed the major capital works executed from the standpoint of operational necessity, essentiality, and cost reasonability. The asset category-wise analysis and the Authority's examination thereof are presented in the following sections.

A1. Terminal 2 – Phase I

3.4.17 In its MYTP submission for the Third Control Period, BIAL proposed Terminal 2 – Phase I as a capital expenditure project deferred from the Second Control Period and proposed for capitalization in FY 2021–22. BIAL submitted a total project cost of Rs. 4,749.95 Crores, including design, Project Management Consultancy (PMC), pre-operative and contingency expenses of Rs. 545.80 Crores and Financing Allowance of Rs. 638.47 Crores.

3.4.18 In the Third Control Period Order, the Authority noted that Terminal 2 – Phase I was a capacity expansion project deferred from the Second Control Period. The proposed terminal was designed to provide additional passenger handling capacity of 25 MPPA. The Authority had also noted that, despite the short-term impact of COVID-19, passenger traffic at BIAL was projected to reach ~50 MPPA by the end of the Third Control Period. Considering the expected traffic growth and capacity requirement, the Authority decided to consider the deferred capital expenditure for Terminal 2 – Phase I during the Third Control Period.

3.4.19 Efficient project cost for Terminal 2 – Phase I had been examined during the Second Control Period through an independent study conducted by RITES Limited. Based on the approved cost carried forward to the Third Control Period, the approved amount for the project stood at Rs. 3,607 Crores excluding Financing Allowance / IDC. Against this, BIAL proposed capitalization of Rs. 3,566 Cr (refer Table 9 of the Third Control Period – Order No. 11/2021-22 dated 28.08.2021) during the Third Control Period, reflecting a reduction of about Rs. 41 Crores or nearly 1% compared to the approved amount.

3.4.20 The Authority had also noted that commissioning of Terminal 2 – Phase I, which was earlier proposed to be completed by 31.03.2021, had been delayed and BIAL had submitted that the same would be commissioned by 31.03.2022. In this regard, the Authority in the Third Control Period had referred to its decision in the Second Control Period Order, which provided that delay in commissioning and capitalization beyond March 2021 would attract a reduction or adjustment of 1% of the project cost and no additional Interest During Construction / Financing Allowance would be allowed beyond the approved timeline.

3.4.21 Based on the submission and justification provided by BIAL, the Authority approved delay in completion of Terminal 2 – Phase I building to 31.03.2022, without levyingpenalty/reducing project cost by 1%. The Authority had also clarified that in case of delay beyond March 2022, the matter would be considered during true up, if the Authority found the delay justified and beyond the control of BIAL / contracting agency.

3.4.22 The Authority notes that BIAL's submission that due to the Covid-19 pandemic from January 2020, BIAL's projects including T2 Phase I became delayed on account of limited material supply, skilled labour availability and availability of required machinery at its construction sites. The Authority further notes BIAL's further submissions that owing to lockdown restrictions imposed by the Government of India, the implementation of projects were further prolonged. In view of the above factors, BIAL has submitted that its T2 Phase I commissioning could only be achieved by 31st December 2022.

3.4.23 The Authority is of the view that the emergence of the Covid-19 pandemic and its effects on various sectors of the economy are reasonable causes of delay which were not entirely under the control of BIAL. Accordingly, the Authority considers that the eventual delay beyond the earlier stipulated deadline period of March 2022 in the Tariff Order of the Third Control Period was justified on grounds of the effects of the Covid-19 pandemic. Accordingly, the Authority proposes waving the delay-applicable penalty of 1% of the project cost from the ARR in the true up of the Third Control Period.

3.4.24 The Authority further notes that BIAL incurred actual CAPEX of Rs. 4,832.92 Crores against the approved cost of Rs. 4,579.32 Crores, resulting in an increase of Rs. 253.60 Crores. The Authority has examined BIAL's detailed submissions regarding the variation between the approved and actual project cost.

3.4.25 The Authority notes that although cost-at-completion estimates were submitted in 2020–21 as part of the 3rd Control Period MYTP, the actual costs exceeded those estimates. BIAL attributed the increase to regulatory and safety requirements, site-specific execution challenges, COVID-19 related disruptions, and passenger convenience enhancements.

3.4.26 BIAL had submitted that the increase in project cost was mainly due to changes arising from regulatory requirements, sustainability initiatives, enhanced safety and security measures, and escalation in commodity prices during and after the COVID-19 period.

3.4.27 The Authority notes BIAL's submission that the COVID-19 pandemic caused significant disruption to supply chains and availability of labour and materials, leading to increases in fuel, commodity and labour costs. In support of its claim, BIAL relied upon reports from CBRE, JLL India, CRISIL, Powerline and other agencies showing escalation in prices of cement, steel, aluminium, copper, PVC, fuel and labour during the relevant period.

3.4.28 BIAL further submitted that M/s Larsen & Toubro (L&T), the EPC contractor for Terminal 2, raised a claim of Rs. 180.02 Crores towards COVID-19-related cost escalation, comprising Rs. 134.52 Crores towards increased material costs and Rs. 45.50 Crores towards higher labour costs, including wages and provident fund contributions.

3.4.29 The Authority notes BIAL's submission that the contractor's claims were reviewed through its internal project and finance teams and validated for post-pandemic procurements. Following negotiations with L&T, BIAL agreed to an amount of Rs. 85.94 Crores, which was significantly lower than the original claim.

3.4.30 The Authority also notes BIAL's submission regarding additional expenditure incurred to maintain continuity of construction during the pandemic, including labour retention, transportation, accommodation, quarantine facilities, testing, vaccination, PPE, sanitisation and related welfare and medical support measures. BIAL further submitted that L&T claimed Rs. 13.83 Crores towards labour welfare-related expenses incurred during COVID-19, against which BIAL, after review and negotiation, agreed to Rs. 13.78 Crores.

3.4.31 The Authority observes that L&T has raised two claims for increase in expenses due to delay during the covid period. The Authority is of the view that the amount of Rs 13.78 Crores should have been borne by L&T as it is part of the day to day operation and this should not be passed on to the passengers. Accordingly, the Authority proposes to disallow the amount of Rs. 13.78 Crores from the cost of Terminal 2 – Phase I.

3.4.32 The Authority has examined the submissions regarding the increase in project cost vis-à-vis the approved cost under the Third Control Period Tariff Order. The Authority is of the view that COVID-19 constituted a force majeure event beyond the control of the Airport Operator. Considering that BIAL followed due process and negotiated the contractor's additional claims, the Authority proposes to consider Rs 85.74 Cr as part of the CAPEX for the Third Control Period.

3.4.33 The Authority also notes BIAL's submission regarding additional activities carried out in terms of Solar Rooftop as a sustainability initiative, Digi Yatra and other initiatives (Rs. 110.63 Crores) including modifications to certain existing infrastructure (amounting to Rs. 30.33 Crores) which were not factored at the time of Third Control Period MYTP submission.

3.4.34 The Authority has analysed BIAL's submission and is of the considered view that the additional capital expenditure undertaken by the Airport Operator is necessary for efficient operations, alleviating passenger experience and supporting the sustainability initiative. Accordingly, the Authority has decided to approve the additional capital expenditure of Rs. 140.96 Crores.

3.4.35 The Authority further, in the Third Control Period Tariff Order, had disallowed Rs. 50 Cr. against Project Management Cost on account of the extended period of construction till FY22 with a considered view that the scope of work of PMC consultant for the Terminal 2 has remained the same despite the increase in the time period for execution of the project. The Authority agrees with the view taken in the Third Control Period Tariff Order regarding disallowance of Rs. 50 Cr. against PMC Charges and proposes to deduct it from the capital cost proposed for Terminal 2 – Phase 1 in the true-up of the Thrid Control Period.

One-time Royalty

3.4.36 BIAL also submitted that it incurred an additional expenditure of Rs. 7.57 Crores towards payment of one-time royalty to the Department of Mines & Geology. According to BIAL, the Department issued a demand notice for royalty on murram and building stone used in airport works without prior permission. While the penalty was subsequently waived, BIAL was directed to pay the royalty amount, which was accordingly paid.

3.4.37 The Authority has examined BIAL's submission and notes that the one-time royalty payment arose from a mandatory regulatory requirement. Accordingly, the Authority proposes considering the expenditure of Rs. 7.57 Crores as justifiable.

3.4.38 The Authority has examined BIAL's submissions relating to the increase in completed cost of Terminal 2 Phase I and found the increase in the cost justifiable and therefore, the Authority proposes to consider the capital expenditure of Rs. 4,769.24 Crores after adjusting the PMC charges of Rs. 50 Crores as disallowed by the Authority in the Third Control Period Tariff Order and Rs 13.78 Crores disallowed in this Order.

Table 20: Details of Capital Expenditure for Terminal 2 - Phase I as submitted by BIAL and as proposed by the Authority

(Rs. in Crore)

Code	Asset	Approved in TCP Order	BIAL Submission for True-up	Proposed by the Authority for True up
A1	Terminal 2 Phase I	4,579.32	4,832.92	4,769.12

A2.1 Forecourt, roadways & landside development - Phase 1b (except MMTH)

3.4.39 As per BIAL's MYTP submission for the Third Control Period, Forecourts, Roadways & Landside Development – Phase 1b was proposed as a capital expenditure project deferred from the Second Control Period. In the Second Control Period Order, the Authority had approved a cost of Rs. 1,216 Crores based on the independent consultant's assessment. However, BIAL estimated the project cost at Rs. 1,875 Crores (including MMTH Phase I), reflecting an increase of Rs. 659 Crores.

3.4.40 In the Tariff Order for the Third Control Period, the Authority had noted that the scope of development covered under Forecourt, Roadways and Landside development (except MMTH Phase I) broadly comprised the following, as described in ensuing paragraphs.

3.4.41 **Land Acquisition and Road Network Realignment:** The scope included BIAL bearing Way Leave Charges for land acquisition carried out by NHAI at the planned Trumpet expansion. The road network connectivity to Terminal 2 had been realigned with the metro vertical alignment, shifting from the originally planned elevated road network (from the existing ATC tower) to a depressed network at minus 6 metres, which ran up to T1 arrivals road before ramping back upwards toward T2. This shift had necessitated the addition of deep drains to the project list, along with an approximately 20% increase in the road development area compared to the earlier submission to meet enhanced connectivity requirements.

3.4.42 **Security, Underpass and Pedestrian Infrastructure:** A major CISF checkpoint had been planned on the main access road for a 10-lane road system, equipped with offices, checkpoints, CCTV cameras, bollards and parking spaces, and designed for 24x7 operations to meet security requirements. A 2-lane Vehicular Underpass (VUP) of 380 metres length had been added to cross beneath the main access road, connecting the north cargo road to the southern access road, with metro tracks and terminal road network passing above; the asphalt VUP has a clear width of 10.5 m with 7.5 m approaches, and includes drains, steel lighting and road furniture. Additionally, a 450 m semi-enclosed pedestrian walkway (240 m elevated + 70 m bridge across the main access road + 140 m at-grade) had been provided from the car park to T1 forecourt, equipped with 4 elevators, 2 escalators, 4 travellators and landscaping for safe and seamless pedestrian access.

3.4.43 **Lighting, Landscaping and ICT Features**: Other key features of the landside facilities include curved street lighting in place of standard light poles, and special architectural lighting for elevated roads comprising pier and deck girder up lights along with LED lighting for the full length of the flyovers. A comprehensive landscape plan had been developed along the main access road, extending from the start of the road network within KIA up to Terminal 2. The scope had also incorporated the latest and modern ICT systems for effective CCTV coverage and data storage across the entire landside area.

3.4.44 The Authority had noted that the overall landside development program subsequently included dedicated metro-related infrastructure under the Multi-Modal Transport Hub (MMTH). Accordingly, MMTH – Phase I and Forecourt, Roadways & Landside Development – Phase 1b were treated as separate capitalization items, with MMTH relating to the transport hub and Phase 1b relating to forecourt, roadway, drainage, security and terminal access infrastructure.

3.4.45 In the Tariff Order for the Third Control Period, the Authority approved a cost of Rs. 1,495.65 Crores for Forecourt, Roadways & Landside Development – Phase 1b (excluding MMTH). Against this, BIAL has claimed actual expenditure of Rs. 1,426.66 Crores as part of the true-up for the Third Control Period, as per its revised submission dated 21.05.2026, which is lower by Rs. 68.99 Crores.

3.4.46 The Authority, through its independent Consultant, has examined the proposed CAPEX, inter alia, including the review of the tendering process, award letters, and invoices furnished by the Airport Operator. Based on the said examination, the Authority notes that the competitive bidding process has been duly followed by the Airport Operator, and the cost arrived at through the said process is found to be reasonable and within the project cost as had been determined by the Authority at the time of tariff determination for the Third Control Period. Having regard to the detailed examination of each of the documents as aforesaid, the Authority proposes to allow the actual expenditure of Rs. 1,426.66 Crores claimed by the Airport Operator in respect of the said works.

Table 21: Details of Capital Expenditure for forecourt, roadways & landside development - Phase 1b (except MMTH Phase I)

(Rs. in Crore)

Code	Asset	Approved in TCP Order	BIAL Submission for True-up	Proposed by the Authority for True up
A2.1	Forecourt, roadways & landside development - Phase 1b (except MMTH)	1,495.65	1,426.66	1,426.66

A2.2 MMTH – Phase I

3.4.47 As per BIAL's MYTP submission for the Third Control Period, the scope of Forecourt, Roadways & Landside Development – Phase 1b was changed substantially as against the scope proposed earlier in the Second Control Period. BIAL submitted that during the earlier planning stage, a basic Multi Level Car Parking (MLCP) facility was envisaged to support Terminal 2 parking requirements. However, BIAL had stated that discussions with Bengaluru Metro Rail Corporation Limited (BMRCL) highlighted the airport metro connectivity as necessary requirement and the forecourt and landside facilities were redesigned to accommodate metro connectivity and provide integrated access to both Terminal 1 and Terminal 2. This led to the evolution of the concept into a Multi-Modal Transport Hub (MMTH).

3.4.48 BIAL had also submitted that MMTH was conceived as a passenger-oriented transit hub integrating multiple transport modes including metro, buses, app-based taxis, private vehicles and future automated passenger movement systems. The Authority notes that the MMTH was intended to improve passenger access and inter-terminal connectivity and that the revised design also included facilities such as terminal roadways, internal roadways, multi-storey car parking, bus station, app taxi pick-up areas, inter-terminal connecting bridge, inter-terminal transfer facilities, baggage processing and pedestrian connectivity between Terminal 2, MMTH, Metro Station and Terminal 1.

Recognized Scope of Work for MMTH Phase - I as per the Tariff Order for the Third Control Period

3.4.49 The Authority notes that as per Table 78 (Allocation of MMTH cost into aeronautical and non-aeronautical) of the Tariff Order for the Third Control Period (Order No. 11/2021-22 dated August 28, 2021) it had essentially recognized and expected the following scope of work to be developed by BIAL as part of the MMTH Phase I project –

Table 22: Allocation of MMTH – Phase I areas by the Authority in the Third Control Period

S. no.	Floor	Usage	Area (m^2)	Type (Aeronautical/Non-Aeronautical/Common)
1.	Basement 3	Baggage sorting area	6,555	Aeronautical
2.	Basement 2	Private car parking	35,722	Non-Aeronautical
3.	Basement 1.5	Bus station	14,791	Aeronautical
4.	Basement 1	Private parking	36,419	Non-Aeronautical
5.	Level 0	App taxi and premium taxi (considered Non-Aeronautical as Metro was then expected to be operationalized in FY'26)	47,401	Non-Aeronautical
6.	Level 1	Passenger circulation and landscape	33,704	Aeronautical
		Total	**174,592**	

3.4.50 The Authority further notes that Phase I of MMTH, though proposed to be commissioned in FY 2021–22 along with Terminal 2 – Phase I, did not include the metro station per se, but comprised only the enabling works for the metro station and the baggage sorting area.

3.4.51 BIAL had submitted that these assets would be capitalized in FY 2021–22. However, the Authority was of the view that the enabling works for the metro station and the baggage sorting area would be put to use only upon commencement of metro operations. Since these assets would not be available for use by passengers until the metro became operational, the Authority held a considered view that passengers cannot be charged for such assets before they are put to beneficial use.

3.4.52 Accordingly, the Authority had proposed that the enabling works for the metro station and the baggage sorting area forming part of MMTH Phase I shall not be capitalized in FY 2021–22 but shall instead be capitalized in the year in which metro operations commence, i.e. FY 2025–26.

3.4.53 Based on BIAL's submission on the actual developed MMTH – Phase I, the Authority notes the following deviations (level-wise) in area developed vis-à-vis recognized areas in the Tariff Order for the Third Control Period:

Table 23: Level wise area developed by BIAL as submitted in square meter versus Authority approved areas in the Tariff Order for the Third Control Period

S. No.	Floor	Usage	Classification as per BIAL	Area (m²)	Floor Area (m²)	MEPF Area (m²)	Total Floor Area (m²)	Authority Approved Area in Third Control Period (m²)	Difference (m²)
Reference				A	B	C	D = B+C	E	F=E-D
1	**Basement 3**	Baggage sort and Conveyor	Aeronautical	4,735.00	4,926.20	934.04	5,860.24	6,555	694.76
		Staircase, Lift	Aeronautical	191.2					
2	**Basement 2**	Staircase, Lift, Escalator	Aeronautical	1,012.11	32,876.24	3,560.38	36,436.62	35,722	(714.6)
		Lift and Staircase Lobby	Aeronautical	873.97					

S. No.	Floor	Usage	Classification as per BIAL	Area (m²)	Floor Area (m²)	MEPF Area (m²)	Total Floor Area (m²)	Authority Approved Area in Third Control Period (m²)	Difference (m²)
		Public Toilets	Aeronautical	195.48					
		Car Parking	Non-Aeronautical	16,012.67					
		6M wide driveway	Non-Aeronautical	14,141.70					
		Ramps	Non-Aeronautical	640.31					
3	**Basement 1.5**	Bus Kerb Area	Aeronautical	3,979.44	13,357.91	1,824.65	15,182.56	14,791	(391.56)
		Bus Driveway and Bus Parking for 18 buses	Aeronautical	7,745.57					
		Loading Dock, Garbage service zone	Aeronautical	1,091.02					
		Staircase, Lift, Escalator	Aeronautical	367.38					
		Public Toilets	Aeronautical	174.5					
4	**Basement 1**	Pick-up Zone: Road, kerb and public walkway	Aeronautical	11,006.94	33,235.84	4,886.33	38,122.17	36419	(1,703.17)
		Public Toilets	Aeronautical	109.97					
		Staircase, Lift, Escalator	Aeronautical	1,032.70					
		Central Lift Lobby	Aeronautical	1,108.11					
		Ramps	Aeronautical	1,946.17					
		Car Parking 336 slots	Non-Aeronautical	6,250.01					

S. No.	Floor	Usage	Classification as per BIAL	Area (m²)	Floor Area (m²)	MEPF Area (m²)	Total Floor Area (m²)	Authority Approved Area in Third Control Period (m²)	Difference (m²)
		Driveway incl. Entry and exit points	Non-Aeronautical	11,144.17					
		Bike Parking	Non-Aeronautical	637.77					
5	**Level 0**	Terminal 2 Metro connection zone	Aeronautical (45.75 %) / Non-Aero (54.25 %)	11,803.20	46,490.86	3009.47	49,500.33	47,401	(2,099.33)
		Public Toilets	Aeronautical	490.53					
		Landscape	Aeronautical	4,390.21					
		Staircase, Lift, Escalator	Aeronautical	1,249.59					
		Car park zone	Non-Aeronautical	5,641.08					
		App taxi kerb area	Non-Aeronautical	5,652.81					
		Driveway	Non-Aeronautical	13,185.71					
		Retail	Non-Aeronautical	4,077.73					
		Retail circulation zone	Non-Aeronautical	–					
6	**Level 1**	Staircase, Lift, Escalator	Non-Aeronautical	113.94	5,682.16	81.19	5,763.35	33,704	27,940.65
		Metro Connection Zone	Non-Aeronautical	271.4					
		Open Terrace	Non-Aeronautical	5,296.82					
Grand Total					**136,569.21**	**14,296.06**	**150,865.27**	**174,592.00**	**23,726.73**

3.4.54 The Authority notes that, against the scope envisaged in Table 78 of the Tariff Order for the Third Control Period (Order No. 11/2021-22 dated August 28, 2021), BIAL has developed the MMTH Phase

I project with certain variations in area, usage, and classification, as summarised in the ensuing paragraphs.

3.4.55 The total developed area of the MMTH Phase I project stands at 150,865 m² as against the area of 174,592 m² approved by the Authority in the Third Control Period, reflecting a reduction of 23,727 m² (13.6%), with the variance being largely concentrated at Level 1, where only 5,763 m² has been developed as against the approved 33,704 m².

3.4.56 The Authority further observes that Level 1, which had been approved as Aeronautical in nature (comprising passenger circulation and landscape), has been developed and classified by BIAL as Non-Aeronautical, comprising Open Terrace, Metro Connection Zone, and Staircase/Lift/Escalator.

3.4.57 The Authority notes that Basement 2, Basement 1.5, Basement 1, and Level 0 collectively reflect a developed area of 4,909 m² over and above the respective areas approved by the Authority, primarily on account of the inclusion of MEPF service zones.

3.4.58 The Authority further observes that an area aggregating to approximately 28,816 m² across Basement 2, Basement 1, and Level 0 — which had been approved as Non-Aeronautical in the Third Control Period — has been re-classified by BIAL as Aeronautical, including elements such as the Pick-up Zone, ramps, staircases, lobbies, public toilets, landscape, and 45.75% of the Metro Connection Zone.

3.4.59 The Authority also notes that an MEPF area of 14,296 m² has been introduced by BIAL as a "Common" category with a 34.49% allocation to Aeronautical, whereas staircases, lifts, lobbies, and public toilets situated on predominantly Non-Aeronautical floors have been classified as 100% Aeronautical.

3.4.60 The Authority had approved the total cost of Rs. 537.34 Crores for MMTH-1 in the Third Control Period Order (Order No. 11/2021-22 dated 28.08.2021). Against this, BIAL has submitted the total cost of Rs. 781.70 Crores as part of the true-up of the Third Control Period (as per the revised submission dated May 21, 2026).

3.4.61 The Authority has examined the submission made by BIAL with respect to the increase in the completed cost of MMTH Phase I. The Authority, however, notes that certain additional details, had been sought from BIAL through emails dated 11.11.2025, 08.05.2026 and 31.05.2026 for the purpose of assessing the reasonableness of the variance/increase in the cost so incurred. However, satisfactory responses with detailed rationales for observed variances were not provided by BIAL till date. The Authority, accordingly, proposes to allow the capital cost pertaining to MMTH Phase I, as approved by the Authority in the Third Control Period Order, subject to the adequacy and sufficiency of the additional information/justification to be furnished by BIAL in this regard. This is mainly in view of a lower overall developed area but at a higher incurred cost for the overall MMTH Phase I facility.

Table 24: Details of capital expenditure for MMTH Phase – I

(Rs. in Crore)

Code	Asset	Approved in Tariff Order	BIAL Submission for True-up	Proposed by the Authority for True up
A2.2	MMTH Phase – I	537.34	781.70	537.34

A3. Aircraft Maintenance & Airport Maintenance Facilities

3.4.62 As per BIAL's MYTP submission for the Third Control Period, Aircraft Maintenance & Airport Maintenance Facilities were included as a capital expenditure project deferred from the Second Control Period. BIAL has proposed a capital expenditure of Rs. 52.87 Crores as part of the true-up of the Third Control Period.

3.4.63 The Authority notes that the adjusted approved amount carried forward from the Second Control Period was Rs. 45.05 Crores. Against this, BIAL has incurred a total cost of Rs. 52.87 Crores towards the assets with hard costs accounting for Rs. 42.05 Crores

3.4.64 The Authority further notes that BIAL has incurred an expense of Rs. 5.34 Crore. on account of PMC, Design Pre-Operative and Contingency Expenses, which is ~12.70% of the hard costs as against the Authority approved PMC, Design Pre-Operative and Contingency Expenses of 8% of the approved hard costs.

3.4.65 The Authority observes that BIAL has not provided detailed rationale for incurrence of high PMC, Design Pre-Operative and Contingency Expenses and is of the considered view that the PMC, Design Pre-Operative and Contingency Expenses should be restricted to 8% of the hard costs as suggested by the Independent Consultant (RITES). Accordingly, the Authority approves PMC, Design Pre-Operative and Contingency Expenses as Rs. 3.36 Crores thereby reducing it by Rs. 1.98 Crores.

Table 25: Details of Capital Expenditure for Aircraft Maintenance & Airport Maintenance Facilities

(Rs. in Crore)

Code	Asset	Approved in Tariff Order	BIAL Submission for True-up	Proposed by the Authority for True up
A3	Aircraft Maintenance & Airport Maintenance Facilities	45.05	52.87	50.89

A4. Utilities

3.4.66 As per BIAL's MYTP submission for the Third Control Period, Utilities had been included as a capital expenditure project deferred from the Second Control Period.

3.4.67 The Authority had approved a total expenditure of Rs. 67.48 Crore. towards utilities for the Third Control Period against which BIAL has submitted an amount of Rs. 61.76 Crore.

3.4.68 The Authority proposes to approve the actual amount incurred by BIAL of Rs. 61.76 Crore. on account of it being lower than the Authority approved amount for the asset in the Third Control Period Order (Order No. 11/2021-22 dated August 28, 2021).

Table 26: Details of capital expenditure for Utilities

(Rs. Cr)

Code	Asset	Approved in TCP Order	BIAL Submission for True-up	Proposed by the Authority for True up
A4	Utilities	67.48	61.76	61.76

A5.1 T2 Apron – Phase II

3.4.69 The Authority notes that, as per the MYTP submission made by BIAL for the Third Control Period, T2 Apron – Phase II had been included as a capital expenditure project deferred from the Second Control Period. The Authority further notes that, in the Tariff Order for the Third Control Period, a total expenditure of Rs. 447.17 Crores had been approved towards T2 Apron – Phase II, as against which BIAL has now submitted an actual amount of Rs. 219.65 Crores.

3.4.70 In light of above, Authority has taken the cognizance of Second Control Period Tariff order where the total capital expenditure of Rs. 1,976 Crores (hard cost) had been approved towards the New South Airfield Development Works, of which Rs. 1,521.28 Crores had been capitalised in the true-up of the Second Control Period, after reducing Rs. 260.45 Crores on account of reclassification of certain assets towards T2 Apron Phase II and Eastern Connectivity Tunnel.

3.4.71 The Authority further notes the amount of Rs. 164.42 Crores has been reclassified from "North South Parallel Runway" to "T2 Apron – Phase II." The said reclassification has resulted in a reduction in the approved capital expenditure for the Third Control Period under the head "“T2 Apron – Phase II"” to Rs. 242.58 Crores, vis-à-vis Rs. 447.17 Crores as had been approved by the Authority in the Tariff Order for the Third Control Period. BIAL's submission of Rs. 219.65 Crores for T2 Apron – Phase II is within the reduced capital expenditure of Rs. 242.58 Crores as derived above

3.4.72 The Authority, through its Independent Consultant, has examined the proposed CAPEX, inter alia, including review of the tendering process, award letters, and invoices furnished by the Airport Operator. Based on the said examination, the Authority notes that the competitive bidding process has been duly followed by the Airport Operator, and the cost arrived at through the said process is found to be reasonable and within the project cost as had been determined by the Authority at the time of tariff determination for the Third Control Period. Having regard to the detailed examination of each of the documents as aforesaid, the Authority proposes to allow the actual expenditure of Rs. 219.65 Crores claimed by the Airport Operator in respect of the said works.

Table 27: Details of Capital Expenditure for T2 - Phase II

(in Rs. Crore)

Code	Asset	Approved in TCP Order	Approved after reclassification	BIAL Submission for True-up	Proposed by the Authority for True up
A5.1	T2 Apron Phase II	447.17	242.58	219.65	219.65

A5.2 Airport Rescue and Firefighting

3.4.73 Airport Rescue and Firefighting and T2 Apron – Phase II are two projects which BIAL has separately undertaken over the 3rd Control Period. However, the same were approved on consolidated basis under "T2 Apron – Phase II" as part of the Third Control Period Order.

3.4.74 The Authority notes that BIAL proposed the Airport Rescue and Firefighting along with T2 Apron – Phase II to manage the fire hazards, which is essential from passenger security perspective and will ensure smooth, safe and secure aircraft operations at the airport.

3.4.75 The Authority finds BIAL's submission reasonable and justifiable and proposes to approve the actual amount incurred by BIAL of Rs. 1.62 Crores in light of its aeronautical utility.

A6. South Runway – Phase II

South Runway – Phase II

3.4.76 The Authority notes that, as per the MYTP submission made by BIAL for the Third Control Period, the South Parallel Runway – Phase II had earlier been proposed for capitalisation in FY 2020-21, which was subsequently deferred and proposed to be capitalised in FY 2021-22.

3.4.77 The Authority further notes that the said project had accordingly been included along with other capital expenditure items deferred from the Second Control Period to the Third Control Period. In this regard, the Authority notes that, based on the adjusted approved amounts carried forward from the Second Control Period, the net approved amount in respect of South Parallel Runway – Phase II stood at Rs. 286.56 Crores in the Tariff Order for the Third Control Period.

3.4.78 Further to the observation made under Paragraph 3.4.66, the Authority notes that the said reclassification and adjustments have been duly reconciled with reference to the Tariff Order for the

Third Control Period and BIAL's previous MYTP submission, thereby leaving a balance of Rs. 454.72 Crores (hard cost) available to be utilised during the Third Control Period towards the New South Airfield Development Works.

3.4.79 The detailed reconciliation of the expenditure within the program as submitted by BIAL is shown in table below:

Table 28: CAPEX (hard cost) reconciliation approved for New south airfield development works

Sr. No.	Particulars	Value (in Rs. Cr.)
1.	BIAL's submission in TCP MYTP (A)	1,980.00
2.	Approved by Authority approved CAPEX in TCP Order (B)	1,976.00
3.	CAPEX capitalised in Second CP within the program (C)	1,781.73
4.	Reduction due to reclassification of CAPEX (D)*	260.45
5.	Revised CAPEX allowed in true-up of the Second CP towards New South Airfield development (E=C-D)	1,521.28
6.	Remaining CAPEX within the original approved limit (F=B-E)	454.72

**Reclassified as CAPEX towards T2 Apron Phase II and Eastern Connectivity Tunnel*

3.4.80 The Authority notes that BIAL has submitted a total cost of Rs. 530.26 Crore as part of True up of the Third Control Period for the South Runway Phase II, which included hard cost of Rs. 432.40 Crores, PMC/Soft cost of 56.05 Cr and IDC of 41.81 Crore.

3.4.81 The Authority notes that the actual hard cost incurred by BIAL in respect of South Runway – Phase II amounts to Rs. 432.40 Crores, which is within the remaining capital expenditure allowance of Rs. 454.72 Crores earmarked for the New South Airfield Development Works under the approved programme.

3.4.82 The Authority further notes that BIAL has incurred an expense of Rs. 56.05 Crores on account of PMC, Design Pre-Operative and Contingency Expenses, which is ~12.96% of the hard costs as against the Authority approved PMC, Design Pre-Operative and Contingency Expenses of 8% of the approved hard costs.

3.4.83 The Authority notes that BIAL has not provided detailed rationale for incurrence of high PMC, Design Pre-Operative and Contingency Expenses and is of the considered view that the PMC, Design Pre-Operative and Contingency Expenses should be restricted to 8% of the hard costs as suggested by the Independent Consultant (RITES). Accordingly, the Authority approves PMC, Design Pre-Operative and Contingency Expenses as Rs. 34.59 Crores thereby reducing it by Rs. 21.46 Crores.

3.4.84 The Authority has also considered IDC of Rs. 41.81 Crores as submitted by BIAL while truing up the capital expenditure towards South Runway Phase II.

3.4.85 The Authority accordingly proposes to approve a total cost of Rs. 508.80 Crores after reduction of Rs 21.46 Crores towards higher PMC, Design Pre-Operative and Contingency Expenses.

Table 29: Details of capital expenditure for South Runway – Phase II

(Rs. in Crore)

Code	Asset	Approved in TCP Order	BIAL Submission for True-up	Proposed by the Authority for True up
A6	South Runway – Phase II	286.56	530.26	508.80

A7. Existing Runways/Taxiway Improvements (Unplanned Works)

3.4.86 The Authority notes BIAL's submission regarding improvement of Existing Runways/Taxiway amounting to Rs. 217 Crores as the hard cost for this program in the Third Control Period MYTP, against which AERA had approved Rs. 177 Crores only in the Third Control Period Order.

3.4.87 BIAL further highlighted that the Authority didn't provide any reasons for the disallowance of Rs. 40 Crores in the Tariff Order of the Third Control Period. Further, during the discussions with the Authority post issuance of Third Control Period Order, it was conveyed that they had assumed that the Program was completed as of 31.03.2021 and hence only the costs capitalized till that date was considered while the balance value was missed out inadvertently in the Third Control Period Order. Subsequently, BIAL had sought clarifications from the Authority vide its letter dated 28.08.2021.

3.4.88 The Authority vide its letter dated 11.11.2021 clarified that the capital expenditure related to Existing Runways/Taxiway improvements for the Third Control Period will be trued-up based on actual asset addition and subject to its reasonableness.

3.4.89 BIAL has submitted the capital expenditure pertaining to improvement of existing runway/taxiway to carry out strengthening and upgradation of the existing airside runway infrastructure together with development of new facilities and its associated infrastructure. BIAL published EoI and based on evaluation of technical and financial evaluation of submissions of various bidders, the work was awarded to M/s. AIC Infrastructure. As against a budgeted outlay of Rs. 217 crores, the completed cost is Rs. 243 crores, an overall variation of 11.98%.

3.4.90 The Authority notes BIAL’s submission and is of the considered view that the proposed CAPEX is necessary for safe, secure and smooth conduct of aircraft operations at the airport and thereby, consider submission of BIAL for consideration of capital expenditure for Existing Runways/Taxiway improvements, the Authority finds BIAL’s submission reasonable and justifiable.

3.4.91 The Authority further notes BIAL's submission regarding the increase in capital expenditure of Existing Runways/Taxiway by Rs. 25.74 Crores on account of additional claims by M/s. AIC Infrastructure for additional scope, Automatic Irrigation System to maintain the Type-1 grass grown in the surrounding areas of New South Parallel Runway (NSPR) and relocation of DVOR/DME.

3.4.92 The Authority notes that BIAL has also incurred Interest During Construction (IDC) of Rs. 2.52 Crores and PMC, Design and Pre-Operative of Rs. 3.77 Crores.

3.4.93 The Authority, through its Independent Consultant, has examined the proposed CAPEX, inter alia, including review of the tendering process, award letters, and invoices furnished by the Airport Operator. Based on the said examination, the Authority notes that the competitive bidding process has been duly followed by the Airport Operator, and the cost arrived at through the said process is found to be reasonable and within the project cost as had been determined by the Authority at the time of tariff determination for the Third Control Period. Having regard to the detailed examination of each of the documents as aforesaid, the Authority proposes to allow the hard cost of Rs. 65.63 Crores, IDC of Rs. 2.52 Crores and PMC, Design and Preoperative Expense of Rs. 3.77 Crores totaling Rs. 71.92 Crores actual expenditure claimed by the Airport Operator in respect of the said works.

B. Sustaining Capex

3.4.94 In Third Control Period Order (Order No. 11/2021-22 dated August 28, 2021), the Authority examined BIAL's request to consider sustaining capital expenditure for the Third Control Period in light of the increase in airport facilities during the period. The Authority noted that the projected traffic at the airport in the initial years of the Third Control Period would be significantly lower than the airport's capacity. In view of the challenging circumstances that the aviation industry was facing, the Authority expected BIAL to defer all unnecessary sustaining capital expenditure to a future control period.

3.4.95 The Authority notes BIAL's submission seeking flexibility to incur sustaining capital expenditure during the Third Control Period. In this regard, the Authority observed that the list provided by it comprised all the sustaining capital expenditure projects submitted by BIAL and that BIAL therefore had the flexibility and choice to undertake the necessary projects within the approved sustaining capex for the Third Control Period. The Authority had also clarified that capital expenditure not specifically listed could also be undertaken by BIAL, provided the same had been essentially required for the operations, safety and security of the airport and was supported by proper justification and reasonableness.

3.4.96 The Authority further observes that sustaining capex of more than Rs. 900 Crores for the Third Control Period was proposed by BIAL. The Authority had been of the view that the airport operator should remain accountable for all capital expenditure, including sustaining capital expenditure, and that any departure from such accountability could create the possibility of projects being split into smaller amounts so as to avoid regulatory scrutiny.

3.4.97 The Authority had not accepted BIAL's submission that uncertainty arising from the dynamic business environment should warrant unrestricted flexibility in relation to the sustaining capex. With respect to the total size of sustaining capital expenditure, the Authority had computed the average sustaining capex for the Second Control Period based on actual sustaining capex and determined the sustaining capital expenditure for BIAL at Rs. 160.62 Crores per year with inflation indexation for the Third Control Period. Accordingly, as against the revised proposed sustaining capex of Rs. 1,584.15 Crores submitted by BIAL, the Authority had approved sustaining capital expenditure of Rs. 929.17 Crores for the third Control Period.

3.4.98 BIAL has submitted the following year-wise sustaining capex incurrence amounts for the Third Control Period.

Table 30: Details of Sustaining Capex as approved by the Authority in TCP Order and as submitted by BIAL

(Rs. Cr)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Sustaining capex approved by the Authority in TCP Order	168.49	176.75	185.41	194.49	204.02	929.17
Sustaining capex incurred by BIAL in the Third Control Period	58.5	121.65	127.3	140.52	97.48	545.45
Difference in sustaining capex	109.99	55.1	58.11	53.97	106.54	383.71

3.4.99 The Authority notes that BIAL had incurred an overall sustaining capex of Rs. 545.45 Crores. which was 41.2% lower than the total sustaining capex approved by the Authority. The item-wise details of sustaining capital expenditure have been placed at Appendix-1. The Authority through its Independent Consultant has reviewed the actual sustaining capex assets acquired by BIAL over the Third Control Period and proposed to approve the same.

Table 31: Details of Sustaining Capex as submitted by BIAL and as proposed by the Authority

(Rs. in Crore)

Code	Asset	Approved in TCP Order	BIAL Submission for True-up	Proposed by Authority for True up of TCP

B	Sustaining Capex	929.16	545.45	545.45

3.4.100 In view of the above, the total Capex submitted by BIAL for true up verses the Capex proposed to be considered by the Authority is as provided in the table below:

Table 32 Comparison of total Capex - BIAL submitted vs Authority considered for Tru up of the Third Control Period

No.	Project	As submitted by BIAL for True up	As considered by Authority	Variance
		A	B	C = B - A
1	Terminal 2 - Phase I	4,832.92	4,769.14	(63.78)
2	Forecourt, roadways & landside development - Phase 1b (except MMTH)	1,426.66	1,426.66	-
3	MMTH – Phase- I	781.70	537.34	(244.36)
4	Aircraft Maintenance & Airport Maintenance Facilities	52.87	50.89	(1.98)
5	Utilities	61.76	61.76	-
6	T2 Apron - Phase II	219.65	219.65	-
7	Airport Rescue and Fire Fighting Building	1.62	1.62	-
8	South Runway - Phase II	530.26	508.80	(21.46)
9	Existing Runways / Taxiway Improvements	71.92	71.92	-
	Sub-Total - (A)	**7,979.36**	**7,647.78**	(331.58)
10	Airside Security wall	-	-	-
11	Airside perimeter Road	-	-	-
12	T1 Optimization	-	-	-
13	Northwest road expansion	-	-	-
14	CISF Barrack Expansion	-	-	-
15	Animal Quarantine facility	-	-	-
16	New cargo domestic terminal including Cool Port	-	-	-
17	Refurbishment of existing cargo terminals	-	-	-
18	Refurbishment of existing catering buildings	-	-	-
19	Water Treatment Plant	-	-	-
20	Landside Maintenance Building	-	-	-
	Sub-Total – Projects proposed in Third Control Period (B)	-	**-**	-
21	Sustaining capex including other Capex (C)	545.45	545.45	-
	Total	**8,524.81**	**8,193.23**	(331.58)

Allocation Ratios as per the Authority and the underlying principles

3.4.101 The Authority has examined the allocation ratios submitted by BIAL between aeronautical and non-aeronautical assets. The Authority is of the view that the allocation ratios approved in the Third Control Period Tariff Order, which were determined after due deliberation and considering the principle of consistency, should continue to apply for the true-up of the Third Control Period. Accordingly, the Authority proposes the following allocation principles:

- **Terminal 2 – Phase I**: The Authority proposes to consider the terminal area allocation ratio of 87.66% as approved in the Third Control Period Order.

- **Forecourt, roadways & landside development – Phase 1b (except MMTH)**: The Authority proposes to consider the allocation ratio of 85.73% as approved in the Third Control Period Order.
- **MMTH – Phase I**: The Authority notes that the allocation ratio based on aeronautical area usage as approved by the Authority for the 3rd Control Period was 31.53% as against a ratio of 34.49% being claimed by BIAL. For the purpose of true-up of the Third Control Period, the Authority proposes to consider allocation ratio of 31.53% as approved in the Third Control Period Order.
- **Aircraft Maintenance & Airport Maintenance Facilities and Utilities**: The Authority proposes to apply the overall airport terminal area ratio for BIAL as approved in the Third Control Period Order (85.73%).
- **T2 Apron – Phase II**: The Authority proposes to apply the allocation ratio of 99.20% as approved in the Third Control Period Order.
- **Airport Rescue and Firefighting, South Runway – Phase II and Existing Runways/Taxiway Improvements**: The Authority proposes to allocate the capital expenditure at 100% allocation ratio.
- **Sustaining Capex**: The Authority proposes to apply the terminal area ratio of 86.64% to the sustaining capex as approved in the Third Control Period Order.

3.4.102 Based on the asset-by-asset analysis and the allocation ratios discussed above, the aeronautical capital expenditure proposed by the Authority for true-up of the Third Control Period is set out in the table below:

Table 33: Aeronautical Capital Expenditure proposed by the Authority for the true-up of the Third Control Period

(Rs. in Crore)

S. No.	Project	Capex proposed by the Authority for true-up of TCP	Allocation ratio	Aeronautical Capex proposed by the Authority for true-up of TCP
		A	B	C=A*B
A1	Terminal 2 - Phase I	4,782.92	87.66%	4,180.63
A2.1	Forecourt, roadways & landside development - Phase 1b (except MMTH)	1,426.66	85.73%	1,223.08
A2.2	MMTH – Phase- I	537.34	31.53%	169.42
A3	Aircraft Maintenance & Airport Maintenance Facilities	50.89	85.73%	43.63
A4	Utilities	61.76	85.73%	52.95
A5.1	T2 Apron - Phase II	219.65	99.20%	217.89
A5.2	Airport Rescue and Fire Fighting Building	1.62	100.00%	1.62
A6	South Runway - Phase II	508.8	100.00%	508.8
A7	Existing Runways / Taxiway Improvements	71.92	100.00%	71.92
	Sub Total (A)	**7,647.78**		**6,469.93**
B	Sustaining capex including other Capex (B)	545.45	86.64%	472.58
C	Projects not undertaken by BIAL in TCP	-	-	-
	Total	**8,193.23**		**6,942.51**

3.4.103 The Aeronautical capex proposed by the Authority for true-up of the Third Control Period as above is Rs. 6,942.51 Crores, the variance of Rs. (610.07) Crores. (i.e., a reduction of approximately 8.08%)

from the Rs. 7,552.58 Crores approved by the Authority in the Tariff Order of the Third Control Period is primarily on account of rationalization of project costs, projects dropped/deferred by BIAL, lower actual capitalization and application of allocation ratio.

Depreciation for the Third Control Period

BIAL's submission on Depreciation for True up of the Third Control period

3.4.104 BIAL has submitted the following Aeronautical Depreciation for true-up of the Third Control Period in its MYTP for the Fourth Control Period:

Table 34: Aeronautical Depreciation submitted by BIAL in its MYTP for the true-up of Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aeronautical Depreciation	360.78	485.83	864.22	860.17	850.26	3,421.26
Aeronautical Depreciation on Financing Allowance	17.42	27.54	38.71	41.27	43.19	168.13
Total Aeronautical Depreciation	378.20	513.37	902.93	901.44	893.45	3,589.38

3.4.105 BIAL has subsequently submitted the following revised Aeronautical Depreciation vide its e-mail dated 21.05.2026:

Table 35: Revised Aeronautical Depreciation for Third Control Period as submitted by BIAL

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aeronautical Depreciation	360.78	485.83	864.22	860.17	863.48	3434.48
Aeronautical Depreciation on Financing Allowance	17.42	27.54	38.71	41.27	43.66	168.6
Total Aeronautical Depreciation	378.20	513.37	902.93	901.44	907.14	3603.08

3.4.106 The useful life of asset considered for depreciation by BIAL for the Third Control Period is as per the table below:

Table 36: Useful life of asset considered for depreciation by BIAL for the Third Control Period

Asset Category	Useful Life (years)
Buildings & Civil Works	30
Computers and Accessories	6
Electrical Installation & Equipment	10
Furniture and Fixtures	7
Intangible assets	5
Office Equipment	5
Plant and Equipment	7.5
Roads, Boundary Wall, Security Fencing	5
Runway, Taxiway, Apron	30
Vehicles	8

Authority's Examination regarding Depreciation for True up of Third Control Period

Recap of decisions taken by the Authority for depreciation at the time of tariff determination for the Third Control Period

3.4.107 The Authority, at the time of tariff determination for the Third Control Period, examined the issues raised by BIAL pertaining to useful lives of assets and concluded as under:

a) **Plant & Machinery**: The useful life of 15 years prescribed in Order No. 35/2017-18 already accounted for typical airport usage patterns. Adequate maintenance expenditure was being permitted to enable upkeep of assets in good operating conditions. Accordingly, the lower useful life of 7.5 years claimed by BIAL was not accepted.

b) **Buildings (Canopy, New Project Office, Nursery)**: Order No. 35/2017-18 does not prescribe a lower useful life for assets falling within the Building asset class. BIAL had not furnished adequate technical justification for departing from the prescribed life. The Authority, in line with the principle of consistency with statutorily certified depreciation, had retained 30 years as the useful life.

c) **Runway/Taxiway and Top Layer**: The Authority had permitted upgradation works on the runway to be amortised over the balance useful life of the original asset, which adequately addressed the periodic resurfacing requirements. Accordingly, the shorter useful lives claimed for the Runway/Taxiway (20 years) and Runway Top Layer (5 years) were not accepted.

d) **Other asset classes**: The Authority had proposed to revise the useful life of the other asset classes (IT equipment, furniture and fixtures, other roads, etc.) based on the useful life given in Order No. 35/2017-18.

3.4.108 In addition, the Authority had also undertaken the following adjustments at the time of tariff determination for the Third Control Period:

- Retention of useful life of 48.5 years for Land Development Capex in FY 2021 (consistent with FY 2020), as against 30 years considered by BIAL
- Adjustment of depreciation in respect of assets excluded pursuant to the EIL study
- Adjustment of depreciation on pre-operative expenses excluded from the RAB.

3.4.109 Based on the above, the depreciation decided by the Authority for the Third Control Period is given in the table below:

Table 37: Depreciation considered by the Authority in the Third Control Period Tariff Order (Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Total depreciation as per BIAL (A)	541.48	726.38	752.18	760.23	797.08	3,577.35
Adj. - Change in useful life, revision in asset addition (B)	(217.73)	(224.04)	(89.33)	(105.31)	(138.81)	(775.23)
Adj. - EIL assets (C)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(4.48)
Adj. - Less: Depreciation on excluded ECT cost (D)	(20.31)	(20.31)	(20.31)	(20.31)	(18.64)	(99.86)
Adj. - Add: Depreciation on FA assets (E)	11.19	11.19	11.19	10.03	8.4	52.01
Total adjusted depreciation (F = A+B+C+D+E)	313.75	492.33	652.83	643.75	647.14	2,749.79
Aeronautical proportion of gross block (G)	91.99%	87.81%	87.79%	87.78%	87.84%	
Aeronautical depreciation as per the Authority (H = F*G)	288.61	432.29	573.15	565.07	568.44	2,427.57

3.4.110 The Authority had further decided to true-up the depreciation for the Third Control Period based on actual asset additions and actual dates of capitalization.

3.4.111 The Authority has examined the submissions made by BIAL, including the issues raised in respect of useful lives of Plant & Machinery, Building-class assets (Canopy, New Project Office and Nursery), Runway/Taxiway and Runway Top Layer.

3.4.112 The Authority notes that the matters raised by BIAL pertain to the basic principles and methodology adopted at the time of tariff determination for the Third Control Period, which were duly considered and concluded by the Authority in the Tariff Order. The Authority therefore proposes to retain the useful lives of assets as adopted in the Third Control Period Tariff Order, which are reproduced hereunder:

Table 38: Useful Lives considered by the Authority for the Third Control Period

Asset type	Useful Life as per BIAL (Years)	Useful Life as per Authority (Years)
Earthwork	48.5	48.5
Terminal, utility, office and other buildings	30 (Buildings); 10 (Ancillary Bldg); 9 (Canopy); 1 (Pop-Up Retail Plaza)	30
Runway, taxiway and apron	Runways: 30; Runway Top Layer: 5; Bridges: 30; Taxiways: 20; Taxiways-New: 30; Taxiways-Upgrade: 5; Apron: 30	30
Water management system	30	30
Roads	5 (Roads / Roads New); Landscaping: 5; Interiors & Landscape: 1	5
Roads (Trumpet)	20	20
Baggage handling, aerobridges, HVAC equipment, other airport equipment	7.5	15
Electrical fittings	10	10
Security/safety equipments	7.5 (Safety & Security Equipment); 5 (Security Fencing)	15
IT Equipment	6 / 4 / 3	6
Software	5 / 3	5
Furniture and fixtures	0 / 7; Artwork: 5; Signage: 5; Furn & Fixt (3 yrs): 3	7
Vehicles	8 (Large & Small Vehicles); 7 (Crashfire Tenders); 5 (older Small Vehicles)	8
Office equipment	5 / 4	5
Intangibles (agreements)	30 / 7	30

3.4.113 The Authority further proposes not to consider financing allowance on depreciation, as submitted by BIAL, consistent with its position adopted in the Third Control Period Tariff Order.

3.4.114 The Authority has accordingly trued up the depreciation for the Third Control Period based on actual asset additions and actual dates of capitalisation. The Aeronautical Depreciation proposed by the Authority for true-up of the Third Control Period is given in the table below:

Table 39: Aeronautical Depreciation Proposed to be considered by the Authority for True-Up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aeronautical Depreciation	283.98	418.01	558.22	566.10	575.30	2,401.60

3.4.115 Based on the above the Authority has proposed Rs. 2,404.25 Crores for True up of Third Control Period as per the table above

Regulatory Asset Base (RAB)

BIAL's submission regarding Regulatory Asset Base for the Third Control Period

3.4.116 BIAL has computed the Regulatory Asset Base (RAB) for the Third Control Period, as per the table below:

Table 40: Regulatory Asset Base (RAB) submitted by BIAL for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Opening RAB	4,315.55	4,423.21	9,564.21	9,885.73	9,380.75	—
Add: Addition	479.46	5,445.43	1,173.11	383.04	218.21	7,721.19
Add: Additional FA	7.67	209.73	54.27	19.91	6.56	298.14
Less: Deletion	(1.28)	(0.79)	(2.93)	(6.50)	(8.31)	11.49
Less: Depreciation	(360.78)	(485.83)	(864.22)	(860.17)	(863.48)	3,421.26
Less: Depreciation on Additional FA	(17.42)	(27.54)	(38.71)	(41.27)	(43.66)	168.13
Closing RAB	4,423.21	9,564.21	9,885.73	9,380.75	8,690.06	—
Average RAB	4,369.38	6,993.71	9,724.97	9,633.24	9,035.40	—

Regulatory Asset Base (RAB) as per the Authority

3.4.117 Based on the Authority's analysis of the capital expenditure, asset allocation and depreciation for True-up of the Third Control Period as discussed in detail in various paras of this chapter, the table below provides the details of the Regulatory Asset Base proposed by the Authority for True up of the Third Control Period:

Table 41: RAB proposed to be considered by the Authority for true-up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Opening RAB (A)	4,427.38	4,582.03	9,234.07	9,638.30	9,443.03	-
Capital Additions (B)	439.91	5,070.83	965.38	377.33	89.07	6,942.51
Capital Deletions/Disposals (C)	(1.28)	(0.79)	(2.93)	(6.50)	(8.31)	(19.80)
Depreciation (refer Table 38) (D)	283.98	418.01	558.22	566.10	575.30	2,401.60
Closing RAB (E = A+B-C-D)	4,582.03	9,234.07	9,638.30	9,443.03	8,948.50	-
Average RAB (F= (A+E)/2)	4,504.71	6,908.05	9,436.19	9,540.67	9,195.76	-

3.5 True up of Weighted Average Cost of Capital (WACC) for the Third Control Period

BIAL'S submission regarding WACC for the True up of the Third Control Period

3.5.1 BIAL made the following submissions with regard to the Weighted Average Cost of Capital for the Third Control Period.

Cost of Equity:

3.5.2 BIAL has submitted that the concessions granted to BIAL and the relevant Project Agreements, including the amended Shareholders Agreement and Schedule III to the amended State Support Agreement, provide for a financial plan which pegged the Project Internal Rate of Return at 14.58%, translating to an Equity IRR of 21.66% and resulting in 24.40% as Cost of Equity. BIAL has submitted that this was the construct on which the concession arrangement of BIAL was developed.

3.5.3 BIAL has further submitted that it has consistently requested the Authority to take into consideration the Cost of Equity as captured in the amended Shareholders Agreement and Schedule III to the amended State Support Agreement.

3.5.4 BIAL has also referred to the judgment of the Hon'ble Supreme Court in the matter of Delhi International Airport Ltd. vs Airport Economic Regulatory Authority, 2022, wherein the Hon'ble Supreme Court observed that parties who operated in a pioneering effort in civil aviation should not be taken by surprise in a manner affecting their commercial viability, as it may discourage private participation in essential economic activities.

3.5.5 BIAL has submitted that its issue relating to Cost of Equity is part of Civil Appeal No. 1798-99 of 2021 filed before the Hon'ble Supreme Court and the matter is currently sub-judice. Accordingly, without prejudice to the claims and pleas made by BIAL and the reliefs sought in the said civil appeals, BIAL has factored the Cost of Equity at 15.05%, as considered by the Authority in the Tariff Order for the Third Control Period based on the study report of IIM Bangalore.

3.5.6 BIAL has considered cost of equity as approved by the Authority in the Tariff Order for the Third Control Period i.e. 15.05%.

Cost of Debt:

3.5.7 BIAL has submitted that, for the projects under the PAL-1 capital expenditure programme approved by the Authority in the Second Control Period Order and implemented during the Second and Third Control Periods, it had negotiated with lenders to arrive at the lowest possible interest rate while finalising the terms of the expansion loan of Rs. 10,206 crores.

3.5.8 BIAL has submitted that its expansion loan was based on SBI 1-year MCLR with a spread of 50 basis points or Axis Bank 1-year MCLR with a spread of 30 basis points, whichever was higher, subject to the effective lending rate of any lender not being lower than the MCLR of that lender. The loan was a floating rate loan with an annual reset clause linked to the prevailing MCLR levels at the time of reset. The interest rate considered in the Third Control Period Tariff Order was 7.85% p.a.

3.5.9 BIAL has further submitted that its credit rating has been upgraded to AAA with Stable Outlook by ICRA Ltd., India Ratings and Research Pvt. Ltd. and CRISIL Ratings Ltd. BIAL has submitted that the interest rate for its term loans is based on SBI 1-year MCLR plus 50 basis points, equivalent to 9.45% p.a.p.m. based on the 1-year MCLR prevalent as on August 21, 2024, being the previous reset date. The interest rate applicable for the existing NCDs is 8.35% p.a.

3.5.10 BIAL has submitted that, considering the rating upgrade and mitigation of construction risk following completion of the PAL-1 programme, refinancing of the existing term loan facilities would result in interest cost reduction and benefit airport users through lower tariffs. BIAL has proposed to refinance the entire outstanding term loans of Rs. 8,069 Crores through issuance of NCDs at a fixed interest rate of 8.15% p.a. for the first 10 years out of the loan tenor of 15 years. BIAL has submitted that the refinancing agreements are expected to be executed by September 2025 and the refinanced interest rate of 8.15% shall be applicable from October 1, 2025.

3.5.11 BIAL has submitted that the refinanced interest rate of 8.15% is the lowest for any PPP airport in India and reflects BIAL's diversified revenue profile, structured returns on its Regulatory Asset Base under the hybrid till mechanism, strong market position as the operator of the largest airport in South India and healthy financial profile with a ring-fenced financing structure.

3.5.12 The actual Cost of Debt submitted by BIAL for the Third Control Period is shown in the table below:

Table 42: Cost of Debt Calculation submitted by BIAL for True Up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026
Average Principal	6,846.41	8,709.62	10,144.13	10,308.53	10,518.55
Interest Cost	502.59	666.93	843.87	925.76	878.25
Cost of Debt	7.33%	7.74%	8.49%	8.88%	8.42%
Effective Cost of Debt	**8.22%**				

3.5.13 The Effective Cost of Debt has been arrived at based on the weighted average of Cost of Debt based on the average principal outstanding for the years in the Third Control Period.

Computation of WACC:

3.5.14 BIAL considered the same methodology for calculation of WACC as adopted by the Authority in the Tariff Order for the Third Control Period and the WACC as calculated by BIAL stands at 11.77% with notional debt and equity at 48% and 52% respectively. The calculation of WACC submitted by BIAL for the Third Control Period as per the MYTP for the Fourth Control Period is shown in the table below:

Table 43: WACC submitted by BIAL for the Third Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.05%	52%	7.83%
Debt	8.22%	48%	3.94%
WACC			**11.77%**

Recap of decisions taken by the Authority regarding WACC for the Third Control Period as per the tariff order for the Third Control Period

3.5.15 Decision No. 6.6.1: "*To consider the cost of equity at 15.05%as per the outcome of the independent study.*"

3.5.16 Decision No. 6.6.2: "To *consider the notional debt to equity (gearing) ratio of 48%:52% as suggested by the independent study.*"

3.5.17 Decision No. 6.6.3: "*To consider 7.85% as cost of debt for the Third Control Period.*"

3.5.18 Decision No. 6.6.4: "*To true-up the cost of debt of BIAL for the Third Control Period based on actuals subject to its reasonableness and efficiency.*"

3.5.19 Decision No. 6.6.5: "*To consider the WACC of 11.59% for the Third Control Period based on above mentioned cost of equity, cost of debt and considering the notional gearing ratio as suggested by the independent study.*"

Table 44: WACC proposed to be considered by the Authority towards True up for the Third Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.05%	52.00%	8.02%
Debt	7.85%	48.00%	4.97%
WACC		**11.59%**	

Authority's examination regarding WACC for True up of the Third Control Period

Cost of Equity

3.5.20 The Authority notes BIAL's submission that the Project Agreements and related financial plan provided for a Project IRR of 14.58%, translating to an Equity IRR of 21.66% and Cost of Equity of 24.40%.

The Authority also notes BIAL's submission that the issue relating to Cost of Equity is presently pending before the Hon'ble Supreme Court.

3.5.21 The Authority further notes that, without prejudice to its claims and pleas in the pending civil appeals, BIAL has considered Cost of Equity of 15.05% for the purposes of filing its MYTP, in line with the Cost of Equity considered by the Authority in the Tariff Order for the Third Control Period based on the independent study carried out by IIM Bangalore.

3.5.22 In view of the foregoing and pending final adjudication of the matter before the Hon'ble Supreme Court, the Authority notes that BIAL has adopted a Cost of Equity of 15.05%, consistent with the regulatory approach adopted by the Authority in the Tariff Order for the Third Control Period. Accordingly, for the purpose of True-Up of the Third Control Period, the Authority proposes to consider the Cost of Equity at 15.05%.

Cost of Debt

3.5.23 The Authority notes that BIAL has submitted the actual Cost of Debt for the Third Control Period based on the average debt balance and interest cost incurred during the period. The year-wise Cost of Debt ranges from 7.33% in FY 2021-22 to 8.88% in FY 2024-25 and 8.42% in FY 2025-26, resulting in a weighted average Cost of Debt of 8.22% for the Third Control Period.

3.5.24 The Authority notes that the debt availed by BIAL was primarily towards the PAL-1 capital expenditure programme, which had been approved by the Authority and implemented during the Second and Third Control Periods. The Authority also notes that the expansion loan was a floating rate facility linked to MCLR, with annual reset, and the actual interest rates during the Third Control Period were impacted by movements in benchmark lending rates.

3.5.25 The Authority further notes that BIAL has obtained AAA credit rating with Stable Outlook from multiple rating agencies and has proposed refinancing of the outstanding term loans through NCDs at 8.15% p.a. The Authority observes that the proposed refinancing reflects BIAL's efforts to optimise its financing structure and reduce the overall borrowing cost, which is expected to accrue benefits to airport users through improved financing efficiency.

3.5.26 The Authority further notes that the actual cost of debt as submitted by BIAL is lower than the average of one-year SBI MCLR plus 150 bps on year-on-year basis across the control period.

3.5.27 Upon examination of the submissions and supporting material placed on record, the Authority is of the view that the weighted average Cost of Debt of 8.22% submitted by BIAL for the True-Up of the Third Control Period appears reasonable and efficient, taking into account the nature and purpose of the borrowings, the floating rate structure and annual reset mechanism, prevailing benchmark lending rates, and BIAL's demonstrated efforts towards refinancing at competitive terms.

3.5.28 The Authority further notes that, in the Tariff Order for the Third Control Period, Cost of Debt was considered at 7.85% and it had also been decided that the same would be subject to true-up based on actuals, subject to assessment of reasonableness and efficiency. In light of the submissions made by BIAL and the Authority's examination thereof, the Authority proposes to consider the Effective Cost of Debt at 8.22% towards True-Up of the Third Control Period.

3.5.29 Accordingly, the Authority proposes to consider the Cost of Debt of 8.22% for true-up of the Third Control Period, as submitted by BIAL. The details of computation of cost of debt proposed to be considered by the authority are below:

Table 45: Cost of Debt Calculation proposed to be considered by the Authority towards True Up for the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026
Average Principal	6,846.41	8,709.62	10,144.13	10,308.53	10,518.55
Interest Cost	502.59	666.93	843.87	925.76	878.25
Cost of Debt	7.33%	7.74%	8.49%	8.88%	8.42%
Effective Cost of Debt	8.22%				

Gearing Ratio

3.5.30 The Authority notes that the notional Debt-Equity gearing of 48:52 was considered in the Tariff Order for the Third Control Period. Accordingly, the Authority proposes to retain and consider the Debt-Equity gearing of 48:52 for the True-Up of the Third Control Period.

WACC for the Third Control Period

3.5.31 The Authority vide Decision No. 6.6.5 of the Tariff Order for the Third Control Period had decided to consider WACC of 11.59% for the Third Control Period based on Cost of Equity of 15.05%, Cost of Debt of 7.85% and notional gearing ratio of 48% debt and 52% equity.

3.5.32 Since the Authority had decided to true-up the Cost of Debt based on actuals subject to reasonableness and efficiency, and the Authority has found the Cost of Debt of 8.22% submitted by BIAL to be reasonable and efficient, the WACC / FRoR for true-up of the Third Control Period works out to 11.77%. The revised WACC is recomputed in the table below:

Table 46: WACC proposed by the Authority towards True up for the Third Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.05%	52.00%	7.83%
Debt	8.22%	48.00%	3.95%
WACC / FRoR			11.77%

3.5.33 Based on the above, the Authority proposes the WACC of 11.77% for True-up of the Third Control Period.

3.6 True Up of Operating Expenses

BIAL's submission regarding Operating Expenses for the True up of Third Control Period

3.6.1. BIAL has submitted the Operating Expenses for the true-up of the Third Control Period based on actuals incurred during the period till FY25 and estimation for FY26.

3.6.2. The component wise breakup of Operating expenses submitted by BIAL for the Third Control Period is as follows:

Table 47: Operating Expenses submitted by BIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Personnel expenses	208.28	255.24	316.6	384.35	439.15	1,603.62
O&M	156.57	213.21	297.44	386.28	471.88	1,525.38
Lease Rent	15.11	21.26	22.93	17.55	24.32	101.17

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Utilities	28.37	40.85	72.55	65.89	63.53	271.19
Insurance	6.43	7.63	9.95	10.85	11.29	46.15
Rates & Taxes	4.92	8.68	9.38	11.86	13.17	48.01
Marketing & Advertising	9.48	21.62	12.33	24.01	20.87	88.31
Collection cost	2.87	5.62	7.25	7.94	9.96	33.64
General Admin Cost	25.33	38.41	45.62	62.91	66.42	238.68
Waiver and bad debts	0.00	0.12	5.99	-2.35	0.00	3.76
Misc. Expenses	-0.44	0.54	-5.65	4.07	0.00	-1.48
Other Borrowing Costs	2.90	5.95	12.75	9.29	61.95	92.84
Concession Fee	31.40	69.67	107.51	144.94	160.08	513.59
CSR	0.00	0.00	0.00	0.00	0.24	0.24
Total	**491.21**	**688.80**	**914.65**	**1,127.59**	**1,342.85**	**4,565.09**

3.6.3. Subsequently, vide e-mail dated 21.05.2026, BIAL has submitted a revised Operating Expenses for FY 26 based on unaudited provisional financials for FY 26. Accordingly, the revised component wise breakup of Operating Expenses as submitted by BIAL is as follows:

Table 48: Revised Operating Expenses submitted by BIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Personnel expenses	208.28	255.24	316.6	384.35	451.46	1,615.93
O&M	156.57	213.21	297.44	386.28	460.47	1513.96
Lease Rent	15.11	21.26	22.93	17.55	22.82	99.67
Utilities	28.37	40.85	72.55	65.89	41.62	249.28
Insurance	6.43	7.63	9.95	10.85	10.62	45.48
Rates & Taxes	4.92	8.68	9.38	11.86	11.71	46.55
Marketing & Advertising	9.48	21.62	12.33	24.01	23.58	91.02
Collection cost	2.87	5.62	7.25	7.94	8.49	32.17
General Admin Cost	25.33	38.41	45.62	62.91	58.34	230.60
Waiver and bad debts	0.00	0.12	5.99	-2.35	0.11	3.87
Misc. Expenses	-0.44	0.54	-5.65	4.07	5.56	4.08
Other Borrowing Costs	2.90	5.95	12.75	9.29	64.16	95.05
Concession Fee	31.40	69.67	107.51	144.94	162.74	516.26
CSR	0.00	0.00	0.00	0.00	0.21	0.21
Total	**491.21**	**688.80**	**914.65**	**1,127.59**	**1321.89**	**4544.13**

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

Personnel Expenses

3.6.4. BIAL has submitted that the increase in Personnel Expenses during the Third Control Period was primarily on account of higher manpower addition necessitated by the scale of infrastructure augmentation undertaken during the period. BIAL has stated that, with the operationalization of Terminal 2, which is significantly larger than Terminal 1, the requirement for terminal management, operational and support staff increased correspondingly.

3.6.5. BIAL has further submitted that the Authority, in the Tariff Order for the Third Control Period, had considered terminal area increase as the relevant driver for manpower growth, and that the actual manpower deployment during the period was commensurate with the substantial increase in terminal area. BIAL has also stated that the employee-to-passenger ratio remained broadly in line with pre-COVID levels, which according to BIAL reflected efficient deployment of manpower in line with the growth in traffic and operational scale.

O&M Expenses

3.6.6. BIAL has submitted that the increase in O&M Expenses during the Third Control Period was primarily on account of the operationalization of Terminal 2 Phase 1 and the associated expansion in the scale and complexity of airport operations. BIAL has stated that the approved O&M cost benchmarks in the Tariff Order for the Third Control Period did not adequately capture the requirements of the expanded asset base, particularly in view of the significant increase in terminal area upon commissioning of Terminal 2.

3.6.7. BIAL has further submitted that Terminal 2 is a next-generation terminal with higher architectural complexity, sustainability-linked infrastructure, advanced passenger processing systems and integrated domestic and international operations, all of which entailed higher maintenance intensity and specialized operational support. BIAL has stated that the technology-driven nature of Terminal 2, including advanced mechanical, electrical and digital systems, has resulted in materially higher O&M requirements as compared to Terminal 1.

3.6.8. BIAL has also submitted that certain one-time and non-recurring O&M expenses were incurred during the Third Control Period, which had not been included in the Third Control Period submissions / Tariff Order. These, inter alia, included NASFT related expenses, COVID-related expenditure, express cargo terminal strengthening works, Terminal 2 trial and start-up management costs, expenditure incurred during project construction, and Alpha 3 strengthening works. BIAL has submitted that these costs were incurred in connection with operationalization, safety, strengthening and support of airport operations during the period.

Marketing & Advertising Expense

3.6.9. BIAL has submitted that the increase in Marketing and Advertising Expenses during the Third Control Period was mainly on account of expenditure incurred in connection with the operationalization of Terminal 2 and associated communication and passenger outreach requirements. BIAL has stated that, with the transition from a single-terminal airport to a two-terminal airport, it was necessary to communicate changes relating to Terminal 2 effectively to passengers, stakeholders, employees and the travelling public.

3.6.10. BIAL has further submitted that expenditure under this head also included aviation business marketing initiatives, including support extended for new route launches, particularly in the international segment, and outreach initiatives undertaken through cargo promotion programmes such as LogiConnect to attract cargo partners, agents and feeder services. BIAL has stated that these expenditures were incurred to support traffic growth, route development and airport business promotion.

3.6.11. BIAL has also submitted that part of the increase under this head was on account of unbudgeted expenditure incurred during the Third Control Period, including expenditure relating to Terminal 2 inauguration and other customer-facing initiatives undertaken in connection with the commencement and promotion of operations at the new terminal.

Travel Expenses

3.6.12. BIAL has submitted that the increase in Travel Expenses during the Third Control Period was primarily on account of Employee Transportation Costs. BIAL has stated that the airport is located at a considerable distance from the city centre and was not adequately connected through convenient public transport options aligned to employee shift requirements. Accordingly, BIAL has submitted that expenditure was incurred towards provision of transportation facilities for employees commuting to and from the airport.

3.6.13. BIAL has further submitted that the increase in manpower following the commissioning of additional assets such as Terminal 2 Phase 1 and MMTH Phase - I necessitated a corresponding increase in the number of vehicles deployed for staff transportation. BIAL has also stated that a new transportation vendor was engaged from November 2022 following the due procurement process prescribed under its procurement policy, and that increase in fuel prices and increase in the number of employees availing transportation services also contributed to the higher expenditure under this head.

Office Costs

3.6.14. BIAL has submitted that the increase in Office Costs during the Third Control Period was in line with the increase in operations and employee strength, including the impact of commissioning of Terminal 2 Phase 1. BIAL has stated that Office Costs were projected with an annual increase of 10%, except for FY 2022-23 wherein an increase of 80% was sought, considering the scale-up in airport operations during the period.

3.6.15. BIAL has further submitted that, in Consultation Paper No. 10/2021-22 issued for the Third Control Period, the Authority had proposed in para 7.2.57 an adjustment factor of 30% to Office Costs to account for the increase in the number of employees due to commissioning of T2 Phase 1. However, BIAL has stated that the said adjustment factor was not considered in the Tariff Order for the Third Control Period, wherein only inflation adjustment of 4.9% on FY 2020-21 actuals had been considered as the base.

3.6.16. BIAL has also submitted that expenditure under this head mainly comprised regular business expenses incurred on an efficient basis, including memberships and subscriptions, business meeting expenses, printing and stationery, corporate communication expenses and other routine office-related expenditure. BIAL has stated that business meeting expenses included expenditure incurred in connection with meetings with key stakeholders such as BCAS, DGCA, CISF, various regulatory institutions and airport stakeholders.

Aeronautical allocation of Operating Expenses as submitted by BIAL

3.6.17. BIAL in its MYTP for the Fourth Control Period has also submitted the basis of segregation of total operating expenses into aeronautical and non-aeronautical expenses which is as follows:

Table 49: Basis of Allocation submitted by BIAL for Third Control Period

Operating expenses	Basis of allocation
Personnel expenses	Employee Head count ratio has been computed based on categorization of employee departments into Aero/ Non-Aero and Common. Head count ratio of the respective years has been used to segregate Employee Cost into Aero and Non-Aero
O&M	O&M expenses are incurred for maintenance of Airport Infrastructure and assets across the airport. These expenses have been segregated based on the Aero Gross Block Ratio.

Operating expenses	Basis of allocation
Lease Rent	Aeronautical Lease Rent has been computed by excluding the land given to BACL being considered as non-airport.
Utilities	Utility expenses (net of recovery) have been considered fully as Aeronautical.
Insurance	Insurance expenses have been segregated based on the Aero Gross Block ratio.
Rates & Taxes	Rates and taxes mainly comprise of Property taxes. These expenses have been segregated based on Lease Rent allocation ratio.
Marketing & Advertising	Marketing and Advertising expenses have been considered as common expenses and segregated based on the Aero Gross Block Ratio
CSR	Corporate Social Responsibility expenses have been segregated by considering the Aeronautical Profit Before Tax for the period.
General admin costs	General and administrative expenses have been considered as common expenses and segregated based on the Aero Gross Block Ratio
Concession fee	Concession Fee has been computed based on the respective Aeronautical / Non-Aeronautical Revenues for the year.

3.6.18. BIAL has submitted a certificate dated 10.07.2025 from Shreedhar Mohan and Associates on allocation of Operating Expenses into Aeronautical and Non-Aeronautical for the Third Control Period. The ratio of allocation of Operating Expenses into Aeronautical and Non – Aeronautical as per the certificate is given below:

Table 50: Aeronautical allocation ratios of Operating Expenses submitted by BIAL in the Third Control Period

Particulars (FY ending March 31)	Basis of Allocation	2022	2023	2024	2025	2026
Personal Cost	Employee Head Count Ratio	94.86%	94.41%	95.02%	94.61%	94.37%
Operations & Maintenance Cost	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	90.01%
Land Lease Rent	Leased Area Ratio	99.82%	99.65%	99.65%	99.14%	98.77%
Utilities Cost	100% Aero	100.00%	100.00%	100.00%	100.00%	100.00%
Insurance Cost	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	90.01%
Property taxes	Leased Area Ratio	99.82%	99.65%	99.65%	99.14%	98.77%
Marketing & Advertisement Expenses	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	90.01%
Collection Charges	100% Aero	100.00%	100.00%	100.00%	100.00%	100.00%
General Administration Cost	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	90.01%
Concession Fee	Revenue Ratio	43.05%	51.77%	52.74%	53.82%	51.86%
CSR	100% Aero	100.00%	100.00%	100.00%	100.00%	100.00%
Waivers & Bad Debts	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	90.01%
Miscellaneous Expenses	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	90.01%
Other Borrowing Costs	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	90.01%

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

Table 51: Aeronautical Operating expenses submitted by BIAL for the true-up of the Third Control

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Personnel expenses	197.56	240.98	300.82	363.65	414.43	**1,517.44**
O&M	144.72	198.02	269.35	347.79	424.76	**1,384.63**
Lease Rent	15.08	21.19	22.85	17.40	24.02	**100.54**
Utilities	28.37	40.85	72.55	65.89	63.53	**271.19**
Insurance	5.94	7.09	9.01	9.77	10.16	**41.97**
Rates & Taxes	4.91	8.65	9.35	11.76	13.00	**47.67**
Marketing & Advertising	8.76	20.08	11.17	21.62	18.79	**80.41**
Collection cost	2.87	5.62	7.25	7.94	9.96	**33.64**
General Admin Cost	23.41	35.67	41.31	56.64	59.79	**216.82**
Waiver and bad debts	0.00	0.11	5.42	-2.12	0.00	**3.42**
Misc. Expenses	-0.41	0.50	-5.12	3.66	0.00	**-1.36**
Other Borrowing Costs	2.68	5.53	11.55	8.37	55.76	**83.88**
Concession Fee	13.52	36.07	56.71	78.01	83.01	**267.31**
CSR	0.00	0.00	0.00	0.00	0.24	**0.24**
Total	**447.42**	**620.35**	**812.21**	**990.38**	**1,177.44**	**4,047.80**

3.6.20. Subsequently, vide e-mail dated 21.05.2026, BIAL has submitted a revised allocation ratio for allocation of Operating Expenses into Aeronautical and Non-Aeronautical for the Third Control Period based on unaudited actual financials for FY 26. Accordingly, the allocation ratio submitted by BIAL is as follows:

Table 52: Revised Aeronautical allocation ratios of Operating Expenses submitted by BIAL in the Third Control

Particulars (FY ending March 31)	Basis of Allocation	2022	2023	2024	2025	2026
Personal Cost	Employee Head Count Ratio	94.86%	94.41%	95.02%	94.61%	94.37%
Operations & Maintenance Cost	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	89.83%
Land Lease Rent	Leased Area Ratio	99.82%	99.65%	99.65%	99.14%	98.77%
Utilities Cost	100% Aero	100.00%	100.00%	100.00%	100.00%	100.00%
Insurance Cost	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	89.83%
Property taxes	Leased Area Ratio	99.82%	99.65%	99.65%	99.14%	98.77%
Marketing & Advertisement Expenses	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	89.83%
Collection Charges	100% Aero	100.00%	100.00%	100.00%	100.00%	100.00%
General Administration Cost	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	89.83%
Concession Fee	Revenue Ratio	43.05%	51.77%	52.74%	53.82%	51.50%
CSR	100% Aero	100.00%	100.00%	100.00%	100.00%	100.00%
Waivers & Bad Debts	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	89.83%
Miscellaneous Expenses	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	89.83%

Particulars (FY ending March 31)	Basis of Allocation	2022	2023	2024	2025	2026
Other Borrowing Costs	Aero Gross Block Ratio	92.43%	92.88%	90.55%	90.04%	89.83%

3.6.21. The revised Aeronautical Portion of various expenses of the Third Control Period using above allocation principles is given below:

Table 53: Revised Aeronautical Operating expenses submitted by BIAL for the True-up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Personnel expenses	197.56	240.98	300.82	363.65	426.05	1529.06
O&M	144.72	198.02	269.35	347.79	413.62	1373.50
Lease Rent	15.08	21.19	22.85	17.40	22.54	99.06
Utilities	28.37	40.85	72.55	65.89	41.62	249.28
Insurance	5.94	7.09	9.01	9.77	9.54	41.35
Rates & Taxes	4.91	8.65	9.35	11.76	11.57	46.23
Marketing & Advertising	8.76	20.08	11.17	21.62	21.18	82.81
Collection cost	2.87	5.62	7.25	7.94	8.49	32.17
General Admin Cost	23.41	35.67	41.31	56.64	52.40	209.43
Waiver and bad debts	0.00	0.11	5.42	-2.12	0.10	3.52
Misc. Expenses	-0.41	0.50	-5.12	3.66	4.99	3.63
Other Borrowing Costs	2.68	5.53	11.55	8.37	57.63	85.75
Concession Fee	13.52	36.07	56.71	78.01	83.81	268.11
CSR	0.00	0.00	0.00	0.00	0.21	0.21
Total	**447.42**	**620.35**	**812.21**	**990.38**	**1153.76**	**4024.12**

Recap of decisions taken by the Authority regarding the Operating Expenses in the Third Control Period

3.6.22. The Authority, in the Tariff Order for the Third Control Period, had concluded as under in respect of Control Period:

i. Decision Nos. 7.6.1: *"To consider allocation ratio as set out in Table 151 above for the Third Control Period."*

ii. Decision No 7.6.2: *"To consider aeronautical operating expenditure as set out in Table 152 for the Third Control Period*

iii. Decision No 7.6.3: *"To true up the operating expenditure for the current control period bas ed on actuals, at the time of determination of tariff for the next control period."*

3.6.23. The Authority has considered the following Total Operating Expenses at the time of tariff determination for the Third Control Period:

Table 54: Total Operating Expenses decided by the Authority during tariff determination of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Personnel expenses	210.71	245.22	259.44	301.93	319.44	1,337.00
O&M	131.28	142.77	202.88	221.84	243.63	942.39

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Lease Rent	15.11	21.26	22.87	23.56	24.26	107.06
Utilities	28.65	37.73	55.74	58.47	61.33	241.92
Insurance	5.11	5.82	10.85	10.98	11.16	43.91
Rates & taxes (other than IT)	8.70	9.12	13.22	13.87	14.55	59.45
Marketing & Advertising	8.21	14.03	9.93	10.92	12.01	55.10
Collection cost	3.33	6.84	8.03	9.34	10.84	38.39
CSR	0.00	0.00	0.00	0.00	0.15	0.15
General admin costs	26.72	28.37	29.77	31.22	32.75	148.84
Total operating expenses	**437.82**	**511.16**	**612.73**	**682.13**	**730.12**	**2974.21**
Concession fee	17.61	44.26	64.47	87.78	93.95	308.07
ORAT	0.00	0.00	0.00	0.00	0.00	0.00
Total operating expenditure - Aero	**455.43**	**555.42**	**677.2**	**769.91**	**824.07**	**3282.28**

3.6.24. The Authority has considered the following Aeronautical allocation ratio at the time of tariff determination for the Third Control Period:

Table 55: Allocation ratio decided by the Authority during tariff determination of the Third Control Period

Operating expenses (FY ending March 31)	2022	2023	2024	2025	2026
Personnel expenses	87.65%	87.65%	87.65%	87.65%	87.65%
O&M (others)	90.38%	90.57%	89.03%	88.88%	88.72%
Lease Rent	99.98%	99.31%	98.75%	97.56%	96.18%
Utilities	100.00%	100.00%	100.00%	100.00%	100.00%
Insurance	91.99%	87.81%	87.79%	87.78%	87.84%
Rates & taxes (other than IT)	86.85%	86.85%	86.85%	86.85%	86.85%
Collection Cost	100.00%	100.00%	100.00%	100.00%	100.00%
Marketing & Advertising	84.10%	84.10%	84.10%	84.10%	84.10%
General admin costs	90.00%	90.00%	90.00%	90.00%	90.00%

3.6.25. Based on the above allocation ratio, the Authority has considered the following Aeronautical Operating Expenses at the time of tariff determination for the Third Control Period:

Table 56: Aeronautical Operating Expenses decided by the Authority during the tariff determination of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Personnel expenses	184.7	214.95	227.41	264.66	280.00	1,171.72
O&M	118.65	129.3	180.63	197.17	216.15	841.89
Lease Rent	15.1	21.11	22.58	22.98	23.34	105.12
Utilities	28.65	37.73	55.74	58.47	61.33	241.92
Insurance	4.7	5.11	9.52	9.64	9.8	38.77
Rates & taxes (other than IT)	7.55	7.92	11.48	12.04	12.63	51.63
Marketing & Advertising	10.23	18.64	16.38	18.53	20.95	84.73
CSR	0.00	0.00	0.00	0.00	0.15	0.15
General admin costs	24.05	25.54	26.79	28.1	29.48	133.95
Total operating expenses	**393.63**	**460.31**	**550.53**	**611.58**	**653.83**	**2,669.89**
Concession fee	17.61	44.26	64.47	87.78	93.95	308.07
ORAT	0.00	0.00	0.00	0.00	0.00	0.00

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Total operating expenditure - Aero	**411.24**	**504.57**	**615.00**	**699.36**	**747.78**	**2,977.96**

Authority's examination and proposal regarding Operating Expenses for True up of the Third Control Period

3.6.26. The Authority's analysis of aeronautical operating expenses for True up for the Third Control Period is based on the revised submissions made by BIAL vide e-mail dated 21.05.2026 subsequent to the MYTP as provided in Table 48

3.6.27. The Authority, through the Independent Consultant, has examined the true-up of Operating Expenses for the Third Control Period based on a detailed review of the submissions and records furnished by BIAL. In this regard, the following documents / information have been considered by the Authority:

- Ledgers and other internal records maintained by BIAL in respect of Operating Expenses for the Third Control Period;
- Audited Financial Statements for FY22-FY25 and unaudited Financial Statement for FY26;
- Explanations and clarifications furnished by BIAL regarding the reasons for variation in various sub-items of Operating Expenses during the Third Control Period; and
- Chartered Accountant certificates submitted by BIAL, including those relating to the allocation of Operating Expenses between Aeronautical and Non-Aeronautical activities along with the basis / justifications thereof.

3.6.28. Based on the aforesaid examination, the Authority has noted that BIAL has submitted total Operating Expenses of Rs. 4,544.13 Crores for the Third Control Period as against Rs. 3,282.28 Crores approved by the Authority in the Tariff Order for the Third Control Period with the resultant variation of 38.45%.

3.6.29. The Authority further notes that the major variation is primarily under certain expense heads such as Personnel Expenses, Operations & Maintenance Expenses, Marketing & Advertising Expenses and General Administration Expenses. Accordingly, after undertaking prudence check and examining the documentary evidence, supporting submissions and Chartered Accountant certificates furnished by BIAL, the Authority has analyzed the reasons for such variation under each expense head, as discussed in the ensuing paragraphs.

Personnel Expenses:

3.6.30. The Authority notes that BIAL has submitted the employee cost of Rs. 1,615.93 Crores for the Third Personnel expenses. These expenses have been segregated into 4 areas: Salaries, Bonuses & Allowances; Contribution to Provident & Other Funds; Staff Welfare Expenses; Staff Recruitment & Training. A comparison of total Payroll expense submitted by BIAL vis-a-vis Authority approved cost during the Third Control Period is given in the table below:

Table 57: Comparison of Employee Cost as submitted by BIAL for true-up and as approved by the Authority in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by BIAL **(A)**	208.28	255.24	316.6	384.35	451.46	1,615.93

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As approved in the Third Control Period **(B)**	210.71	245.22	259.44	301.93	319.44	1,337.00
Difference **(B-A)**	2.43	(10.02)	(57.16)	(82.42)	(132.02)	(278.93)

3.6.31. The Authority through its independent Tariff Consultant, has also verified the actual employee number in the payroll of the Airport Operator through the manpower register provided by the Airport Operator during the site visit of the Airport. The year-on-year actual employee on the payroll of the Airport Operator is as under:

Table 58: Employee Headcount submitted by BIAL for True up of the Third Control Period in the MYTP

Category	Department	FY22	FY23	FY24	FY25	FY26
Support Services	MD & CEO	4	3	3	3	3
Support Services	Finance	56	63	69	75	83
Support Services	Human Resources	18	19	20	26	29
Support Services	Administration	8	8	8	9	9
Support Services	Legal	8	10	10	13	19
Support Services	CMO Office	5	6	8	16	19
Support Services	Marketing	4	4	3	0	0
Support Services	Corporate Communications	2	2	3	3	3
Support Services	Corporate Affairs	6	6	7	8	7
Commercial	Corporate Social Value	3	4	4	5	5
Commercial	VP - Commercial Office	2	2	2	3	4
Commercial	F & B and Retail	25	28	34	37	39
Commercial	Facilities	0	3	3	3	7
Commercial	Landside Traffic (Commercial)	13	17	18	24	25
Operations	Advertising	5	8	9	10	12
Operations	Head – Operations and E&M	4	5	7	6	6
Operations	Aviation Stakeholder & Quality Management	0	0	0	0	0
Operations	Customer Engagement and Service Quality	12	14	20	21	20
Operations	Terminal Operations	108	147	219	243	246
Operations	Airside Operations	87	97	121	123	126
Operations	Landside Technical	0	0	0	0	0
Operations	Aviation Safety	18	22	23	26	28
Operations	Bird AirStrike Hazard Management	9	11	12	12	12
Operations	Enterprise Risk & Corporate Resilience	6	7	7	7	7

Category	Department	FY22	FY23	FY24	FY25	FY26
Operations	Security	54	65	64	76	90
Operations	Security Screening	127	170	304	326	319
Operations	ARFF	222	209	214	232	230
Corporate Strategy & Development	ICT	60	46	56	60	75
Corporate Strategy & Development	Corporate Strategy & Development	2	2	0	0	0
Corporate Strategy & Development	Forecasting and Slots	5	4	5	0	0
Corporate Strategy & Development	Centre of Excellence	6	5	5	1	0
Corporate Strategy & Development	Business Planning	5	4	7	9	9
Corporate Strategy & Development	Aviation Business	12	11	15	17	19
Corporate Strategy & Development	Ops Planning & Project Co-ordination	4	4	3	10	12
Engineering & Maintenance	Innovation Lab	3	4	3	2	4
Engineering & Maintenance	Technical & Engineering	16	17	17	22	25
Engineering & Maintenance	Landside Maintenance	50	106	126	144	157
Engineering & Maintenance	Landscaping	27	16	17	19	22
Engineering & Maintenance	Environment & Utilities	52	45	57	64	66
Engineering & Maintenance	Airfield Maintenance	60	77	82	90	93
	Total	**1108**	**1271**	**1585**	**1745**	**1830**

Table 59: Employee Head count as submitted by BIAL for True up of the Third Control Period in its revised submission

Particulars (FY ending March 31)	2021	2022	2023	2024	2025	2026	Total
Manpower Additions		-73	163	314	160	13	577
Closing Manpower	1181	1108	1271	1585	1745	1758	

3.6.32. The Authority notes that BIAL has submitted the employee cost of Rs. 1,615.93 Crores for the Third Control Period, as against Rs. 1,337.00 Crores approved by the Authority in the Tariff Order for the Third Control Period. This reflects an increase of Rs. 278.93 Crores, i.e., about 21% over the approved amount. The Authority further notes that the overall increase is mainly attributable to higher employee additions undertaken by BIAL compared to those considered earlier by the Authority, increase in cost per employee, and certain one-time gratuity payments proposed in FY 2025-26.

3.6.33. The Authority observes that, as against employee additions of 262 approved in Table 138 of the Tariff Order for the Third Control Period, BIAL has added 577 employees. BIAL submitted that the increase in manpower is necessary due to the scale of infrastructure augmentation during the period, particularly the operationalization of Terminal 2 (capitalized in Dec'22), which is significantly larger than Terminal 1, and the consequent requirement for additional terminal management and operational staff.

3.6.34. The Authority observes that the manpower additions undertaken by BIAL during the Third Control Period are broadly commensurate with the substantial increase in terminal area and associated infrastructure commissioned during the period. The terminal area has increased by about 156% during the Third Control Period, which would reasonably require corresponding augmentation in manpower for operation, maintenance, security support, passenger facilitation and other allied airport functions.

3.6.35. The Authority further notes that, while the manpower additions undertaken by BIAL during the Third Control Period are broadly supported by the substantial increase in terminal area and the associated infrastructure commissioned during the period, the cost per employee claimed by BIAL, in the range of about Rs. 0.18 Crores to Rs. 0.24 Crores during the Third Control Period, appears to be significantly high and not fully justified, particularly when benchmarked against other similarly placed major airports. The Authority further notes that BIAL had an employee base of 1,758 employees at the end of the Third Control Period, which is itself higher than the employee base at such comparable airports. Notwithstanding this larger manpower base, the cost per employee claimed by BIAL continues to remain higher than that of such airports. This, in the Authority's view, indicates that the employee cost levels claimed by BIAL are not supported by commensurate efficiency and are therefore not fully justified for the True up purposes.

3.6.36. The Authority is further of the view that any inefficiency in employee cost cannot be passed on to airport users through aeronautical tariffs. The Authority also notes that a significant portion of the manpower additions during the Third Control Period pertains to newly recruited employees, who would ordinarily be expected to have a lower cost base as compared to the existing employee pool. However, such effect is not adequately reflected in the employee cost per head submitted by BIAL. On the contrary, the cost per employee claimed by BIAL exceeds the levels approved by the Authority in the Tariff Order for the Third Control Period. Accordingly, while the Authority considers the manpower count submitted by BIAL to be reasonable having regard to the scale-up in infrastructure and operations, the cost per employee is proposed to be restricted to the levels approved by the Authority in the Tariff Order for the Third Control Period, as set out in Table 138, i.e. in the range of Rs. 0.17 Crores to Rs. 0.21 Crores during FY 2021-22 to FY 2025-26.

3.6.37. Accordingly, the Authority proposes to re-compute the allowable Personnel Expenses for the Third Control Period based on the actual manpower considered reasonable, together with the employee cost per head approved by the Authority in the Tariff Order for the Third Control Period. On this basis, the Authority proposes to allow Personnel Expenses in accordance with the methodology adopted in Table 138 of the Tariff Order of the Third Control Period.

3.6.38. Accordingly, the Authority proposes to allow the Personnel Expenses for the Third Control Period on this basis, as set out in the table below:

Table 60:Personnel expenses proposed by the Authority for True up for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Personnel Expenses proposed by the Authority	181.08	227.25	308.07	358.18	372.17	1446.76

<u>O&M Expenses:</u>

3.6.39. The Authority has observed that the O&M expenditure comprised of costs towards airside maintenance contracts and spares for runway, apron, airfield lighting, wildlife hazard management, FOD and spill management, passenger boarding bridges and other critical airside systems; terminal-related contracts for baggage handling systems, screening equipment, VHT systems, electrical and HVAC systems, trolley operations, passenger facilitation, housekeeping and security; landside expenditure towards security, consumables, fuel, housekeeping, landscaping, civil and electrical works, vehicle and equipment maintenance, parking and traffic management; utilities-related expenditure towards power systems, water and wastewater systems, sewage treatment, solid waste management and airside noise monitoring; and ICT expenditure towards airport systems, enterprise platforms, passenger processing, cybersecurity, Digi Yatra, BLR Pulse and other digital and regulatory support systems.

3.6.40. The Authority notes BIAL's submission that O&M expenses are identified and recorded based on the location and nature of expenditure through specific cost centres and general ledger codes. The Authority also notes that major O&M contracts are awarded in accordance with BIAL's Board-approved procurement policy, which provides for tendering, qualification criteria, commercial and techno-commercial evaluation, vendor selection, negotiation and approval processes.

3.6.41. The Authority has reviewed the costs submitted by BIAL for the True-up of the Third Control Period and compared them with the O&M expenses approved in the Third Control Period Order.

Table 61: Comparison of O&M expenses as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Total O&M as submitted by BIAL **(G= E+F)**	156.57	213.21	297.44	386.28	460.47	1513.96
As approved in the Third Control Period **(H)**	131.28	142.77	202.88	221.84	243.63	942.39
Difference **(H-G)**	(25.29)	(70.44)	(94.56)	(164.44)	(216.84)	(571.57)

3.6.42. The Authority notes that BIAL has submitted total O&M expenses of Rs. 1,513.96 Crores for the Third Control Period, as against Rs. 942.39 Crores approved by the Authority in the Third Control Period Order. This reflects an increase of Rs. 571.57 Crores, i.e. about 60.65% over the approved amount.

3.6.43. Upon examination of the detailed contract-wise and function-wise O&M expenditure, the Authority observes that the increase in O&M expenses is mainly attributable to the substantial expansion in the scale, scope and complexity of airport operations during the Third Control Period. The principal reasons for variation are summarized below:

a. **Operationalization and stabilization of Terminal 2:** A significant portion of the increase relates to Terminal 2 becoming operational and the associated recurring O&M requirements. This has resulted in increased expenditure towards housekeeping manpower, screening equipment maintenance, baggage handling systems, passenger systems, HVAC, terminal electrical systems, shuttle operations, PHE systems, fire protection systems and utility support for Terminal 2.

b. **Increase in passenger processing and facilitation costs:** The Authority notes material increases in costs relating to screening equipment maintenance, baggage handling systems, VHT systems, Digi Yatra / Digi Buddy support, trolley operations, terminal vehicle drivers, shuttle operations and other passenger facilitation services. These increases are attributable to higher passenger throughput, increased utilization of terminal infrastructure, service level requirements and deployment of additional manpower and systems for smooth passenger processing.

c. **Scale-up in terminal operations and housekeeping:** Terminal housekeeping and associated cleaning equipment costs have increased substantially during the Third Control Period. The Authority notes that this is driven by the larger operating footprint following expansion, higher passenger traffic, enhanced housekeeping requirements across both terminals and adjoining passenger areas, and the full-year impact of operations at new terminal facilities.

d. **Growth in ICT and digital O&M expenditure:** A significant increase is also observed under ICT-related O&M, particularly in ICT operations management, enterprise systems, passenger systems, cybersecurity, BLR Pulse and Digi Yatra. The Authority notes that such increase is due to the addition of new digital platforms, enterprise applications, network and endpoint infrastructure, data centre-related O&M, cybersecurity systems, passenger-facing technology platforms and full-year support costs for digital transformation initiatives.

e. **Airside expansion and higher safety / regulatory maintenance requirements:** Airside O&M expenditure has increased on account of the second runway and associated infrastructure, additional airfield ground lighting systems, wildlife hazard management, FOD / spill / waste management, turf and vegetation maintenance, maintenance of non-AGL electrical systems, and increased airside manpower deployment. These are safety-critical and regulatory-driven requirements arising from the expanded airfield infrastructure and traffic intensity.

f. **Increase in landside and campus-wide support expenditure:** The Authority notes increases under landside security, consumables, fuel, vehicle and equipment maintenance, parking and traffic management, landscaping and civil / electrical upkeep. These increases are attributable to a larger operational campus, expanded access and circulation areas, higher passenger and vehicle movement, and associated maintenance and support requirements across the airport estate.

g. **Utilities and common infrastructure support for expanded operations:** Expenditure towards water and wastewater systems, HT power systems, T2 utility operations, solid waste management and related consumables has increased in line with the commissioning and operation of additional airport facilities and common infrastructure.

3.6.44. The Authority further observes that the variation in O&M expenses is not attributable to any single contract or expenditure head, but is broad-based across terminal, ICT, landside, airside and utilities functions. The more significant increase in later years of the Third Control Period reflects the progressive ramp-up of Terminal 2 operations, full-year impact of newly commissioned assets, increase in manpower-intensive services, and the recurring maintenance obligations arising after expiry of warranty / defect liability periods for several new systems and assets.

3.6.45. The Authority also notes that certain expenditure heads have shown increase due to specific business and operational drivers. In particular:

a. **Enterprise O&M contracts** increased mainly due to higher laptop lease charges, addition of network devices for new infrastructure, deployment of new digital and enterprise platforms, data centre-related O&M, full-year impact of digital transformation support and technology advisory subscriptions;

b. **Passenger O&M contracts** increased due to expiry of defect liability / warranty periods for Terminal 2 passenger systems and the commencement of AMC / O&M costs for self-bag drop systems, kiosks, queue management systems, e-gates, digital engagement systems, passenger Wi-Fi and lost-and-found support systems; and

c. **Drivers for terminal vehicles** increased due to additional buggy operations at Terminal 2, MMTH and other passenger areas to support service levels, including services for PRM / PwD passengers, senior citizens and pregnant women.

3.6.46. The Authority further notes that BIAL has incurred certain one-time and non-recurring O&M expenses during the Third Control Period. These include, inter alia, NASFT-related expenses, COVID-related expenditure, express cargo terminal strengthening works, Terminal 2 trial and start-up management costs, certain construction-related expenditure charged to the profit and loss account as per applicable accounting standards, Alpha 3 strengthening works, restoration works, waste disposal-related expenditure and mechanical sweeper hiring. The Authority notes that such expenses have arisen in connection with commencement of new facilities, operational readiness, strengthening works, safety, security and compliance requirements.

3.6.47. The Authority notes that BIAL has incurred an amount of Rs. 15.74 Crores towards NASFT (National Aviation Security Fee Trust) during the Third Control Period. The Authority is of the view that expenses / payments relating to NASFT are in the nature of a security levy / statutory security-related mechanism, which is governed separately and is not an Operating & Maintenance expense directly incurred by the airport operator for provision of aeronautical services. Further, such costs are generally recoverable / adjustable through the separate security fee framework and allowing the same as part of Aeronautical O&M expenses may result in double recovery from airport users. Accordingly, the Authority has excluded Rs. 15.74 Crores incurred towards NASFT in the true-up of the Third Control Period.

3.6.48. The Authority has verified the O&M expenses based on relevant documents, including CA certificates, and has also considered the examination carried out through its Independent Consultant. Based on the review of BIAL's submissions, supporting documents, contract-wise details and justifications for major variations, and considering that the overall O&M expenses as a proportion of Gross Block are in the range of around 2.21% to 3.11%, which appears reasonable and broadly in line with comparable airports, the Authority finds the O&M expenses, except to the extent of NASFT-related expenses, to be reasonable and necessary for airport operations. Accordingly, the Authority proposes to allow Rs. 1,498.22 Crores, after deducting the NASFT-related expense from the O&M expenses submitted by BIAL for true-up of the Third Control Period.

Lease Rent Expenses:

3.6.49. BIAL pays lease rent to KSIIDC, Government of Karnataka, for the 4,008 acres of land leased for KIAB. The comparison of cost submitted by BIAL for true-up and as approved by the Authority in the Third Control Period for Lease Rent Expenses is given in the table below:

Table 62: Comparison of Lease Rent Expenses as submitted by BIAL for True up and as approved in the Third Control Period Order

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by BIAL **(A)**	15.11	21.26	22.93	17.55	22.82	99.67
As approved in the Third Control Period **(B)**	15.11	21.26	22.87	23.56	24.26	107.06
Difference **(B-A)**	0.00	0.00	(0.06)	6.01	1.44	7.39

3.6.50. The Authority notes that the lease rent payable by BIAL to KSIIDC is linked to the actual compensation paid by KSIIDC to the landowners towards the site cost. Accordingly, the variation in lease rent expenses during the later years of the Third Control Period, vis-à-vis the amount approved in the Third Control Period Order, is primarily attributable to the status of actual compensation disbursement by KSIIDC. The Authority further notes that although the site cost was revised with effect from 24th May 2022, the impact of such revision has not been fully reflected in the lease rent for the subsequent years, since the related compensation to landowners is yet to be paid by KSIIDC and the settlement process remains pending. Therefore, the lease rent expense reflects the actual payable position based on compensation paid, rather than the revised site cost alone.

3.6.51. The Authority notes that the Lease Rent expenses submitted by BIAL for true-up amount to Rs. 99.67 Cr for the Third Control Period, as against Rs. 107.06 Crores approved in the Third Control Period Order, resulting in a reduction of Rs. 7.39 Crores

3.6.52. The Authority verifies the lease rent expenses with reference to the books of accounts, CA certificates and other supporting documents submitted by BIAL and finds the same to be reasonable. Accordingly, the Authority allows the Lease Rent expenses of Rs. 99.67 Cr for true-up of the Third Control Period.

Utility Expenses:

3.6.53. The Authority has analyzed the submission made by BIAL with regards to Utility expenses for the Third Control Period.

3.6.54. The Authority has analyzed the utility consumption of BIAL along with the Utility charges submitted by BIAL towards True up for the Third Control Period as per the table below:

Table 63: Utility consumption submitted by BIAL as per MYTP for True up for the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Power Cost						
Contracted demand (kVA) (Actual)	15,000	25,000	25,000	29,000	34,500	
Actual billed demand	12,750	21,250	21,250	26,100	31,000	
Contract demand charges (Rs. per kVA p.m)	260	290	375	365	375	
Contracted demand cost (Rs. Cr)	3.98	7.40	9.56	11.43	13.95	
Consumption (Mn kwh)	74.41	95.77	142.91	166.48	220	
Power unit tariff (Rs. per kWh)	6.5	6.65	7.65	6.78	5.68	
Power consumption cost (Rs. Cr)	48.37	63.71	109.37	112.86	124.92	
Recovery %	54%	52%	43%	48%	56%	
Recovery cost (Rs. Cr)	28.18	36.69	51.55	59.42	77.99	
Net Power cost (Rs.Cr) (A)	**24.16**	**34.41**	**67.38**	**64.87**	**60.88**	**251.70**
Water Cost						
Actual water consumption (ML pa)	641.25	990.46	1,271.18	1,304.18	1,595.09	
Rainwater harvesting – Actual (%)	0.09	0.08	0.37	0.59	0.66	
Potable water cost (Rs./KL) – Actual	99.85	99.99	99.8	99.72	121.64	
Potable water cost (Rs. Cr) – Actual	5.84	9.09	7.99	5.32	6.57	
Recovery % – Actual	0.46	0.42	0.6	1	1.08	
Net potable water cost (Rs. Cr) – Actual	3.13	5.31	3.19	0.02	-0.5	
Raw water consumption (Million KL)	0.4	0.5	0.8	0.4	1.3	
Raw water cost / KL	25	25	25	25	25	
Net Raw Water Actual	1.08	1.13	1.98	1.00	3.15	
Total Water Cost (B)	**4.21**	**6.44**	**5.17**	**1.02**	**2.65**	**19.49**
Total Utilities Cost (in Cr.) (C = A+B)	**28.37**	**40.85**	**72.55**	**65.89**	**63.53**	**271.19**

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

Table 64: Comparison of Utilities Expenses as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total

As submitted by BIAL **(A)**	28.37	40.85	72.55	65.89	41.62*	249.28
As approved in the Third Control Period **(B)**	28.65	37.73	55.74	58.74	61.33	241.92
Difference **(B-A)**	0.28	(3.12)	(16.81)	(7.15)	19.71	(7.36)

**As per revised submission for FY26*

3.6.56. The Authority notes that BIAL, in its revised submission, estimates utility expenses of Rs. 41.62 Crores for FY 2025-26, resulting in total utility expenses of Rs. 249.28 Crores for the Third Control Period, as against Rs. 241.92 Crores approved by the Authority in the Tariff Order for the Third Control Period. This reflects an increase of Rs. 7.36 Crores, i.e., about 3.04% over the approved amount.

3.6.57. The Authority further observes BIAL's justification for the downward revision in FY 2025-26 utility expense estimate. BIAL submits that the actual power consumption is around 180 MUs as against 220 MUs considered in the MYTP, primarily due to cessation of operations by M/s Celebi, delay in commissioning of EV-based infrastructure for BMTC buses and ground handling vehicles, and non-levy of BESCOM surcharge/additional fee on wheeled energy during FY 2025-26.

3.6.58. The Authority examines BIAL's submission of net utility charges based on documentary evidence, including CA certificates. The Authority proposes to consider utility expenses at actuals, net of recoveries, and treat the same as 100% aeronautical, as these expenses are net of recoveries from concessionaires, consistent with the decision taken in the Tariff Order for the Third Control Period.

3.6.59. Accordingly, the Authority proposes to consider the aeronautical utility expenses for the Third Control Period, based on BIAL's revised submission and after netting off the utility charges revenue from other Non-Aeronautical Revenue in accordance with para 3.9.10 (vii), as set out below:

Table 65: Utility expenses proposed to be considered by the Authority for True up for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Net Power Cost **(A)**	24.16	34.41	67.38	64.87	42.09	232.91
Net Water Cost **(B)**	4.21	6.44	5.17	1.02	-0.47	16.37
Less: Utility Charges Revenue claimed under NAR **(C)**	12.56	18.01	24.81	31.92	30.68	117.98
Utility Expenses (D=A+B-C)	**15.81**	**22.84**	**47.74**	**33.97**	**10.94**	**131.30**

Insurance Costs

3.6.60. The Authority has analyzed BIAL's submissions regarding insurance expenses for the Third Control Period. BIAL has taken various insurance covers viz. Contractors All Risk (Commercial), Airport Operator Liability, terrorism and others.

3.6.61. The Authority examined the Insurance Cost submitted by BIAL for the True up of the Third Control Period with the cost approved by the Authority in the Third Control Period Order in the table below:

Table 66: Comparison of Insurance Expenses as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by BIAL (a)	6.43	7.63	9.95	10.85	10.62	45.48

As approved in the Third Control Period (b)	5.11	5.82	10.85	10.98	11.16	43.91
Difference (b-a)	(1.32)	(1.81)	0.9	0.13	0.54	(1.57)

3.6.62. The Authority notes that BIAL submits Insurance expenses of Rs. 45.48 Crores for the Third Control Period, as against Rs. 43.91 Crores approved by the Authority in the Tariff Order for the Third Control Period. This reflects an increase of Rs. 1.57 Crores, i.e., about 3.58% over the approved amount. The Authority examines the submission and supporting documents provided by BIAL and finds the expenses to be reasonable. Accordingly, the Authority proposes to allow the insurance expenses of Rs. 45.48 Crores submitted by BIAL for true-up of the Third Control Period.

Marketing & Advertisement Expense:

3.6.63. The Authority examined the Marketing & Advertising expenses submitted by BIAL for true-up of the Third Control Period vis-à-vis the costs approved by the Authority in the Tariff Order for the Third Control Period. The same is set out in the table below:

Table 67: Comparison of Marketing & Advertising expense as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Sales & Marketing Expense as submitted by BIAL (a)	9.48	21.62	12.33	24.01	23.58	91.02
As approved in the Third Control Period (b)	8.21	14.03	9.93	10.92	12.01	55.10
Difference (b-a)	(1.270	(7.590	(2.4)	(13.09)	(11.57)	(35.92)

3.6.64. The Authority notes that BIAL submits Marketing & Advertising expenses of Rs. 91.02 Crores for the Third Control Period, as against Rs. 55.10 Crores approved by the Authority in the Third Control Period Order. This results in an increase of Rs. 35.92 Crores, i.e., about 65.19% over the approved amount.

3.6.65. The Authority observes that the Marketing & Advertising expenses comprise expenditure towards aeronautical business development activities, airline engagement for new routes and connectivity development, promotion of passenger and cargo network strengths, participation in route/slot conferences and cargo seminars, Digi Yatra initiatives, vendor partner meetings and terminal-related marketing activities. These also include passenger awareness and experience enhancement initiatives such as wayfinding and signage improvements, service excellence measures, multilingual support and Terminal 2-related branding and passenger facilitation initiatives.

3.6.66. The Authority further notes that BIAL had incurred an additional unbudgeted expenditure of Rs. 19.09 Crores, which includes Rs. 17.65 Crores towards the inauguration of Terminal 2 by the Hon'ble Prime Minister and BLR Pulse. BIAL has also included Rs. 1.44 Crores towards bad debts as part of the unbudgeted cost. The Authority has verified the expenses based on the relevant documents submitted by BIAL, including CA certificates.

3.6.67. The Authority notes that the overall increase in Marketing and Advertising expenses is significant. However, considering the nature of activities undertaken by BIAL for aeronautical business development, passenger facilitation and Terminal 2-related initiatives, the Authority proposes to consider the Sales and Marketing expenses submitted by BIAL, except for bad debts. Consistent with the approach adopted in past Tariff Orders, the Authority proposes to not consider bad debts as part of operating expenses and accordingly disallows Rs. 1.44 Crores

3.6.68. Accordingly, the Authority proposes to allow Marketing & advertising expenses of Rs. 89.58 Crores for the Third Control Period, after excluding bad debts of Rs. 1.44 Crores from the amount of Rs. 91.02 Crores submitted by BIAL.

Collection cost

3.6.69. The Authority examined the Collection cost submitted by BIAL for true-up of the Third Control Period vis-à-vis the costs approved by the Authority in the Tariff Order for the Third Control Period. The same is set out in the table below:

Table 68: Comparison of Collection cost submitted by BIAL for true-up and as approved in the Tariff Order for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by BIAL (a)	2.87	5.62	7.25	7.94	8.49	32.17
As approved in the Third Control Period (b)	3.33	6.84	8.03	9.34	10.84	38.39
Difference (b-a)	0.46	1.22	0.78	1.4	2.35	6.22

3.6.70. The Authority notes that BIAL has submitted Collection cost of Rs. 32.17 Crores for the Third Control Period, as against Rs. 38.39 Crores approved by the Authority in the Tariff Order for the Third Control Period. This reflects a reduction of Rs. 6.22 Crores, i.e. about 16% from the approved amount.

3.6.71. The Authority has verified the Collection cost based on the relevant documents submitted by BIAL, including the Chartered Accountant certificates, and finds the same to be reasonable. Accordingly, the Authority proposes to allow Collection cost of Rs. 32.17 Crores as submitted by BIAL for the true-up of the Third Control Period.

General Admin Expenses:

3.6.72. General admin expenses comprise of Consultancy and legal costs, Travel costs and Office costs.

3.6.73. The Authority examined the General admin expenses submitted by BIAL for true-up of the Third Control Period vis-à-vis the costs approved by the Authority in the Tariff Order for the Third Control Period. The same is set out in the table below:

Table 69: Comparison of General Admin Expenses as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Consultancy & Legal Expenses **(A)**	13.89	21.23	21.6	31.53	26.52	**114.77**
Travel & Conveyance **(B)**	8.09	13.5	19.29	24.71	24.94	**90.53**
Office costs **(C)**	3.35	3.68	4.73	6.67	6.88	**25.31**
As submitted by BIAL **(D=A+B+C)**	25.33	38.41	45.62	62.91	58.34	**230.6**
As approved in the Third Control Period **(E)**	26.72	28.37	29.77	31.22	32.75	**148.84**

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Difference **(E-D)**	1.39	(10.04)	(15.85)	(31.69)	(25.59)	**(81.76)**

3.6.74. The Authority has examined the variation in General Administration Expenses under the individual sub-heads of Consultancy & Legal Expenses, Travel & Conveyance Expenses and Office Costs. The Authority's analysis in respect of each of these components is set out in the ensuing paragraphs.

Consultancy and legal costs:

3.6.75. The Authority observes that these expenses relate to consultancy and specialised services availed by BIAL from external agencies, including legal consultancy for contractual and compliance matters, ESG and sustainability advisory, customer experience and service quality assessments, wildlife hazard management consultancy, ISO audit and certification support, professional consultancy in finance, corporate affairs and aviation business, IT software and licence support, director sitting fees and remuneration, corporate communications retainership, and commercial advisory services including retail design and lounge studies.

3.6.76. The Authority examined the consultancy and legal expenses submitted by BIAL for True up with the cost approved in the Third Control Period Order as per Table below:

Table 70: Comparison of Consultancy and legal costs as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by BIAL **(A)**	13.89	21.23	21.60	31.53	26.52	114.76
As approved in the Third Control Period **(B)**	18.79	19.71	20.67	21.69	22.75	103.61
Difference **(B-A)**	4.9	(1.52)	(0.93)	(9.84)	(3.77)	(11.15)

3.6.77. The Authority notes that BIAL submits Consultancy and Legal costs of Rs. 114.76 Crores for the Third Control Period, as against Rs. 103.61 Crores approved by the Authority in the Third Control Period Order. This results in an increase of Rs. 11.15 Crores, i.e., about 10.76% over the approved amount.

3.6.78. The Authority sought clarifications from BIAL regarding the legal costs incurred and the nature of such expenses. In response, BIAL submitted the break-up of Aeronautical and Non-Aeronautical legal expenses and stated that, out of the total legal expenses of Rs. 18.90 Crores incurred during the Third Control Period, an amount of Rs. 13.01 Crores pertains to the Aeronautical segment and the balance Rs. 5.90 Crores pertains to the Non-Aeronautical segment. BIAL further submitted that the Aeronautical legal costs pertain to ongoing litigations and legal support relating, inter alia, to concession and project documentation, financial closure and refinancing, tax and statutory matters, and cases / appeals wherein BIAL has been made a party by airlines, aircraft leasing entities, concessionaires, industry associations and passengers.

3.6.79. The Authority has taken note of the above submission of BIAL regarding the break-up of legal expenses between Aeronautical and Non-Aeronautical activities and, accordingly, has recalculated the relevant allocation ratio. The treatment has been reflected in Table 83

3.6.80. The Authority further observes that the variation in Consultancy and Legal costs is mainly due to certain one-time and non-recurring expenses incurred by BIAL during the Third Control Period. These one-time expenses amount to Rs. 15.59 Crores, excluding consultancy for business development of non-airport activities, and include consultancy services towards master planning as required under the Concession Agreement, cargo tendering and cargo terminal-related advisory, OLS survey and CNS building study, project expansion-related consultancy charges, HR-related studies, ICT consultancy services and in-flight catering tendering consultancy.

3.6.81. The Authority verified the Consultancy and Legal costs based on relevant documents, including CA certificates, and also considers the examination carried out through its Independent Consultant. Based on the review, the Authority finds the costs, including the aforesaid one-time expenses, to be reasonable for true-up of the Third Control Period.

3.6.82. Accordingly, the Authority proposes to allow Consultancy and Legal costs of Rs. 114.76 Crores submitted by BIAL for true-up of the Third Control Period, with the Aeronautical portion considered separately in accordance with the segregation reflected in Table 83

Travel & Conveyance Costs

3.6.83. The Authority has analyzed BIAL's submission regarding the actual travel expenses for the Third Control Period. Travelling and Conveyance expenses comprise expenses pertaining to Domestic and International Travel, Director's Travel, others and Employee Transportation costs.

3.6.84. The Authority examined the Travel & Conveyance expenses submitted by BIAL for True up with the cost approved in the Third Control Period Order as per Table below:

Table 71: Comparison of Travel & Conveyance costs as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by BIAL **(A)**	8.09	13.50	19.29	24.71	24.94	90.53
As approved in the Third Control Period **(B)**	6.55	6.87	7.20	7.56	7.93	36.11
Difference **(B-A)**	(1.54)	(6.63)	(12.09)	(17.15)	(17.01)	(54.42)

3.6.85. The Authority notes that BIAL submits Travel & Conveyance costs of Rs. 90.53 Crores for the Third Control Period, as against Rs. 36.11 Crores approved by the Authority in the Third Control Period Order. This results in an increase of Rs. 54.42 Crores, i.e., about 150.70% over the approved amount.

3.6.86. Upon examination of the detailed break-up of actual expenditure, the Authority observes that the increase in Travel & Conveyance costs is overwhelmingly attributable to Employee Transportation costs, and not to business travel, directors' travel or other incidental travel heads. Against the total actual Travel & Conveyance expenditure of Rs. 92.53 Crores submitted by BIAL in the detailed break-up, Employee Transportation alone accounts for Rs. 65.33 Crores, i.e. around 70.61% of the total expenditure. The Authority therefore notes that the increase is structural in nature and primarily arises from staff transportation arrangements required for airport operations.

3.6.87. The Authority notes BIAL's submission that, unlike several other major airports, BIAL is located at an average distance of around 35 kilometers from the city centre and is not adequately supported by public transport systems suitable for employees commuting across shifts. While airport bus services are available, such services are primarily designed for passenger movement and do not adequately cover the residential catchments from which employees commute. Further, although a railway station exists in the vicinity of the airport, train services are limited and are not aligned to all operational shift timings. In the Authority's view, given the round-the-clock nature of airport operations and the need to ensure timely availability of staff across operational, technical, security and support functions, BIAL's provision of employee shuttle services is an operational necessity rather than a discretionary employee benefit.

3.6.88. The Authority notes that the Travel costs approved in the Third Control Period Order were based on an escalation over FY 2020-21 levels and did not fully factor in the material increase in manpower and corresponding transportation requirements arising from the commencement of new facilities. The Authority further observes that the increase in employee transportation costs is also linked to the expansion in airport operations and associated manpower deployment during the Third Control Period. In particular, the commissioning and operationalization of additional assets and facilities, including Terminal 2 Phase 1 and MMTH, from around December 2022 onwards, would have necessitated higher manpower deployment across multiple functions and shifts. The variance is therefore attributable not merely to price escalation, but also to a change in the underlying scale of operations.

3.6.89. The Authority notes that BIAL has also explained that the number of employees availing transportation services increased from 930 in 2022 to 1,320 in 2025, indicating a substantial increase in shuttle users over the Control Period. This growth in users would naturally require higher fleet deployment, route rationalization, additional frequency and maintenance of optimal occupancy levels across routes and shifts.

3.6.90. The Authority also notes that BIAL has stated that, in view of the expiry of the existing transportation contract and the need to cater to the increased staff transportation requirement, it selected a new vendor through a competitive tendering process in accordance with its procurement policy. The Authority further notes that the transportation cost would also have been impacted by the increase in fuel prices, particularly diesel prices, over the relevant period, which directly affects shuttle service charges. Accordingly, the increase in employee transportation costs appears to be driven by both volume factors (increase in manpower and users) and rate factors (higher contracted transportation rates and fuel-related cost increases).

3.6.91. The Authority also takes note of BIAL's submission that employee shuttle usage is encouraged from the standpoint of operational safety, reliability and sustainability. Given the airport's distance from the city, limited public transport connectivity and the prevalence of early morning, late night and overnight shifts, provision of organized transportation facilitates timely reporting of staff, reduces dependency on fragmented transport options and supports safer commuting for employees. The Authority further notes that BIAL recovers a fixed amount from employees towards transportation cost through payroll deductions, which indicates that the expenditure is not in the nature of an unrestricted employee perquisite, but a structured operational arrangement with partial recovery.

3.6.92. As regards other travel components, the Authority notes that Domestic and International Travel expenses have been incurred towards normal business requirements, including airline engagement, route development, business development initiatives and activities aimed at enhancing passenger traffic and generating incremental cargo traffic. The Authority further notes that Director's Travel and Other travel expenses constitute a relatively small share of the total Travel & Conveyance expenditure and are incurred in the ordinary course of business. The Authority therefore observes that the principal driver of the variation is employee transportation, while the remaining travel expenditure appears to be of a routine and business-related nature.

3.6.93. The Authority has verified the Travel & Conveyance costs based on relevant documents, including CA certificates and supporting submissions made by BIAL. Having regard to (i) the airport's locational disadvantage vis-à-vis public transport connectivity, (ii) the 24x7 operational requirement of airport functions, (iii) the increase in manpower and employee transportation users following commissioning of additional facilities, (iv) the requirement for higher fleet deployment based on route and occupancy considerations, (v) the award of transportation contracts through competitive tendering, and (vi) the impact of fuel price escalation, the Authority finds the increase in Travel & Conveyance costs, particularly under employee transportation, to be justified and reasonable for airport operations during the Third Control Period. Accordingly, the Authority proposes to allow Travel & Conveyance costs of Rs. 90.53 Crores as submitted by BIAL for true-up of the Third Control Period.

Office Costs

3.6.94. The Authority observes that the Office costs incurred by BIAL comprise expenditure towards membership and subscriptions, business meeting expenses, printing and stationery, corporate communication expenses and other routine office-related expenses. BIAL submits that these expenses are regular business expenditures incurred in the normal course of airport operations.

3.6.95. The Authority examined the Office costs submitted by BIAL for True up with the cost approved in the Third Control Period Order as per Table below:

Table 72: Comparison of Office costs as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by BIAL (a)	3.35	3.68	4.73	6.67	6.88	25.31
As approved in the Third Control Period (b)	1.38	1.80	1.89	1.98	2.08	9.13
Difference (b-a)	(1.97)	(1.88)	(2.84)	(4.69)	(4.8)	(16.18)

3.6.96. The Authority notes that BIAL submits Office costs of Rs. 25.31 Crores for the Third Control Period, as against Rs. 9.13 Crores approved by the Authority in the Third Control Period Order. This results in an increase of Rs. 16.18 Crores, i.e., about 177.22% over the approved amount.

3.6.97. The Authority notes BIAL's submission that the increase in Office costs is in line with the increase in airport operations and employee strength during the Third Control Period, including the impact of commissioning of Terminal 2 Phase 1. The Authority also notes that, while an adjustment factor of 30% is proposed at the consultation stage of the Third Control Period, the same is not considered in the final Order, wherein only inflation-based adjustment is allowed on the base year actuals.

3.6.98. The Authority notes that BIAL also incurs expenditure of Rs. 0.62 Crores towards donations. Consistent with the approach adopted in past Tariff Orders, the Authority does not consider donations as part of aeronautical operating expenses. Accordingly, the Authority proposes to disallow Rs. 0.62 Crores towards donations.

3.6.99. The Authority through independent Tariff Consultant verifies the Office costs based on the relevant documents submitted by BIAL, including CA certificates. Considering the increase in operations, employee strength and business requirements during the Third Control Period, the Authority finds the Office costs, excluding donations, to be reasonable.

3.6.100. Accordingly, the Authority proposes to allow Office costs of Rs. 24.69 Crores for the Third Control Period, after excluding donations of Rs. 0.62 Crores from the amount of Rs. 25.31 Crores submitted by BIAL as per the table below:

Table 73: Office costs proposed by the Authority for True up for the Third Control Period

(Rs Cr.)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Office Costs proposed to be considered by the Authority	3.35	3.68	4.73	6.10	6.83	24.69

Rates & Taxes

3.6.101. The Authority examined the Office costs submitted by BIAL for True up with the cost approved in the Third Control Period Order as per Table below:

Table 74: Comparison of Rates & Taxes expenses as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by BIAL **(A)**	4.92	8.68	9.38	11.86	11.71	46.55
As approved in the Third Control Period **(B)**	8.70	9.12	13.22	13.87	14.55	59.45
Difference **(B-A)**	3.78	0.44	3.84	2.01	2.84	12.9

3.6.102. The Authority notes that BIAL submits Rates and Taxes expenses of Rs. 46.55 Crores for the Third Control Period, as against Rs. 59.45 Crores approved by the Authority in the Third Control Period Order. This reflects a reduction of Rs. 12.90 Crores, i.e., about 21.70% from the approved amount.

3.6.103. The Authority observes that Rates and Taxes primarily comprise property tax and related statutory levies. The Authority notes BIAL's submission that, while the applicable circle rates increased in FY 2022-23, they remained broadly stable thereafter during the Third Control Period, contributing to the overall expenditure being lower than the amount approved for the period.

3.6.104. The Authority verifies the Rates and Taxes expenses based on relevant documents submitted by BIAL, including CA certificates, and finds the same to be reasonable. Accordingly, the Authority proposes to allow Rates and Taxes expenses of Rs. 46.55 Crores submitted by BIAL for true-up of the Third Control Period.

Other Borrowing Costs

3.6.105. The Authority has noted BIAL's submission that it proposes to refinance the entire outstanding PAL-1 term loan of Rs. 8,069 Crores through issuance of Non-Convertible Debentures (NCDs). BIAL submitted that the existing debt carries an interest rate of 9.45% p.a. payable monthly, whereas the proposed NCDs would carry a fixed coupon of 8.15% p.a. payable monthly for the first 10 years of the 15-year tenor, plus applicable NCD issuance / repayment expenses.

3.6.106. The Authority further notes that the proposed coupon is linked to the FIMMDA AAA Corporate Bond 10-year rate and would be reset at the end of the tenth year, with the spread linked to BIAL's rating. The rate would vary by 25 basis points for each notch of downgrade or subsequent upgrade. BIAL has submitted that the refinancing agreements are expected to be executed by September 2025, with the refinanced rate applicable from 1 October 2025.

3.6.107. BIAL submitted that the refinancing is driven by the need to reduce borrowing cost, conserve cash for the PAL-2 expansion programme, and take advantage of improved credit profile after completion of PAL-1 and extension of the concession period. BIAL stated that the refinancing would reduce the interest rate by approximately 1.30%, resulting in estimated savings of Rs. 117 Crores in the first year and Rs. 1,349 Crores over the 15-year tenor.

3.6.108. The Authority has also noted BIAL's submission that, in order to carry out the aforesaid refinancing activity, it expects to incur certain transaction-related costs in the nature of arrangement and advisory fees, pre-payment charges, and costs relating to additional rating and surveillance fees. The total Other Borrowing Costs incurred by BIAL for the Third Control Period are set out in the table below:

Table 75: Total Other Borrowing costs submitted by BIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Loan Processing, Rating, Surveillance, Renewal, Commitment charge and Other charges, Lender Engineer/ Security Trust Fee, Bank Charges **(A)**	2.90	5.95	12.75	9.29	4.86	35.75
Refinance NCD issuance related One time charges - Arrangement Fee, Advisory Fee, Prepayment Fee, Additional Rating and Surveillance fee, Documentation and Stamp Duty charges **(B)**					59.29	59.29
Total Other Borrowing costs as submitted by BIAL (A+B)	**2.90**	**5.95**	**12.75**	**9.29**	**64.16**	**95.05**

3.6.109. The Authority notes that these costs were not claimed at the time of determination of Aeronautical Tariff for the Third Control Period. Since higher expenses were subsequently claimed in FY 2023-24, FY 2024-25 and FY 2025-26 as compared to previous years, the Authority sought clarifications from BIAL on the rationale for refinancing, basis of costs, and reasons for the increase.

3.6.110. In response, BIAL submitted that the existing PAL-1 debt was MCLR-linked and had become relatively expensive. Refinancing was therefore undertaken to lock in a lower long-term rate, defer repayments and conserve cash for the PAL-2 expansion involving estimated capex of Rs. 16,950 Crores and equity requirement of approximately Rs. 3,200 Crores. BIAL also submitted that completion of PAL-1, rating improvement and concession extension enabled access to longer-tenor and lower-cost debt.

3.6.111. BIAL further submitted that the FY 2025-26 refinancing costs comprise approximately Rs. 35 Crores towards structuring, advisory / arranger, rating, security trustee and other transaction costs, and approximately Rs. 22 Crores towards pre-closure charges payable to Canara Bank, Union Bank of India and Bank of Maharashtra. BIAL clarified that other lenders waived pre-closure charges, while these three lenders did not agree to such waiver.

3.6.112. For 2023-24, BIAL submitted that processing fees of approximately Rs. 9 Crores were paid to Axis Bank for removal of a 30-bps spread at the time of interest reset, resulting in estimated interest savings of approximately Rs. 24 Crores over the next 12 months. For FY 2024-25, BIAL submitted that additional rating fees were incurred for the proposed NCD issuance, initially for Rs. 5,000 Crores, with further rating coverage planned for the balance refinancing requirement.

3.6.113. The Authority has examined BIAL's submissions and notes that the refinancing cost of Rs. 59.29 Crores is approximately 0.7% of the refinanced debt and translates to an annualized impact of about 5 basis points over the 15-year NCD tenor. This is significantly lower than the expected interest rate reduction of approximately 130 basis points. The Authority also notes that the expected savings of Rs. 1,349 Crores over the tenor substantially exceed the one-time refinancing costs.

3.6.114. The Authority considers the refinancing to be commercially prudent, as it lowers the cost of debt, improves financing efficiency and is expected to benefit airport users through lower tariff-related financing costs. The Authority also considers the associated transaction costs to be reasonable and directly linked to the refinancing exercise.

3.6.115. Based on the review carried out by the independent Tariff Consultant, verification of supporting documents and prudence check of the costs submitted by BIAL, the Authority proposes to consider Other Borrowing Costs of Rs. 95.05 Crores for true-up as part of the Third Control Period.

Waivers and Bad debts & CSR

3.6.116. Expenses for the Third Control Period submitted by BIAL in the MYTP for the Fourth Control Period are as follows:

Table 76: Waivers Bad Debts & CSR submitted by BIAL for the True up of Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Waiver & Bad Debts	0.00	0.12	5.99	-2.35	0.11	3.87
CSR Expenses	0.00	0.00	0.00	0.00	0.21	0.21

3.6.117. The Authority took cognizance of the statutory provisions of the Companies Act, 2013 towards allowance of CSR expenses and the extract of the same has been provided below:

i. Section 135 (1) of Companies Act, 2013 states that *'Every company having net worth of rupeesfive hundred Crs. or more, or turnover of rupees one thousand Crs. or more or a net profit of rupees five Crs. or more during immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one shall be an independent director.'* Further section 135(5) states that *'The Board of every company referred in section 135(1), shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility'.*

3.6.118. In this regard, the Authority is of the view that the CSR is a mandatory Social Responsibility of the Company (as per Section 135(1) of Companies Act). As the CSR expenditure is to be incurred by Companies out of their net profits, it is to be regarded as an element of appropriation of Net Profits and not as a part of their Operating Expenditure. Therefore, CSR expenses could not be construed as a passthrough expenditure of the companies, otherwise, it would defeat the very purpose of the social responsibility entrusted on the companies.

3.6.119. Further, Section 37(1) of Income Tax Act also disallows CSR expenses, as these are not considered expenses incurred wholly and exclusively for the purpose of business of the entity.

3.6.120. The Authority proposes not considering CSR expenses as part of aeronautical operating expenses for the Third Control Period.

3.6.121. Further, the Authority consistent with the decision taken in the past proposes not to consider Donations and Provisions for Bad Debts as part of aeronautical operating expenses for the Third Control Period.

Concession Fee:

3.6.122. As per Clause 3.3 of the concession agreement signed between BIAL and the Government of India, BIAL has to pay a concession fee amounting to 4% of the gross annual revenue every year.

3.6.123. The Authority examined the Concession Fee submitted by BIAL for True up with the cost approved in the Third Control Period Order as per Table below:

Table 77: Comparison of Concession Fee as submitted by BIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by BIAL **(A)**	31.40	69.67	107.51	144.94	162.74	516.26
As approved in the Third Control Period **(B)**	17.61	44.26	64.47	87.78	93.95	308.07
Difference **(B-A)**	(13.79)	(25.41)	(43.04)	(57.16)	(68.79)	(208.19)

3.6.124. The Authority notes that BIAL submits Concession Fee of Rs. 516.26 Crores for the Third Control Period, as against Rs. 308.07 Crores approved by the Authority in the Third Control Period Order. This results in an increase of Rs. 208.19 Crores, i.e., about 67.58% over the approved amount

3.6.125. The Authority notes that, as per the Concession Agreement, the aeronautical Concession Fee for BIAL is computed at 4% of aeronautical revenues. The Authority further notes that CGF revenues are considered as part of aeronautical revenues in accordance with the AERA Act, 2008, the Authority's guidelines, the Concession Agreement of BIAL and the Hon'ble TDSAT judgment dated 16.12.2020, for the purpose of computing Aeronautical Concession Fee.

3.6.126. The Aeronautical Concession fee proposed to be considered by the Authority for true-up of the Third Control Period after including rents and land leases related to CGF and revenue from aviation concessionaries are as follows:

Table 78: Concession Fee proposed by the Authority for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aero Revenue **(A)**	340.79	906.47	1426.61	1956.96	2104.86	6735.68
Aero Concession Revenue **(B)**	148.31	182.96	254.81	335.56	432.90	1354.53
Add: Rents and Land Leases related to CGF **(C)**	47.40	51.03	104.87	127.36	177.61	508.27
less: Collection Charges **(D)**	2.87	5.62	7.25	7.94	8.49	32.17
Total Revenue (Net off Collection Cost) **(E=A+B+C-D)**	**533.63**	**1134.84**	**1779.03**	**2411.93**	**2706.88**	**8566.33**
Percentage % **(F)**	4.00%	4.00%	4.00%	4.00%	4.00%	
Concession Fee proposed to be considered by the Authority **(G=E*F)**	**21.35**	**45.39**	**71.16**	**96.48**	**108.28**	**342.65**

Miscellaneous expenses:

3.6.127. The Authority notes that BIAL incurs Miscellaneous expenses of Rs. 4.08 Crores during the Third Control Period. The Authority seeks clarifications from BIAL regarding the nature of these expenses. BIAL submits that such expenses, inter alia, include net loss on sale/disposal of assets, which is not discretionary or avoidable in nature, but arises in the normal course of airport operations due to end-of-life retirement of assets, technological obsolescence, operational requirements, regulatory compliance and safety considerations.

3.6.128. The Authority examines the submissions and clarifications furnished by BIAL in respect of Miscellaneous expenses. Based on the review carried out through its Independent Consultant, the Authority finds these expenses to be reasonable and necessary for airport operations. Accordingly, the Authority proposes to allow Miscellaneous expenses of Rs. 4.08 Crores for true-up of the Third Control Period.

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

Table 79: Total Operating Expenses as proposed by the Authority for True up of the Third Control

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Personnel expenses	181.08	227.25	308.07	358.18	372.17	**1446.76**
O&M	153.42	210.06	294.29	383.13	457.32	**1498.22**
Lease Rent	15.11	21.26	22.93	17.55	22.82	**99.67**
Utilities	15.81	22.84	47.74	33.97	10.94	**131.30**
Insurance	6.43	7.63	9.95	10.85	10.62	**45.48**
Rates & Taxes	4.92	8.68	9.38	11.86	11.71	**46.55**
Marketing & Advertising	9.48	21.50	8.67	26.35	23.58	**89.58**
Collection cost	2.87	5.62	7.25	7.94	8.49	**32.17**
General Admin Cost	25.33	38.41	45.62	62.34	58.29	**229.98**
Other Borrowing Costs	2.90	5.95	12.75	9.29	64.16	**95.05**
Concession Fee	21.35	45.39	71.16	96.48	108.28	**342.65**
Miscellaneous expenses	(0.44)	0.54	(5.65)	4.07	5.56	**4.08**
Total	**438.26**	**615.13**	**832.16**	**1022.01**	**1153.94**	**4061.49**

Aeronautical Allocation of Operating Expenses proposed by the Authority

3.6.130. The Authority, as part of the examination of MYTP for the Fourth Control Period, through the independent consultant has bifurcated operations and maintenance costs into aeronautical, non-aeronautical and common costs based on the provisions of the AERA Act, 2008 and the guidelines issued from time to time.

3.6.131. The bifurcation methodology of the personnel cost, operation and maintenance cost, general administration cost, marketing and advertising cost (except collection charges which are considered as aeronautical expense) is undertaken as per below:

a. The operating expenses have been sub-divided into sub-cost centers.

b. Each sub-cost center has been categorized as aeronautical, non-aeronautical, or common, and the expenses within each such sub-cost center have also been classified accordingly.

c. The common costs, except marketing and advertisement expenses, have been further bifurcated into aeronautical and non-aeronautical costs based on the expense allocation ratio derived from directly attributable expenses within the respective major cost head.

d. Marketing and advertisement expenses have been bifurcated in the ratio of 85:15, being the average ratio for previous years

3.6.132. The segregation logic proposed by the Authority is detailed below:

Table 80: Segregation Logic proposed by the Authority for allocation of Operating and Maintenance

S.No.	Details of Expense	Allocation as per the Authority
1.	Personnel Costs	• The personnel costs have been bifurcated into aeronautical, non-aeronautical and common costs based on the allocation of sub-cost center wise expenses. These common costs have then been further bifurcated into aeronautical and non-aeronautical costs based on the expense allocation ratio (based on directly attributable expenses). • The sub-cost centers which have been reclassified from aeronautical to common include Corporate Communications, Corporate Affairs, Head Operations and E&M, Customer Engagement and Service Quality, Terminal Operations, Ops Planning & Project Co-ordination, Innovation Lab, Environment & Utilities and Landscaping.
2.	Operation & Maintenance expenses	• The O&M costs have been bifurcated using the same methodology used for personnel costs. • Certain expenses pertaining to the Guest Lite Contract for guest management and the provision of support and assistance at VVIP reserved lounges, including porter services for delegates and dignitaries, booked under Terminal Operations; as well as the AMC for landscaping, spares and consumables for landscaping, and the Parking Management Contract, booked under Landside Operations, have been classified as Non-Aeronautical expenses.
3.	Utilities	• The utilities cost has been adjusted for the utility's recoveries from aeronautical concessionaires as per the Authority's Third Control Period order for BIAL. The net amount has been considered 100% aeronautical expenses.
4.	Insurance	• Insurance expenses have been bifurcated based on the aero gross block ratio.
6.	General Admin Expenses	• The Consulting expenses under General Admin Expenses have been bifurcated into aeronautical, non-aeronautical and common costs based on the allocation of sub-cost center. These common costs have then further bifurcated into aeronautical and non-aeronautical costs based on the expense allocation ratio (based on directly attributable expenses) • Legal expenses have been bifurcated into Aero and Non-Aero based on the efficiency tests and necessity of incurrence of the same after seeking clarifications from BIAL regarding the actual nature and justification for such expenses • Office Rent and Travelling & Conveyance expenses have been segregated into aeronautical and non-aeronautical based on the employee head count ratio.
7.	Lease Rent	• Lease Rent expenses have been segregated into aeronautical and non-aeronautical based on the leased area ratio.
8.	Rates & Taxes	• Rates and Taxes have been segregated into aeronautical and non-aeronautical based on the leased area ratio.
9.	Other Borrowing Costs	• Other Borrowing costs have been segregated into aeronautical and non-aeronautical based on the aero gross block ratio.
10.	Miscellaneous Expenses	• Miscellaneous expenses have been segregated into aeronautical and non-aeronautical based on the aero gross block ratio.

Allocation of Marketing and Advertising Expense

3.6.133. The Authority observes that Marketing and Advertising expenses incurred by BIAL comprise different categories of activities, some of which are directly attributable to Aeronautical services, while others support the overall airport brand, passenger engagement, stakeholder communication and commercial ecosystem.

3.6.134. The Authority further notes that Bengaluru Airport is a mature airport operating in a large metropolitan, technology-oriented and commercially developed environment. Activities such as social media campaigns, content creation, influencer engagement, event management, terminal marketing, cultural activities, vendor meets and brand communication contribute to the overall positioning, visibility and passenger experience at the Airport. These activities support both:

- Aeronautical objectives, such as passenger awareness, passenger facilitation, route promotion, airport service communication and enhancement of airport reputation; and
- Non-Aeronautical objectives, such as increased passenger engagement, terminal commercial visibility, retail/F&B promotion, concessionaire support, brand monetization and improvement in dwell-time experience.

3.6.135. The Authority is of the view that where the Marketing and Advertising expense is not directly attributable to a specific Aeronautical or Non-Aeronautical activity, such expenditure should be treated as Common and allocated equally between Aeronautical and Non-Aeronautical services. Accordingly, for common Marketing and Advertising expenses, the Authority proposes to consider an allocation of 50% to Aeronautical services and 50% to Non-Aeronautical services.

3.6.136. The Authority also observes that certain expense heads are clearly Aeronautical in nature. In particular, Aero Business Development is directly related to airline engagement, route development, traffic growth and development of aeronautical business at the Airport. DigiYatra is directly related to passenger processing, terminal entry, identity verification, queue reduction and improvement in operational efficiency. Similarly, expenses relating to PM Inauguration are associated with commissioning/public communication of airport infrastructure and are not linked to any direct commercial revenue-generating activity. Therefore, these expenses are proposed to be considered as 100% Aeronautical.

3.6.137. In respect of BLR Pulse, the Authority notes that the platform provides both Aeronautical passenger facilitation services and Non-Aeronautical commercial services. Therefore, BLR Pulse has not been treated as a general common marketing expense. Instead, the Authority has considered a separate Multi-Criteria Decision Analysis approach based on the nature of services available on the platform, their usefulness to passengers and their revenue-generating capability.

3.6.138. The Authority observes that BLR Pulse is a passenger-facing digital platform which provides a combination of airport facilitation services and commercial services. The application provides flight information, flight tracking, queue information, terminal maps, Wi-Fi information, special assistance information and other passenger facilitation services. It also provides access to commercial services such as F&B ordering, cab booking, hotel booking, lounge booking, duty-free shopping and flight booking.

3.6.139. The Authority is of the view that the cost relating to BLR Pulse should be allocated based on the utility and nature of services provided through the platform rather than applying a simple common cost allocation. Accordingly, a Multi-Criteria Decision Analysis approach has been considered for BLR Pulse, using the following parameters:

a) Necessity – Whether the service is necessary for an airport passenger;

b) Channel Usefulness – Whether the app provides a useful, airport-specific or convenient channel for the passenger; and

c) Revenue Generating Capability – Whether the service is capable of directly generating revenue, commission, fee, margin or other commercial income.

3.6.140. Each parameter has been assigned a variable score between 0 and 5, where 5 represents the highest relevance and 0 represents no relevance. Services which do not generate direct revenue have been assigned a revenue-generating capability score of 0.

3.6.141. The Aeronautical services and the Non-Aeronautical services offered have been classified into different categories based on the kind/variety of services they offer and ranked for each of the variable mentioned above:.

Table 81: BLR Pulse Cost Allocation – Multi Criteria Decision Analysis Approach – Score card based on functionalities available in BLR Pulse Application

Particulars	Necessity	Channel Usefulness	Revenue Generating Capability	Total Score
Aeronautical Services				
Flight information, flight tracking alerts, web check-in and boarding pass related services	5	2	0	7
Queue management, check-in time information, terminal maps and wayfinding	5	5	0	10
Wi-Fi information, special assistance, PRM information, airport facilities, lost & found, luggage storage, international passenger information, transfers and self-baggage drop information	5	4	0	9
Airport engagement information, CSR and sustainability information, local art and culture, garden and landscape information, NPS/feedback and Kannada language support	3	4	0	7
Total Aeronautical Score (A)				**33**
Non-Aeronautical Services				
F&B online ordering, concessionaire services and duty-free shopping	5	5	5	15
Airport cabs and other transport booking/aggregation services	4	3	5	12
Flight booking services through aggregator/partner platform	2	2	5	9
Transit hotel booking services	4	3	5	12
Airport lounge booking and paid lounge access services	3	3	5	11
Total Non-Aeronautical Score (B)				**59**
Total Score (C = A + B)				**92**

3.6.142. The Authority has used the rationale, as set out in the table below for the judgmental scoring done in the above table:

Table 82: BLR Pulse Allocation – Reasoning for the Scores provided under the Multi Criteria Decision Analysis Approach

Service Category	Necessity	Channel Usefulness	Revenue Generating Capability
Aeronautical Services			
Flight information, flight tracking, check-in and boarding pass related services	These services are necessary for passengers and support the travel journey. Hence, a high necessity score of 5 is assigned.	Such information is also available through airlines, airport display systems and other travel platforms. Hence, channel usefulness is considered moderate at 2.	These services do not directly generate revenue for the airport app. Hence, score is 0.
Queue management, check-in time, terminal maps and wayfinding	These are important for passenger movement, terminal navigation and queue management. Hence, necessity score is 5.	The app provides airport-specific and useful information to passengers within the terminal journey. Hence, channel usefulness score is 5.	These services are facilitation services and do not directly generate revenue. Hence, score is 0.
Wi-Fi, special assistance, PRM services, facilities, lost & found, luggage storage, international passenger information and transfer information	These services support passenger convenience, accessibility and airport facilitation. Hence, necessity score is 5.	The app provides a consolidated airport-authorised channel, though some information may also be available through other sources. Hence, channel usefulness score is 4.	These services do not directly generate revenue through the app. Hence, score is 0.
Airport engagement, CSR, sustainability, art and culture, garden information, feedback and Kannada language support	These services improve engagement and inclusivity but are not critical passenger processing services. Hence, necessity score is 3.	The app is a useful channel for airport-specific engagement and communication. Hence, channel usefulness score is 4.	These services do not directly generate revenue. Hence, score is 0.
Non-Aeronautical Services			
F&B, concessionaire services and duty-free shopping	These services are important for passenger convenience and commercial services. Hence, necessity score is 5.	The app enables browsing, pre-ordering, take-away/delivery and commercial discovery. Hence, channel usefulness score is 5.	These services have direct revenue/commission/revenue-share potential. Hence, score is 5.
Airport cabs and transport booking	Ground connectivity is important for passengers. Hence, necessity score is 4.	The app is useful, though similar services are available through other platforms. Hence, channel usefulness score is 3.	Transport bookings can generate commission or partner revenue. Hence, score is 5.
Flight booking	Flight booking is useful in limited cases such as missed flights or last-minute bookings, but it is not airport specific. Hence, necessity score is 2.	Airlines and OTAs already provide this service; therefore, app channel usefulness is limited at 2.	Flight booking can generate commission/referral income. Hence, score is 5.
Transit hotel booking	Useful for transit, delayed and short-stay passengers. Hence, necessity score is 4.	The app provides convenience, but alternative booking channels also exist. Hence, channel usefulness score is 3.	Hotel booking can generate commission or partner revenue. Hence, score is 5.
Airport lounge booking	Useful for passengers who wish to purchase lounge access but not essential for	The app provides an additional booking channel, though walk-in/card-based access also exists. Hence,	Paid lounge booking has direct revenue-generating capability. Hence, score is 5.

Service Category	Necessity	Channel Usefulness	Revenue Generating Capability
	passenger processing. Hence, necessity score is 3.	channel usefulness score is 3.	

3.6.143. Based on the above, the Authority proposes the following allocation principles for Marketing and Advertising expenses:

i. DigiYatra, Aero Business Development activities expenses shall be treated as 100% Aeronautical.

ii. BLR Pulse expenses shall be allocated separately based on the MCDA approach, with 35.87% to Aeronautical and 64.13% to Non-Aeronautical.

iii. All other common Marketing and Advertising expenses, including social media, events management, cultural activities, terminal marketing, Pinnacle, vendor partner meets and Aero Business Development, shall be allocated 50% to Aeronautical and 50% to Non-Aeronautical.

3.6.144. Based on the result of the above segregation, the allocation ratio for operating expenses considered by the authority for true-up is given below:

Table 83: Aeronautical allocation of Operating Expenses as proposed by the Authority for the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026
Personal Cost	93.23%	92.60%	93.19%	92.66%	92.24%
Operations & Maintenance Cost	86.16%	90.04%	84.21%	81.25%	83.21%
Land Lease Rent	99.82%	99.65%	99.65%	99.14%	98.77%
Utilities Cost	100.00%	100.00%	100.00%	100.00%	100.00%
Insurance Cost	92.10%	90.51%	88.85%	90.07%	90.75%
Rates & Taxes	99.82%	99.65%	99.65%	99.14%	98.77%
Marketing & Advertisement Expenses	61.86%	77.08%	67.78%	61.17%	56.29%
Collection Charges	100.00%	100.00%	100.00%	100.00%	100.00%
General Administration Cost (Legal)	39.25%	84.56%	61.07%	85.68%	50.34%
General Administration Cost (Consultancy)	71.93%	72.75%	52.48%	47.28%	71.14%
General Administration Cost (Travel & Office Costs)	93.23%	92.60%	93.19%	92.66%	92.24%
Other Borrowing Costs	92.10%	90.51%	88.85%	90.07%	90.75%
Miscellaneous expenses	92.10%	90.51%	88.85%	90.07%	90.75%

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

Table 84: Aeronautical Operating Expenses proposed to be considered by the Authority for the True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Personnel expenses	168.83	210.45	287.08	331.91	343.29	**1,341.55**
O&M	132.18	189.15	247.82	311.30	380.54	**1,260.99**
Lease Rent	15.08	21.19	22.85	17.40	22.54	**99.06**
Utilities	15.81	22.84	47.74	33.97	10.94	**131.30**
Insurance	5.92	6.91	8.84	9.77	9.64	**41.08**
Rates & Taxes	4.91	8.65	9.35	11.76	11.57	**46.23**
Marketing & Advertising	5.86	16.57	5.88	16.12	13.27	**57.71**
Collection cost	2.87	5.62	7.25	7.94	8.49	**32.17**
General Admin Cost	20.05	31.99	33.96	45.12	47.24	**178.36**

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Other Borrowing Costs	2.67	5.39	11.33	8.37	58.22	**85.98**
Concession Fee	21.35	45.39	71.16	96.48	108.28	**342.65**
Miscellaneous expenses	(0.41)	0.49	(5.02)	3.66	5.05	**3.77**
Total	**395.13**	**564.63**	**748.23**	**893.81**	**1019.06**	**3620.85**

3.6.146. In view of the above, the Authority proposes to consider Aeronautical Operating Expenses of Rs. 3,620.85 Crores as per Table 83 as against BIAL's submission of Rs. 4,024.12 Crores.

3.6.147. The Authority observed a substantial variation between the actual Operating Expenses incurred by the Airport Operator and the Operating Expenses approved by the Authority in the Tariff Order for the Third Control Period. Upon examination, the Authority is of the view that the Airport Operator is expected to enhance operational efficiency through optimization of overall Operating Expenses, particularly employee costs and Operations & Maintenance (O&M) expenses, including through leveraging technology and process improvements for cost rationalization.

3.6.148. The Authority further notes that any inefficient or avoidable expenditure arising from operational inefficiencies on the part of the Airport Operator ought not to be passed on to the airport users through tariffs. It is a well-recognized and consistently upheld regulatory principle that the inefficiency of one stakeholder cannot be transferred to, or borne by, another set of stakeholders. The Authority, therefore, considers it imperative that the Airport Operator undertakes appropriate measures to enhance operational efficiency and optimize such costs, so as to safeguard the interest of the passengers and prevent any avoidable financial burden being cast upon them.

3.7 True Up of Working Capital Interest

BIAL's Submission for True up of Working Capital Interest

3.7.1. BIAL has submitted the following Working Capital Interest for the true-up of Third Control Period

Table 85: Working Capital Interest as submitted by BIAL for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Working capital interest as submitted by BIAL	2.44	0.08	0.10	0.00	0.00	2.62

Recap of decision taken by the authority for Working Capital Interest at the time of tariff determination for the Third Control Period

3.7.2. The Authority, in the Tariff Order for the Third Control Period, had concluded as under in respect of Control Period:

i. Decision No. 10.6.1: *"To consider working capital interest / fee as detailed in Table 175 for the Third Control Period."*

ii. Decision No. 10.6.2: *"To true up the working capital interest/ fee projections based on actuals, at the end of the control period, in computation of tariff for the next control period."*

3.7.3. The Authority notes the following working capital interest considered at the time of tariff determination for the Third Control Period:

Table 86: Working Capital Interest considered by the Authority at the time of tariff determination for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Working capital interest approved by the Authority	4.56	5.43	5.44	5.43	5.43	26.30

Authority's examination and proposal for Working Capital Interest for the True up of the Third Control Period

3.7.4. The Authority noted that the working capital interest submitted by BIAL for the Third Control Period in the financial model forming part of the MYTP for the Fourth Control Period is approximately 90% lower than the working capital interest approved by the Authority for the Third Control Period. The Authority further noted BIAL's submission that, at the time of tariff determination for the Third Control Period, owing to the uncertainty caused by the COVID-19 pandemic, working capital interest had been considered as a prudential measure / safety net in view of possible delays in receipt of payments. However, during the Third Control Period, payments were received in a timely manner, resulting in lower actual working capital requirements and, consequently, lower working capital interest. The Authority also noted that it has verified the actual cost incurred based on the books of accounts, CA certificates, and other relevant supporting documents submitted by BIAL, and accordingly found the same to be reasonable.

3.7.5. The working capital interest proposed to be considered by the Authority for the Third Control Period is provided in the table below:

Table 87: Working capital interest proposed to be considered by the Authority for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Working capital interest proposed to be considered by the Authority	2.44	0.08	0.10	0.00	0.00	2.62

3.8 <u>True up of Aeronautical Taxes for the Third Control Period</u>

BIAL's submission regarding Aeronautical Taxes for the True up of Third Control Period

3.8.1. BIAL has submitted that taxes for the applicable years in the Third Control period had been paid, on the basis of Minimum Alternate Tax.

3.8.2. BIAL submitted that it has computed aeronautical tax considering 30% non-aero revenues as part of its aeronautical P&L. BIAL has submitted that this was done in line with the Learned TDSAT's decision dated 21.07.2023 in the Authority Appeal No.1 of 2021, in the case of DIAL Vs. the Authority & Anr. BIAL has cited the following paragraphs from the decision (paragraph 135 (c) and paragraph 137) as the basis for inclusion of the 30% subsidy in its aeronautical tax calculation –

"135. (c) Once the amount of "S-factor" which is 30% of the gross revenue generated from Revenue Share Asset becomes part and parcel of the target revenue, it also having a color of aeronautical revenue and, therefore, tax-T ought to be calculated even upon amount equal to "S" factor.

137. We do not agree with the aforesaid reasons by the Authority mainly for the reason that because the target revenue as per the aforesaid formula is determined, based on aeronautical building block post cross subsidy of 30% revenue from Revenue Share Assets and, therefore, out of total target revenue, 30% has been recovered from the revenue generated by JVC from Revenue Share Assets. In view of this formula of Target Revenue, it is abundantly clear that in a recovery of Target Revenue for aeronautical services, "S-factor" is one of the mechanism of calculation in the formula of TR thus, the amount of "S-factor" partakes the character of aeronautical revenue and, therefore, once the part of aeronautical revenue has been recovered from 30% of revenue from Revenue Share Assets, the effect of "S-factor" should also be given in "T" (i.e. corporate tax pertaining to aeronautical services)."

3.8.3. The tax outflow submitted by BIAL for the Third Control Period is as follows -

Table 88: Tax reimbursement proposed by BIAL for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026
IT Reimbursement	0	0	0	21.20	49.14

Recap of decision taken by the Authority for Aeronautical Taxes at the time of tariff determination for the Third Control Period

3.8.4. Decision number 9.5.1: "*To consider tax outflow estimate as set out in Table 172 for the Third Control Period*".

3.8.5. The Authority notes the following tax was considered at the time of tariff determination for the Third Control Period vide decision number 9.5.1.

Table 89: Aeronautical Tax estimate decided by the Authority for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aeronautical PBT	(470.67)	(73.49)	(207.13)	303.08	420.03	(28.17)
Effective tax rate	0.00%	0.00%	0.00%	17.45%	17.51%	
Aero tax	0	0	0	52.88	73.55	126.44

Authority's examination and proposal for taxation for the True up of the Third Control Period

3.8.6. The Authority noted that BIAL has considered 30% of non-aeronautical revenues to compute the aeronautical tax. The fact that a part of non-aeronautical revenues is used for cross-subsidization as per the hybrid till mechanism does not change the nature of such revenues to aeronautical. Cross subsidization as per hybrid till mechanism is done in order to reduce tariff pressure on passengers and to incentivize the airport operator to make effective investments in non-aeronautical revenue generating assets.

3.8.7. Therefore, the Authority has made below considerations for the purpose of computation of Aeronautical Taxes:

a. 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.

b. Aeronautical O&M expenses as determined by the Authority in **Table 84**

c. Depreciation has been considered based on regulatory books of accounts.

d. Interest cost has been considered based on regulatory books of accounts (i.e. RAB * Avg. cost of debt * 70% gearing ratio)

3.8.8. The Authority, in line with its decision for other airports, proposes to not consider 30% of non-aeronautical revenues while computing aeronautical taxation for the true-up of the Second Control Period.

Table 90: Aeronautical Taxation proposed to be considered by the Authority for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aero revenues	536.50	1,140.46	1,786.29	2,419.88	2,715.37	8,598.50
30% of non-aero revenues	-	-	-	-	-	-
Aero operational expense	(395.13)	(564.63)	(748.23)	(893.81)	(1,019.06)	(3,620.85)
EBITDA	141.37	575.83	1038.06	1526.07	1696.31	4977.65
Aero Depreciation	(283.98)	(418.01)	(558.22)	(566.10)	(575.30)	(2,401.60)
Interest expenses	(231.14)	(374.28)	(560.79)	(593.05)	(542.14)	(2,301.40)
PBT	(373.74)	(216.45)	(80.96)	366.93	578.87	274.65
Effective tax rate	-	5.86%	22.88%	24.80%	24.85%	
Aero tax	-	-	-	-	68.24	68.24

3.9 <u>True up of Non-Aeronautical Revenue for the True up of Third Control Period</u>

BIAL'S submission regarding Non-Aeronautical Revenue for the True up of the Third Control Period

3.9.1. BIAL, in its MYTP for the Fourth Control Period has submitted the following key positions for true-up of NAR for the Third Control Period:

i. CGF Services: Revenue from Cargo, Ground Handling and Fuel Farm has been classified as Non-Aeronautical Revenue;

ii. Real Estate and Interest Income: Income from real estate and interest income has been excluded from the computation of NAR;

iii. Rent and Land Lease: Income from Rent and land lease have been fully considered to be of non-aeronautical nature.

iv. Revenue from Utility Charges: Revenue earned from Utility Charges paid by the concessionaires are fully considered to be of non-aeronautical nature;

v. Non-Airport Activities: Income from Non-Airport Activities has been excluded from the computation of NAR; and

vi. Notional Lease Rentals (BAHL and AAI): The matter pertaining to notional lease rentals on space provided to AAI (and its retrospective application from the Second Control Period along with notional lease rentals from Airport Opening Date for space provided to BAHL) has not been included in the NAR submission for true-up of the Third Control Period or for the Fourth Control Period.

3.9.2. The NAR submitted by BIAL for true-up of the Third Control Period is set out below:

Table 91: Non-Aeronautical Revenue submitted by BIAL for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Concessionaires Rental Income						
Car Park Revenue	38.48	74.54	98.96	132.30	142.04	**486.32**
Retail Revenue	61.96	160.28	233.24	295.05	380.65	**1,131.18**
F&B Revenue	31.34	84.34	108.76	124.67	137.96	**487.07**
Lounge Revenue	20.35	93.06	126.73	162.22	200.51	**602.87**
Advertising & promotion	36.05	69.69	96.59	116.00	128.26	**446.59**
Flight catering	4.96	16.11	15.92	33.91	35.35	**106.25**
Other Non-Aeronautical Revenue						
Rent and land lease	64.96	69.46	129.37	173.88	185.87	**623.54**
Utility charges	12.60	17.65	24.88	32.00	30.89	**118.02**
Miscellaneous non-aeronautical	7.60	14.77	18.32	24.54	33.86	**99.09**
Other income	6.66	10.45	17.64	6.32	22.06	**63.13**
CGF, ICT Revenues						
Cargo Revenue	59.36	50.39	87.52	126.78	168.55	**492.60**
Ground Handling Revenue	29.46	51.96	66.75	80.40	92.49	**321.06**
Fuel	4.39	5.86	8.06	8.87	38.70	**65.88**
ICT & CUTE CUSS	55.10	74.75	92.48	119.51	133.16	**475.00**
Total NAR	**433.27**	**793.31**	**1,125.22**	**1,436.45**	**1,730.35**	**5,518.60**

Recap of decisions taken by the Authority on the Non-Aeronautical Revenue as per the Tariff Order for the Third Control Period

3.9.3. The Authority, in the Tariff Order for the Third Control Period, had concluded as under in respect of Control Period:

i. Decision No. 8.6.2: "*To treat real estate revenue as non-aeronautical revenues*."

ii. Decision No. 8.6.3: "*To treat interest income as non-aeronautical revenues*."

iii. Decision No. 8.6.4: "*To true up non-aeronautical revenues for the current control period, at the time of determination of tariff for the next control period*."

3.9.4. The Non-Aeronautical Revenue considered by the Authority at the time of tariff determination for the Third Control Period is as shown in the table below:

Table 92: Non-Aeronautical Revenue as decided by the Authority in the Third Control Period Tariff Order

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Car Park Revenue	37.40	80.63	110.04	134.44	163.97	**526.48**
Retail Revenue	27.69	113.63	145.36	175.51	209.49	**671.69**
F&B Revenue	23.73	54.37	72.42	88.36	107.58	**346.47**

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Lounge Revenue	10.25	27.74	37.22	48.64	63.23	**187.08**
Advertising & promotion	38.94	84.41	103.96	127.01	154.91	**509.23**
Rent and land lease	38.88	50.29	52.78	59.27	62.14	**263.37**
Flight catering	8.35	9.08	11.71	12.74	13.87	**55.75**
Miscellaneous non-aeronautical	22.89	25.32	27.62	30.20	33.05	**139.08**
Utility charges	3.07	3.07	3.37	3.54	3.71	**16.76**
Real Estate	4.17	12.82	20.90	38.73	61.40	**138.03**
Interest Income	20.84	12.77	3.51	5.38	19.40	**61.91**
Total NAR	**236.21**	**474.15**	**588.89**	**723.84**	**892.75**	**2,915.84**

Authority's examination regarding Non-Aeronautical Revenue for the True-up of the Third Control Period

3.9.5. The Authority has examined the gross Non-Aeronautical Revenue submitted by BIAL for the Third Control Period through its Independent Consultant, in the following Period:

i. Reconciliation of the gross NAR submitted by BIAL with the audited financial statements for FY 2022–FY 2025 and the unaudited actuals for FY 2026;

ii. Sample-based review of underlying contracts, concessionaire agreements and other supporting documents furnished by BIAL; and

iii. Analysis of the variance between the NAR considered in the Third Control Period Tariff Order and the actual NAR submitted by BIAL, along with the underlying reasons

3.9.6. The Authority notes that BIAL has classified the various revenue streams under five broad categories, linked to the underlying growth drivers as given in the table below:

Table 93: Basis of Projections of NAR as submitted by BIAL

S. No	Particulars	Growth Drivers
1	In Flight Catering, Ground Handling, Fuel Farm	ATM Growth, inflation
2	Car Parking, Retail- Domestic and others, Food and Beverage, Lounge Services- Domestic and Hotel, Advertisement and promotions	Total Passenger growth, inflation
3	Retail- International including duty free, Lounge Services- International	International passenger growth, inflation
4	Revenue Share from Cargo	Cargo throughput growth
5	Rental Income, Other Miscellaneous Income	Others

3.9.7. The line-item variance analysis between the NAR considered in the Third Control Period Tariff Order and the actuals submitted by BIAL are set out here in below tables:

Table 94: Comparison of Concessionaire Rental Income for True-Up of the Third Control Period

S. No	Particulars	3rd CP Order (A)	BIAL's Submission (B)	Variance (C = B−A)	Reason for Variation
1	Car Park Revenue	526.48	486.32	(40.16)	**Basis of Forecast:** Total Passenger growth and Inflation. **Reason for Variance:** Marginally lower revenue on account of lower parking penetration due to cheaper alternative parking options available near Begur South parallel road, outside the airport.
2	Retail Revenue	671.69	1,131.18	459.49	**Basis of Forecast:** Respective Passenger growth and Inflation. **Reason for Variance:** Significant outperformance driven by stronger-than-projected international passenger growth, higher per-pax spending at Duty-Free and Retail concessions, and increase in commercial areas for newly developed
3	F&B Revenue	346.47	487.07	140.60	**Basis of Forecast:** Passenger growth and Inflation. **Reason for Variance:** Higher revenue on account of expanded F&B footprint at T2, premium positioning of outlets and higher per-pax spend.
4	Lounge Revenue	187.08	602.87	415.79	**Basis of Forecast:** Total Passenger growth and Inflation. **Reason for Variance:** Substantial growth driven by expanded lounge capacity at T2 and higher international transfer traffic.
5	Advertising & Promotion	509.23	446.59	(62.64)	**Basis of Forecast:** Extended concession period, recovery in passenger traffic, stronger global brand interest, digital media growth, and inflation. **Reason for Variance:** Lower revenue on account of muted advertising rates during the post-COVID recovery period, partially offset by recovery in the latter years of the CP.
6	Flight Catering	55.75	106.25	50.50	**Basis of Forecast:** ATM growth and Inflation. **Reason for Variance:** Higher revenue on account of increase in meal cost charged by concessionaires to airlines, expanded catering operations and renegotiation of concessionaire contracts.
	Total	**2,296.70**	**3,260.28**	**963.58**	

Table 95: Comparison of Other Non-Aeronautical Revenue for True-Up of the Third Control Period

(Rs. in Crore)

S. No	Particulars	3rd CP Order (A)	BIAL's Submission (B)	Variance (C = B−A)	Reason for Variations
1	Rent and Land Lease	263.37	623.54	360.17	**Basis of Forecast:** Contract-linked escalation. **Reason for Variance:** Higher revenue on account of new lease arrangements, area additions and rate revisions during the Third Control Period. The Authority notes that Rent and land

S. No	Particulars	3rd CP Order (A)	BIAL's Submission (B)	Variance (C = B−A)	Reason for Variations
					lease revenue of rs. 623.54 Cr submitted by BIAL comprises both aeronautical and non-aeronautical components. The Authority proposes to consider only the non-aeronautical portion of Rs.115.27 cr for the purpose of true up, with the balance attributable to aeronautical operations being excluded from NAR.
2	Utility Charges	16.76	118.02	101.26	**Basis of Forecast:** Inflation-linked. **Reason for Variance:** The Authority notes that the Utility Charges Revenue of Rs. 118.02 Crores submitted by BIAL comprises both aeronautical and non-aeronautical components. The Authority proposes to consider adjusting the revenue from Utility Charges against Operating Expenses (Opex), instead of classifying it separately under non-aeronautical or aeronautical revenue, as proposed by BIAL.
3	Miscellaneous Non-Aeronautical	139.08	99.09	(39.99)	**Basis of Forecast:** Passenger Traffic and Inflation. **Reason for Variance:** Lower revenue on account of reclassification of certain miscellaneous heads to other categories during the CP.
4	Real Estate	138.03	(excluded by BIAL)	(138.03)	BIAL has excluded Real Estate Revenue from NAR in line with the TDSAT Order dated 14.02.2024. The Authority, however, proposes to retain the same as NAR (refer para 3.15.11 below).
5	Interest Income	61.90	(excluded by BIAL)	(61.90)	BIAL has excluded Interest Income in line with the TDSAT Order dated 14.02.2024. The Authority, however, proposes to retain the same as NAR (refer para 3.15.11 below).
6	Other Income	-	63.13	63.13	There was no Other Income projection by the Authority
	Total	**619.14**	**903.78**	**284.64**	

Table 96: Revenue from CGF, ICT for True-Up of the Third Control Period

(Rs. in Crore)

S. No	Particulars	BIAL's Submission (B)	Reason for Variations
1	Cargo Revenue	492.60	BIAL has classified Cargo Revenue as NAR in line with the TDSAT Order dated 14.02.2024. The Authority, however, proposes to reclassify the same as Aeronautical Revenue (refer para 3.15.11 below).
2	Ground Handling Revenue	321.06	Same as above — proposed to be reclassified as Aeronautical Revenue.

S. No	Particulars	BIAL's Submission (B)	Reason for Variations
3	Fuel	65.88	Same as above — proposed to be reclassified as Aeronautical Revenue, in line with the Hon'ble Supreme Court Order dated 11.07.2022 (Civil Appeal No. 8378 of 2018).
4	ICT & CUTE/CUSS	475.00	Proposed to be reclassified as Aeronautical Revenue, consistent with the treatment adopted in the Third Control Period Tariff Order.
	Total	**1,354.54**	

3.9.8. The Authority observes that the actual NAR for the Third Control Period has, on an aggregate basis, surpassed the projections considered in the Third Control Period Tariff Order. The line-item variance analysis above demonstrates that the variance is primarily attributable to:

(i) higher per-passenger realization across Concessionaire Rental Income streams driven by premium concession arrangements at T2,

(ii) renegotiation of Minimum Annual Guarantees and rates with BIAL's Concessionaires,

(iii) area additions and new lease arrangements under Rent and Land Lease, and

(iv) reclassification of certain revenue streams.

Treatment of Revenue Streams

3.9.9. The Authority notes that BIAL has, in its submission, reclassified CGF Services as Non-Aeronautical and to exclude Real Estate, Interest Income and Other Income from NAR.

3.9.10. In view of the Authority's analysis provided in para 1.6.1 and 1.6.7 of this Consultation Paper, the Authority is of the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period and accordingly consider the consider the actual revenue accrued from each head as mentioned below:

i. CGF Services (Cargo, Ground Handling and Fuel Farm): The Authority proposes to treat revenue from Cargo, Ground Handling and Fuel Farm aggregating Rs. 879.54 Crores as Aeronautical Revenue.

ii. ICT (including CUTE/CUSS): The Authority proposes to treat ICT, including CUTE/CUSS revenue aggregating Rs. 475.00 Crores, as Aeronautical Revenue, consistent with the treatment adopted in the Third Control Period Tariff Order.

iii. Real Estate Revenue: The Authority proposes to retain Real Estate Revenue as Non-Aeronautical Revenue, consistent with Decision No. 8.6.2 of the Third Control Period Tariff Order.

iv. Interest Income: The Authority proposes to retain Interest Income as Non-Aeronautical Revenue, consistent with Decision No. 8.6.3 of the Third Control Period Tariff Order.

v. Lease Rentals from Aeronautical Service Providers: The Authority proposes to retain lease rentals received from aeronautical service providers of Rs. 508.27 Crores as aeronautical revenue. Hence, the Non-Aeronautical Revenue portion being Rs. 115.27 Crores, consistent with the treatment adopted in earlier control periods.

vi. Notional Lease Rentals from AAI and BAHL: The Authority notes that BIAL has not included notional lease rentals for space provided to AAI in its NAR submission. The Authority, consistent with the principle that such space is being utilised on a notional rental basis, proposes to include Rs.

80.14 Crores of notional lease rentals from AAI as Non-Aeronautical Revenue for the purpose of true-up of the Third Control Period.

vii. Utility Charges Revenue: The Authority notes that Utility Charges of Rs. 118.02 Crores submitted by BIAL include both aeronautical and non-aeronautical components. The Authority is of the view that the Utility charges recoveries is not revenue for the Airport Operator. Accordingly, consistent with the approach adopted in Tariff Determination process across all airports, the Authority has adjusted the revenues against Operating Expenses (Opex), rather than classifying it separately as non-aeronautical revenue for the purpose of true up of the Third Control Period.

3.9.11. The Non-Aeronautical Revenue proposed to be considered by the Authority for True-up of the Third Control Period, based on the above treatment, is set out below:

Table 97: Non-Aeronautical Revenue proposed to be considered by the Authority for the True up of Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Concessionaires Rental Income						
Car Park Revenue	38.48	74.54	98.96	132.30	142.04	**486.32**
Retail Revenue	61.96	160.28	233.24	295.05	380.65	**1,131.18**
F&B Revenue	31.34	84.34	108.76	124.67	137.96	**487.07**
Lounge Revenue	20.35	93.06	126.73	162.22	200.51	**602.87**
Advertising & Promotion	36.05	69.69	96.59	116.00	128.26	**446.59**
Flight Catering	4.96	16.11	15.92	33.91	35.35	**106.25**
Sub Total (A)	**193.14**	**498.02**	**680.20**	**864.15**	**1024.77**	**3,260.28**
Other Non-Aeronautical Revenue						
Rent and Land Lease	17.56	18.43	24.50	46.52	8.26	**115.27**
Notional Lease Rental from AAI	14.50	15.23	15.99	16.79	17.63	**80.14**
Miscellaneous non-aeronautical	7.60	14.77	18.32	24.54	33.86	**99.09**
Real Estate	3.27	4.29	5.91	7.34	8.00	**28.81**
Interest Income	10.44	45.41	150.03	226.14	244.07	**676.09**
Other Income	6.66	6.79	8.11	8.65	13.77	**43.98**
Sub Total (B)	**68.31**	**117.77**	**241.67**	**355.71**	**349.30**	**1,043.38**
Total NAR (C= A+B)	**253.17**	**602.94**	**903.06**	**1,194.14**	**1,350.36**	**4,303.66**

3.9.12. In view of the above, the Authority proposes to consider Non-Aeronautical Revenue of Rs. 4,303.66 Crores and the derived cross subsidy of Rs. 1,291.10 Crores as per Table 94 for the True-Up of the Third Control Period, as against BIAL's submission of NAR of Rs. 5,518.60 Crores.

3.10 True up of Aeronautical Revenues for the Third Control Period

BIAL's submission regarding True up of Aeronautical Revenues for the Third Control Period as per MYTP for the Fourth Control Period

3.10.1. BIAL as part of True Up for the Third Control Period has submitted the Actual Aeronautical Revenues generated during the Third Control Period as per the table below:

Table 98: Actual Aeronautical Revenues submitted by BIAL towards True up for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
User Development Fee	153.13	607.80	935.64	1,237.98	1,314.89	**4,249.44**
Parking Charges (including Housing Charges)	17.88	17.41	46.11	78.72	83.86	243.98
Landing Charges	169.78	281.26	444.86	640.26	706.11	**2,242.26**
Total	**340.79**	**906.47**	**1,426.61**	**1,956.96**	**2,104.86**	**6,735.68**

Recap of decisions taken by the Authority regarding the Aeronautical Revenues in the Third Control Period

3.10.2. The Authority, in the Tariff Order for the Third Control Period, decided the Aeronautical revenue as per the table below:

Table 99: Aeronautical Revenue considered by the Authority for the Third Control Period in the Tariff Order

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
User Development Fee (A)	151.28	615.61	905.51	1230.49	1308.19	4211.09
Landing Charges (B)	135.68	281.23	463.29	666.89	696.27	2243.37
Parking Charges (C)	6.07	13.6	21.33	34.78	50.44	126.22
Sub-total of revenues (D = A+B+C)	**293.03**	**910.45**	**1390.13**	**1932.16**	**2054.91**	**6580.68**
Cargo (E1)	46.94	51.76	57.09	63.47	71.4	290.66
Fuel Farm/ITP (E2)	4.07	7.44	8.54	9.78	10.96	40.78
Ground Handling (E3)	21.09	45.57	53.73	59.7	65.22	245.32
ICT (E4)	16.65	17.18	17.73	18.29	18.88	88.73
Common Infrastructure Charge (E5)	34.25	51.85	62.03	88.35	104.67	341.15
Lease rentals from aero services/CGF (E6)	27.54	29.06	30.51	32.11	33.63	152.85
Total Aviation Concessions (F = E1+E2+E3+E4+E5+E6)	**150.54**	**202.85**	**229.63**	**271.71**	**304.77**	**1159.49**
Total Aeronautical Revenues (G = D+F)	**443.57**	**1113.29**	**1619.76**	**2203.87**	**2359.68**	**7740.17**

Authority's examination regarding True up of Aeronautical Revenues for the Third Control Period

3.10.3. The Authority through its independent consultant has verified the actual aeronautical revenue as submitted by BIAL towards True up for the Third Control Period based on audited financial statements (for FY22-FY25) and unaudited actual figures of FY26.

3.10.4. The Authority has been firm in its stance and vide decision no. 3.10.2 of the Third Control Period order has decided to consider revenues from Cargo, Ground Handling, Fuel Farm services, Ground Power Unit, ICT services (CUTE, CUSS, BRS & IT) as aeronautical in nature.

3.10.5. The Authority notes that the revenue from Cargo, Ground Handling, Fuel farm, Ground Power Unit, ICT services (CUTE, CUSS, BRS &IT), amounts to Rs. 1,354.53 Cr during the Third Control Period and proposes to reclassify the same as Aeronautical Revenue as part of True-up for the Third Control Period.

3.10.6. The Authority notes that BIAL, vide its letter no. BIAL/the Authority/2025-2612131 dated 14.08.2025, requested the Authority to maintain the aeronautical tariff for the 4th Quarter of FY 2025-26 (January-March 2026) at the same level as applicable till December 2025, citing high Capital Expenditure (Capex) Requirements in the Fourth Control Period, Carry Forward Shortfall (to address the accumulated Under-recovery in the 3rd Control Period due to higher transfer passenger traffic) as justification.

3.10.7. The Authority has analyzed the operators request through the Independent Consultant and notes that, on the basis of the information available in MYTP and subsequent clarifications thereon, even if the aeronautical tariff for the 4th Quarter of FY 2025-26 (January-March2026) is maintained at the same level as applicable till December,2025 there would be no likelihood of over recovery as there would actually be under recovery.

3.10.8. In view of the above, the Authority decided to maintain the Landing, Parking and UDF charges as applicable from 01.04.2025 to 31.12.2025 (as per Annexure I) even for the last quarter of FY 2025-26 i.e. 01.01.2026 to 31.03.2026 vide order dated 14.11.2025.

3.10.9. The Authority notes that the additional revenue generated from levying the existing tariff in the last quarter of FY26 amounts to Rs.1,340.38 Cr proposes to include as Aeronautical Revenue as part of True-up for the Third Control Period.

3.10.10. The Authority notes that additional Lease Rental Revenue of Rs. 508.27 Crores has been generated from the CGF Concessionaires. The Authority proposes to consider the same as part of Aeronautical Revenue for true-up of the Third Control Period.

3.10.11. The revised Aeronautical Revenues proposed to be considered by the Authority for true up for the Third Control Period is as shown in the table below:

Table 100: Revised Aeronautical Revenues proposed to be considered by the Authority towards True Up for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aeronautical Revenues based on Actuals **(A)**	340.79	906.47	1,426.61	1,956.96	2,104.86	6,735.68
Add: CGF, ICT and CUTE CUSS Revenue **(B)**	148.31	182.96	254.81	335.56	432.90	1,354.53
Add: Rents and land lease from Aviation CGF **(C)**	47.40	51.0	104.9	127.4	177.6	508.27
Revised Aeronautical Revenue proposed to be considered by the Authority for True Up (D = A+B+C)	**536.50**	**1140.46**	**1786.28**	**2419.87**	**2715.37**	**8598.50**

3.11 True up of Aggregate Revenue Requirement for the Third Control Period

BIAL'S submission regarding Aggregated Revenue Requirement (ARR) for True up of the Third Control Period

3.11.1. The Aggregate Revenue Requirement and True Up submitted by BIAL for the Third Control Period as per MYTP for the Fourth Control Period is as shown in the table below:

Table 101: True up submitted by BIAL for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Average RAB (A)	4,369.38	6,993.71	9,724.97	9,633.24	9,035.40	
WACC (B)	11.77%	11.77%	11.77%	11.77%	11.77%	
Return on RAB (C = A * B)	514.4	823.36	1,144.90	1,134.10	1,063.72	4,680.48
Aero Depreciation (D)	378.2	513.37	902.93	901.44	907.14	3,603.08
Aero O&M Expense (E)	447.42	620.35	812.21	990.38	1,153.76	4,024.12
Aero Taxes (F)	-	-	-	21.2	49.14	70.34
Gross Target Revenue (G = C+D+E+F)	1,342.46	1,957.16	2,860.14	3,047.12	3,173.76	12,380.64
Less: 30% of NAR (H)	-129.98	-237.99	-337.57	-430.94	-519.11	-1,655.59
Net Target Revenue before prior true-up	1,472.44	2,195.15	3,197.71	3,478.06	3,692.87	14,036.23
True up for the Second Control Period (L)	4,914.47	-	-	-	-	4,914.47
ARR	**6,126.95**	**1,719.16**	**2,522.57**	**2,616.18**	**2,654.66**	**15639.52**
Actual Aero Revenue (J)	340.79	906.47	1,426.61	1,956.96	2,104.86	6,735.69
Under recovery/(Over recovery)	5,786.16	812.69	1,095.96	659.22	549.8	8,903.83
Future Value Factor (M)	1.74	1.56	1.4	1.25	1.12	
Under recovery/(Over recovery) as on 1st April 2027	10,094.19	1,268.44	1,530.39	823.58	614.53	**14,331.12**
True Up for the Third Control Period to be carried forward to the Fourth Control Period						**14,331.12**

Recap of decision regarding Aggregate Revenue Requirement as per the Third Control Period Tariff Order

3.11.2. Decision 13.6.1: "*To consider Aggregate Revenue Requirement (ARR) as detailed in Table 182 above as the eligible.*"

3.11.3. Decision 13.6.3: "*To carry forward the shortfall of INR 940.63 cr. as on 31 March 2022 to the next control period*."

3.11.4. The Authority estimated the Aggregate Revenue Requirement and true up for the Third Control Period at the time of tariff determination for the Third Control Period which can be seen in the table below:

Table 102: Aggregate Revenue Requirement considered by the Authority in the Tariff Order of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Average RAB (A) {Table 41}	4,768.61	7,849.73	10,833.66	10,006.68	9,694.08	
FRoR (B)	11.59%	11.59%	11.59%	11.59%	11.59%	
Return on RAB (C = A*B)	552.87	910.1	1,203.88	1,160.17	1,123.93	4,950.96
Depreciation (D)	288.61	432.29	573.15	565.07	568.44	2,427.57
Operating Expenditure (E)	393.63	460.31	550.53	611.58	653.83	2,669.89
Working Capital Interest (F)	4.56	5.43	5.44	5.43	5.43	26.3
Tax (G)	0	0	0	52.88	73.55	126.44
Gross ARR (H = C+D+E+F+G)	**1,239.67**	**1,808.14**	**2,333.01**	**2,395.14**	**2,425.19**	**10,201.15**
Less: Non-Aero Revenue (I)	(70.86)	(142.25)	(176.67)	(217.15)	(267.82)	(874.75)
Add: Concession Fee (J)	17.61	44.26	64.47	87.78	93.95	308.07
Add: Under recovery of pre-control period as on 31 March 2022 (K)	179.76					179.76
Less: Over recovery of Second Control Period as on 31 March 2022 (L)	(974.14)					(974.14)
ARR (M = H-I+J+K-L)	**392.04**	**1,710.15**	**2,220.81**	**2,265.77**	**2,251.32**	**8,840.09**
PV factor (N)	1	0.9	0.8	0.72	0.64	
PV of ARR as on 31 March 2022 (O = M*N)	**392.04**	**1,532.48**	**1,783.32**	**1,630.40**	**1,451.69**	**6,789.92**
Projected aeronautical revenues (P)	443.57	1,113.29	1,619.76	2,203.87	2,359.68	7,740.17
PV of aero revenues as on 31 March 2022 (Q = P*N)	443.57	997.63	1,300.68	1,585.85	1,521.56	5,849.29
Shortfall (-) / Over-recovery (+) as on 31 March 2022 (R = Q-O)	**51.53**	**-534.85**	**-482.64**	**-44.54**	**69.87**	**-940.63**

Authority' examination and proposal regarding ARR for True up of the Third Control Period

3.11.5. The Authority, based on the examination of various building blocks based on actuals till FY'25 and unaudited financial for FY'26, has determined the ARR for the Third Control Period:

Table 103: Aggregate Revenue Requirement proposed to be considered by the Authority for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Average RAB (A) {Refer Table 41 }	4,504.71	6,908.05	9,436.19	9,540.67	9,195.76	
WACC (B) {Refer Table 46}	11.77%	11.77%	11.77%	11.77%	11.77%	
Return on RAB (C = A * B)	530.20	813.08	1,110.64	1,122.94	1,082.34	4,659.20
Aero Depreciation (D) {Refer Table 39}	283.98	418.01	558.22	566.10	575.30	2,401.60
Aero Operating Expenses (E) {Refer Table 84}	395.13	564.63	748.23	893.81	1,019.06	3,620.85
Aero Working Capital Interest (F) {Refer Table 87}	2.44	0.08	0.10	-	-	2.62
Aero Taxes (G) {Refer Table 90}	-	-	-	-	68.24	68.24
Gross ARR (H = C+D+E+F+G)	1,211.75	1,795.79	2,417.19	2,582.84	2,744.93	10,752.51
Non-Aeronautical Revenue (I) {Refer Table 97}	253.17	602.94	903.06	1,194.14	1,350.36	4,303.66
Less: 30% of NAR (J = 30% * I)	(75.95)	(180.88)	(270.92)	(358.24)	(405.11)	(1,291.10)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Add: Under recovery of pre-control period as on 31 March 2022 (K) (Refer Table 182 of TCP Order)	179.76					
Less: Over recovery of Second Control Period as on 31 March 2022 (L)	(974.14)					
Net ARR (M=H+J+K+L)	341.42	1,614.91	2,146.27	2,224.60	2,339.83	8667.03
PV factor (N)	1.74	1.56	1.40	1.25	1.12	
PV of ARR as on 31 March 2027 (O = M*N)	**595.54**	**2,520.28**	**2,996.82**	**2,779.09**	**2,615.22**	**11,506.96**
Actual Aeronautical Revenues (P) {Refer Table 100}	**536.50**	**1140.46**	**1786.29**	**2419.88**	**2715.37**	**8598.50**
PV of aero revenues as on 31 March 2027 (Q = P*N)	935.83	1,779.84	2,494.18	3,023.04	3,034.97	11,267.86
Shortfall / (Over-recovery) on 31 March 2027 (R = Q-O)	**(340.29)**	**740.44**	**502.64**	**(243.95)**	**(419.74)**	**239.10**

3.11.6. The Authority has considered unaudited actual figures for FY 2026, (as the audited financial statements for said fiscal year were unavailable at the time of the issuance of this Consultation Paper) for various building blocks necessary for the true-up of the Third Control Period. The Airport Operator is advised to submit the actual audited financial statement for FY 26 during the Stakeholder Consultation Process so that the Authority shall consider the audited financial statements of FY 2026 **for the computation of Tariff in the final Tariff Order.**

3.12 Authority's Proposals regarding True up for the Third Control Period

Based on the material before it and based on its examination, the Authority proposes the following regarding True up for the Third Control Period as part of tariff determination for the Fourth Control Period.

3.12.1 To consider Traffic for True up of the Third Control Period based on Actuals as per **Table 9.**

3.12.2 To consider the Aeronautical Capital Expenditure, Depreciation, RAB for True up of the Third Control Period as per **Table 33, Table 39** and **Table 41** respectively.

3.12.3 To consider the WACC for True up of the Third Control Period as per **Table 46**.

3.12.4 To consider Aeronautical Operating Expenses for True up of the Third Control Period as per

Table 84.

3.12.5 To consider the Working Capital interest for True up of the Third Control Period as per **Table 87**.

3.12.6 To consider Aeronautical Taxes for True up of the Third Control Period as per **Table 90**.

3.12.7 To consider Non-Aeronautical Revenue for True up of the Third Control Period as per **Table 97**.

3.12.8 To consider Aeronautical Revenues for True up of the Third Control Period as per **Table 100**.

3.12.9 To consider under recovery of Rs 239.10 Crores (as per **Table 103**) till the Third Control Period for the tariff determination for the Fourth Control Period.

Examination of MYTP for the Fourth Control Period

4. TRAFFIC FOR THE FOURTH CONTROL PERIOD

4.1 BIAL's submission regarding traffic projections for the Fourth Control Period

4.1.1. BIAL has, in its MYTP for the Fourth Control Period, submitted traffic projections in respect of passenger traffic, Air Traffic Movements (ATM) and cargo for Kempegowda International Airport, Bangalore ("KIAB") for the period FY 2026–27 to FY 2030–31. The said projections were originally developed by NACO (Netherlands Airport Consultants) vide its traffic study dated 08.04.2025, which had projected total passenger traffic of 308.26 Mn, ATMs of 1,957.96 thousand and cargo of 3,311.31 thousand MT over the Fourth Control Period.

4.1.2. Subsequently, pursuant to observations raised by the Authority's Independent Consultant regarding the potential optimism in the NACO traffic projections (Passenger and ATM), BIAL engaged CAPA Advisory to undertake an independent peer review of the NACO study. The CAPA Advisory report dated 08.12.2025 has revised the total passenger traffic projection to 301 Mn and ATMs to 1,793.28 thousand for the Fourth Control Period.

Traffic Study by NACO for the period FY 2025-26 to FY 2035-36

Passenger and ATM

4.1.3. NACO has forecasted the passenger traffic and aircraft movements for domestic and international flights at KIAB using a multi-faceted approach as set out hereunder:

i. Top-down Econometric Models (FY2031-FY2036): NACO has related future traffic at BLR to economic indicators such as Gross Domestic Product (GDP), GDP per capita, oil prices, exchange rate, & population.

ii. Bottom-up Analysis (FY2025-FY2030):

a. Based on feedback received during interviews with domestic and international carriers

b. Consultations with the BIAL team

c. Industry intelligence on airline network development and an analysis of fleet expansion plans and aircraft acquisitions

d. O&D (Origin and Destination) demand analysis (unserved/underserved markets)

e. Published airline schedules for the upcoming year

iii. Evaluate the impact on the traffic growth due to the capacity addition programs being undertaken by BIAL during the assessment period

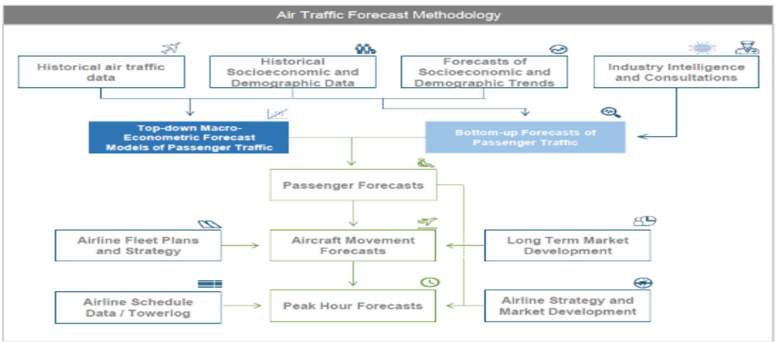


Figure 1: Air Traffic Forecast Methodology used by NACO

4.1.4. Further, with regard to transfer traffic at KIAB, the NACO study has estimated the total transfer traffic to nearly double from approximately 22 million during the Third Control Period (FY 2022–FY 2026) to 40.8 million during the Fourth Control Period (FY 2027–FY 2031).

4.1.5. BIAL, in its MYTP for the Fourth Control Period, has submitted that although NACO is aware of ongoing discussions regarding the development of a second greenfield airport for Bengaluru, the potential impact of such development on KIAB's passenger and cargo traffic has not been factored into the FY 2026–2036 forecast, owing to the lack of clarity on its operationalization timeline.

Cargo

4.1.6. For the purpose of forecasting cargo traffic at KIAB over the Fourth Control Period, NACO has adopted the same regression-based econometric model used for passenger forecasting, duly supplemented with qualitative adjustments to account for the unique structural characteristics of cargo movements at KIAB. The key factors and assumptions underlying the cargo forecast are set out hereunder:

a. Socio-Economic Drivers – such as GDP elasticity;

b. International Transshipment – enabling regulations assumed to be applicable from FY 2028 onwards, with transshipment share progressively reaching 10% of international cargo over the next ten years;

c. Domestic Belly-hold Cargo – share assumed to remain at 80%, supported by sustained growth in the commercial ATM segment; and

d. Belly-hold vs. Full Freighter (FF) Mix – the share of Full Freighter operations is expected to gradually align with the industry benchmark of 55% of total cargo volumes.

General Aviation ATM Forecast

4.1.7. For the purpose of forecasting General Aviation (GA) ATMs at KIAB over the Fourth Control Period, NACO has assumed the GA ATM forecast to develop as a proportion of Commercial ATMs. The key segments considered for the forecast comprise passenger charter, military and VIP flights. Additional factors factored into the forecast include the anticipated migration of HAL traffic to KIAB and the surplus capacity being created through the commissioning of the dedicated GA terminal.

4.1.8. Based on the above methodology, NACO has provided traffic forecasts for the Fourth Control Period. The growth rates considered for each traffic category, namely Passenger Traffic, ATM, and Cargo Traffic, are presented in the table below:

Table 104: Growth Rates considered by NACO towards Traffic Projections for KIAB for the Fourth Control Period

Particulars (FY ending March 31)	2027	2028	2029	2030	2031
Passenger Traffic					
Domestic	11.44%	7.15%	6.75%	6.85%	7.74%
International	13.24%	12.31%	7.53%	6.80%	22.37%
ATM					
Domestic	15.09%	6.87%	6.41%	6.48%	4.23%
International	32.30%	12.87%	7.74%	3.44%	18.78%
Cargo					
Domestic	2.73%	5.75%	5.89%	6.01%	6.14%
International	9.18%	8.07%	7.88%	7.70%	7.52%

4.1.9. Accordingly, KIAB, in its MYTP, has submitted the traffic projections for the Fourth Control Period adopting the growth rates derived from the NACO study, as detailed in the table below:

Table 105: Traffic Projections Submitted by BIAL for the Fourth Control Period (NACO Study)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Passenger Traffic (Mn)						
Domestic	44.91	48.12	51.37	54.89	59.14	258.43
Domestic YoY Growth	*11.44%*	*7.15%*	*6.75%*	*6.85%*	*7.74%*	
International	8.04	9.03	9.71	10.37	12.69	49.83
International YoY Growth	*13.24%*	*12.31%*	*7.53%*	*6.80%*	*22.37%*	
Total	**52.95**	**57.15**	**61.08**	**65.26**	**71.83**	**308.26**
Air Traffic Movements (000's Nos)						
Domestic	291.64	311.68	331.67	353.17	368.11	**1656.27**
Domestic YoY Growth	*15.09%*	*6.87%*	*6.41%*	*6.48%*	*4.23%*	
International	49.48	55.85	60.17	62.24	73.93	**301.67**
International YoY Growth	*32.30%*	*12.87%*	*7.74%*	*3.44%*	*18.78%*	
Total	**341**	**368**	**392**	**415**	**442**	**1,958**
Cargo Projection (000's MT)						
Domestic	202.83	214.50	227.13	240.79	255.58	**1140.83**
Domestic YoY Growth	*2.73%*	*5.75%*	*5.89%*	*6.01%*	*6.14%*	
International	370.88	400.8	432.4	465.69	500.7	**2170.47**
International YoY Growth	*9.18%*	*8.07%*	*7.88%*	*7.70%*	*7.52%*	
Total	**573.71**	**615.30**	**659.53**	**706.48**	**756.28**	**3311.3**

<u>CAPA Study: Independent peer review of 5-year traffic forecast by NACO</u>

4.1.10. Pursuant to observations raised by the Independent Consultant regarding the potential optimism in the traffic projections submitted by NACO, BIAL engaged CAPA Advisory to undertake an independent peer review of the said study. The scope of the peer review was limited to evaluating the robustness and appropriateness of the forecasting methodology, the reasonableness of the underlying assumptions, and the internal consistency of the forecast outputs. The CAPA Advisory report dated 8.12.2025 was subsequently shared by BIAL with the Authority.

4.1.11. CAPA Advisory has reviewed the NACO forecast using a multi-faceted approach, the key elements of which are set out hereunder:

i. Supply-side driven approach adopted, on the premise that airline capacity (rather than demand-side variables) will be the dominant determinant of traffic outcomes during FY 2027–FY 2031.

ii. Departure from traditional demand-only econometric models, which, in CAPA's experience, tend to systematically understate traffic growth in emerging aviation markets such as India.

iii. Reliance on robust aircraft order books of Indian carriers, which are amongst the largest globally, supporting the assumption of a stepped-up induction of capacity from FY 2028 onwards.

iv. Historical evidence considered, indicating that capacity expansion typically leads to fare stimulation and traffic generation, rather than persistent under-utilisation

v. Adoption of Multi-layered methodology, integrating supply-side modelling as the foundation of the forecasts, rather than pure econometric approaches.

vi. Alignment with global best practice for near-term aviation forecasting, particularly in emerging markets.

4.1.12. The transfer traffic projections in respect of Kempegowda International Airport, Bangalore for the Fourth Control Period have been developed separately for domestic and international transfers, and the said projections have thereafter been aggregated to determine the total transfer passenger movements at the airport. The said exercise has been preceded by an examination of the historical distribution of transfer passengers across three principal segments, namely, Domestic-to-Domestic ("D-D"), Domestic-to-International / International-to-Domestic ("D-I/I-D"), and International-to-International ("I-I").

4.1.13. Based on the above methodology, CAPA has provided traffic forecasts for the Fourth Control Period. The growth rates considered for each traffic category, namely Passenger Traffic and ATM, are presented in the table below:

Table 106: Growth Rates considered by CAPA towards Traffic Projections for KIAB for the Fourth Control Period

Particulars (FY ending March 31)	2027	2028	2029	2030	2031
Passenger Traffic					
Domestic	6.97%	13.28%	10.84%	8.58%	9.19%
International	9.59%	15.00%	10.87%	13.73%	12.07%
ATM					
Domestic	5.40%	12.76%	10.17%	7.13%	8.98%
International	11.12%	13.69%	10.32%	14.63%	9.94%

4.1.14. Accordingly, KIAB, in its revised submission, adopting the growth rates derived from the CAPA study, has submitted the traffic projections for the Fourth Control Period, as detailed in the table below:

Table 107: Traffic Projections Submitted by KIAB for the Fourth Control Period (CAPA Study)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Passenger Traffic (Mn)						
Domestic	39.9	45.2	50.1	54.4	59.4	249.1
Domestic YoY Growth	*6.97%*	*13.28%*	*10.84%*	*8.58%*	*9.19%*	
International	8.00	9.20	10.20	11.60	13.00	52.10
International YoY Growth	*9.59%*	*15.00%*	*10.87%*	*13.73%*	*12.07%*	

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Total	**47.90**	**54.40**	**60.30**	**66.00**	**72.40**	**301.0**
Air Traffic Movements ('000)						
Domestic	246.87	278.36	306.66	328.53	358.04	**1518.46**
Domestic YoY Growth	*5%*	*12.76%*	*10.17%*	*7.13%*	*8.98%*	
International	42.87	48.74	53.77	61.64	67.77	**274.816**
International YoY Growth	*11.12%*	*13.69%*	*10.32%*	*14.63%*	*9.94%*	
Total	**289.74**	**327.10**	**360.43**	**390.17**	**425.81**	**1793.28**

4.2 Authority's examination regarding Traffic projections for the Fourth Control Period

4.2.1. The Authority has carefully examined the traffic projections submitted by BIAL in respect of Kempegowda International Airport, Bangalore ("KIAB") for the Fourth Control Period (i.e., FY 2026–27 to FY 2030–31), as developed by its independent traffic consultant, NACO and then reviewed independently by CAPA and has carried out a comparative review of the traffic forecasts submitted by BIAL, namely the NACO study of April 2025 and the subsequent peer review and updated forecast prepared by CAPA Advisory in December 2025, and notes the following:

i. **Recency and base-year alignment:** The CAPA Advisory report, being more recent (December 2025), has been able to align its forecast base with the latest available actuals for FY 2026. A comparison of the FY 2026 base passenger traffic across the two reports vis-à-vis the actual traffic recorded at KIAB is set out hereunder:

Table 108: **Comparison of FY 2026 Passenger Traffic Projections at KIAB across NACO and CAPA Advisory Reports vis-à-vis Actual Traffic**

Segment (Mn Pax)	NACO Study (08.04.2025)	CAPA Advisory Report (08.12.2025)	Actual FY 2026 Traffic	Variance – NACO vs Actual	Variance – CAPA vs Actual
Domestic	40.3	37.3	37.24	3.06	0.06
International	7.1	7.3	7.23	-0.13	0.07
Total	**47.5**	**44.6**	**44.47**	**3.03**	**0.13**

As is evident from the table above, the NACO study overstated the FY 2026 base traffic by approximately 3 mn passengers, predominantly on the domestic segment, whereas the CAPA Advisory forecast is closely aligned with actual FY 2026 traffic across all segments.

ii. **Forecast moderation reflective of recent market developments:** CAPA Advisory has incorporated recent market events that were not captured in the NACO study, including supply-side constraints, the impact of the Air India accident, the Pahalgam attacks and broader demand-supply dynamics that have muted FY 2026 traffic at the national level and at KIAB.

iii. **More granular segmental treatment:** The CAPA Advisory report provides a more nuanced treatment of the international segment, factoring in airline-specific capacity deployment plans (including Air India's hub strategy and IndiGo's international expansion), hub incentive arrangements between BIAL and Air India, alliance and codeshare partnerships, and Bengaluru's superior yield characteristics on long-haul routes. These granular considerations are not explicitly visible in the NACO regression-driven approach.

iv. **Critical evaluation of NACO's projections:** CAPA Advisory has critically evaluated the optimism flagged by the Authority's Independent Consultant in respect of the NACO forecast and has based the projections to a more realistic FY 2026 starting point, while retaining a robust growth trajectory aligned with airline capacity rollouts from FY 2028 onwards.

4.2.2. In view of the above, the Authority is of the view that the CAPA Advisory report (December 2025) represents a more recent, granular and base-aligned projection vis-à-vis the NACO study (April 2025). Accordingly, the Authority has based its analysis with regards to Pax and ATM traffic on the CAPA Advisory report and has undertaken a detailed examination of the methodology adopted therein.

Passenger Traffic and ATM

4.2.3. The Authority has examined the demand-side and supply side passenger forecasting methodology adopted by CAPA Advisory for Kempegowda International Airport, Bangalore ("KIAB") for the Fourth Control Period, as submitted by BIAL.

4.2.4. The Authority notes that CAPA Advisory has adopted a multi-layered, supply-side oriented forecasting methodology, with airline capacity drivers including aircraft order books, fleet induction schedules and capacity rollout from FY 2028 onwards, forming the foundation of the forecast, duly supplemented by demand-side and market-specific considerations. The Authority is of the view that the said methodology adequately reflects the structural realities of the Indian aviation market, is consistent with international best practices for near-term forecasting, and provides an appropriate basis for the traffic projections at KIAB over the Fourth Control Period.

4.2.5. The Authority notes that CAPA Advisory has adopted a segment-wise approach for projecting transfer traffic at KIAB, with separate treatment for the Domestic-to-Domestic ("D-D"), Domestic-to-International / International-to-Domestic ("D-I/I-D"), and International-to-International ("I-I") segments, duly supplemented by qualitative considerations including airline network expansion, introduction of new non-stop city pairs, alliance and codeshare partnerships (such as Star Alliance for Air India and IndiGo's codeshare arrangements), and the transfer experience offered at Terminal 2. The Authority is of the view that the said segment-wise approach is broadly appropriate, having regard to the fact that each transfer segment is influenced by distinct demand drivers, network considerations and competitive dynamics, and a uniform forecasting approach across all segments would not have adequately captured the heterogeneity of transfer traffic at KIAB.

4.2.6. The Authority notes that the ATM forecasting methodology adopted by CAPA Advisory comprises a segment-wise structured approach, with separate treatment for Passenger ATMs, Freighter ATMs and General Aviation ATMs, and a sequential computation framework involving fleet seat density modelling, passenger load factor assumptions and derivation of passengers-per-ATM ratios for the passenger segment, supplemented by qualitative considerations relating to belly-hold capacity, widebody deployment and GA sector dynamics for the freighter and general aviation segments. The Authority is of the view that the said methodology is methodologically appropriate and consistent with established forecasting practices, as it adequately captures the distinct fleet dynamics, capacity drivers and operational characteristics relevant to each ATM segment.

Cargo Demand

4.2.7. The Authority has carefully examined the cargo forecasting methodology adopted by NACO for KIAB, comprising a regression-based econometric framework supplemented by qualitative adjustments capturing the unique structural characteristics of cargo movements at the airport, as submitted by BIAL.

4.2.8. The Authority notes that NACO has duly recognised the structural distinctiveness of cargo flows at KIAB including the predominance of international cargo, the strong correlation with macroeconomic and industry-specific drivers such as GDP, trade volumes, pharmaceutical and electronics production, and the recent shifts arising from geopolitical disruptions in sea trade, and has supplemented its regression-based forecasts with qualitative adjustments covering socio-economic drivers (gradual moderation in GDP elasticity), transshipment dynamics (with enabling regulations assumed from FY 2028), and belly-hold versus full freighter operational mix for both domestic and international segments. The forecasts have additionally been benchmarked against established global references including Airbus GMF and ACI WATR. The Authority is of the view that the said approach is methodologically sound and represents a more granular treatment than a purely regression-based forecast, which would not adequately capture the commodity-driven and capacity-driven dynamics specific to KIAB.

4.2.9. The Authority has also taken cognizance of the International Air Transport Association (IATA) report on the Air Passenger Market Analysis for the month of March 2026.

The key highlights of the IATA report are as follows:

- *The industry's total Revenue Passenger-Kilometer (RPK) increased by 2.1% YoY in March, continuing to exceed historical records. Available Seat-Kilometer (ASK) fell by 1.7% YoY lagging demand growth.*
- *The Passenger Load Factor (PLF) improved by 3.1 percentage points compared to the previous year, reaching 83.6%, an all-time high for November.*
- *Domestic traffic overall grew by 6.5% YoY. China led the main markets this month with a 13.7% rise in RPK. All monitored markets showed stable demand growth, although seat capacity in some areas plateaued.*
- *International passenger traffic for the industry declined marginally by 0.6% YoY in March. Capacity on international routes fell by 6.2% YoY. With capacity contracting more than demand, the international PLF rose by 4.7 percentage points to 84.1%, marking the highest March PLF on record for the international segment.*

4.2.10. The Authority has further reviewed the historical traffic performance at Kepegowda International Airport, Bangalore ("KIAB"), including the traffic growth rates witnessed over the preceding five financial years. The Authority observes that passenger traffic at KIAB has registered a substantial recovery in the post-COVID-19 period, returning close to pre-pandemic levels by FY 23. The said growth trajectory has been sustained thereafter, with passenger traffic having increased by 17.58% in FY 24 and 11.6% in FY 25 on a year-on-year basis, thereby reflecting a sustained momentum in air travel demand at the airport.

4.2.11. The Authority has examined the year-on-year growth rates considered by KIAB for the purposes of its traffic projections, and notes that the actual passenger traffic at KIAB for FY 26 (i.e. approximately 44.5 Mn) is almost aligned to the corresponding projection for FY 26 (i.e. approximately 44.6 Mn), submitted by BIAL.

4.2.12. Based on the foregoing, the projected Passenger Traffic, ATM and Cargo Traffic proposed to be considered by the Authority for the Fourth Control Period is presented in the table below:

Table 109: Traffic proposed by the Authority for the Fourth Control Period

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total

Passenger Traffic (Mn)						
Domestic Pax submitted by Operator	39.9	45.2	50.1	54.4	59.4	249.1
Domestic Pax Proposed by Authority	39.9	45.2	50.1	54.4	59.4	249.1
Domestic YoY Growth submitted by Operator	*6.97%*	*13.28%*	*10.84%*	*8.58%*	*9.19%*	
Domestic YoY Growth Proposed by Authority	*6.97%*	*13.28%*	*10.84%*	*8.58%*	*9.19 %*	
International Pax submitted by Operator	8.0	9.2	10.2	11.6	13.0	52.1
International Pax proposed by Authority	8.0	9.2	10.2	11.6	13.0	52.1
International YoY Growth submitted by Operator	*9.59%*	*15.00%*	*10.87%*	*13.73%*	*12.07%*	
International YoY Growth proposed by Authority	*9.59%*	*15.00%*	*10.87%*	*13.73%*	*12.07%*	
Total Pax submitted by Operator	**47.9**	**54.4**	**60.3**	**66**	**72.4**	**301.0**
Total Pax proposed by Authority	**47.9**	**54.4**	**60.3**	**66**	**72.4**	**301.0**
Total Pax YoY Growth submitted by Operator	*7.16%*	*13.57%*	*10.85%*	*9.45%*	*9.70%*	
Total Pax YoY Growth proposed by Authority	*7.16%*	*13.57%*	*10.85%*	*9.45%*	*9.70%*	
Air Traffic Movements (000' Nos)	**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
Domestic ATM submitted by Operator	247	278	307	329	358	1518.47
Domestic ATM Proposed by Authority	247	278	307	329	358	1518.47
Domestic ATM YoY Growth submitted by Operator	*5.00%*	*12.76%*	*10.17%*	*7.13%*	*8.98%*	
Domestic ATM YoY Growth Proposed by Authority	*5.00%*	*12.76%*	*10.17%*	*7.13%*	*8.98%*	
International ATM submitted by Operator	42.88	48.75	53.78	61.65	67.77	274.82
International ATM proposed by Authority	42.88	48.75	53.78	61.65	67.77	274.82
International ATM YoY Growth submitted by Operator	*11.12%*	*13.69%*	*10.32%*	*14.63%*	*9.94%*	
International ATM YoY Growth proposed by Authority	*11.12%*	*13.69%*	*10.32%*	*14.63%*	*9.94%*	
Total ATM submitted by Operator	289.75	327.11	360.44	390.18	425.81	1793.28
Total ATM proposed by Authority	289.75	327.11	360.44	390.18	425.81	1793.28
Total ATM YoY Growth submitted by Operator	*3.49%*	*12.89%*	*10.19%*	*8.25%*	*9.13%*	
Total ATM YoY Growth proposed by Authority	*3.49%*	*12.89%*	*10.19%*	*8.25%*	*9.13%*	
Cargo Projection (000's MT)	**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
Domestic Cargo submitted by Operator	202.83	214.5	227.13	240.79	255.58	1140.83
Domestic Cargo Proposed by Authority	202.83	214.5	227.13	240.79	255.58	1140.83
Domestic Cargo YoY Growth submitted by Operator	*2.73%*	*5.75%*	*5.89%*	*6.01%*	*6.14%*	
Domestic Cargo YoY Growth Proposed by Authority	*2.73%*	*5.75%*	*5.89%*	*6.01%*	*6.14%*	
International Cargo submitted by Operator	370.88	400.8	432.4	465.69	500.7	2170.47
International Cargo proposed by Authority	370.88	400.8	432.4	465.69	500.7	2170.47
International Cargo YoY Growth submitted by Operator	*9.18%*	*8.07%*	*7.88%*	*7.70%*	*7.52%*	
International Cargo YoY Growth proposed by Authority	*9.18%*	*8.07%*	*7.88%*	*7.70%*	*7.52%*	
Total Cargo submitted by Operator	**573.71**	**615.3**	**659.53**	**706.48**	**756.28**	**3311.3**
Total Cargo proposed by Authority	**573.71**	**615.3**	**659.53**	**706.48**	**756.28**	**3311.3**
Total Cargo YoY Growth submitted by Operator	*7.84%*	*7.25%*	*7.19%*	*7.12%*	*7.05%*	
Total Cargo YoY Growth proposed by Authority	*7.84%*	*7.25%*	*7.19%*	*7.12%*	*7.05%*	

4.3 Authority's proposal regarding Traffic projections for the Fourth Control Period

Based on the material before it and its analysis detailed above, the Authority proposes the following with respect to Traffic projections for the Fourth Control Period:

4.3.1. To consider Traffic projections as per **Table** 109 for the Fourth Control Period.

4.3.2. To True up the traffic volume (Passenger, ATM and cargo) on the basis of actual Traffic achieved in the Fourth Control Period while determining tariff for the Fifth Control Period.

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

5.1. Background

5.1.1. Regulatory Asset Base ("RAB") is one of the essential elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement for an Airport Operator. To encourage private sector participation in airport development and operations, investors must be fairly compensated for the capital investment made. At the same time, to safeguard the interests of airport users, it must be ensured that the aeronautical capital additions are necessary, reasonable and justified.

5.1.2. Bangalore International Airport Limited ("BIAL") has submitted its Multi Year Tariff Proposal ("MYTP") for the Fourth Control Period in respect of Kempegowda International Airport, Bengaluru ("KIAB"). As part of the MYTP, BIAL has submitted its capital expenditure plan for the Fourth Control Period along with details of project-wise capital expenditure, proposed capitalisation, asset allocation between aeronautical and non-aeronautical activities, depreciation and Regulatory Asset Base.

5.1.3. The Authority observed that the assessment of airport development and its phasing is a technical matter, which requires analysis by the domain expert. Accordingly, the Authority has undertaken an independent CAPEX study through an expert agency, MECON Limited, hereinafter referred to as the Independent Consultant. MECON has analyzed the tendering procedures adopted by BIAL and the relevant contract agreements related to the CAPEX submitted by BIAL for the Fourth Control Period. The Authority, through its Independent Consultant, has carried out an analysis of the submissions made by BIAL regarding capital additions and RAB, and has performed the following:

i. Examined the proposal of BIAL in terms of the projected traffic, designated capacity and project scope with reference to passenger growth, aircraft movements, cargo volumes, stand requirements and operational needs, and assessed the necessity and cost effectiveness of the proposal;

ii. Examined the proposed building standards, terminal sizing, airside layouts, pavement works and associated infrastructure, including the cost thereon submitted by BIAL, with reference to applicable IMG / IATA / ICAO / AAI / DGCA / BCAS norms and planning standards;

iii. Analyzed the reasonableness of the proposed cost with reference to the details of rates and quantities submitted by BIAL, applicable CPWD / KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates, market benchmarks, awarded contract values and other Government / industry approved norms;

iv. Sought documentary evidence and verified the process of approval of CAPEX projects, including the bidding process for award of various work orders / contracts, procurement methodology, bidder participation and the reasonableness of the implementation schedule and completion timelines submitted by BIAL;

v. Sought and verified various technical reports, traffic studies, Master Plan Update 2024, drawings and plans, BOQs, cost estimates and break-up, detailed justifications and explanations, and copies of LoI / LoA / purchase orders / work orders / contracts / change orders and other supporting documents, as applicable, submitted by BIAL; and

vi. Reviewed the submissions presented as part of the independent technical and cost assessment undertaken by MECON Limited, including its review of the tendering procedures adopted by BIAL and the relevant contract agreements related to the capital expenditure submitted by BIAL.

5.1.4. The capital expenditure plan submitted by BIAL for the Fourth Control Period broadly comprises the capital expenditure proposed under Planning Activity Level 2 ("PAL-2") and Non-PAL-2 projects. The PAL-2 capital expenditure includes airside infrastructure, passenger terminal development, landside access and parking infrastructure, utilities and other associated works. The Non-PAL-2 capital expenditure includes ICT capital expenditure, sustaining capital expenditure, mandatory projects and other capital works.

5.1.5. The Authority notes that KIAB has witnessed significant traffic growth over the previous control periods and has emerged as one of the major airports in India. BIAL has submitted that KIAB is expected to handle 44.47 million passengers in FY 2025-26, making it one of the busiest airports in the country. BIAL has further submitted that the traffic growth at KIAB is expected to continue during the Fourth Control Period, requiring timely augmentation of terminal, airside, landside and support infrastructure.

5.1.6. BIAL has submitted that India is projected to become the world's third largest economy by 2030 and is already the world's third largest aviation market. As per BIAL's submission, India's domestic air transport demand is expected to grow significantly and international traffic to and from India is also expected to increase as India becomes increasingly integrated with the global economy.

5.1.7. BIAL has submitted that, despite the size and growth potential of the Indian aviation market, Indian carriers currently have a relatively weak position in international traffic to and from India and are almost absent from international-to-international transfer traffic. BIAL has further submitted that the Ministry of Civil Aviation ("MoCA") has formulated an International Aviation Hub Strategy to develop aviation hubs in India and to position India as an aviation hub of choice for Indian passengers by 2030 and for passengers from across the world by 2047.

5.1.8. BIAL has submitted that the development of KIAB as an international aviation hub is aligned with the vision set out by MoCA. BIAL has stated that, although KIAB is among the busiest airports in India, its share of international traffic in total passenger traffic has historically been lower than that of Delhi and Mumbai airports. As per BIAL, in FY 2023-24, international traffic constituted around 12.4% of KIAB's total traffic, as compared to around 26.8% for Delhi and 27.1% for Mumbai.

5.1.9. BIAL has submitted that a substantial portion of long-haul international traffic from Bengaluru currently travels through hub airports in the Middle East and Southeast Asia. BIAL has further submitted that only around 21% of KIAB's international traffic is carried by Indian carriers and nearly 60% of its long-haul traffic is one-stop traffic through foreign hubs. BIAL has stated that, in order to increase the international passenger share at KIAB to around 20% to 25%, there is a need to establish Bengaluru as a hub with specific focus on long-haul and ultra-long-haul routes.

5.1.10. BIAL has also submitted that it has entered into strategic partnership initiatives with airlines, including Air India, to enhance international connectivity, operational efficiency and passenger experience at KIAB. BIAL has further submitted that the Tata Group's proposed MRO and aerospace facilities within the airport campus, along with Air India's intention to develop wide-body hangars, support the development of KIAB as a hub for long-haul routes. BIAL has stated that similar strategic partnership discussions with IndiGo are also underway.

5.1.11. The Authority notes that BIAL has undertaken a Master Plan Update in 2024 to assess the infrastructure requirements of KIAB for the period up to 2044. BIAL has submitted that the Master Plan Update was undertaken through Netherlands Airport Consultants B.V. ("NACO"), a global airport planning consultant. BIAL has further submitted that Clause 7.1 of its Concession Agreement requires BIAL to carry out master plan updates every five years.

5.1.12. As per BIAL's submission, the previous Master Plan Update undertaken in 2018-19 had assessed the saturation capacity of KIAB at around 92 million passengers per annum ("MPPA") and airside capacity of over 600,000 air transport movements ("ATMs") per annum. BIAL has submitted that, based on the 2024 Master Plan Update, infrastructure requirements have been assessed for various Planning Activity Levels, namely 2024, 2029, 2035 and 2044.

5.1.13. BIAL has submitted that, as per the 2024 Master Plan Update, the passenger terminal capacity at KIAB is proposed to increase from 51.5 MPPA in 2024 to 80 MPPA by 2029, 100 MPPA by 2035 and 115 MPPA by 2044. The proposed increase to 80 MPPA by 2029 includes enhancement of Terminal 1 capacity to 35 MPPA and expansion of Terminal 2 to 45 MPPA through development of Terminal 2 Phase 2.

5.1.14. BIAL has further submitted that the existing Terminal 1, originally commissioned in May 2008, has undergone expansion in earlier periods and currently has a design capacity of around 26.5 MPPA. Post commissioning of Terminal 2 Phase 1, Terminal 1 is catering to domestic operations. BIAL has proposed upgradation of Terminal 1 to enhance its capacity to 35 MPPA and to comply with applicable BCAS guidelines and level of service requirements.

5.1.15. With respect to Terminal 2, BIAL has submitted that Terminal 2 Phase 1 has a capacity of 25 MPPA and currently handles both domestic and international operations. Based on the traffic forecast, BIAL has submitted that passenger traffic during the Fourth Control Period is expected to exceed the available terminal capacity of 60 MPPA, after the proposed Terminal 1 upgrade, in FY 2028-29. Accordingly, BIAL has proposed development of Terminal 2 Phase 2 to add 20 MPPA capacity, thereby increasing the total terminal capacity of KIAB to 80 MPPA.

5.1.16. The Authority notes that BIAL has proposed various airside projects under the PAL-2 programme, including the Western Crossfield Taxiway, associated airfield works, apron development for Terminal 2, Terminal 2 Phase 2 and Terminal 2 West, Cargo West Apron, taxiway works, airside perimeter wall and perimeter road. BIAL has submitted that these works are required to increase airfield capacity, improve airside circulation, reduce taxiing time and meet the projected stand requirement.

5.1.17. BIAL has submitted that the Western Crossfield Taxiway project is intended to provide enhanced connectivity between the north and south airfields and to reduce taxiing time, particularly for aircraft operating from Terminal 1 and using the South Runway. BIAL has further submitted that the proposed dual Crossfield taxiway connectivity would support efficient air traffic flow, reduce fuel consumption and improve operational efficiency and sustainability.

5.1.18. The Authority also notes that BIAL has proposed landside access and connectivity projects, including the Eastern Connectivity Tunnel, Airport Terminal Metro Station, KIA West Metro Station, T1 to T2 and Metro Connector, road expansions, terminal recirculation works, MAR recirculation link and interchange upgrades. BIAL has submitted that such works are required to improve surface access, decongest existing access routes, support passenger and cargo movement and provide connectivity to the airport from the eastern and south-eastern parts of Bengaluru.

5.1.19. BIAL has submitted that the Eastern Connectivity Tunnel is proposed to provide an alternate access to KIAB from the eastern side and to reduce dependence on the existing connectivity through NH-44 and the Trumpet interchange. BIAL has stated that the project is based on recommendations and directions from the Government of Karnataka and is expected to reduce congestion and improve access for passengers and cargo traffic originating from East Bengaluru.

5.1.20. BIAL has further submitted that the Bangalore Metro Rail Corporation Limited ("BMRCL") is developing metro connectivity to KIAB and that BIAL has agreed to develop two metro stations within the airport boundary, namely the Airport Terminal Metro Station and the KIA West Metro Station. BIAL has submitted that the Airport Terminal Metro Station would serve passengers, meeters and greeters and terminal employees, while the KIA West Metro Station would serve employees and users of cargo, ground handling, airline, fuel farm, statutory agencies, MRO, utility and other airport support facilities.

5.1.21. The Authority notes that BIAL has also proposed capital expenditure towards a new Air Traffic Control Tower ("ATCT"). BIAL has submitted that the existing ATC tower was designed for a lower ultimate capacity and has space and operational constraints. BIAL has further submitted that the Airports Authority of India has requested BIAL to construct a new ATC tower to support higher movement handling capacity at KIAB.

5.1.22. In addition to PAL-2 projects, BIAL has submitted Non-PAL-2 capital expenditure comprising operational sustaining capex, ICT general capex and other projects. BIAL has submitted that the sustaining capex is primarily towards replacement and refurbishment of ageing assets, systems and equipment based on end of life and end of support considerations, including electrical and mechanical systems, safety and security systems, terminal operations assets, utilities and environmental infrastructure.

5.1.23. BIAL has also submitted ICT capital expenditure for the Fourth Control Period as part of its long-term digital and smart airport initiatives. The proposed ICT capex includes initiatives relating to IoT-based asset tracking, digital airport asset management, Total Airport Management, AI enablement, system refresh, cybersecurity upgrades, campus-wide network refresh, data centre network modernisation, AODB replacement and other innovation and digital projects.

5.1.24. BIAL has further submitted certain mandatory capital expenditure requirements based on directions from BCAS, including full body scanners, CT X-ray machines and radiation detection equipment. BIAL has stated that these costs have not presently been included as part of RAB for the Fourth Control Period pending final confirmation from BCAS and has requested that the same be considered by the Authority if clarity is available before issuance of the tariff order, or be approved on incurrence basis and trued up subsequently.

5.1.25. BIAL has submitted that the overall capital expenditure proposed for the Fourth Control Period is required to cater to projected growth in passenger traffic, aircraft movements and cargo volumes, to support the hub strategy for KIAB, to increase terminal and airside capacity, to improve landside access and connectivity, and to maintain operational efficiency, safety, security and service quality standards.

5.1.26. With this background, the Authority has examined the capital expenditure proposed by BIAL for the Fourth Control Period, considering the historical traffic trends, future traffic estimates, Master Plan requirements and capacity augmentation needs, so that only essential, reasonable and efficient capex is considered as part of the RAB for the Fourth Control Period. The Authority has undertaken this examination with a view to encourage necessary investment in airport infrastructure while maintaining a balanced approach between sustainable airport operations of BIAL and the interests of airport users.

5.1.27. Further, along with the necessity of the proposed capex, the Authority has also assessed the feasibility of implementing the proposed projects within the Fourth Control Period. It is imperative that BIAL completes the proposed capex within the envisaged timelines, as otherwise airport users may bear the burden of capex funding requirements in the form of higher tariff without having access to the corresponding facilities and service benefits.

5.1.28. Towards this objective, the Authority, through its Independent Consultant, MECON Limited, has examined in detail the capital expenditure, aeronautical allocation, depreciation and Regulatory Asset Base submitted by BIAL for the Fourth Control Period.

5.1.29. Based on the above examination, the Authority has rationalised the capital expenditure for certain projects proposed by BIAL based on verification of item rates, review of project scope, assessment of quantities, optimization of the proposed capacity augmentation and evaluation of the necessity and timing of the respective works. Accordingly, the Authority proposes to consider capital additions for the Fourth Control Period as detailed in the subsequent paragraphs. However, in respect of projects mandated by regulatory or statutory requirements, or projects incurred for improving operational efficiency, safety, security and service quality, the Authority will true up the costs, subject to evaluation of reasonableness, efficiency, actual capitalization, asset allocation and put-to-use status at the time of determination of tariff for the next Control Period.

5.2. BIAL's submission regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the Fourth Control Period

5.2.1. BIAL, in its MYTP for the Fourth Control Period, has submitted the Capital Expenditure, Depreciation and Regulatory Asset Base for the period FY 2026-27 to FY 2030-31. BIAL has submitted that the capital expenditure proposed for the Fourth Control Period is required to cater to the projected growth in passenger traffic, air traffic movements and cargo at KIAB, to support the hub development strategy for Bengaluru, and to augment the airport infrastructure in line with the Master Plan Update 2024.

5.2.2. BIAL has submitted that the capital expenditure proposed for the Fourth Control Period comprises the following broad categories:

- PAL-2 Capital Expenditure;
- Non-PAL-2 projects, comprising:
  - i ICT capital expenditure.
  - ii Sustaining capital expenditure
  - iii Mandatory projects; and
  - iv Other projects

5.2.3. BIAL has submitted that the PAL-2 capital expenditure programme is based on the Master Plan Update 2024 and includes capital works relating to airside infrastructure, passenger terminal capacity augmentation, landside access and parking infrastructure, utilities and other associated airport facilities. BIAL has further submitted that the non-PAL-2 capital expenditure is required for sustaining airport operations, replacement of ageing assets, ICT and digital initiatives, regulatory compliance, safety, security and service quality requirements.

Master Plan Update

5.2.4. BIAL has submitted that efficient airports are an essential part of the transportation network for successful economies and that a comprehensive Master Plan should adopt a balanced approach considering economic, environmental and cultural resources, while meeting present needs without compromising future requirements.

5.2.5. BIAL has submitted that the previous Master Plan Update ("MPU") was undertaken in 2018-19. The key highlights of the 2018-19 MPU submitted by BIAL are as follows:

- The saturation capacity of KIAB was assessed at approximately 92 MPPA and airside capacity of over 600,000 ATMs per annum;
- BIAL, which handled 33.3 million passengers in FY 2018-19, was projected to reach 65 MPPA by FY 2029-30, with ATMs expected to grow to over 450,000 per annum;
- BIAL had undertaken a significant investment programme to meet traffic demand of around 55-60 MPPA; and
- In order to handle the expanded traffic demand, the Planning Activity Level 2 ("PAL-2") projects included development of Terminal 2 Phase 2, airside infrastructure including the Elevated Western Cross Taxiway and taxiway extensions, increase in aircraft stands, landside infrastructure including metro stations and Eastern Connectivity Tunnel, and expansion of utility infrastructure.

5.2.6. BIAL has submitted that Clause 7.1 of its Concession Agreement requires BIAL to carry out master plan updates every five years. Accordingly, to accommodate the growth of traffic for the next 20 years up to 2044, BIAL appointed Netherlands Airport Consultants B.V. ("NACO") for the Master Plan Update 2024.

5.2.7. BIAL has submitted that the Master Plan Update contains an updated airport layout in which primary facilities are sized and configured to provide sufficient capacity and operational flexibility for KIAB to meet growing air traffic demand. BIAL has stated that the Master Plan includes extensions and developments of passenger terminals, supporting airside and landside infrastructure, cargo and fuel facilities, ground support equipment handling, utilities and other airport support facilities.

5.2.8. BIAL has submitted that facility sizing under the Master Plan Update aims to determine the functional requirements for future development of airport infrastructure and to avoid both oversizing and disinvestment, while ensuring sufficient capacity for future growth. BIAL has submitted that the Planning Activity Levels considered in the Master Plan are 2024, 2029, 2035 and 2044.

5.2.9. The facility requirements as per the Master Plan Update 2024 submitted by BIAL are shown below:

Table 110: Airside Infrastructure Requirements as per Master Plan Update 2024

Particulars (FY ending March 31)	2024	PAL-2 2025-2029	PAL-3 2030-2035	PAL-4 2036-2044
Runways	2	2	2	2
Runway Capacity	60 ATM/hr declared capacity	60 ATM/hr declared capacity	90 ATM/hr mixed mode	90 ATM/hr mixed mode
Critical Aircraft	A380-900	A380-900	A380-900	A380-900
Parallel Taxiways per runway	2	2	2	2

Particulars (FY ending March 31)	2024	PAL-2 2025-2029	PAL-3 2030-2035	PAL-4 2036-2044
Crossfield Taxiways	2	4	4	4
Instrument Approach Capability	South RWY: CAT III; North RWY: CAT I	CAT III	CAT III	CAT III

Table 111: Road Infrastructure Requirements as per Master Plan Update 2024

Road Infrastructure (FY ending March 31)	2024	2029	2035	2044
Terminal Boulevard	3 lanes	5 lanes	4 lanes	5 lanes
Airport City Avenue	1 lane	5 lanes	4 lanes	5 lanes
Cargo Avenue	2 lanes	3 lanes	2 lanes	2 lanes
North Access	1 lane	2 lanes	2 lanes	2 lanes
West Access	3 lanes	6 lanes	5 lanes	6 lanes
South Access	2 lanes	4 lanes	4 lanes	4 lanes

Table 112: Parking Infrastructure Requirements as per Master Plan Update 2024

Parking Infrastructure	2024 Existing	2029	2035	2044
T1 and T2 Passenger Parking	1,650	4,870	4,550	5,380
T3 Parking	-	-	2,120	2,530
Taxi Parking	1,400	1,520	1,420 bays west and 660 bays east	1,680 bays west and 790 bays east
Bus Parking	50	61	57 bays west and 27 bays east	67 bays west and 32 bays east
Employee Car Parking	520	1,810	1,510 bays west and 670 bays east	1,370 bays west and 610 bays east
Employee Two-wheeler Parking	1,625	1,010	970 bays west and 430 bays east	1,140 bays west and 510 bays east

Table 113: Cargo and Support Facility Requirements as per Master Plan Update 2024

Cargo and Support Facilities	2024	2029	2035	2044
Cargo Terminal Area Plot – First Line	58,100 sqm	88,400 sqm	1,22,000 sqm	1,23,200 sqm
Express Cargo Terminal Area Plot	41,100 sqm	62,400 sqm	86,100 sqm	1,15,200 sqm
Cargo Area Plot – Second Line, Freight Forwarders	54,600 sqm	82,800 sqm	1,14,000 sqm	1,53,000 sqm
Truck Management Plot	12,300 sqm	18,700 sqm	25,800 sqm	34,500 sqm
GSE Staging	35,100 sqm	54,400 sqm	61,800 sqm	70,900 sqm
GSE Maintenance Plot	24,900 sqm	37,700 sqm	44,600 sqm	48,300 sqm

5.2.10. BIAL has submitted that, based on the Master Plan Update 2024, various projects are proposed to be taken up for implementation during the period FY 2024-25 to FY 2030-31 under the PAL-2 programme.

PAL-2 Projects proposed for the Fourth Control Period

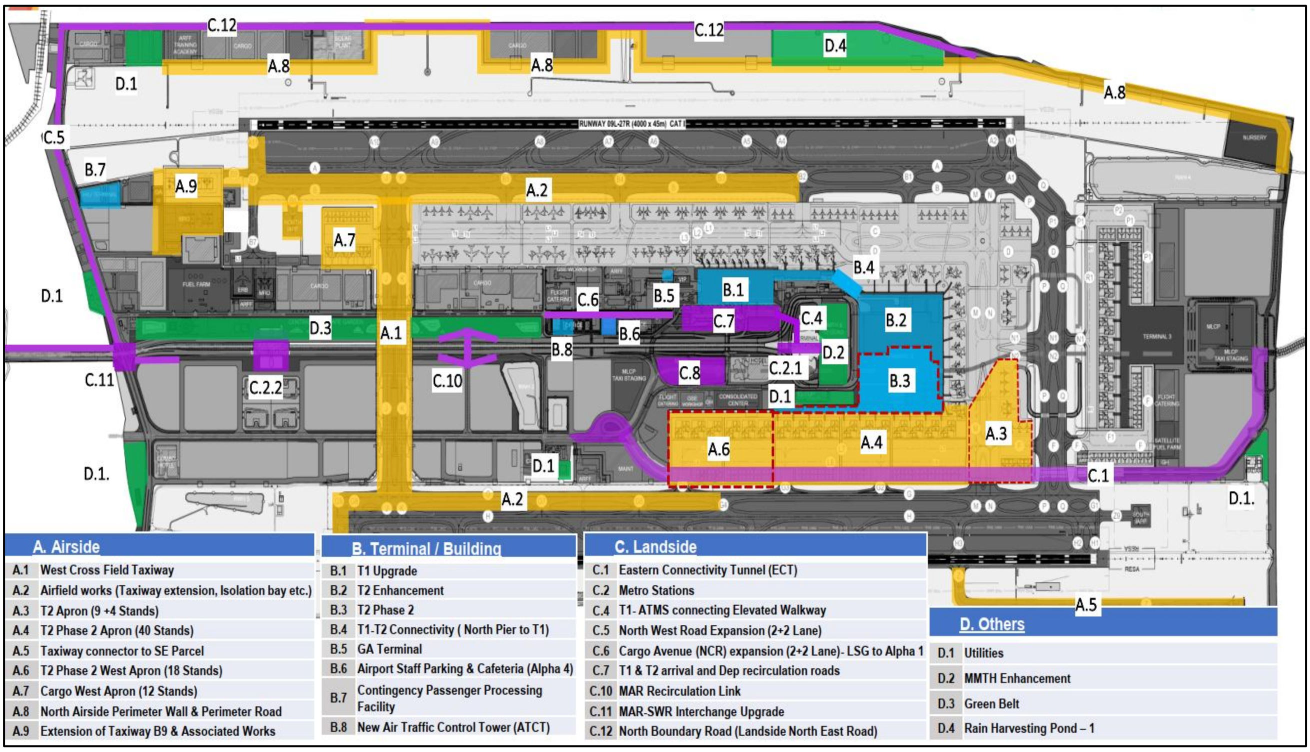


Figure 2: Locations of various projects proposed by BIAL for the Fourth Control Period (excluding Sustaining Capex)

5.2.11. BIAL has submitted that the following projects are proposed to be implemented under the PAL-2 programme (vide its revised MYTP data submission on May 21, 2026):

Table 114: PAL-2 Projects proposed by BIAL for implementation from FY 2024-25 to FY 2030-31

S. No.	Category	Project Description	Total Capex submitted by BIAL (Rs. Cr)	Completion Date
A.1	Airside	West Cross Field Taxiway	1,567.33	30-Sep-27
A.2		Airfield Works, including taxiway extension, isolation bay etc.	571.85	31-Mar-28
A.3		T2 Apron, 13 stands	307.72	31-Mar-27
A.4		T2 Phase 2 Apron, 40 stands	906.87	30-Jun-29
A.5		Taxiway Z and Enabling Works	125.44	31-Dec-26
A.6		T2 Phase 2 West Apron, 18 stands	459.41	31-Dec-30
A.7		Cargo West Apron, 12 stands	201.76	31-Jan-28
A.8		North Airside Perimeter Wall and Perimeter Road	106.83	30-Jun-27
A.9		Taxiway B9 and Enabling Works	53.25	30-Sep-27
B.1	Terminal	T1 Upgrade	1,129.95	31-Mar-27
B.2		T2 Enhancement	87.56	31-Dec-26
B.3		T2 Phase 2	7,480.47	31-Dec-29
B.4		T1/T2 Connectivity – Pier Expansion	399.21	31-Dec-29
B.5		GA Terminal	6.85	31-Mar-27

S. No.	Category	Project Description	Total Capex submitted by BIAL (Rs. Cr)	Completion Date
B.6		Airport Staff Parking and Cafeteria	174.49	31-Mar-28
B.7		Contingency Facility	44.20	31-Mar-27
B.8		New Air Traffic Control Tower	170.24	30-Sep-28
C.1	Landside	Eastern Connectivity Tunnel	2,772.04	30-Jun-29
C.2.1		Airport Terminal Metro Station	462.55	30-Jun-27
C.2.2		KIA West Metro Station	213.82	30-Jun-27
C.4		T1 to T2 and Metro Connector Walkway	109.74	31-Dec-27
C.5		North West Road Expansion, 2+2 lane	45.93	31-Dec-27
C.6		Cargo Avenue / NCR Expansion, 2+2 lane, LSG to Alpha 1	16.99	31-Dec-27
C.7		T1 and T2 Departure and Arrival Recirculation	108.56	31-Dec-27
C.10		MAR Recirculation Link	138.21	31-Dec-27
C.11		MAR-SWR Interchange Upgrade	56.26	31-Mar-30
C.12		North Boundary Road / Landside North East Road	171.46	31-Mar-29
D.1	Others	Utilities	923.33	30-Jun-29
D.2		MMTH Enhancement	53.56	30-Sep-26
D.3		Green Belt Development	31.19	31-Dec-29
D.4		Rainwater Harvesting Pond-1	164.22	31-Mar-30
Total Capex submitted by BIAL			19,061.29	

Airside Projects under PAL-2

5.2.12. BIAL has proposed the following 9 Projects under Airside Works (A) in the MYTP Submission. Projects are as follows:

A.1 West Cross Field Taxiway
A.2 Airfield works (Taxiway extension, Isolation Bay etc.)
A.3 T2 Apron (9 +4 Stands)
A.4 T2 Phase 2 Apron (40 Stands)
A.5 Taxiway connector to SE Parcel
A.6 T2 Phase 2 West Apron (18 Stands)
A.7 Cargo West Apron (12 Stands)
A.8 North Airside Perimeter Wall & Perimeter Road
A.9 Extension of Taxiway B9 & Associated Works

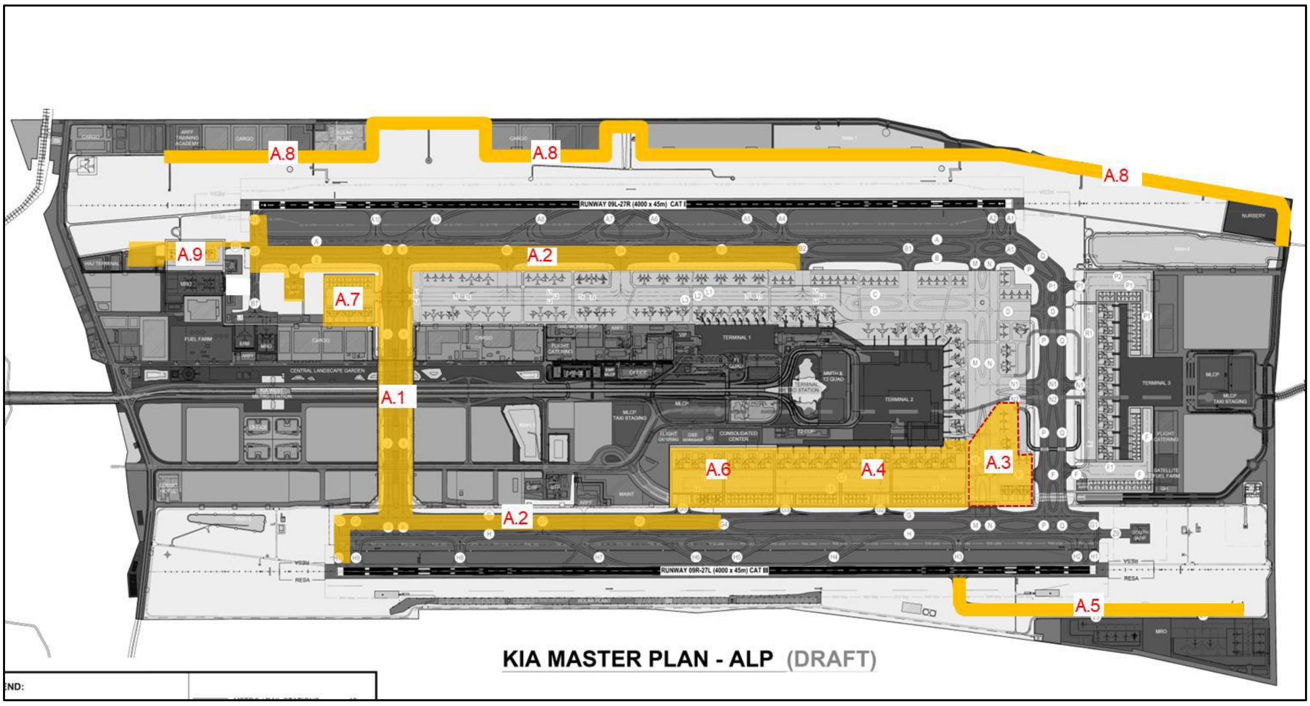


Figure 3: Locations of various airside projects proposed by BIAL for the Fourth Control Period

Elevated Western Cross Field Taxiway and Associated Infrastructure

5.2.13. BIAL has submitted that the Western Cross Field Taxiway project involves construction of two new Code E compliant parallel taxiways, namely Taxiway J and Taxiway K, perpendicular to the existing North and South Runways. The proposed taxiways would cross the landside roads in the central area and include overpasses of the North Cargo Road, Pond-8, Main Access Road, proposed Metro Line and South Access Road.

5.2.14. BIAL has submitted that the elevated stretch would be approximately 1,360 metres in length and would have an overall width of about 225 metres. BIAL has stated that the project would include a combination of viaduct portion and fill, as required.

5.2.15. BIAL has submitted that the scope of the Western Cross Field Taxiway project includes:

- Western Connectivity Taxiway J and Taxiway K, including modifications to the section of Taxiway K between Taxiway A and Taxiway B;
- Connector Taxiway B5 between Taxiway A and Taxiway B, east of Taxiway K;
- Extension of Taxiway G and Taxiway H towards the west;
- Connector taxiway parallel to and west of Taxiway H8;
- Partial parallel taxiway to existing runways; and
- Relocation of the Isolation Parking Bay.

5.2.16. BIAL has submitted that the project is required to increase airfield capacity and is supported by requests from airlines. BIAL has submitted that airlines have experienced prolonged taxiing times of up to 20 minutes, resulting in consequential delays in flight schedules, misconnections and inconvenience to passengers. BIAL has further submitted that prolonged taxiing results in environmental concerns and additional fuel consumption for airlines.

5.2.17. BIAL has submitted that the Western Cross Field Taxiway is expected to improve airfield circulation and provide additional connectivity between the north and south airfields. As per BIAL, the project is expected to:

- Improve taxi times across the airfield, particularly for aircraft operating from Terminal 1 and departing from the South Runway in the easterly direction, and aircraft arriving on the South Runway in the westerly direction;
- Provide estimated taxi time savings of approximately 10 minutes and 6 minutes in the relevant operating cases;
- Reduce fuel consumption and emissions;
- Improve runway handling capacity through additional queuing area towards Runway 09L and Runway 09R ends; and
- Improve safety and operational efficiency.

Aircraft Parking Stands and Associated Apron Works

5.2.18. BIAL has submitted that additional aircraft stands are required to meet projected demand and airline requirements. The existing and projected stand position submitted by BIAL is as follows:

Table 115: Aircraft Parking Stands and Associated Works submitted by BIAL

Particulars	Code C Equivalent Stands
Current available stands	142
Stands to be demolished for Taxiway B Extension	(12)
Net available stands	130
Total stands required by 2031	227
Additional stands requirement	97

5.2.19. BIAL has submitted that demand from airlines for night parking is expected to increase during the Fourth Control Period. The airline-wise demand submitted by BIAL is shown below:

Table 116: Demand Requirement from Airlines submitted by BIAL

Airline (FY ending March 31)	End of 2026	2027	2028	2029	2030	2031
Air India	40	43	49	54	54	54
IndiGo	63	69	79	82	82	82
Akasa Air	27-29	29-30	30-33	33-36	33-36	33-36
Total Night Parking	132	142	161	172	172	172

5.2.20. BIAL has submitted that the proposed stand developments to meet the demand from airlines are as follows:

Table 117: Proposed Stand Development submitted by BIAL

Project	Proposed Stands
T2 Phase 2 Apron	40
T2 West Apron	18
T2 East Apron	13
Cargo West Apron	12
Total	83

5.2.21. BIAL has submitted that the PAL-2 airside projects also include Taxiway Z and enabling works, Taxiway B9 and enabling works, T2 Apron, T2 Phase 2 Apron, T2 Phase 2 West Apron, Cargo West Apron, airfield works including taxiway extensions and isolation bay, and associated enabling infrastructure.

Relocation of North Airside Perimeter Wall, Perimeter Road and Landside Road

5.2.22. BIAL has submitted that, to meet forecast demand, various support facilities need to be expanded, which require additional landside access. BIAL has submitted that such landside access requirement would be met by converting a portion of the airside land on the northern side into landside.

5.2.23. BIAL has submitted that the north-side developments requiring landside access include:

- Rainwater Harvesting Pond-1 of 700 ML;
- Additional space for augmentation of solar plant capacity;
- Expansion of solid waste management facility; and
- Additional cargo facilities, considering that cargo volume is expected to grow from 0.45 million MT to 0.77 million MT during the Fourth Control Period.

5.2.24. BIAL has submitted that the entire north area from the North Runway to the North Boundary is currently on the airside. To accommodate the developments as per the Master Plan Update, around 180 metres of land along the North Boundary Wall needs to be converted to landside.

5.2.25. BIAL has submitted that the project would involve:

- Construction of a new airside perimeter wall from the existing solid waste management facility to RWH-4;
- Construction of a new two-lane perimeter road of 7 metre width;
- Installation of Perimeter Intrusion Detection System and other utilities;
- Development of landside road within the airport property to access the new developments from North West Road to RW**H-1;**
- Provision of an underpass under the proposed airside road due to lack of right-of-way; and
- Relocation of the existing boundary wall and perimeter road in a single phase to avoid repeated BCAS approvals and duplication of works.

5.2.26. BIAL has submitted that the construction details include around 7 km of boundary wall and PIDS, around 7 km of airside perimeter road, around 1.6 km of four-lane landside road, around 2 km of two-lane road and around 200 meters of underpass.

Terminal Projects under PAL-2

Terminal 1 Upgrade

5.2.27. BIAL has submitted that Terminal 1 was originally commissioned in May 2008 as an integrated passenger terminal building. In order to cater to robust passenger traffic growth, Terminal 1 was expanded in 2013 and again in 2020. Post these expansions, Terminal 1 has a total area of around 1,63,535 sqm and a design capacity of around 26.5 MPPA.

5.2.28. BIAL has submitted that, after commissioning of Terminal 2 Phase 1, Terminal 1 is catering only to domestic operations, with IndiGo being the anchor carrier for Terminal 1. BIAL has stated that reallocation of traffic and conversion of international facilities in Terminal 1 for domestic use provide an opportunity for upgradation of Terminal 1.

5.2.29. BIAL has submitted that several mechanical systems in Terminal 1 are nearing the end of their design life, including the baggage system, utilities and other supporting facilities. BIAL has further submitted that, in addition to replacement and improvement of these systems, the Terminal 1 upgrade provides an opportunity to increase terminal capacity and improve passenger level of service.

5.2.30. BIAL has submitted that M/s Landrum & Brown was appointed to undertake the concept design for the Terminal 1 upgrade project and that the same was reviewed and validated by M/s AECOM.

5.2.31. BIAL has submitted that BCAS has issued guidelines for approval of floor plans in the Security Restricted Area of airports, which define key parameters such as unit area norms and levels of service. BIAL has submitted that compliance with such guidelines is mandatory for major airports while determining space and size requirements of passenger terminal buildings and seeking approval of floor plans.

5.2.32. BIAL has submitted that the objective of the Terminal 1 upgrade is to transform it into a dedicated domestic terminal with a capacity of 35 MPPA, in compliance with BCAS guidelines.

Terminal 2 Enhancement and Terminal 2 Phase 2

5.2.33. BIAL has submitted that KIAB currently has two passenger terminals:

- Terminal 1, which will have a capacity of 35 MPPA after upgrade and will serve domestic operations of IndiGo, Akasa and SpiceJet; and
- Terminal 2 Phase 1, with a capacity of 25 MPPA, handling both international and domestic traffic.

5.2.34. BIAL has submitted that, based on passenger traffic forecasts, traffic during the Fourth Control Period is expected to exceed the available terminal capacity of 60 MPPA, after Terminal 1 upgrade, in FY 2028-29. Accordingly, BIAL has submitted that additional terminal capacity is required.

5.2.35. BIAL has submitted that multiple terminal options were evaluated during the Master Plan Update 2024, including further sweating or expansion of Terminal 1 and sweating of Terminal 2 Phase 1. BIAL has submitted that further sweating or expansion of Terminal 1 is constrained by existing roadway and airside infrastructure. BIAL has further submitted that Terminal 2 Phase 1 was developed with the clear plan that it would be expanded towards the south to increase capacity.

5.2.36. BIAL has submitted that, considering the constraints around Terminal 1 and the projected traffic growth, the logical and recommended approach under the Master Plan is to add terminal capacity by implementing Terminal 2 Phase 2 adjacent to Terminal 2 Phase 1 on the southern side.

5.2.37. BIAL has submitted that Terminal 2 Phase 2 will add 20 MPPA capacity, increasing the total capacity of Terminal 2 from 25 MPPA to 45 MPPA and overall terminal capacity at KIAB to 80 MPPA.

5.2.38. BIAL has submitted that Terminal 2 Phase 2 continues the design approach of Terminal 2 Phase 1, based on the concept of "Terminal in a Garden", reflecting Bengaluru's identity as the Garden City and providing an airport experience defined by nature, clarity and comfort.

5.2.39. T1/T2 Connectivity, GA Terminal, Airport Staff Parking, Contingency Facility and New ATCT

5.2.40. BIAL has submitted that the PAL-2 terminal programme also includes T1/T2 connectivity through pier expansion, GA Terminal, airport staff parking and cafeteria, contingency facility and a new Air Traffic Control Tower.

5.2.41. BIAL has submitted that the existing ATC tower was designed in 2006-07 for an ultimate saturation capacity of 40 MPPA. BIAL has stated that traffic at KIAB has grown faster than anticipated and that the existing tower cannot meet the long-term requirements of KIAB.

5.2.42. BIAL has submitted that the existing ATC tower has the following constraints:

- Space limitations to accommodate all planned Controller Work Positions;
- Non-availability of additional cemented walls to secure SCADA and network panels; and
- Inadequate emergency exits.

5.2.43. BIAL has further submitted that ATC systems generally have a lifespan of 10 years and need replacement with newer systems. As per BIAL, the existing facility has no space available for either expansion or installation of new systems with expanded capability.

5.2.44. BIAL has submitted that Airports Authority of India has requested BIAL to construct a new ATC Tower so that the airport can support operations of more than 90 movements per hour.

Landside Access and Parking Projects under PAL-2

Eastern Connectivity Tunnel

5.2.45. BIAL has submitted that KIAB is presently connected to Bengaluru city primarily through the Trumpet Interchange on NH-44 and the South Access Road developed by BIAL. BIAL has submitted that dependence on a single point of connectivity through NH-44 poses a serious security concern and, therefore, BIAL explored alternate connectivity options to the airport from the eastern and south-eastern side of the airport boundary.

5.2.46. BIAL has submitted that, based on evaluation of options and discussions with the Government of Karnataka, Infrastructure Development Department, an Eastern Connectivity Road connecting to State Highway SH-104 was identified as an alternative to the existing Trumpet Interchange connectivity.

5.2.47. BIAL has submitted that the Eastern Connectivity Road / Tunnel is proposed to be developed based on recommendations of the Government of Karnataka to reduce congestion on NH-44 and connect the airport terminals from the eastern side of the airport. BIAL has further submitted that the Eastern Connectivity Tunnel and the metro stations were identified as priority projects by the Government of Karnataka.

5.2.48. BIAL has submitted that around 25% to 30% of airport traffic using the Hebbal junction and connecting to NH-44 originates from the eastern part of Bengaluru, which indicates the need for alternate access to the terminal from the eastern and south-eastern side.

5.2.49. BIAL has submitted that it plans to build an approximately 2.8 km long tunnel within the airport campus to connect airport terminals to SH-104 and KIADB Aerospace Park Road. BIAL has stated that a portion of the tunnel, Phase 1 of around 300 metres, has already been built and commissioned during operationalisation of the second runway.

5.2.50. BIAL has submitted that the Eastern Connectivity Tunnel starts from the proposed access road from existing SH-104 on the eastern side and ends at the Southern Access Road within the KIAB campus.

The main tunnel will have a four-lane road and will be around 2.5 km long, of which around 1.3 km passes below aprons and cross-field taxiway areas of the airside development.

Metro Stations

5.2.51. BIAL has submitted that Bangalore Metro Rail Corporation Limited ("BMRCL"), a joint venture of Government of India and Government of Karnataka, is responsible for implementation of the Bangalore Metro Rail Project. BIAL has submitted that the Government of Karnataka has given Cabinet approval to the Airport Metro Line and the Union Government has also approved the metro scheme.

5.2.52. BIAL has submitted that metro rail connectivity to KIAB will help air passengers and the airport community travelling from Bengaluru city to reach the airport faster, decongest access roads and landside roads, and improve the overall level of service at the airport.

5.2.53. BIAL has submitted that it entered into an MoU with BMRCL, under which BIAL has agreed to develop two metro stations located within the airport boundary. BIAL has stated that the arrangement is based on the understanding that the cost of designing and constructing these metro stations will be borne by BIAL and necessary approvals from the Authority for such capital expenditure would be obtained by BIAL.

5.2.54. BIAL has submitted that the two metro stations within the airport campus are:

- A metro station located near the first roundabout / trumpet on the west side to serve BIAL, cargo, ground handling, airline staff and other concessionaire employees working in the airport community, including landside and airside employees; and
- A metro station located in the terminal forecourt area within the Multi Modal Transport Hub, primarily to serve passengers, meters and greeters and employees working inside the terminal.

5.2.55. BIAL has submitted that the Authority, by its letter dated 05.02.2018 to the Additional Chief Secretary, Infrastructure Development Department, Government of Karnataka, had stated that in case KIAB funds the portion of the metro line within the airport premises, the same can be considered as a regulated asset of KIAB for determination of aeronautical tariff, subject to the assets belonging to KIAB and being capitalised and put to use.

5.2.56. BIAL has submitted that the status of the Airport Metro Line as on 31.03.2025 is as follows**:**

- Government of India has approved the 56 km metro line connectivity under Phase 2A and Phase 2B at a cost of Rs. 14,788 Crores. ;
- BMRCL has signed loan agreements with ADB and JICA;
- M/s NCC Limited has been awarded the construction contract for Phase 2B in November 2021;
- Construction commenced in February 2022 and the line is expected to be operational by September 2026;
- Substantial piers for the elevated portion within the airport boundary have been constructed and viaduct erection is in progress; and

5.2.57. Track bed works are in progress for the at-grade portion of the line.

5.2.58. BIAL has submitted that, since the metro line is expected to be operational by September 2026, the Airport Terminal Metro Station should be considered in RAB from FY 2026-27.

5.2.59. With respect to the KIA West Metro Station, BIAL has submitted that the Authority, in the Third Control Period Order, had disallowed capital expenditure based on the understanding that the station was a city-side metro station for employees and users of commercial services. BIAL has submitted that this understanding was not correct.

5.2.60. BIAL has submitted that the KIA West Metro Station users would primarily comprise employees and users of cargo terminal operators, ground handling agencies, fuel farm agency, CISF and other statutory agencies, proposed IndiGo MRO, Air India Aviation Academy, airline staff, staff working in utility infrastructure and other airport support facilities, retailers and other concessionaires at the airport.

5.2.61. BIAL has submitted that, if the KIA West Metro Station is not constructed, such users would board and alight at the Airport Terminal Metro Station, substantially increasing traffic and congestion around the terminal forecourt area. BIAL has further submitted that the station would decongest the terminal area and would be used by airport users as defined under the the Authority Act.

5.2.62. Accordingly, BIAL has requested that both the Airport Terminal Metro Station and KIA West Metro Station be considered as part of the RAB.

Other Landside Projects

5.2.63. BIAL has submitted that the landside access and parking programme under PAL-2 also includes the T1 to T2 and Metro Connector walkway, North West Road expansion, Cargo Avenue / NCR expansion, T1 and T2 departure and arrival recirculation works, MAR recirculation link, MAR-SWR interchange upgrade and North Boundary Road / Landside North East Road.

5.2.64. BIAL has submitted that these landside projects are required to improve circulation within the airport campus, provide connectivity between terminals and metro stations, support cargo and airport community movement, decongest terminal forecourt areas and enhance access to airport support facilities.

Other PAL-2 Projects

5.2.65. BIAL has submitted that the PAL-2 programme also includes utilities, MMTH enhancement, green belt development and Rainwater Harvesting Pond-1.

5.2.66. BIAL has submitted that expansion of utility infrastructure and networks is required to support the terminal, airside, landside and support infrastructure proposed under PAL-2. BIAL has further submitted that the Rainwater Harvesting Pond-1 is proposed to support water management and sustainability requirements of the airport.

Stakeholder Consultation for PAL-2 Projects

5.2.67. BIAL has submitted the status of stakeholder consultation for PAL-2 projects. The details submitted by BIAL are as follows:

Table 118: Status of Stakeholder Consultation submitted by BIAL

Cost Code	Programme	Stage 1	Stage 2	Stage 3
A.1	West Cross Field Taxiway	22.05.2024	22.05.2024	15.11.2024
A.2	Airfield Works, taxiway extension, isolation bay etc.	22.05.2024	22.05.2024	15.11.2024
A.3	T2 Apron, 9 + 4 stands	22.05.2024	22.05.2024	22.05.2024
A.4	T2 Phase 2 Apron, 40 stands	21.04.2025	21.04.2025	-

Cost Code	Programme	Stage 1	Stage 2	Stage 3
A.5	Taxiway Z and Enabling Works	22.05.2024	22.05.2024	22.05.2024
A.6	T2 Phase 2 West Apron, 18 stands	21.04.2025	21.04.2025	-
A.7	Cargo West Apron, 12 stands	21.04.2025	21.04.2025	-
A.8	North Airside Perimeter Wall and Perimeter Road	21.04.2025	21.04.2025	-
A.9	Taxiway B9 and Enabling Works	Below Rs. 50 Cr	Below Rs. 50 Cr	-
B.1	T1 Upgrade	26.08.2020	26.08.2020	22.05.2024
B.2	T2 Enhancement	-	-	-
B.3	T2 Phase 2	21.04.2025	21.04.2025	-
B.4	T1/T2 Connectivity – Pier Expansion	21.04.2025	21.04.2025	-
B.5	GA Terminal	Below Rs. 50 Cr	Below Rs. 50 Cr	-
B.6	Airport Staff Parking and Cafeteria	-	-	-
B.7	Contingency Facility	Below Rs. 50 Cr	Below Rs. 50 Cr	-
B.8	New Air Traffic Control Tower	21.04.2025	21.04.2025	-
C.1	Eastern Connectivity Tunnel	Done in 2018	Done in 2018	-
C.2.1	Airport Terminal Metro Station	22.05.2024	22.05.2024	22.05.2024
C.2.2	KIA West Metro Station	22.05.2024	22.05.2024	22.05.2024
C.4	T1 to T2 and Metro Connector Walkway	21.04.2025	21.04.2025	-
C.5	North West Road Expansion, 2+2 lane	21.04.2025	21.04.2025	-
C.6	Cargo Avenue / NCR Expansion, 2+2 lane	Below Rs. 50 Cr	Below Rs. 50 Cr	Below Rs. 50 Cr
C.7	T1 and T2 Departure and Arrival Recirculation Works	21.04.2025	21.04.2025	-
C.10	MAR Recirculation Link	21.04.2025	21.04.2025	-
C.11	MAR-SWR Interchange Upgrade	21.04.2025	21.04.2025	-
C.12	North Boundary Road / Landside North East Road	21.04.2025	21.04.2025	-
D.1	Utilities	21.04.2025	21.04.2025	-
D.2	MMTH Enhancement	Below Rs. 50 Cr	Below Rs. 50 Cr	Below Rs. 50 Cr
D.3	Green Belt Development	Below Rs. 50 Cr	Below Rs. 50 Cr	Below Rs. 50 Cr
D.4	Rainwater Harvesting Pond-1	21.04.2025	21.04.2025	-

Non-Applicability of Normative Costing Methodology as submitted by BIAL

5.2.68. BIAL has submitted that the Hon'ble TDSAT, vide order dated 16.04.2025, has observed that benchmarks with respect to capital costs should not be used by the Authority. BIAL has referred to the observations of Hon'ble TDSAT wherein it was observed that costs arrived at after due process of bidding, being market-discovered prices, ought to be allowed as "cost incurred" under Section 13(1)(a)(i) of the the Authority Act.

5.2.69. BIAL has accordingly requested the Authority not to apply normative benchmarks while approving costs for the PAL-2 capital expenditure programme proposed to be implemented during FY 2024-25 to FY 2030-31.

Summary of PAL-2 Capital Expenditure

5.2.70. BIAL has submitted the summary of PAL-2 capital expenditure as follows:

Table 119: Summary of PAL-2 Capital Expenditure submitted by BIAL

(Rs. in Crore)

Project / Particulars	Amount
Airfield Works	3,021.45
Passenger Terminal	5,928.81
Landside Access and Parking	2,511.36
Others	728.51
Total Hard Capex	12,190.13
Indexation	970.14
Taxes, net of ITC, and Cess @ 15%	1,974.04
Total Additions	15,134.31
Soft Costs	1,816.12
Total Additions excluding IDC	**16,950.42**
IDC	1,684.86
Total Additions including IDC	**18,635.28**

5.2.71. BIAL has submitted that, as per the cost plan, the estimate is Rs. 12,281.52 Crores ; however, the amount included in the above table excludes part capitalisation for Terminal 1 Upgrade estimated in FY 2025-26, i.e., during the Third Control Period.

5.2.72. BIAL through its revised submission dated 21.05.2026 has submitted revised capital expenditure for the Fourth Control Period which are as follows:

Table 120: PAL-2 Projects proposed by BIAL

S. No.	Category	Project Description	Total Capex submitted by BIAL (Rs. Cr)
A.1	Airside	West Cross Field Taxiway	1,567.33
A.2		Airfield Works, including taxiway extension, isolation bay etc.	571.85
A.3		T2 Apron, 13 stands	307.72
A.4		T2 Phase 2 Apron, 40 stands	906.87
A.5		Taxiway Z and Enabling Works	125.44
A.6		T2 Phase 2 West Apron, 18 stands	459.41
A.7		Cargo West Apron, 12 stands	201.76
A.8		North Airside Perimeter Wall and Perimeter Road	106.83
A.9		Taxiway B9 and Enabling Works	53.25
B.1	Terminal	T1 Upgrade	1,129.95
B.2		T2 Enhancement	87.56
B.3		T2 Phase 2	7,480.47
B.4		T1/T2 Connectivity – Pier Expansion	399.21
B.5		GA Terminal	6.85
B.6		Airport Staff Parking and Cafeteria	174.49
B.7		Contingency Facility	44.20
B.8		New Air Traffic Control Tower	170.24
C.1	Landside	Eastern Connectivity Tunnel	2,772.04
C.2.1		Airport Terminal Metro Station	462.55
C.2.2		KIA West Metro Station	213.82
C.4		T1 to T2 and Metro Connector Walkway	109.74
C.5		North West Road Expansion, 2+2 lane	45.93
C.6		Cargo Avenue / NCR Expansion, 2+2 lane, LSG to Alpha 1	16.99
C.7		T1 and T2 Departure and Arrival Recirculation	108.56
C.10		MAR Recirculation Link	138.21
C.11		MAR-SWR Interchange Upgrade	56.26
C.12		North Boundary Road / Landside North East Road	171.46

S. No.	Category	Project Description	Total Capex submitted by BIAL (Rs. Cr)
D.1	Others	Utilities	923.33
D.2		MMTH Enhancement	53.56
D.3		Green Belt Development	31.19
D.4		Rainwater Harvesting Pond-1	164.22
Total Capex submitted by BIAL			**19,061.29**

Non-PAL-2 Projects

5.2.73. BIAL has submitted Non-PAL-2 capital expenditure comprising operational sustaining capital expenditure, ICT general capital expenditure, mandatory projects and other projects. The summary of Non-PAL-2 projects submitted by BIAL is as follows:

Table 121: Other Works/Non-PAL-2 Capital Expenditure submitted by BIAL

(Rs. in Crore)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Operational Sustaining Capital Expenditure	200	185	165	120	120	790
ICT General Capital Expenditure	33	77	111	102	70	394
Total Non-PAL-2 Projects	**233**	**262**	**276**	**222**	**190**	**1,184**

Operational Sustaining Capital Expenditure

5.2.74. BIAL has submitted that the majority of sustaining capital expenditure is towards replacement of old assets based on end-of-life and end-of-support timelines communicated by OEMs. BIAL has submitted that sustaining capital expenditure is required to maintain operational reliability, safety, security, service quality and compliance.

Engineering and Maintenance

5.2.75. BIAL has submitted the following major sustaining capital expenditure proposals under engineering and maintenance:

Table 122: Major Sustaining Capex under Engineering and Maintenance submitted by BIAL

Proposal	Remarks
Replacement of Terminal 2 terminal lights in passenger movement area	Periodic replacement to improve serviceability. Out of 16,700 lights, 4,400 are proposed to be replaced.
Provision of new fixtures for AGL system for South Runway taxiway	AGL fixtures for South Runway taxiways were commissioned in 2019. After 10 years of life, replacement with new fixtures is recommended.
Refurbishment of guidance signages	Guidance signages deteriorate due to exposure to harsh conditions including jet blast. Replacement is proposed considering photometric and other requirements.
Replacement of Terminal 1 screw chillers	Replacement along with associated primary pumps, secondary pumps, cooling towers, condenser pumps and electrical starter panels in a phased manner. These were commissioned in 2008.

Safety and Security

5.2.76. BIAL has submitted the following major sustaining capital expenditure proposals under safety and security:

Table 123: Major Sustaining Capex under Safety and Security submitted by BIAL

Proposal	Remarks
Crash Fire Tenders	BIAL has identified CFTs due for replacement based on OEM confirmation of end of life and proposes phased replacement.
AVDGS requirements	Replacement of old and obsolete VDGS in contact stands and phased installation in all remote stands to support safe and efficient aircraft parking.
Landside fire station	Critical and mandatory requirement in line with airport growth.
Replacement of BDDS equipment including TCV, SLCV and MROV	Existing Bomb Detection and Disposal System equipment procured during FY 2015-16 has been declared end of life and end of support by OEMs.
FOD Detection System for North and South Runway	With increased runway usage, time for manual FOD inspections will reduce. FOD detection system is required for aircraft safety.
Rubber removal equipment	Existing equipment has reached end of support and has been in service since airport opening date.
Radiation Detection Equipment	To be implemented as mandated by BCAS AVSEC Order 8/2024.

Terminal Operations

5.2.77. BIAL has submitted the following major sustaining capital expenditure proposals under terminal operations:

Table 124: Major Sustaining Capex under Terminal Operations submitted by BIAL

Proposal	Remarks
Passenger trolleys	Replacement of around 2,600 trolleys over five years based on obsolescence.
Signage refresh	Replacement of existing signages within and outside terminals.
Queue managers	Replacement with magnetic base queue managers to improve durability, queue arrangement and area aesthetics.
Smart hand baggage trolleys	To enhance passenger service in Terminal 1.
ATRS additional trays	Replacement of trays based on damage.

Utilities and Environment

5.2.78. BIAL has submitted the following major sustaining capital expenditure proposals under utilities and environment:

Table 125: Major Sustaining Capex under Utilities and Environment submitted by BIAL

Proposal	Remarks
DSITC of new 3.0 MLD STP	Existing sewage treatment plant is operating beyond design capacity. New STP is required considering increase in airport area and Terminal 2 Phase 2 in FY 2030-31.
Upgradation of existing STP	Upgrade from Activated Sludge Process to Membrane Bio Reactor technology to increase capacity from 1 MLD to 2.5 MLD.
Potable and non-potable water supply systems	Existing water pipeline network across the campus was installed during airport opening with marginal improvements over 15 years. Replacement is proposed.

Interior Works at New Corporate Office

5.2.79. BIAL has submitted that, in the Third Control Period MYTP, it had proposed construction of a new corporate office, Alpha 4, as the existing office space at Alpha 2 had been handed over to Airports Authority of India for additional staffing space required for second runway operations.

5.2.80. BIAL has submitted that the Authority, in the Third Control Period Order, had held that Alpha 4 was not an urgent requirement and had postponed the capital expenditure to the Fourth Control Period.

5.2.81. BIAL has submitted that it has now decided to opt for a lease model instead of a capex model. Accordingly, BIAL has submitted that it would be required to incur only capex relating to interior works and services including power, water, ICT, communication and audio-visual equipment.

ICT General Capital Expenditure

5.2.82. BIAL has submitted that it has prepared a 10-year plan for ICT initiatives keeping in mind future requirements. BIAL has submitted that these initiatives are designed to enhance safety and security of the airport, improve passenger experience and ensure compliance with regulatory requirements.

Smart Hub Initiatives

5.2.83. BIAL has submitted the following ICT initiatives under the Smart Hub initiative:

Table 126: ICT Capex under Smart Hub Initiative submitted by BIAL

Project	Description
IoT-based Asset Tracking	IoT-based metering for water, electricity and gas, monitoring of water quality, and real-time monitoring of systems such as HVAC and IT assets.
Digital Airport Asset Management and Maintenance Solution	Implementation of digital asset management solution covering use cases with real-time monitoring and analytics.
Total Airport Management	Extension of digital asset management and maintenance solution to include passenger and airside solutions; conceived as an upgrade from existing ACDM system.
AI Enablement and Enhancement	POC development, enhancement and integration of AI solutions, including Gen AI solutions for various functions.

System Refresh

5.2.84. BIAL has submitted the following ICT initiatives under system refresh:

Table 127: ICT Capex for System Refresh submitted by BIAL

Project	Description
Refresh of servers and networks	Refresh of core IT equipment, systems, servers, racks and other equipment approaching end of life.
Licences and software refresh	Renewal or upgrade of software solutions and licences related to core systems.
Refresh of end-user assets	Refresh of displays, laptops, workstations and other equipment approaching end of life.
Cybersecurity upgrade	Cybersecurity refresh including Zero Trust Architecture / SASE, UEBA operationalisation and refresh of core security tools.
Campus-wide network refresh	Refresh of LAN network, radio equipment, antennas, switches, routers and other connectivity solutions.
Data centre network modernisation	Upgradation of routers, switches and other network systems reaching end of life.
AODB replacement	Replacement of existing T-systems Airport Operations Database deployed in 2022.

Innovation Projects

5.2.85. BIAL has submitted the following ICT capital expenditure towards innovation projects:

Table 128: ICT Capex for Innovation submitted by BIAL

(Rs. in Crore)

Project	Description	Five-year Capex
Integration and security testing facility	Virtual replica of network providing sandbox environment for developing prototypes and staff training; cyber security testing may be a key focus area.	5.9
ESG and digital projects	Digital initiatives including ESG initiatives and solutions for monitoring and maintenance of airport nursery.	16.9
Innovation and pioneer projects	Projects developed under innovation lab, similar to DigiYatra, with potential for later implementation across the country.	16.9

Mandatory Capital Expenditure based on BCAS Directions

5.2.86. BIAL has submitted that, in a meeting held under the Chairmanship of the Union Home Secretary, it was decided that two major airports, Delhi and Bengaluru, are to be saturated with Full Body Scanners. Accordingly, BIAL has submitted that there is a need for installation of 50 Full Body Scanners, comprising 21 for Terminal 2 Phase 1 and 29 for Terminal 1.

5.2.87. BIAL has further submitted that BCAS, vide circular dated 29.03.2023, has required replacement of dual-view X-ray machines with CTX machines. BIAL has submitted that 16 CTX machines are required for Terminal 2 Phase 1 and 24 CTX machines are required for Terminal 1.

5.2.88. BIAL has also submitted that installation of Radiation Detection Equipment has been mandated at all airports by BCAS.

5.2.89. BIAL has submitted the capital expenditure requirements for mandatory projects as follows:

Table 129: Capital Expenditure Requirements for Mandatory Projects submitted by BIAL

(Rs. in Crore)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031
Body Scanners – T2 Phase 1, 21 Nos.	67.20	-	-	-	-
Body Scanners – Terminal 1, 29 Nos.	92.80	-	-	-	-
CT X-ray Machines to replace dual-view X-ray machines, T2 Phase 1, 16 Nos.	48.00	48.00	-	-	-
CT X-ray Machines to replace dual-view X-ray machines, Terminal 1, 24 Nos.	72.00	72.00	-	-	-

5.2.90. BIAL has submitted that the above mandatory capital expenditure has not been included in RAB for the Fourth Control Period pending final confirmation from BCAS. BIAL has requested the Authority to consider these costs as part of RAB if clarity or circular is received before issuance of the tariff order. BIAL has further submitted that, if the relevant circulars are issued after the tariff determination process, such capital expenditure may be approved on incurrence basis and trued up in the subsequent control period.

5.2.91. Further, BIAL, vide its email dated 17.04.2026, submitted an update to its capital expenditure estimates for Non-PAL-2 projects proposed for the Fourth Control Period. BIAL submitted that its MYTP capital expenditure plan comprised two broad components, namely PAL-2 projects and Non-PAL-2 projects. While PAL-2 projects relate to the major capacity augmentation and master plan development works, Non-PAL-2 projects pertain to sustaining capex and general capex, including end-of-life replacement, safety and security infrastructure, capacity / operational enhancement, customer care and ICT-related capital expenditure.

5.2.92. BIAL submitted that, as part of the MYTP, it had proposed Non-PAL-2 capital expenditure of Rs. 1,184 Crores for the Fourth Control Period. BIAL further submitted that, in addition to the said amount, it had indicated that certain security infrastructure-related capital expenditure may be required to be incurred based on BCAS guidelines / directions. Such capital expenditure was estimated at around Rs. 400 Crores towards body scanners and CTX X-ray machines at Terminal 1 and Terminal 2 Phase 1. However, BIAL submitted that the said Rs. 400 Crores was not included in the Non-PAL-2 capex estimates proposed to be considered in the RAB for the Fourth Control Period in its original MYTP submission.

5.2.93. BIAL has now submitted that, since the filing of the MYTP in July 2025, it has updated the Non-PAL-2 capex estimates. The updated submission has been made on account of the following:

- Inclusion of the proposed Rs. 400 Crores towards BCAS-mandated security infrastructure as part of Non-PAL-2 capex, in line with the approach adopted by the Authority for similar expenditure at other major airports; and
- Updated estimates based on projects identified after the MYTP submission and / or revision in estimates post filing of the MYTP.

5.2.94. Accordingly, BIAL has submitted a revised Non-PAL-2 capital expenditure / sustaining capital expenditure capitalisation schedule for the Fourth Control Period. BIAL has submitted that the effective Non-PAL-2 capex requirement has increased from Rs. 1,584 Crores , comprising the earlier Non-PAL-2 capex of Rs. 1,184 Crores and the separately indicated Rs. 400 Crores towards BCAS-mandated security infrastructure, to Rs. 1,859 Crores. Updated Non-PAL-2 Capital Expenditure submitted by BIAL vide email dated 17.04.2026

Table 130: Updated Non-PAL-2 Capital Expenditure submitted by BIAL vide email dated 17.04.2026

(Rs. in Crore)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
End of life replacement	66	114	85	137	93	494
Capacity / operational enhancement	94	111	89	101	41	436
Safety, Security and Compliance	32	32	34	162	165	424
Technology update	36	76	147	101	72	431
Customer Experience	25	18	17	7	7	74
Total	**252**	**350**	**371**	**507**	**378**	**1,859**

5.2.95. BIAL has requested the Authority to consider the updated Non-PAL-2 capex estimates of Rs. 1,859 Crores for the Fourth Control Period in lieu of the estimates submitted in Table 133 of its MYTP submission. BIAL has submitted that the updated estimate reflects the inclusion of BCAS-mandated security infrastructure and revised estimates for sustaining and general capital expenditure requirements identified after the MYTP submission.

5.2.96. Further, BIAL as part of their MYTP submission, has estimated the sustaining capex at Rs. 1180.33 Crores which was subsequently revised to Rs. 1859.20 Crores vide email dated 17.04.2026. The item-wise details of sustaining capital expenditure proposed by BIAL as part of the Fourth Control Period MYTP has been placed at **ANNEXURE - I**.

Total Capital Additions proposed for the Fourth Control Period

5.2.97. Based on the PAL-2 and Non-PAL-2 projects, BIAL has submitted total additions for the Fourth Control Period as follows (vide submission dated May 21, 2026):

Table 131: Total Capital Additions proposed by BIAL for the Fourth Control Period

(Rs. in Crore)

Project	Amount
PAL-2 Capex	19,061.30
Non-PAL-2 Capex, including sustaining, ICT and others	1,859.20
Total Capital Expenditure	20,920.49

Allocation of Assets into Aeronautical and Non-Aeronautical Assets

5.2.98. BIAL has submitted that PAL-2 assets capitalised under each project have been assigned aeronautical ratios based on the nature of the project.

5.2.99. BIAL has submitted that airside projects have been considered as fully aeronautical.

5.2.100. BIAL has further submitted that the aeronautical ratio for Terminal 2 Phase 2 assets and other terminal-related asset additions has been considered based on the Terminal 2 Phase 1 aeronautical floor ratio.

5.2.101. BIAL has submitted that allocation ratios for other common projects have been considered based on the overall terminal building ratio of 87.1%.

5.2.102. For capital expenditure other than PAL-2 assets, BIAL has considered an aeronautical ratio of 90%.

5.2.103. BIAL has requested the Authority to True up the allocation ratios based on actual capital expenditure and actual asset usage / classification at the time of true-up.

Depreciation

5.2.104. BIAL has submitted that it has adopted the useful life specified in the Third Control Period true-up section of its submission for computing depreciation for the Fourth Control Period.

5.2.105. The projected aeronautical depreciation submitted by BIAL for the Fourth Control Period is as follows:

Table 132: Projected Aeronautical Depreciation submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Buildings and Civil Works	161.31	168.98	173.36	199.79	294.06	997.50
Runway, Taxiway, Apron	78.57	81.73	169.51	211.74	221.56	763.11
Roads, Boundary Wall, Security Fencing	115.22	124.22	71.58	260.45	369.12	940.60
Plant and Equipment	262.78	347.10	373.55	479.00	545.93	2,008.35
Electrical Installation and Equipment	100.13	136.82	176.63	281.96	354.05	1,049.58
Computers and Accessories	27.29	49.48	57.91	79.19	169.93	383.80
Office Equipment	2.38	4.72	7.47	12.00	16.72	43.28
Furniture and Fixtures	31.27	45.39	50.64	54.13	60.07	241.50
Vehicles	7.99	3.97	2.57	2.29	1.94	18.77
Intangible Assets	19.55	16.54	8.21	8.40	22.18	74.88
Total Depreciation	**806.47**	**978.95**	**1,091.44**	**1,588.96**	**2,055.56**	**6,521.38**

Regulatory Asset Base for the Fourth Control Period

5.2.106. BIAL has submitted the RAB for the Fourth Control Period after considering opening RAB, additions, additional Financing Allowance, disposals, depreciation and depreciation on Financing Allowance.

5.2.107. BIAL has submitted that the RAB for the Fourth Control Period, considering additional Financing Allowance as per the computation on equity invested in the project, is as follows:

Table 133: Regulatory Asset Base proposed by BIAL for the Fourth Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Opening RAB	8,734.00	9,344.30	12,111.77	12,075.58	22,598.87	-
Add: Additions	1,397.40	3,738.29	1,103.19	11,885.15	667.63	18,791.66
Add: FA Additions	65.13	56.37	3.88	291.35	(7.36)	409.37
Less: Disposals	-	-	-	-	-	-
Less: Depreciation	806.47	978.95	1,091.44	1,588.96	2,055.56	6,521.38
Less: Depreciation on FA	45.76	48.24	51.82	64.25	79.35	289.42
Closing RAB	9,344.30	12,111.77	12,075.58	22,598.87	21,124.23	-
Average RAB	9,039.15	10,728.04	12,093.68	17,337.23	21,861.55	-

5.3. Authority's examination regarding Capex, Depreciation and Regulatory Asset Base (RAB) for the Fourth Control Period

5.3.1. The Authority has examined the capital expenditure proposed by BIAL in its MYTP for the Fourth Control Period with reference to the traffic projections, capacity requirements, Master Plan Update 2024, project scope, implementation schedule, cost estimates, procurement status, asset classification and regulatory principles applicable for determination of aeronautical tariff. For the purpose of detailed evaluation, the proposed capital expenditure has been categorised under the following broad heads in line with the submission made by BIAL:

A. Capital Expenditure projects related to Airside Works

B. Capital Expenditure projects related to Terminal Works

C. Capital Expenditure projects related to Landside, Access and Parking Works

D. Capital Expenditure projects related to Other Works

E. Others/ Non PAL 2 Projects

5.3.2. The Authority notes that BIAL has proposed a total capital expenditure of Rs. 20,920.49 Crores, comprising the PAL-2 programme and other / Non-PAL 2 Projects, including sustaining capex. Of the total proposed capital expenditure, the PAL-2 programme aggregates to Rs. 19,061.29 Crores, including hard cost, indexation, taxes, soft costs, IDC and sustaining capex, while the other / Non-PAL 2 Projects, including sustaining capex, amount to Rs. 1,859.20 Crores. Further, within the PAL-2 programme, the hard cost submitted by BIAL is Rs. 13,931.42 Crores, comprising Airfield Works, Passenger Terminal Works, Landside Access and Parking Works, and Other Works.

Capex evaluation through an independent Capex Consultant

5.3.3. The Authority has engaged M/s MECON Limited as an Independent Consultant to carry out an independent technical and cost evaluation of the capital expenditure proposed by BIAL for the Fourth Control Period. MECON has reviewed the submissions made by BIAL, including the Multi Year Tariff Proposal, project cost plans, design basis reports, concept notes, tender documents, purchase orders / contract documents, bills of quantities, traffic studies, Master Plan Update, and other supporting documents submitted by BIAL. MECON, as part of its capital expenditure evaluation and assessment, has submitted Capex Evaluation Report as enclosed as Appendix 1 to this Consultation Paper.

5.3.4. The Authority notes that MECON has undertaken the assessment of the proposed capital expenditure taking into consideration the following broad approach:

- Review of traffic projections submitted by BIAL and assessment of passenger growth, aircraft movements, peak-hour demand and capacity requirements;
- Review of the necessity of each project proposed by BIAL under PAL-2 including whether the project is required during the Fourth Control Period or can be deferred to a subsequent control period;
- Assessment of the project scope with reference to recognized national and international standards and planning norms, including applicable ICAO, IATA, IMG, AAI, DGCA CAR, BCAS and other relevant norms;
- Review of Bill of Quantities ("BOQ"), cost plans and cost estimates submitted by BIAL;

- Review of purchase orders / contracts already awarded by BIAL and assessment of competitiveness of procurement, wherever such documents were made available;
- Review of rates based on CPWD Delhi Schedule of Rates, KPWD Schedule of Rates, CPWD Plinth Area Rates, KPTCL Schedule of Rates, market rates, vendor quotations and other available benchmarks;
- Review of cost escalation / indexation, taxes, soft costs and Interest During Construction ("IDC");
- Assessment of admissible and prudent cost for each project, based on necessity, scope, quantities, rates, phasing and implementation status.

5.3.5. The Authority has considered the observations and recommendations of MECON while examining the necessity, reasonableness and prudence of the proposed capital expenditure. The Authority has also taken into account that certain packages have already been awarded through competitive bidding process and, wherever applicable, the Authority, through MECON, has proposed to consider such awarded values, subject to review of scope and admissibility.

Airport User Consultation Committee ("AUCC")

5.3.6. The Authority notes that BIAL conducted multiple Airport User Consultation Committee ("AUCC") meetings for the capital expenditure projects proposed under the PAL 2 Expansion Programme for Kempegowda International Airport, Bengaluru. These meetings were conducted across different stages and covered projects relating to airside infrastructure, terminal development, landside connectivity, utilities and support facilities. The AUCC meeting attended by various airport users and stakeholders participated, including representatives from IATA, FIA, Airline Operators, Cargo and Fuel Farm Operators, FICCI, APAO etc.

5.3.7. As per the minutes of the AUCC meeting held on **21.04.2025** for Stage 1 and Stage 2 clearance, the Authority observes that BIAL broadly discussed the following with the stakeholders:

i. Proposed capital expenditure projects under the PAL 2 Expansion Programme for the Fourth Control Period;

ii. Existing airport capacity, traffic projections and the need for capacity augmentation up to 80 MPPA by FY 2030

iii. Airside projects, including apron expansion, additional aircraft stands, taxiway works and perimeter infrastructure;

iv. Terminal projects, including T2 Phase 2, T1/T2 connectivity and the proposed new ATC tower;

v. Landside connectivity projects, including metro connectivity, elevated walkway, forecourt reconfiguration, road widening and circulation improvements; and

vi. Utility and support infrastructure, including water, sewage, solid waste, power and rainwater harvesting facilities.

5.3.8. The Authority further notes that stakeholders raised observations on traffic assumptions, phasing of aircraft stand development, requirement of the new ATC tower, cost of metro-related infrastructure, tariff impact of the proposed capex, and the need to align capital expenditure with actual demand. BIAL responded that the traffic forecast is based on an average growth assumption of around 9%-10%, and that the proposed projects would be implemented in a phased manner based on operational requirement and demand. BIAL also stated that the new ATC tower is being proposed based on operational constraints of the existing facility and requirements indicated by AAI.

5.3.9. Further, as per the minutes of the AUCC meeting held on **12th November 2025** for Stage 3 clearance of select PAL 2 projects, the Authority observes that BIAL discussed three key projects, namely T2 Phase 2 and associated apron facilities, Eastern Connectivity Tunnel, and T1-Airport Terminal Metro Station elevated walkway. BIAL also presented the updated master plan, project scope, estimated capital expenditure, implementation timelines and the role of these projects in enhancing terminal capacity, airside capacity, airport access and multimodal connectivity.

5.3.10. The Authority notes that stakeholders raised concerns regarding cost optimization, traffic uncertainty, tariff impact and the need for further engagement with airlines on implementation-related aspects. BIAL submitted that the projects are proposed to be implemented in a modular and phased manner, with focus on cost optimization, and that the proposed capex would be subject to review by the Authority as part of the tariff determination process.

5.3.11. The Authority shall examine the proposed capital expenditure after considering project necessity, stakeholder comments, BIAL's responses, cost reasonableness, implementation phasing and tariff impact as part of the present tariff determination exercise.

Master Plan

5.3.12. The Authority notes that the capital expenditure proposed by BIAL for the Fourth Control Period is linked primarily to the PAL-2 development programme at KIAB. BIAL has submitted that the existing airport infrastructure requires further augmentation to enhance terminal and airside capacity, improve airside and landside circulation, support the proposed hub strategy and ensure service quality, safety and operational resilience to cater the projected traffic demand at the Airport.

5.3.13. In this regard, the Master Plan Update 2024 undertaken by BIAL envisages enhancement of current capacity of the terminal at KIAB from 51.5 MPPA to 80 MPPA by 2029. The PAL-2 development includes upgradation of Terminal 1 to 35 MPPA, expansion of Terminal 2 to 45 MPPA through Terminal 2 Phase 2, augmentation of airside infrastructure, additional aircraft stands, cross-field taxiway connectivity, landside connectivit projects, metro interface infrastructure, utility augmentation and environmental infrastructure.

5.3.14. The Authority further notes that the Master Plan Update indicates increase in total Code C equivalent aircraft stands from 143 to 209 by end of PAL-2 projects and 263 by 2044. BIAL has also submitted that the projected total aircraft stand requirement by 2031 is 227 Code C equivalent stands, after considering operational stand demand, night parking demand, cargo stand requirement and general aviation requirement.

5.3.15. The tariff consultant has relied on the Capex report submitted by MECON for the purpose of determination of Capex for the 4th Control Period.

5.3.16. The Authority through MECON, has reviewed the peak-hour aircraft movement forecasts, passenger traffic forecasts, fleet mix, stand occupancy assumptions and airport master planning requirements. MECON has observed that several of the proposed airside projects, including the Western Cross Field Taxiway, associated taxiway extensions, T2 apron works, Cargo West Apron and Taxiway Z / B9 works, are linked to airside capacity enhancement, optimization of Aircraft taxiing time, improved runway utilisation and improved overall operational efficiency.

5.3.17. The Authority notes that BIAL has proposed expansion of Terminal 2 Phase 2 to increase Terminal 2 capacity from 25 MPPA to 45 MPPA. MECON has reviewed the proposed terminal sizing with reference to IATA/IMG/normative norms and comparable airport benchmarks. MECON has recommended rationalisation of the proposed Terminal 2 Phase 2 built-up area while accepting the need for additional terminal capacity during the Fourth Control Period.

5.3.18. The Authority also notes that several landside works are proposed to improve airport accessibility, decongest existing access roads, support metro connectivity, improve passenger circulation and provide redundancy to existing airport access. MECON has considered certain landside works such as Airport Terminal Metro Station, North West Road Expansion and Cargo Avenue Expansion as essential, while recommending deferment or partial consideration of certain other landside works where immediate operational requirement has not been adequately established.

5.3.19. Accordingly, the Authority is of the view that the capital expenditure proposed for the Fourth Control Period is required to support the next stage of capacity augmentation at KIAB to cater the future traffic demand at the airport. In the above background, the Authority has examined each component of the proposed capital expenditure taking into consideration the necessity, timing/scheduling, scope, cost reasonableness and admissibility for inclusion of such capital expenditure projects in the Regulatory Asset Base. The detailed examination in this regard has been discussed and examined in detail in the subsequent para.

Bifurcation of Capex for the Fourth Control Period

5.3.20. The Authority as per the broad categorization of capital expenditure projects planned as mentioned at para 5.3.1 has further bifurcated into respective capital expenditure projects for the purpose of detailed examination as given in the table below:

Table 134: PAL-2 Projects proposed by BIAL

S. No.	Category	Project Description	Total Capex submitted by BIAL (Rs. Cr)	Capitalization Date
A.1	Airside	West Cross Field Taxiway	1,567.33	30-Sep-27
A.2		Airfield Works, including taxiway extension, isolation bay etc.	571.85	31-Mar-28
A.3		T2 Apron, 13 stands	307.72	31-Mar-27
A.4		T2 Phase 2 Apron, 40 stands	906.87	30-Jun-29
A.5		Taxiway Z and Enabling Works	125.44	31-Dec-26
A.6		T2 Phase 2 West Apron, 18 stands	459.41	31-Dec-30
A.7		Cargo West Apron, 12 stands	201.76	31-Jan-28
A.8		North Airside Perimeter Wall and Perimeter Road	106.83	30-Jun-27
A.9		Taxiway B9 and Enabling Works	53.25	30-Sep-27
B.1	Terminal	T1 Upgrade	1,129.95	31-Mar-27
B.2		T2 Enhancement	87.56	31-Dec-26
B.3		T2 Phase 2	7,480.47	31-Dec-29
B.4		T1/T2 Connectivity – Pier Expansion	399.21	31-Dec-29
B.5		GA Terminal	6.85	31-Mar-27
B.6		Airport Staff Parking and Cafeteria	174.49	31-Mar-28
B.7		Contingency Facility	44.20	31-Mar-27
B.8		New Air Traffic Control Tower	170.24	30-Sep-28
C.1	Landside	Eastern Connectivity Tunnel	2,772.04	30-Jun-29

S. No.	Category	Project Description	Total Capex submitted by BIAL (Rs. Cr)	Capitalization Date
C.2.1		Airport Terminal Metro Station	462.55	30-Jun-27
C.2.2		KIA West Metro Station	213.82	30-Jun-27
C.4		T1 to T2 and Metro Connector Walkway	109.74	31-Dec-27
C.5		North West Road Expansion, 2+2 lane	45.93	31-Dec-27
C.6		Cargo Avenue / NCR Expansion, 2+2 lane, LSG to Alpha 1	16.99	31-Dec-27
C.7		T1 and T2 Departure and Arrival Recirculation	108.56	31-Dec-27
C.10		MAR Recirculation Link	138.21	31-Dec-27
C.11		MAR-SWR Interchange Upgrade	56.26	31-Mar-30
C.12		North Boundary Road / Landside North East Road	171.46	31-Mar-29
D.1	Others	Utilities	923.33	30-Jun-29
D.2		MMTH Enhancement	53.56	30-Sep-26
D.3		Green Belt Development	31.19	31-Dec-29
D.4		Rainwater Harvesting Pond-1	164.22	31-Mar-30
Total Capex submitted by BIAL			**19,061.29**	

(A) Capital Expenditure projects related to Airside Works

A.1. West Cross Field Taxiway

5.3.21. The Authority notes that BIAL has proposed development of the Western Cross Field Taxiway ("WCT") to provide improved connectivity between the northern and southern runways and to address existing airside circulation constraints.

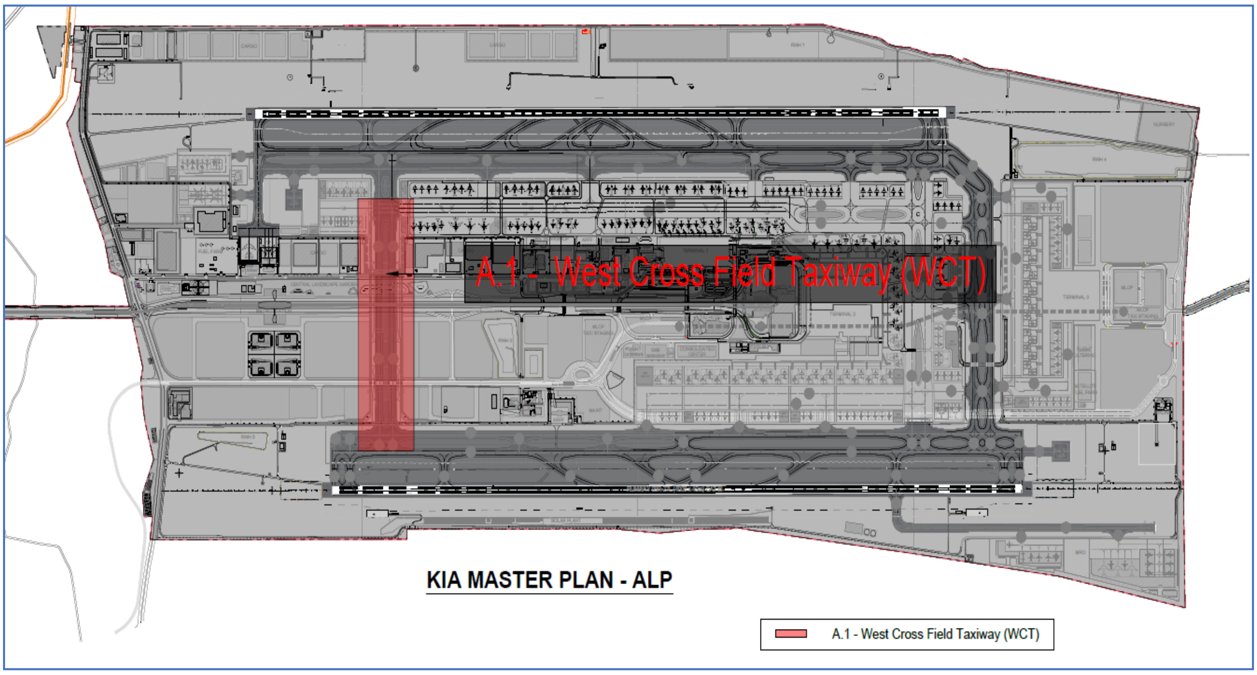


Figure 4: Location of the Proposed West Cross Field Taxiway (WCT)

5.3.22. The Authority notes that KIAB operates two independent runways, namely North Runway 09L/27R and South Runway 09R/27L, with a complex central apron and around 142 aircraft stands. The existing airside configuration results in long taxiing distances for certain aircraft movements, particularly for aircraft operating from the north apron and using the south runway, and vice versa.

5.3.23. The current operations result in taxiing distances of around 6 km to 9 km and taxiing time of around 20 to 30 minutes in certain cases. This leads to additional fuel burn, emissions, operational delays, increased pilot / controller workload and schedule disruptions. BIAL has further submitted that runway mode changes occur multiple times during the day and result in system-wide delays.

5.3.24. The Authority further notes that the proposed Western Cross Field Taxiway will form a dual-ring taxiway configuration by complementing the existing eastern cross-field taxiways. The project is expected to reduce taxiing time, improve runway mode transition, enhance airfield resilience and provide additional queuing space near runway ends.

5.3.25. The scope includes construction of two ICAO Code F compliant parallel taxiways, Taxiway J and Taxiway K, elevated over landside roads and airport infrastructure, including the North Cargo Road, Terminal Boulevard and Airport City Avenue. The package also includes associated ramps, retaining walls, boundary walls, watch towers, patrolling roads, service roads and related infrastructure.

5.3.26. The Authority notes that the Western Cross Field Taxiway is a critical component of the long-term airport master plan and is essential for enhancing airside capacity, operational resilience and sustainability at KIAB. Considering the operational benefits, reduction in taxiing time, improved runway utilisation and its role in supporting future traffic growth, the Authority is of the view that the project is essential during the Fourth Control Period.

5.3.27. The Authority, through MECON, has noted that a significant portion of this package has already been awarded through a competitive bidding process. MECON has reviewed the awarded purchase orders and observed that the contracts were awarded after adequate bidder participation and competitive procurement. For the balance scope yet to be awarded / finalised, MECON has reviewed the item-wise details and assessed the corresponding cost separately.

5.3.28. The Authority through MECON, has undertaken a detailed review of the cost of the Western Cross Field Taxiway package based on the awarded purchase orders, the balance scope yet to be awarded / finalised, and the additional scope indicated by BIAL during the review process. The awarded works primarily comprise enabling works, civil and finishing works, external development works, part of MEPF works, part of ICT works and miscellaneous works. The Authority notes that the awarded packages were finalised through a competitive bidding process with adequate bidder participation. The awarded cost considered for this package works out to around Rs. 935 Crores.

5.3.29. For the balance scope yet to be awarded / finalised, BIAL submitted an estimate of Rs. 163.5 Crores during the review process. Accordingly, the total cost claim for this package, based on the awarded cost and balance scope, worked out to Rs. 1,098.5 Crores, as against the original cost of Rs. 1,145 Crores submitted by BIAL in the MYTP.

5.3.30. The Authority notes that the estimate of Rs. 163.5 Crores submitted by BIAL for the balance scope comprised Rs. 114.2 Crores towards balance works yet to be awarded / finalised and Rs. 49.3 Crores towards likely potential scope changes in different awarded packages. The Authority does not propose to consider a separate provision of Rs. 49.3 Crores towards potential scope changes in awarded packages, as such provision is in the nature of contingency and is proposed to be addressed under the soft cost / contingency component. The Authority is of the view that allowing a separate provision for potential scope changes in addition to contingencies may result in duplication.

5.3.31. The Authority has examined the balance works of Rs. 114.2 Crores submitted by BIAL. During such examination, certain items have not been considered for the reasons detailed below:

- The Authority notes that the proposed utility crossing at P4 and SAR Road was not included as part of the WCFT enabling works in the MYTP submission. Further, BIAL has not adequately substantiated the technical requirement and necessity of the proposed utility crossing under this package. Accordingly, the cost associated with this item **(Rs. 7.2 Crores)** has not been considered.
- The Authority notes that the proposed restoration works include restoration of utility trenches, manhole covers, roads, demolition of temporary roads, irrigation restoration and other related activities. The Authority observes that such restoration activities are incidental to the execution of the respective awarded works and are expected to be included within the scope of the relevant awarded packages. Therefore, separate consideration of the cost towards restoration works **(Rs. 22 Crores)** has not been found tenable.
- The Authority notes that external painting is already included within the scope of the awarded package. However, BIAL has not adequately justified the technical requirement for providing an Eggshell Finish on piers, retaining walls, girders and other structural elements. Accordingly, the additional cost proposed towards this item **(Rs. 14 Crores)** has not been considered.
- Based on the above-mentioned exclusions, namely Rs. 7.20 Crores towards proposed utility crossing, Rs. 22.00 Crores towards restoration works and Rs. 14.00 Crores towards egg-shell finish, aggregating to Rs. 43.20 Crores, the proposed cost of Rs. 114.20 Crores submitted by BIAL for the relevant scope of the West Cross Field Taxiway project stands reduced to Rs. 71.00 Crores. The Authority thereafter reviewed the item-wise rates and quantities for the remaining balance scope. The rates were examined with reference to CPWD Schedule of Rates, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable rate references. For items based on market rates, the Authority considered the quotations submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment and stage of project development. The Authority further notes that the indirect cost factors claimed by BIAL have been rationalized to avoid duplication, as certain factors are already embedded in the applicable schedule rates / DSR rates. Based on such review of quantities, rates, market quotations and indirect cost factors, the balance scope has been assessed at around Rs. 41 Crores. Accordingly, the rationalization regarding the cost of West Cross Field Taxiway has been carried out as per the following: Separate provision towards potential scope changes in awarded packages has not been considered, as the same is in the nature of contingency and is proposed to be addressed under soft cost / contingency. Costs relating to utility crossing at P4 and SAR Road, restoration works and external painting with Eggshell Finish have not been considered separately, as the technical justification / separate requirement was not adequately established. The balance scope has been rationalised based on review of item-wise quantities, applicable CPWD / KPWD / KPTCL rates, market quotations and adjustment of indirect cost factors to avoid duplication.

5.3.32. Accordingly, the Authority proposes to consider the awarded cost of around Rs. 935 Crores and the balance scope cost of around Rs. 41 Crores. Therefore, the total hard cost proposed to be considered by the Authority for the Western Cross Field Taxiway package is Rs. 976 Crores, as against Rs. 1,145 Crores submitted by BIAL in the MYTP.

Table 135: Cost Assessment for West Cross Field Taxiway

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	1,145
Hard cost proposed to be considered by the Authority	976

Particulars	Amount
Rationalization in cost	169

A.2. Airfield Works, including Taxiway Extension, Isolation Bay etc.

5.3.33. The Authority notes that BIAL has proposed airfield works comprising taxiway extensions, new connectors, improved runway access points, relocation of isolation aircraft parking position and associated access roads. These works are proposed to support the Western Cross Field Taxiway and optimise the overall airfield taxiway network.

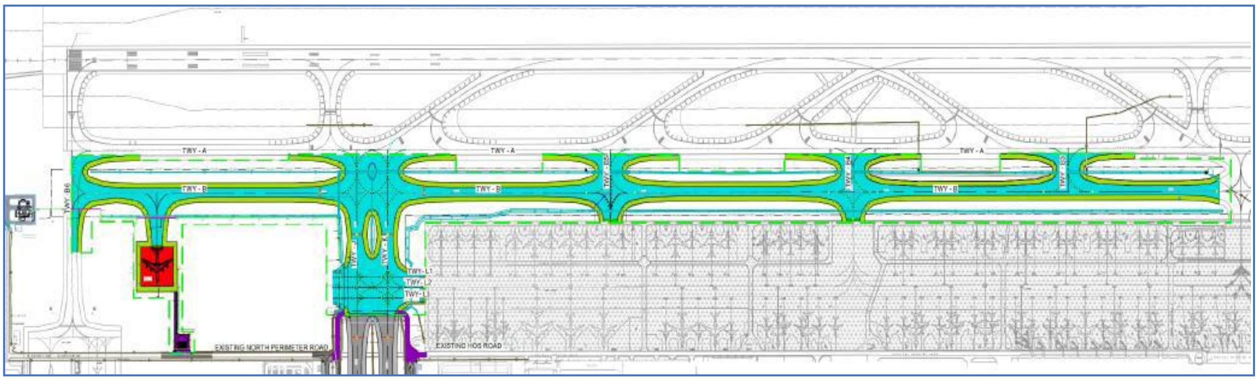


Figure 5: Scope included in Northern Airfield

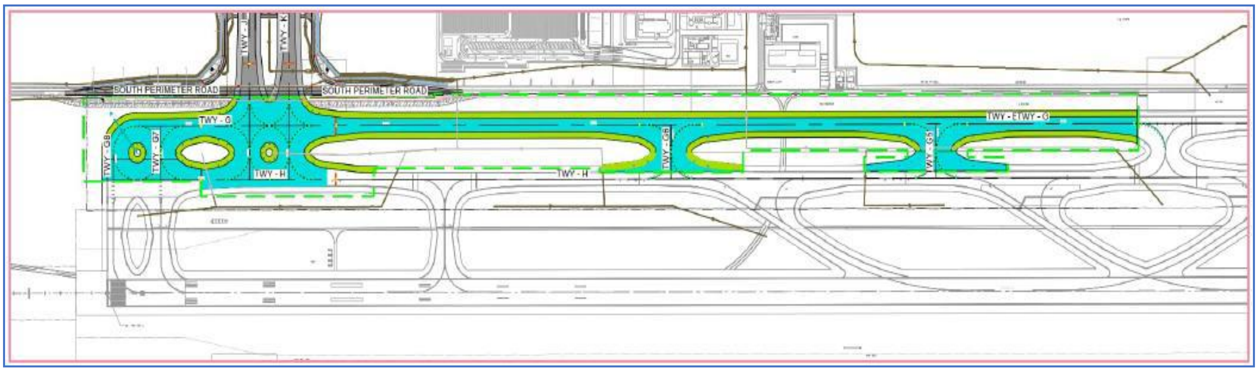


Figure 6: Scope included in Southern Airfield

Scope included in Southern Airfield

5.3.34. The Authority notes that the proposed works cover a cumulative area of around 4,33,739 sqm and are intended to address existing airside constraints, including extended taxiing time, congestion at critical runway access points, multiple taxiway intersections and limited routing flexibility for air traffic control.

5.3.35. The Authority further notes that the scope includes extension of Taxiway B and Taxiway G, new runway connectors in the north and south airfields, relocated Isolation Aircraft Parking Position, access roads, relocated CCR room, additional GSE staging area, South IAPP as per BCAS requirements and connections to the relocated North IAPP.

5.3.36. The Authority notes that, in the absence of these associated airfield works, the intended benefits of the Western Cross Field Taxiway may not be fully realised. The Authority further notes that the extension of Taxiway B necessitates removal of 12 existing temporary aircraft stands, which forms part of the broader airfield reconfiguration strategy proposed for improving long-term operational efficiency.

5.3.37. Considering that the proposed works support peak-hour capacity enhancement, improved utilisation of airside infrastructure, reduction of airside bottlenecks and improved safety, the Authority is of the view that the project is justified from an operational and planning perspective.

5.3.38. For the cost assessment, the Authority, through MECON, has undertaken a detailed review of the cost of the relevant package based on the awarded purchase orders, the balance scope yet to be awarded / finalised, and the additional scope indicated by BIAL during the review process. The awarded works primarily comprise Enabling Works, Civil & Interior Works, MEPF Works and other associated works. The Authority notes that the awarded packages were finalised through a competitive bidding process with adequate bidder participation. The awarded cost considered for this package works out to around Rs. 328 Crores.

5.3.39. For the balance scope yet to be awarded / finalised, BIAL submitted an estimate of around Rs. 110.8 Crores during the review process. Accordingly, the total cost claim for this package, based on the awarded cost and balance scope, worked out to around Rs. 438.8 Crores, as against the original cost of Rs. 443 Crores submitted by BIAL in the MYTP.

5.3.40. The Authority notes that the estimate of Rs. 110.8 Crores submitted by BIAL for the balance scope comprised around Rs. 94.4 Crores towards uncommitted works and around Rs. 16.4 Crores towards likely potential scope changes in different awarded packages. The Authority does not propose to consider a separate provision of Rs. 16.4 Crores towards potential scope changes in awarded packages, as such provision is in the nature of contingency and is proposed to be addressed under the soft cost / contingency component. The Authority is of the view that allowing a separate provision for potential scope changes in addition to contingencies may result in duplication.

5.3.41. The Authority has examined the uncommitted works of Rs. 94.4 Crores submitted by BIAL. During such examination, certain items have not been considered for the reasons detailed below:

- The Authority notes that the proposal for relocation of Ground Support Equipment (GSE) facilities in the North Airfield has not been adequately justified. Accordingly, the cost associated with this item has not been considered.
- The Authority notes that the cost towards Electrical, Plumbing, HVAC and Fire Fighting works for the CCR Building is already included within the scope of the awarded packages. Hence, this amount has not been considered separately.
- The Authority notes that the design cost associated with the relocation of the CCR Building has not been considered, as the design and engineering activities are already covered under the approved Soft Cost provisions.
- The Authority notes that the proposed cost towards enabling works for Perimeter Road widening, additional excavation depth and compound wall modifications has not been considered, as these activities are deemed to be included within the scope of the relevant awarded package and accordingly have not been considered separately.

- The Authority notes that, in respect of pavement construction for TWY G6 & G7 stubs, the area and supporting drawings for the proposed work were not provided by BIAL. Further, this work is deemed to be included in the awarded packages. Accordingly, the same has not been considered.
- The Authority further notes that the area of the proposed South IAPP, including associated area, has been reduced from 23,750 sqm to 20,000 sqm based on the drawing provided and technical requirements, leading to a reduction in cost of around Rs. 4 Crores.

5.3.42. Based on the above exclusions, the uncommitted scope of Rs. 94.4 Crores submitted by BIAL was reduced to around Rs. 75.8 Crores. The Authority thereafter reviewed the item-wise rates and quantities for the remaining uncommitted scope. The rates were examined with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable rate references. For items based on market rates, the Authority considered the quotations submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment and stage of project development.

5.3.43. The Authority further notes that the indirect cost factors claimed by BIAL have been rationalised to avoid duplication, as certain factors are already embedded in the applicable schedule rates / DSR rates. Based on such review of quantities, rates, market quotations and indirect cost factors, the uncommitted scope has been assessed at around Rs. 62 Crores.

5.3.44. Accordingly, the rationalisation regarding the cost of Airfield Works including Taxiway Extension, Isolation Bay etc has been carried out as per the following:

- Separate provision towards potential scope changes in awarded packages has not been considered, as the same is covered under the contingency component.
- Certain items such as relocation of GSE facilities, CCR building related services already covered in awarded packages, design cost covered under soft cost, and enabling works deemed part of awarded scope have not been considered separately.
- The South IAPP area has been rationalised based on drawings and technical requirements, and the balance cost has been assessed after review of quantities, rates and indirect cost factors.

5.3.45. Accordingly, the Authority proposes to consider the awarded cost of around Rs. 328 Crores and the unawarded scope cost of around Rs. 62 Crores. Therefore, the total hard cost proposed to be considered by the Authority for this package is around Rs. 390 Crores, as against Rs. 443 Crores submitted by BIAL in the MYTP.

Table 136 Cost Assessment for Airfield Works

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	443
Hard cost proposed to be considered by the Authority	390
Rationalization in cost	53

5.3.46. Accordingly, the Authority proposes to consider hard cost of Rs. 390 Crores towards airfield works, subject to actual capitalisation, asset allocation and true-up.

A.3. T2 Apron, 9 + 4 Stands

5.3.47. The Authority notes that BIAL has proposed development of 13 remote aircraft stands under this package. These stands are proposed to replace the 12 existing stands that will be removed due to Taxiway B extension and to support the overall stand augmentation requirement.

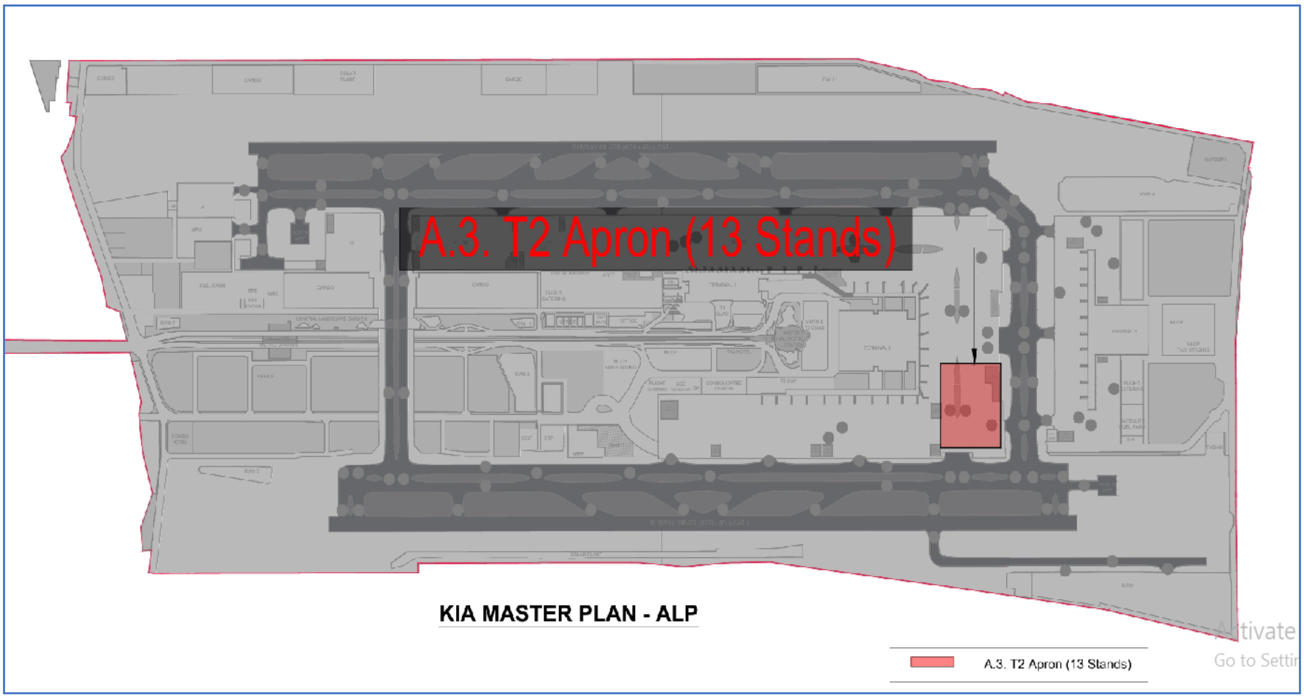


Figure 7: Location of the Proposed 9 + 4 Stands at the T2 Apron

5.3.48. The Authority has reviewed the stand demand assessment submitted by BIAL. The assessment has been examined with reference to projected peak-hour aircraft movements, fleet mix, aircraft servicing time, maneuvering time, vacancy time, night parking requirement, cargo stand requirement and general aviation stand requirement. Based on the assessment, the total stand demand of 227 Code C equivalent stands by 2031 appears reasonable, subject to actual traffic growth, airline fleet induction and aircraft movement realization.

5.3.49. The Authority notes that the proposed development under this package is necessary as it replaces the aircraft stands that are required to be removed due to the extension of Taxiway B under Package A.2 and also supports increasing operational and night parking demand. The Authority further notes that the revised apron configuration has been reviewed and the apron area has increased from around 1,38,661 sqm to around 1,75,434 sqm due to revision of the taxi lane configuration to comply with DGCA CAR requirements.

5.3.50. The Authority also notes that the apron layout is compliant with applicable ICAO standards and DGCA CAR provisions. The pavement design has been reviewed as per FAA advisory guidelines using FAARFIELD software and has been found to be in order. Further, the rigid pavement design life of 40 years in considered acceptable, having regard to the extension of the concession period upto 2068.

5.3.51. The Authority notes that the increase in apron area from approximately 1,38,661 sqm in the initial MYTP submission to approximately 1,75,434 sqm is primarily attributable to the revision of the taxi lane configuration from a three-taxi lane system to a two-taxi lane system in order to comply with the applicable DGCA CAR requirements.

5.3.52. The Authority further notes that the proposed apron development is necessitated by the removal of 12 existing aircraft stands on account of the extension of Taxiway B under Package A.2. In this context, the Authority is of the view that development of additional stands is necessary and prudent, as it ensures augmentation of aircraft parking capacity, particularly in view of the projected traffic growth and increasing night parking demand at KIAB.

5.3.53. For the cost assessment, the Authority, through MECON, has undertaken a detailed review of the cost of the relevant package based on the awarded purchase orders, the balance scope yet to be awarded / finalised, and the additional scope indicated by BIAL during the review process. The awarded works primarily comprise Civil & Finishes Works, MEPF Works, part of ICT Works and other associated works. The Authority notes that the awarded packages were finalised through a competitive bidding process with adequate bidder participation. The awarded cost considered for this package works out to around Rs. 165 Crores.

5.3.54. For the balance scope yet to be awarded / finalised, BIAL submitted an estimate of Rs. 60 Crores during the review process. Accordingly, the total cost claim for this package, based on the awarded cost and balance scope, worked out to Rs. 225 Crores, as against the original cost of Rs. 235 Crores submitted by BIAL in the MYTP.

5.3.55. The Authority notes that the estimate of Rs. 60 Crores submitted by BIAL for the balance scope comprised Rs. 51.7 Crores towards uncommitted works and Rs. 8.3 Crores towards likely potential scope changes in different awarded packages. The Authority does not propose to consider a separate provision of Rs. 8.3 Crores towards potential scope changes in awarded packages, as such provision is in the nature of contingency and is proposed to be addressed under the soft cost / contingency component. The Authority is of the view that allowing a separate provision for potential scope changes in addition to contingencies may result in duplication.

5.3.56. The Authority has examined the uncommitted works of Rs. 51.7 Crores submitted by BIAL. During such examination, it is noted that BIAL has included 21,329 sqm of additional pavement works over and above the scope already included in awarded packages under the uncommitted cost. However, based on a detailed review of the drawings and clarifications furnished by BIAL, only 18,797 sqm of additional pavement has been found tenable. Accordingly, a cost reduction of around Rs. 3 Crores has been considered in the technical evaluation.

5.3.57. Based on the above exclusion, the uncommitted scope of Rs. 51.7 Crores submitted by BIAL was reduced to around Rs. 48.7 Crores. The Authority thereafter reviewed the item-wise rates and quantities for the remaining uncommitted scope. The rates were examined with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable rate references. For items based on market rates, the Authority considered the quotations submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment and stage of project development.

5.3.58. The Authority further notes that the indirect cost factors claimed by BIAL have been rationalised to avoid duplication, as certain factors are already embedded in the applicable schedule rates / DSR rates. Based on such review of quantities, rates, market quotations and indirect cost factors, the uncommitted scope has been assessed at around Rs. 38 Crores.

5.3.59. Accordingly, the rationalisation regarding the cost of T2 Apron, 9 + 4 Stands has been carried out as per the following:

- Separate provision towards potential scope changes in awarded packages has not been considered, as such provision is proposed to be addressed under contingency.
- Additional pavement area claimed under the balance scope has been rationalised based on review of drawings and clarifications submitted by BIAL.
- The balance cost has been assessed after review of item-wise quantities, applicable rate references, market quotations and rationalisation of indirect cost factors.

5.3.60. Accordingly, the Authority proposes to consider the awarded cost of around Rs. 165 Crores and the uncommitted scope cost of around Rs. 38 Crores. Therefore, the total hard cost proposed to be considered by the Authority for this package is around Rs. 203 Crores, as against Rs. 235 Crores submitted by BIAL in the MYTP as per the table below:

Table 137: Cost Assessment for T2 Apron, 9 + 4 Stands

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	235
Hard cost proposed to be considered by the Authority	203
Rationalization in cost	32

5.3.61. Accordingly, the Authority proposes to consider hard cost of Rs. 203 Crores towards T2 Apron, 9 + 4 stands, subject to actual capitalisation, asset allocation and true-up.

A.4. T2 Phase 2 Apron, 40 Stands

5.3.62. The Authority notes that BIAL has proposed development of T2 Phase 2 Apron to support the expansion of Terminal 2 during the Fourth Control Period. The apron is linked to the proposed enhancement of Terminal 2 capacity and associated increase in passenger traffic and aircraft parking demand.

5.3.63. The Authority notes that BIAL had initially proposed 40 Code C equivalent stands over an area of around 3,73,959 sqm. During the assessment process, the proposal was revised to 46 Code C equivalent stands with an apron area of around 4,30,244 sqm. The proposed configuration includes Code E MARS contact stands, Code C contact stands, remote stands and parallel taxi lanes.

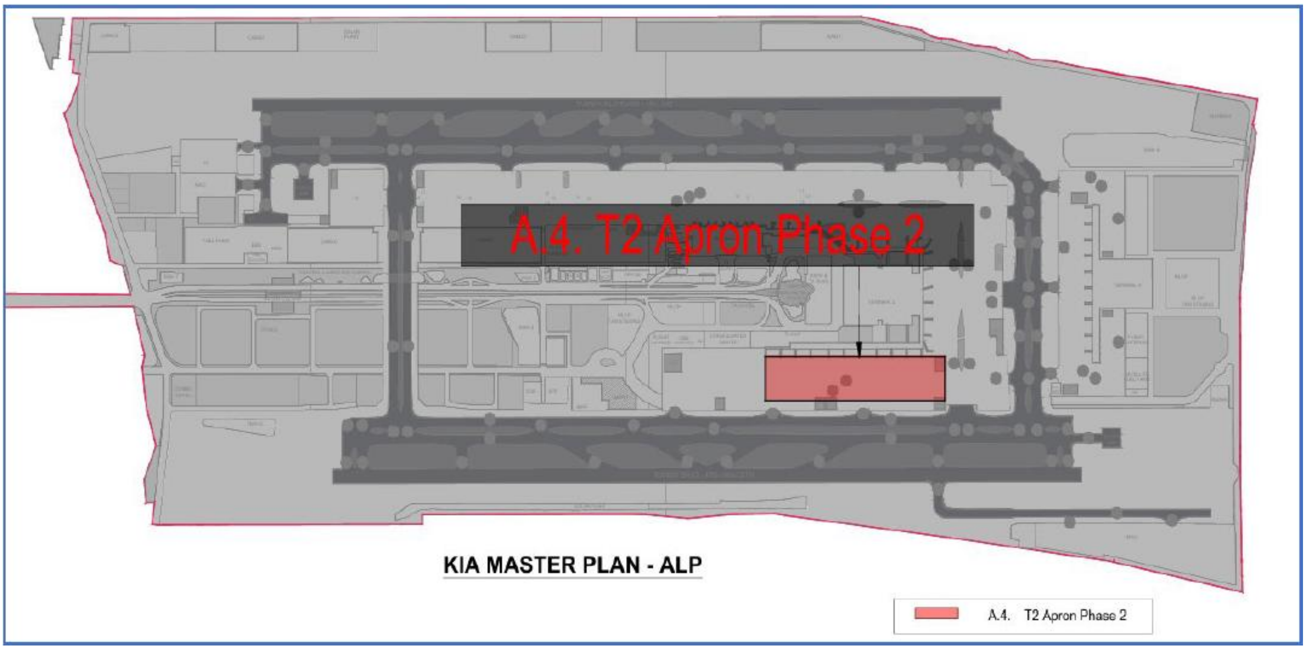


Figure 8: Location of the Proposed T2 Phase 2 Apron, 40 Stands

5.3.64. The Authority notes that the apron layout has been reviewed and found to be in compliance with applicable ICAO standards and DGCA CAR provisions. Considering that the proposed apron development is intrinsically linked to Terminal 2 Phase 2 and the proposed passenger capacity augmentation at KIAB, the Authority is of the view that the project is essential for implementation during the Fourth Control Period.

5.3.65. For the cost assessment, the Authority, through MECON, has undertaken a review of the cost of the A4 package. MECON has considered that the A4 package is of a nature similar to that of the A3 package and, accordingly, the assessed cost of the A3 package has been adopted as the basis for assessment of the A4 package on an area basis.

5.3.66. The assessed cost of the A3 package works out to around Rs. 203 Crores for an area of around 1,75,434 sqm. Considering the same on a pro rata area basis, the cost of the A4 package, having an area of around 4,30,244 sqm, works out to around Rs. 498 Crores, as against the cost of Rs. 557 Crores claimed by BIAL in the MYTP as per the table below:

5.3.67. Accordingly, the rationalisation regarding the cost of T2 Phase 2 Apron, 40 Stands has been carried out as per the following:

- The project has been assessed with reference to Package A.3, as both packages are similar in nature and involve comparable apron pavement works.
- The assessed cost of Package A.3 has been adopted as the basis for assessment of this package on a pro-rata area basis.
- The cost has accordingly been rationalised to align with the benchmark cost derived from the comparable apron package.

Table 138: Cost Assessment for T2 Phase 2 Apron

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	557
Hard cost proposed to be considered by the Authority	498
Rationalization in cost	59

A.5. Taxiway Z and Enabling Works

5.3.68. The Authority notes that BIAL has proposed Taxiway Z to provide airside connectivity to the proposed Engine Run-Up Bay and to the planned MRO facility in the south-east parcel being developed by Air India and Tata Advanced Systems Limited.

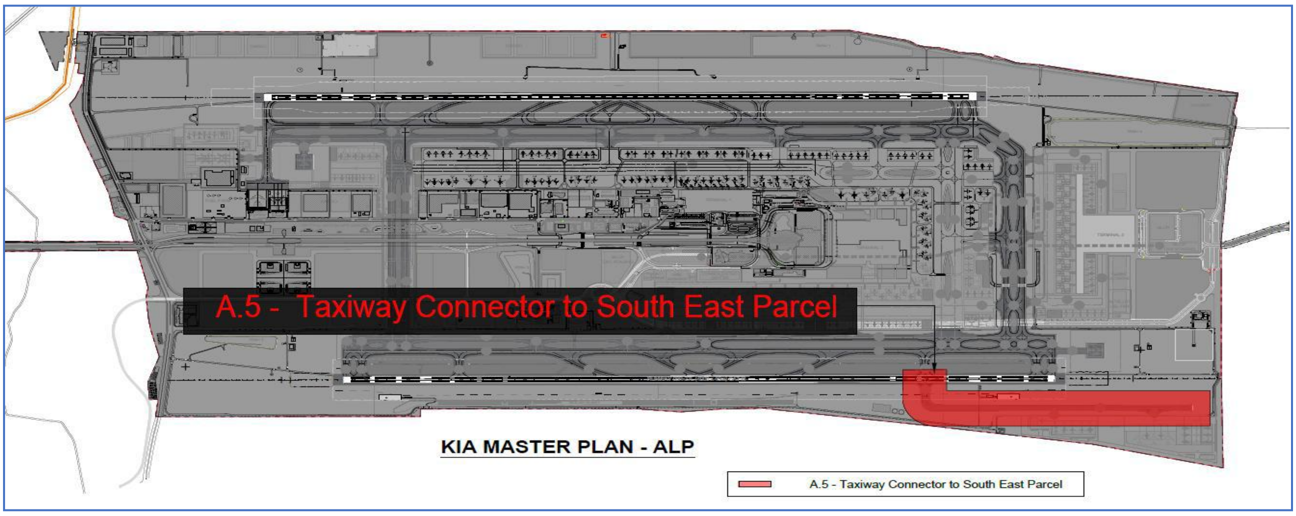


Figure 9: Location of the Proposed Taxiway Z and Enabling Works

5.3.69. The Authority notes that the primary requirement of Taxiway Z is to provide direct airside connectivity to the upcoming MRO facilities in the south-east parcel of the airport. Considering the connectivity requirement for the planned MRO facilities and the associated airside operational needs, the Authority is of the view that the project is necessary and prudent during the Fourth Control Period.

5.3.70. With respect to cost, the Authority, through MECON, has undertaken a detailed review of the cost of the relevant package based on the awarded purchase orders, the balance scope yet to be awarded / finalised, and the additional scope indicated by BIAL during the review process. The awarded works primarily comprise part of Enabling Works, Civil & Interior Works, MEPF Works and other associated works. The Authority notes that the awarded packages were finalised through a competitive bidding process with adequate bidder participation. The awarded cost considered for this package works out to around Rs. 71 Crores.

5.3.71. For the balance scope yet to be awarded / finalised, BIAL submitted an estimate of Rs. 21.3 Crores during the review process. Accordingly, the total cost claim for this package, based on the awarded cost and balance scope, worked out to Rs. 92.3 Crores, as against the original cost of Rs. 111 Crores submitted by BIAL in the MYTP.

5.3.72. The Authority notes that the estimate of Rs. 21.3 Crores submitted by BIAL for the balance scope comprised Rs. 17.7 Crores towards uncommitted works and Rs. 3.6 Crores towards likely potential scope changes in different awarded packages. The Authority does not propose to consider a separate provision of Rs. 3.6 Crores towards potential scope changes in awarded packages, as such provision is in the nature of contingency and is proposed to be addressed under the soft cost / contingency component. The Authority is of the view that allowing a separate provision for potential scope changes in addition to contingencies may result in duplication.

5.3.73. The Authority has examined the uncommitted works of Rs. 17.7 Crores submitted by BIAL. During such examination, certain items have not been considered for the reasons detailed below:

- The Authority notes that the scope of stub shifting works amounting to around Rs. 1.05 Crores submitted by BIAL under the uncommitted cost has not been considered, as the technical requirement and justification for carrying out such works have not been furnished.
- The Authority further notes that BIAL has considered 1,340 m of chain link fencing under the uncommitted cost. However, based on the quantities considered in the Cost Plan submitted by BIAL as part of the MYTP, the requirement has been restricted to 300 m, as no technical justification has been furnished for the proposed increase in length. Accordingly, a cost reduction of around Rs. 0.55 Crores has been considered in the evaluation due to the reduced scope.

5.3.74. Based on the above exclusions, the uncommitted scope of Rs. 17.7 Crores submitted by BIAL was reduced to around Rs. 16.1 Crores. The Authority thereafter reviewed the item-wise rates and quantities for the remaining uncommitted scope. The rates were examined with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable rate references. For items based on market rates, the Authority considered the quotations submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment and stage of project development.

5.3.75. The Authority further notes that the indirect cost factors claimed by BIAL have been rationalised to avoid duplication, as certain factors are already embedded in the applicable schedule rates / DSR rates. Based on such review of quantities, rates, market quotations and indirect cost factors, the uncommitted scope has been assessed at around Rs. 13 Crores.

5.3.76. Accordingly, the rationalisation regarding the cost of Taxiway Z and Enabling Works has been carried out as per the following:

- Separate provision towards potential scope changes in awarded packages has not been considered, as the same is in the nature of contingency.
- Certain items such as stub shifting works and additional chain link fencing have not been considered/rationalised due to absence of adequate technical justification.
- The balance scope has been assessed after review of quantities, applicable schedule rates, market quotations and rationalisation of indirect cost factors.

5.3.77. Accordingly, the Authority proposes to consider the awarded cost of around Rs. 71 Crores and the uncommitted scope cost of around Rs. 13 Crores. Therefore, the total hard cost proposed to be considered by the Authority for this package is around Rs. 84 Crores, as against Rs. 111 Crores submitted by BIAL in the MYTP as per the table below:

Table 139: Cost Assessment for Taxiway Z and Enabling Works

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	111
Hard cost proposed to be considered by the Authority	84
Rationalization in cost	27

5.3.78. Accordingly, the Authority proposes to consider hard cost of Rs. 84 Crores towards Taxiway Z and enabling works, subject to actual capitalisation, asset allocation and true-up.

A.6. T2 Phase 2 West Apron, 18 Stands

5.3.79. The Authority notes that BIAL has proposed the T2 Phase 2 West Apron to cater to aircraft parking stand requirements and night parking demand. BIAL had initially proposed 18 remote stands over an area of around 1,65,327 sqm, which was subsequently revised during the review process to 12 Code C equivalent remote stands over an area of around 1,22,868 sqm.

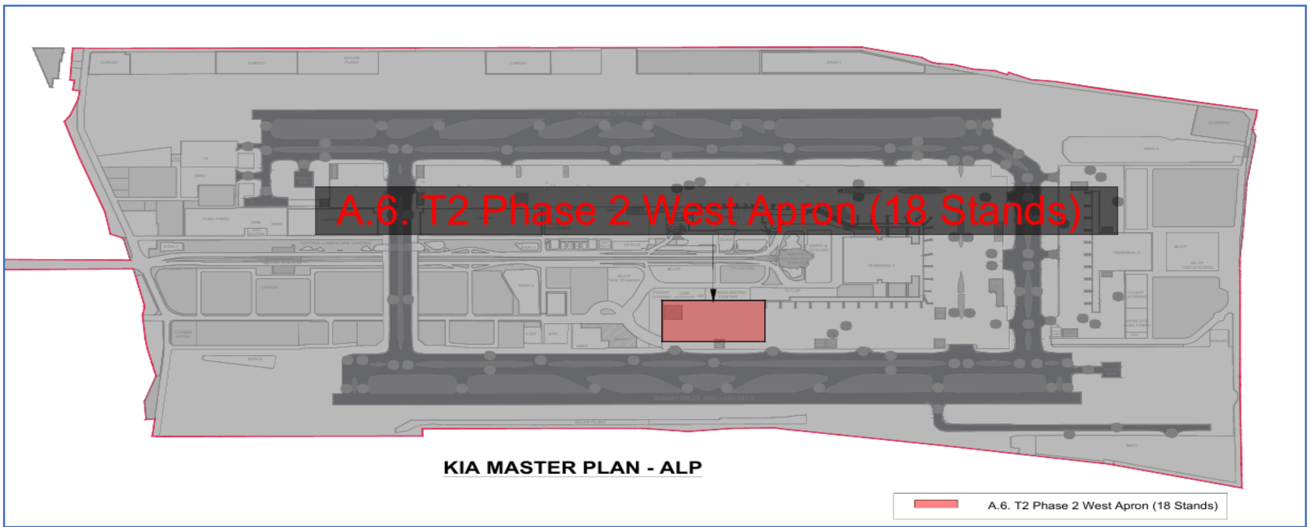


Figure 10: Location of the Proposed T2 Phase 2 West Apron, 18 Stands

5.3.80. The Authority notes that the proposed remote stands under this package are primarily intended to cater to night parking requirements rather than immediate operational stand demand linked to passenger processing or runway / terminal throughput during the Fourth Control Period. The Authority further notes that the project completion timeline indicated by BIAL is December 2030, i.e., the last quarter of the Fourth Control Period.

5.3.81. The Authority has examined the necessity and timing of the proposed T2 Phase 2 West Apron. The Authority notes that capex proposed for inclusion in RAB should have a clear and demonstrable operational requirement during the relevant control period, and the corresponding facilities should be available for use by airport users within a reasonable period during that control period. In the present case, the proposed project is expected to be completed only towards the end of FY 2030-31 and, therefore, the benefits of the project, if any, would largely accrue beyond the Fourth Control Period.

5.3.82. The Authority further notes that the requirement of the proposed remote stands is substantially dependent on future airline fleet induction, actual night parking demand and traffic realisation. While BIAL has submitted long-term stand requirement projections, the immediate requirement of these additional west apron stands during the Fourth Control Period has not been adequately established, particularly when the proposed stands are not primarily linked to immediate passenger terminal processing capacity or critical operational bottlenecks.

5.3.83. The Authority is also mindful that allowing capex in RAB before the asset is available and put to use may result in airport users bearing tariff impact without corresponding access to the facility or benefit during the control period. Since the proposed T2 Phase 2 West Apron is scheduled for completion only in the last quarter of the Fourth Control Period, inclusion of the same at this stage may not be prudent from the perspective of user interest.

5.3.84. The rationalisation regarding the cost of T2 Phase 2 West Apron has been caried out as per the following:

- The project has not been considered at this stage as the proposed stands are primarily intended for night parking and not for immediate operational requirements during the Fourth Control Period.
- The completion timeline indicated by BIAL falls in the last quarter of the last Tariff year of the Fourth Control Period, and the benefits of such infrastructure will be available for the passengers in the next Control Period only, thereby Authority has not considered this capex in this Control Period.
- The project may be examined at the time of true-up if it is actually commissioned and put to use, subject to verification of requirement, utilization and efficiency, cost reasonableness and asset allocation.

5.3.85. Accordingly, the Authority proposes not to consider the capital expenditure towards T2 Phase 2 West Apron for inclusion in the Fourth Control Period capex at this stage. However, in case BIAL actually commissions and puts the project to use during the Fourth Control Period, the Authority may examine the same at the time of true-up, subject to verification of actual requirement, utilization, efficiency, cost reasonableness, actual capitalization and asset allocation.

A.7. Cargo West Apron, 12 Stands

5.3.86. The Authority notes that BIAL has proposed development of Cargo West Apron comprising 12 additional remote stands over an area of around 83,043 sqm. The proposal is intended to support hub operations, cargo operations and night parking demand.

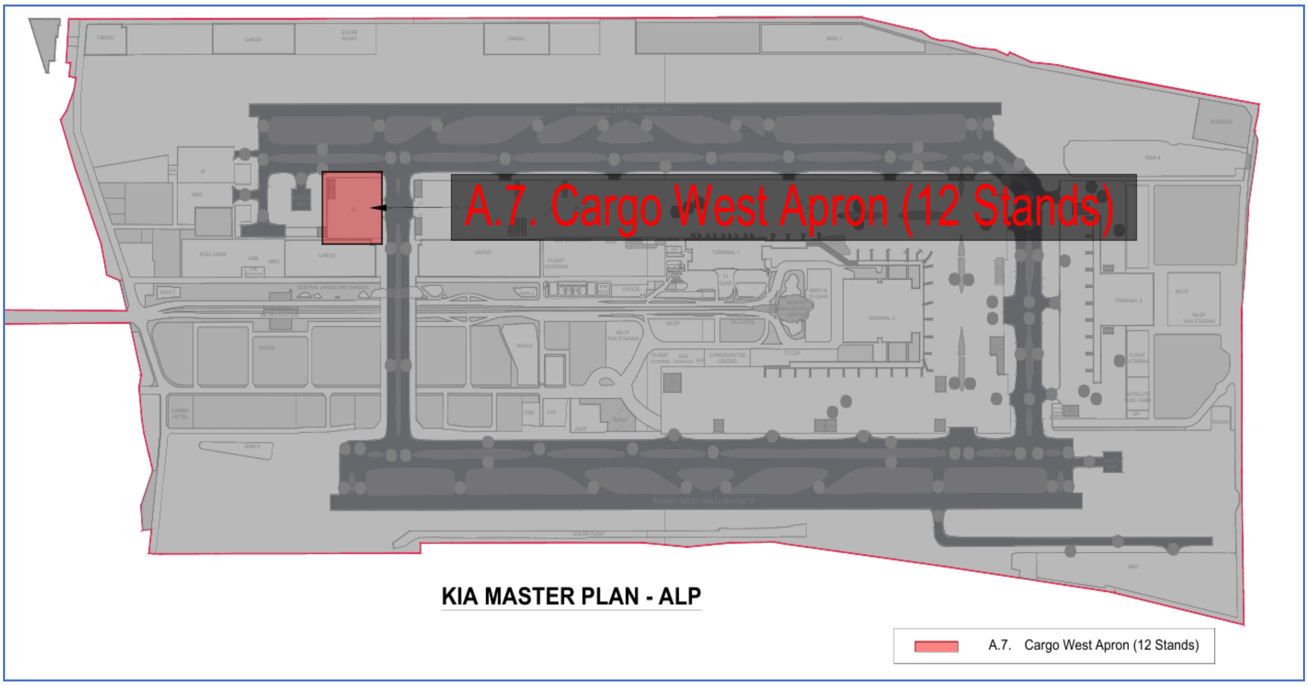


Figure 11: Location of the Proposed Cargo West Apron, 12 Stands

5.3.87. The Authority, through MECON, has reviewed the projected cargo aircraft movements and notes that there is an incremental requirement for additional cargo stands by 2031. Based on the assessment, the cargo stand requirement works out to around 18 Code C equivalent stands. The Authority is of the view that the proposed package is justified considering the projected cargo growth, operational requirements and night parking demand expressed by airline operators.

5.3.88. The Authority further notes that the proposed apron area has been reviewed and found to be compliant with the applicable ICAO standards. Based on the projected cargo-related requirements, night parking demand and applicable planning standards, the Authority considers the project to be essential for implementation during the Fourth Control Period.

5.3.89. For cost assessment, the Authority, through MECON, has undertaken a review of the cost of the A7 package. MECON has considered that the A7 package is of a nature similar to that of the A3 package and, accordingly, the assessed cost of the A3 package has been adopted as the basis for assessment of the A7 package on an area basis.

5.3.90. Accordingly, the rationalisation regarding the cost of Cargo West Apron has been carried out as per the following:

- The project has been assessed with reference to Package A.3, as both packages are similar in nature and involve comparable apron pavement works.
- The assessed cost of Package A.3 has been applied on a pro-rata area basis to determine the cost of Cargo West Apron.
- The cost has been rationalised to align with the benchmark cost of the comparable apron package while considering the area proposed under this package.

5.3.91. The assessed cost of the A3 package works out to around Rs. 203 Crores for an area of around 1,75,434 sqm. Considering the same on a pro rata area basis, the cost of the A7 package, having an area of around 83,043 sqm, works out to around Rs. 96 Crores, as against the cost of Rs. 137 Crores claimed by BIAL in the MYTP as per the Table below:

Table 140: Cost Assessment for Cargo West Apron

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	137
Hard cost proposed to be considered by the Authority	96
Rationalization in cost	41

5.3.92. Accordingly, the Authority proposes to consider hard cost of Rs. 96 Crores towards Cargo West Apron, subject to actual capitalisation, asset allocation and true-up.

A.8. North Airside Perimeter Wall and Perimeter Road

5.3.93. The Authority notes that BIAL has proposed relocation of the North Airside Perimeter Wall and Perimeter Road over a length of around 7.5 km, including installation of Perimeter Intrusion Detection System ("PIDS"), to support future landside developments along the northern boundary.

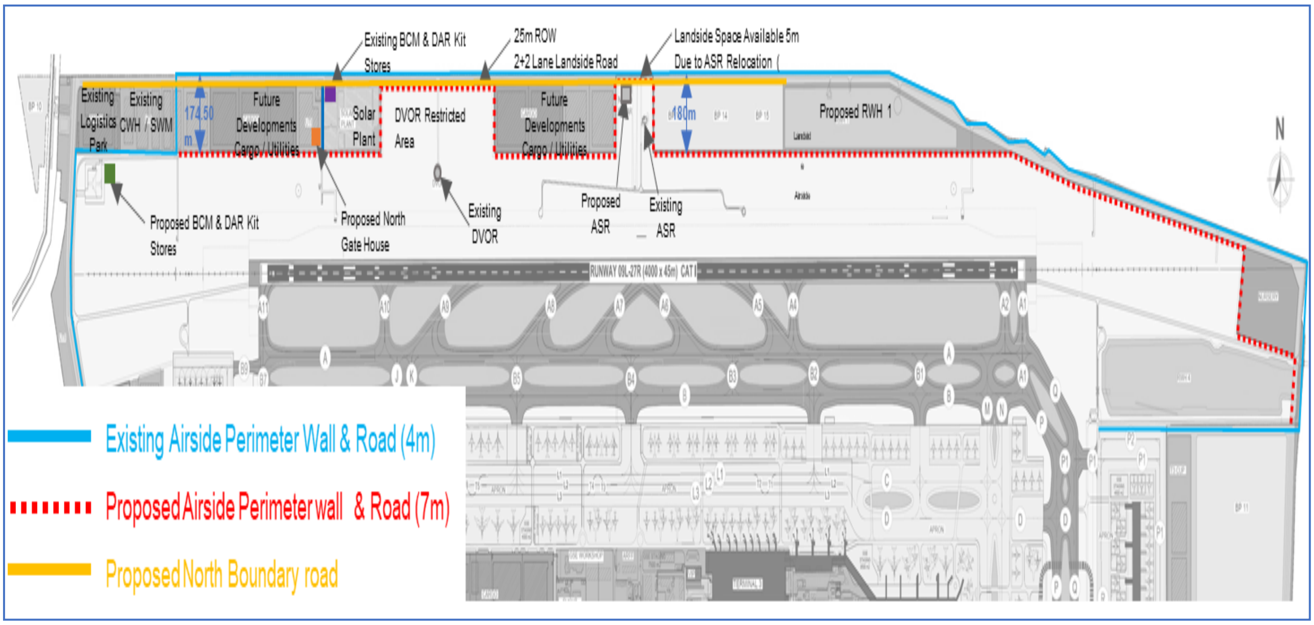


Figure 12: Proposed North Airside Perimeter Wall and Perimeter Road

5.3.94. The Authority notes that, as observed by MECON, the Master Plan envisages cargo-focused warehousing and aerospace-related developments along the northern boundary of the airport. However, the Authority further notes that no firm commitments with prospective entities for such developments have been executed as on date.

5.3.95. In view of the above, the Authority is of the view that the relocation and construction of the new perimeter wall and perimeter road may not be considered during the Fourth Control Period at this stage. However, the Authority notes that installation of the Perimeter Intrusion Detection System ("PIDS") is necessary to meet the applicable BCAS requirements and, accordingly, proposes to consider the cost associated with the PIDS component.

5.3.96. The Authority, through MECON, has undertaken a detailed review of the cost of the relevant package. The total cost claimed by BIAL for this package is around Rs. 71 Crores as per the MYTP submission.

5.3.97. Upon review, only PIDS along the North Airside Wall (approx. 7.5 km) has been considered tenable for the Fourth Control Period, as referred to in para 5.1.8. The balance scope of the package amounting to around Rs. 56 Crores has not been considered for the Fourth Control Period.

5.3.98. The claim of BIAL for the tenable part, i.e., PIDS along the North Airside Wall (approx. 7.5 km), is around Rs. 15 Crores. The said cost was further examined by the Authority.

5.3.99. The Authority thereafter reviewed the item-wise rates and quantities for the tenable scope. The rates were examined with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable rate references. For items based on market rates, the Authority considered the quotations / purchase orders submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment and stage of project development.

5.3.100. The Authority further notes that the indirect cost factors claimed by BIAL have been rationalised to avoid duplication, as certain factors are already embedded in the applicable schedule rates / DSR rates. Based on such reviews of quantities, rates, market quotations / purchase orders and indirect cost factors, the tenable scope has been assessed at around Rs. 10 Crores.

5.3.101. Accordingly, the rationalisation regarding the cost of North Airside Perimeter Wall and Perimeter Road has been carried out as per the following:

- Relocation and construction of the new perimeter wall and perimeter road have not been considered, as no firm commitments for the proposed northern side developments have been submitted.
- Only the Perimeter Intrusion Detection System ("PIDS") component has been considered, as the same is required for compliance with BCAS requirements.
- The cost of the PIDS component has been rationalised based on review of quantities, applicable rate references, market quotations / purchase orders and indirect cost factors.

5.3.102. Accordingly, the Authority proposes to consider a cost of around Rs. 10 Crores for the tenable part of this package, as against the total cost of Rs. 71 Crores claimed by BIAL in the MYTP as per the table below:

Table 141: Cost Assessment for North Airside Perimeter Wall and Perimeter Road

(Rs. in Crore)

Particulars	**Amount**
Hard cost submitted by BIAL	71
Hard cost proposed to be considered by the Authority	10
Rationalization in cost	61

5.3.103. Accordingly, the Authority proposes to consider hard cost of Rs. 10 Crores towards the PIDS component of the North Airside Perimeter Wall and Perimeter Road package. The balance cost towards relocation / construction of the perimeter wall and road is proposed not to be considered during the Fourth Control Period at this stage.

A.9. Extension of Taxiway B9 and Associated Works

5.3.104. The Authority notes that BIAL has proposed extension of Taxiway B9 and associated works to provide aircraft access to the proposed Contingency Facility and direct airside connectivity to the planned MRO facility being developed by IndiGo.

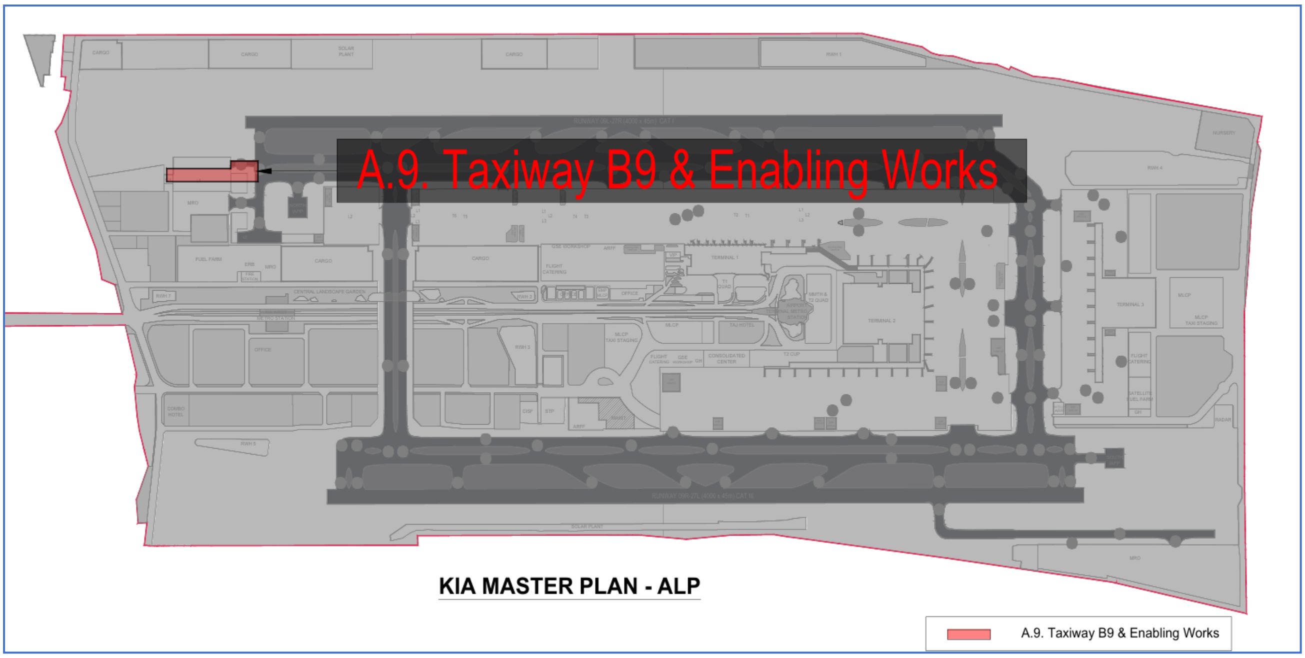


Figure 13: Location of the Proposed Taxiway B9 and Enabling Works

5.3.105. The Authority notes that the primary requirement of Taxiway B9 is linked to providing airside connectivity to the upcoming MRO facility and the Contingency Facility proposed during the Fourth Control Period. Considering the operational requirement and the connectivity needs of the proposed facilities, the Authority is of the view that the project is necessary and prudent.

5.3.106. For the cost assessment, the Authority, through MECON, has undertaken a review of the cost of the A9 package. MECON has considered that the A9 package is of a nature similar to that of the A5 package and, accordingly, the assessed cost of the A5 package has been adopted as the basis for assessment of the A9 package on an area basis.

5.3.107. Accordingly, the rationalisation regarding the cost of Taxiway B9 and Associated Works has been carried out as per the following:

- The project has been assessed with reference to Package A.5, as both packages are similar in nature and involve comparable taxiway / airside pavement works.
- The assessed cost of Package A.5 has been applied on a pro-rata area basis to determine the cost of this package.
- The cost has accordingly been rationalised based on comparable package cost and the area proposed under Package A.9.

5.3.108. The assessed cost of the A5 package works out to around Rs. 84 Crores for an area of around 82,255 sqm. Considering the same on a pro rata area basis, the cost of the A9 package, having an area of around 31,426 sqm, works out to around Rs. 32 Crores, as against the cost of Rs. 36 Crores claimed by BIAL in the MYTP as per the table below:

Table 142: Cost Assessment for Extension of Taxiway B9 and Associated Works

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	36
Hard cost proposed to be considered by the Authority	32

Particulars	Amount
Rationalization in cost	4

5.3.109. Accordingly, the Authority proposes to consider hard cost of Rs. 32 Crores towards extension of Taxiway B9 and associated works, subject to actual capitalisation, asset allocation and true-up.

Summary of Airside Works

Table 143: Summary of Airside Works proposed to be considered by the Authority

(Rs. in Crore)

Project Code	Project	Hard Cost submitted by BIAL (previous)	Hard Cost proposed by the Authority
A.1	West Cross Field Taxiway	1,145	976
A.2	Airfield works, taxiway extension, isolation bay etc.	443	390
A.3	T2 Apron, 9 + 4 stands	235	203
A.4	T2 Phase 2 Apron, 40 stands	557	498
A.5	Taxiway Z and enabling works	111	84
A.6	T2 Phase 2 West Apron	285	-
A.7	Cargo West Apron	137	96
A.8	North Airside Perimeter Wall and Perimeter Road	71	10
A.9	Taxiway B9 and enabling works	36	32
	Total Airside Works	**3,021**	**2,289**

5.3.110. Accordingly, the Authority proposes to consider hard cost of Rs. 2,289 Crores towards Airside Works for the Fourth Control Period.

(B) Capital Expenditure projects related to Terminal Works

B.1. Terminal 1 Upgrade

5.3.111. The Authority notes that BIAL has proposed upgradation of Terminal 1 to enhance its capacity from **26.5 MPPA** to **35 MPPA**. The proposed works include enabling works, civil and interior works, MEPF works, ICT works, HVAC upgradation, airport systems, baggage handling systems, screening systems and passenger processing improvements.

5.3.112. The Authority notes that the proposed capacity enhancement of Terminal 1 is primarily based on optimisation of the existing terminal space, process re-engineering and augmentation of airport systems, rather than physical expansion of the terminal footprint. MECON has assessed the projected peak hour passenger requirement of around 8,000 PHP corresponding to the proposed capacity of 35 MPPA. The Authority notes that, in order to accommodate the projected PHP within the existing terminal footprint and meet the applicable IATA, AAI and IMG norms, significant optimisation of passenger processing areas, circulation spaces and terminal systems would be required.

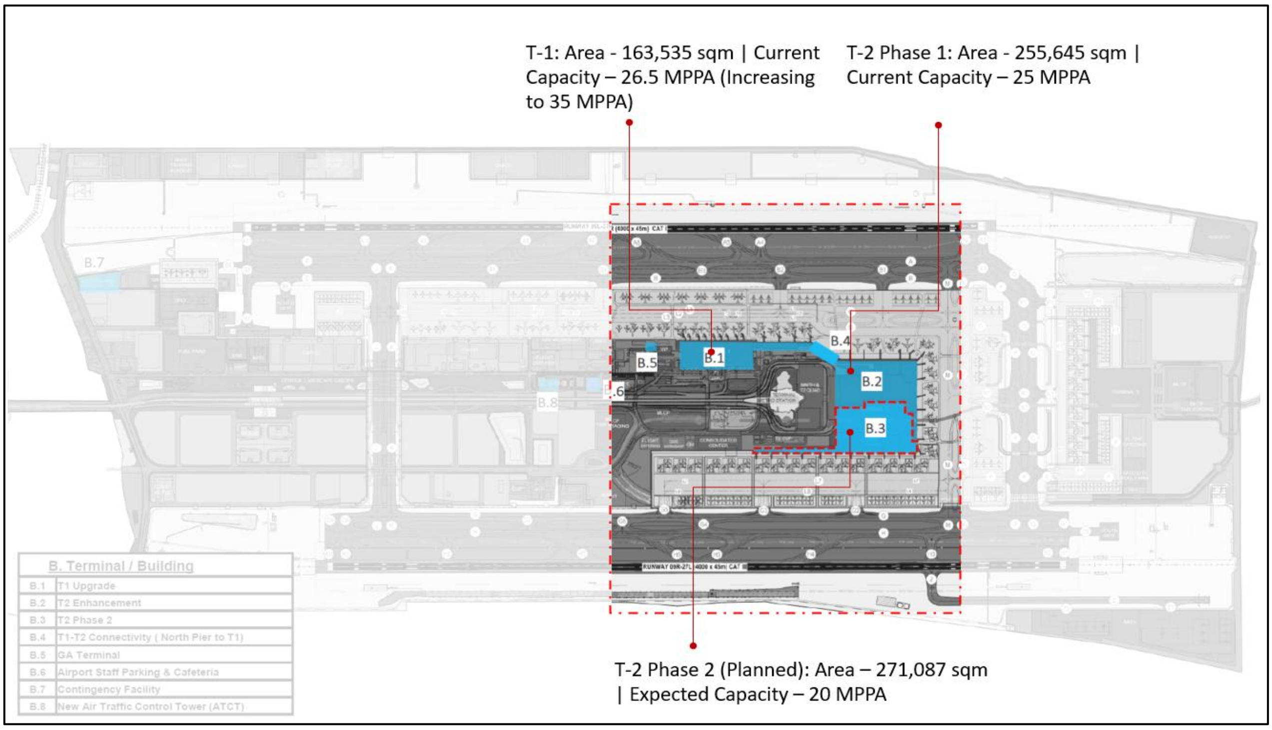


Figure 14: Current and Proposed Capacities (in MPPA) and Areas (in square metres) of Terminals T1, T2 Phases 1 and 2

5.3.113.The Authority further notes that MECON has reviewed the HVAC upgradation requirements proposed for Terminal 1. The existing HVAC equipment, including chillers, pumps, cooling towers, AHUs, ventilation fans and related systems, was commissioned in 2008 and has reached the end of its service life. Considering reliability concerns, energy efficiency requirements, obsolescence and lifecycle considerations, the Authority is of the view that replacement and upgradation of the HVAC systems is necessary during the Fourth Control Period.

5.3.114.The Authority also notes that MECON has reviewed the electrical and ICT works proposed under the Terminal 1 upgrade, including cabling, panels, lighting, LAN, Wi-Fi, CCTV, access control, fire detection and alarm systems, Digi Yatra, Retrofit Self Baggage Drop (“RSBD”), Flight Information Display Systems (“FIDS”), public address systems and queue management systems. These works are broadly aligned with the terminal upgradation and passenger processing requirements. However, the Authority notes MECON’s observation that the proposed new UPS system for Terminal 1 is not technically justified at this stage, as the existing UPS system appears to have spare capacity. Accordingly, the cost associated with the proposed new UPS system has not been considered.

5.3.115.The Authority, through MECON, has undertaken a detailed review of the cost of the relevant package based on the awarded purchase orders and the balance scope yet to be awarded / finalised. The awarded works primarily comprise Enabling Works, Civil & Interior Works, Airport Systems, part of MEPF Works, part of ICT Works, Miscellaneous Works and other associated works. The Authority notes that the awarded packages were finalised through a competitive bidding process with adequate bidder participation. The awarded cost for this package works out to around Rs. 678 Crores.

5.3.116.The Authority further notes that out of the aforesaid awarded cost, an amount of around Rs. 92 Crores has already been capitalized in the earlier control period. Accordingly, only around Rs. 586 Crores has been considered as the awarded purchase order value for the present control period.

5.3.117.For the balance scope yet to be awarded / finalised, BIAL submitted an estimate of around Rs. 188.2 Crores during the review process. Accordingly, the total cost claim for this package, excluding the amount already capitalized in the previous control period, worked out to around Rs. 774.2 Crores, as against the original cost of Rs. 914 Crores submitted by BIAL in the MYTP and the worked out claim of Rs. 822 Crores after deduction of Rs. 92 Crores capitalized in the earlier control period.

5.3.118.The Authority has examined the uncommitted cost of Rs. 188.2 Crores submitted by BIAL. During examination, certain adjustments / rationalisation have been carried out for the reasons detailed below:

- The Authority notes that the cost towards mechanized cleaning of all existing service ducts to flush out dust / mould / debris accumulated in the ducts has not been considered, as the same is deemed to form part of Operation and Maintenance expenditure.
- The Authority further notes that, in certain cases such as landscape works (planter boxes and plants), high chairs, modular seating and similar items, the cost as per the backup quotations submitted by BIAL is lower than the cost claimed by BIAL. Accordingly, the cost of such items has been reduced.
- The Authority also notes that certain items have been kept on a provisional basis by BIAL, such as provision of electrical sockets, miscellaneous works and art works, without adequate justification or quantification of the underlying scope. Accordingly, the cost of such items has been rationalised.
- For items based on market rates, the Authority has assessed and rationalised the cost based on the quotations submitted by BIAL and other available data, keeping in view the nature of the assignment.
- The Authority further notes that BIAL has considered a constraint factor of 5%. However, considering that the execution of the work is inside the terminal, a constraint factor of 3% has been considered as reasonable, primarily on account of some restricted working conditions.

5.3.119.Based on the above review and rationalisation, the uncommitted cost of Rs. 188.2 Crores submitted by BIAL has been assessed at around Rs. 112 Crores.

5.3.120.Accordingly, the rationalisation regarding the cost of Terminal 1 Upgrade has been carried out as per the following:

- The amount of Rs. 92 Crore already capitalised in the earlier control period has been excluded from the cost proposed for the Fourth Control Period.
- Certain items such as mechanised cleaning of existing service ducts have not been considered as capex, as these are in the nature of operation and maintenance expenditure.
- Provisional / inadequately justified items and items where backup quotations indicated lower cost have been rationalised; the terminal working constraint factor has also been rationalised.

5.3.121.Accordingly, the Authority proposes to consider around Rs. 586 Crores as the awarded purchase order value for the present control period and around Rs. 112 Crores towards the unawarded scope. Therefore, the total package cost proposed to be considered by the Authority for this control period works out to around Rs. 698 Crores, as against the cost of Rs. 822 Crores claimed by BIAL for this control period, excluding the amount capitalized in the previous control period as per the table below:

Table 144: Cost Assessment for Terminal 1 Upgrade

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL for Fourth Control Period	822
Hard cost proposed to be considered by the Authority	698
Rationalization in cost	124

5.3.122. Accordingly, the Authority proposes to consider hard cost of Rs. 698 Crores towards Terminal 1 Upgrade, subject to actual capitalisation, asset allocation and true-up.

B.2. Terminal 2 Phase 1 Enhancement

5.3.123. The Authority notes that BIAL has proposed enhancement works for Terminal 2 Phase 1 without any material increase in terminal capacity. The proposed works include wayfinding signage, washroom modifications, façade protection, transfer area improvements, seating upgrades, landscaping, MEPF works, ICT works and airport systems.

5.3.124. The Authority notes that MECON has evaluated the proposed Terminal 2 Enhancement works by classifying the scope into operationally essential, compliance-related and experience-driven interventions. The Authority further notes that certain components, such as washroom augmentation, façade rain protection, transfer area improvements, MEPF upgrades and airport systems for passenger transfers, support operational robustness, passenger convenience and passenger processing efficiency within the existing terminal.

5.3.125. The Authority also notes that certain components, including museum fit-outs, feature lighting, premium seating refurbishment and extensive landscaping, are more in the nature of aesthetic or discretionary works and do not directly contribute to capacity enhancement. Further, certain works such as reupholstery and signage refresh may be in the nature of operations and maintenance rather than capital expenditure, depending on the accounting treatment adopted. Accordingly, the Authority has considered only such components as are necessary for operational continuity, passenger facilitation, safety, compliance and transfer efficiency.

5.3.126. The Authority, through MECON, has undertaken a detailed review of the cost of the relevant package based on the awarded purchase orders, the balance scope yet to be awarded / finalised, and the additional scope indicated by BIAL during the review process. The awarded works primarily comprise Enabling Works, Civil & Interior Works, External Development Works, part of MEPF Works, part of ICT Works, Miscellaneous Works and other associated works. The Authority notes that the awarded packages were finalised through a competitive bidding process with adequate bidder participation. The awarded cost considered for this package works out to around Rs. 44 Crores.

5.3.127. For the balance scope yet to be awarded / finalised, BIAL submitted an estimate of around Rs. 20.8 Crores during the review process. Accordingly, the total cost claim for this package, based on the awarded cost and balance scope, worked out to around Rs. 64.8 Crores, as against the original cost of Rs. 61 Crores submitted by BIAL in the MYTP.

5.3.128. The Authority notes that the estimate of Rs. 20.8 Crores submitted by BIAL for the balance scope comprised around Rs. 18.6 Crores towards uncommitted works and around Rs. 2.2 Crores towards likely potential scope changes in different awarded packages. The Authority does not propose to consider a separate provision of Rs. 2.2 Crores towards potential scope changes in awarded packages, as such provision is in the nature of contingency and is proposed to be addressed under the soft cost /

contingency component. The Authority is of the view that allowing a separate provision for potential scope changes in addition to contingencies may result in duplication.

5.3.129.The Authority has examined the uncommitted works of Rs. 18.6 Crores submitted by BIAL. The rates were examined with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable rate references. For items based on market rates, the Authority considered the quotations submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment and stage of project development.

5.3.130.The Authority further notes that certain items have been kept on a provisional basis by BIAL, such as demolition works, pantry equipment and operating supplies under electrical works, without adequate justification or quantification of the underlying scope. Accordingly, the cost of such items has been rationalized. The Authority also notes that BIAL has considered a constraint factor of 5%. However, considering that the execution of the work is inside the terminal, a constraint factor of 3% has been considered as reasonable, primarily on account of some restricted working conditions.

5.3.131.Based on the above review and rationalization, the uncommitted scope of Rs. 18.6 Crores submitted by BIAL have been assessed at around Rs. 10 Crores.

5.3.132.Accordingly, the rationalization regarding the cost of Terminal 2 Enhancement has been carried out as per the following:

- Separate provisions for potential scope changes in awarded packages have not been considered, as the same is proposed to be covered under contingency.
- Aesthetic / discretionary components and provisional items without adequate quantification or justification have been rationalized.
- The constraint factor has been rationalized considering that the works are inside the terminal and only limited restricted working conditions are expected.

5.3.133.Accordingly, the Authority proposes to consider the awarded cost of around Rs. 44 Crores and the uncommitted scope cost of around Rs. 10 Crores. Therefore, the total package cost proposed to be considered by the Authority for this package works out to around Rs. 54 Crores, as against the cost of Rs. 61 Crores claimed by BIAL in the MYTP as per the table below:

Table 145: Cost Assessment for Terminal 2 Enhancement

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	61
Hard cost proposed to be considered by the Authority	54
Rationalization in cost	7

5.3.134.Accordingly, the Authority proposes to consider hard cost of Rs. 54 Crores towards Terminal 2 Enhancement, subject to actual capitalization, asset allocation and true-up.

B.3. Terminal 2 Phase 2 Expansion

5.3.135.The Authority notes that BIAL has proposed Terminal 2 Phase 2 expansion to increase Terminal 2 capacity from 25 MPPA to 45 MPPA. The expansion includes additional terminal building area, domestic and international processing areas, swing functionality, smart systems, sustainability measures, MEP, ICT and airside interfaces.

5.3.136. The Authority notes that BIAL has proposed Terminal 2 Phase 2 expansion to augment the capacity of Terminal 2 from 25 MPPA to 45 MPPA. The proposed expansion is intended to cater to projected passenger growth, provide integrated domestic and international processing capability, support swing operations and enhance passenger processing infrastructure at KIAB.

5.3.137. The Authority has examined the proposed sizing of Terminal 2 Phase 2 with reference to the peak-hour passenger demand, applicable terminal planning norms and comparable airport benchmarks. The assessment has been undertaken to evaluate whether the proposed terminal area is reasonable and efficient, and whether it is aligned with the requirements of a terminal handling traffic of similar scale.

5.3.138. The Authority notes that the integrated Terminal 2, after Phase 2 expansion, is proposed to handle 45 MPPA. Based on the IATA normative methodology of considering peak-hour passenger demand at 0.03% of annual design capacity for airports handling more than 20 MPPA, the peak-hour passenger demand for the integrated Terminal 2 works out to 13,500 PHP.

Table 146: Peak Hour Passenger Assessment for Terminal 2

Particulars	Terminal 2 Phase 1	Terminal 2 Phase 2	Integrated Terminal 2
Annual Design Capacity	25 MPPA	20 MPPA	45 MPPA
PHP considered at 0.03% of annual capacity	7,500	6,000	13,500
Terminal Area proposed / existing	2,55,645 sqm	2,71,087 sqm	5,26,732 sqm
Area per PHP	34.08 sqm/PHP	45.18 sqm/PHP	39.01 sqm/PHP

5.3.139. The Authority notes that the proposed integrated Terminal 2 area of 5,26,732 sqm results in an area provision of around 39.01 sqm per PHP. The Authority has compared the same with normative planning standards and benchmarks of comparable Indian and international airports.

5.3.140. For the purpose of assessment, the Authority has considered area per peak-hour passenger standards as per IMG and IATA norms. Since Terminal 2 at KIAB is an integrated terminal, the area norms applicable for integrated terminals have been considered.

Table 147: Area per PHP Norms considered for Terminal Planning

Standard	Domestic Terminal	International Terminal	Integrated Terminal
IMG	20 sqm/PHP	27.5 sqm/PHP	25 sqm/PHP
IATA	25 sqm/PHP	35 sqm/PHP	Around 30 sqm/PHP

5.3.141. The Authority has compared the proposed integrated Terminal 2 area at KIAB with Mumbai Terminal 2, as this airport handles comparable traffic level and is major integrated terminal facilities in India. The comparative assessment is shown below:

Table 148: Comparison of Integrated Terminal Area with Major Indian Airports

Particulars	Bengaluru T2	Mumbai T2
Annual Design Capacity	45 MPPA	40 MPPA
Terminal Area	5,26,732 sqm	4,48,432 sqm
PHP at 0.03% of Annual Capacity	13,500	12,000
Area as per IMG norm of 25 sqm/PHP	3,37,500 sqm	3,00,000 sqm
Excess area over IMG norm	1,89,232 sqm	1,48,432 sqm
Excess percentage over IMG norm	36%	33%
Area as per IATA norm of 30 sqm/PHP	4,05,000 sqm	3,60,000 sqm

Particulars	Bengaluru T2	Mumbai T2
Excess area over IATA norm	1,21,732 sqm	88,432 sqm
Excess percentage over IATA norm	23%	20%
Area per PHP	39.02 sqm/PHP	37.37 sqm/PHP

5.3.142. The Authority further notes that the proposed area per PHP for integrated Terminal 2 at Bengaluru is around 39 sqm/PHP. This is higher than Mumbai Terminal 2 at around 37.37 sqm/PHP.

5.3.143. The Authority further notes that Terminal 2 Phase 2 is a brownfield expansion and is required to be integrated with the existing Terminal 2 Phase 1. Unlike a standalone greenfield terminal, a brownfield expansion may require additional circulation areas, connecting corridors, enlarged piers, inter-segment transfer areas, joint-processing spaces and interface areas with the existing terminal. The Authority also notes that regulatory requirements, including BCAS security clearance zones, crowd control areas, transfer processing and IROPS-related spaces, may require some planning reserve over strict normative area standards.

5.3.144. The Authority notes that MECON's observations relating to sizing of Terminal 2 Phase 2 were communicated to BIAL by the Authority vide letter dated 19.11.2025. In response, BIAL vide its letter dated 08.12.2025 revised the proposed Terminal 2 built-up area from 5,43,000 sqm to 5,26,732 sqm, resulting in a reduction of around 16,000 sqm. The Authority notes that this revision reflects BIAL's response to the concerns raised regarding per-passenger area norms and optimal sizing of terminal infrastructure.

5.3.145. After examining Indian norms, IATA benchmarks, IMG norms, comparable Indian airports and international terminal benchmarks, MECON has recommended that a cap of 37 sqm/PHP may be considered for the integrated Terminal 2. The Authority notes that 37 sqm/PHP is higher than the IATA normative benchmark of around 30 sqm/PHP for integrated terminals but is within the range of comparable Indian and international terminals and provides adequate allowance for security processing, passenger comfort, brownfield integration and operational flexibility.

5.3.146. At 13,500 PHP and 37 sqm/PHP, the integrated Terminal 2 area works out to 4,99,500 sqm. After deducing the existing Terminal 2 Phase 1 area of 2,55,645 sqm, the area proposed to be considered for Terminal 2 Phase 2 works out to 2,43,855 sqm.

Table 149: Area proposed to be considered for Terminal 2 Phase 2

Particulars	Value
Integrated Terminal 2 Capacity	45 MPPA
PHP considered	13,500
Area per PHP recommended by MECON	37 sqm/PHP
Integrated Terminal 2 area considered	4,99,500 sqm
Less: Existing Terminal 2 Phase 1 area	2,55,645 sqm
Terminal 2 Phase 2 area proposed to be considered	2,43,855 sqm
Terminal 2 Phase 2 area proposed by BIAL after revision	2,71,087 sqm
Reduction in area proposed to be considered	27,232 sqm

5.3.147. The Authority is of the view that the area of 2,43,855 sqm for Terminal 2 Phase 2 strikes a balance between normative planning standards and practical requirements of a large integrated brownfield terminal. It provides sufficient area for secure, efficient and smooth conduct of operations, while avoiding excessive sizing and over-capitalisation of terminal infrastructure.

5.3.148. Accordingly, for the purpose of cost assessment, the Authority proposes to consider Terminal 2 Phase 2 area of 2,43,855 sqm, as against 2,71,087 sqm proposed by BIAL after revision. The cost of Terminal

2 Phase 2 has accordingly been rationalised based on the area proposed to be considered and the applicable rate assessment.

5.3.149. For cost assessment of Terminal 2 Phase 2, the Authority notes that Terminal 2 Phase 1 is the most relevant benchmark, as Terminal 2 Phase 2 is largely a continuation / mirror image of Terminal 2 Phase 1 and is proposed to be developed with similar design philosophy, operational configuration and terminal functionality.

5.3.150. Accordingly, the rationalisation regarding the cost of Terminal 2 Phase 2 Expansion has been carried out as per the following:

- The proposed terminal area has been rationalised based on peak-hour passenger norms, comparable Indian airports and international benchmarks.
- The Authority has considered 37 sqm per PHP as an appropriate planning cap for the integrated Terminal 2, resulting in rationalisation of the area proposed for Terminal 2 Phase 2.
- The unit cost has been assessed with reference to Terminal 2 Phase 1 as the most relevant benchmark, escalated using WPI up to March 2025.

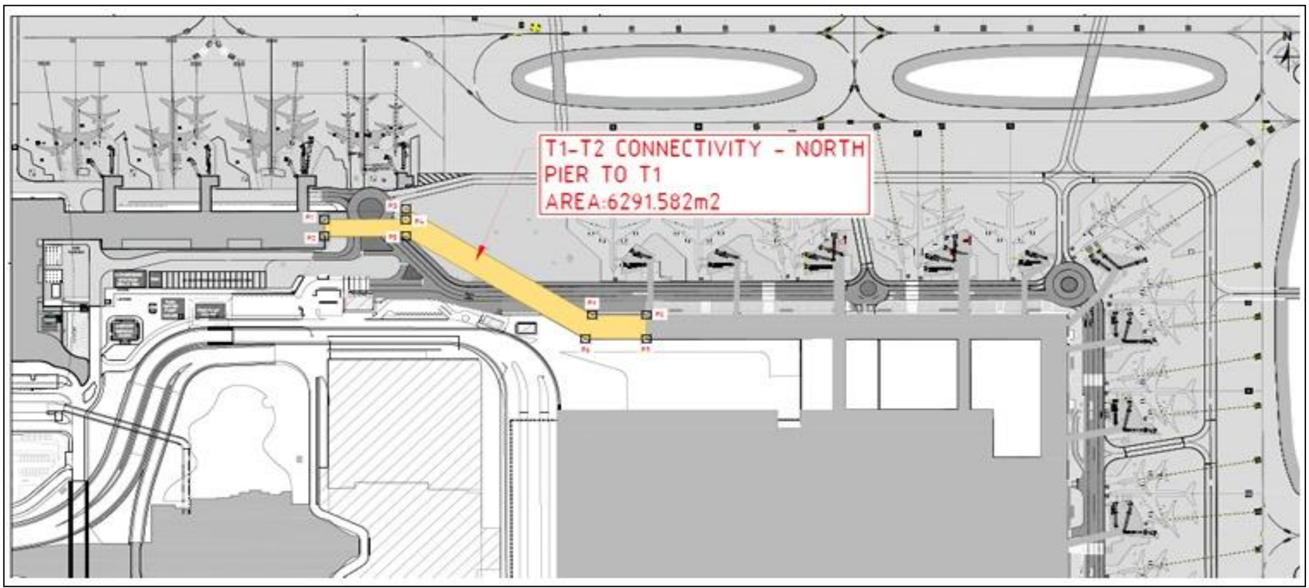
5.3.151. Accordingly, the hard cost proposed to be considered by the Authority for Terminal 2 Phase 2 is Rs. 3,658 Crores, as against Rs. 4,490 Crores submitted by BIAL as per the table below:

Table 150: Cost Assessment for Terminal 2 Phase 2 Expansion

Particulars	Value
Integrated T2 area considered by MECON	4,99,500 sqm
Existing T2 Phase 1 area	2,55,645 sqm
T2 Phase 2 area considered	2,43,855 sqm
Rate considered by MECON	Rs. 1,50,000 per sqm
Hard cost submitted by BIAL	Rs. 4,490 Cr
Hard cost proposed to be considered by the Authority	Rs. 3,658 Cr
Rationalization in cost	Rs. 832 Cr

B.4. T1 / T2 Connectivity – Pier Expansion

5.3.152.The Authority notes that BIAL has proposed airside passenger connectivity between Terminal 2 and



Terminal 1 to enable efficient inter-terminal transfers. The proposed link includes elevated passenger movement, travellators, escalators, waiting areas, restrooms, security checkpoints and fire exits.

Figure 15: Proposed Pier Connecting T1 and T2 Piers

5.3.153.The Authority notes that the projected transfer traffic at KIAB is expected to increase materially over the coming years. In this context, the proposed airside connectivity between Terminal 1 and Terminal 2 is conceptually justified, as it would facilitate seamless inter-terminal transfer movements, improve passenger convenience and reduce dependence on landside transfer arrangements.

5.3.154.However, the Authority notes an inconsistency in the area proposed under this package. While the BOQ indicates an area of around 19,349 sqm, BIAL's presentation indicated a pier width of 22.5 m. Based on the proposed length of 320 m at 5.25 m level and 165 m at 13.5 m level, with a width of 22.5 m, MECON has assessed the area at around 10,912 sqm. Accordingly, the Authority has rationalised the area considered under this package to 10,912 sqm.

5.3.155.The Authority further notes that the major items in the BOQ were reviewed on a broad basis with reference to market rates, DSR and other applicable benchmarks. Based on such review, the assessed value of the package works out to around Rs. 239 Crores against the cost of Rs. 255 Crores claimed by BIAL for an area of 19,349 sqm.

5.3.156.Considering the assessed cost of around Rs. 239 Crores for an area of 19,349 sqm, the cost for the B.4 package, based on the reviewed area of around 10,912 sqm, works out to around Rs. 135 Crores on a pro rata area basis.

5.3.157.Accordingly, the rationalisation regarding the cost of T1 / T2 Connectivity – Pier Expansion has been carried out as per the following:

- The proposed area has been rationalised due to inconsistency between the BOQ area and the dimensions submitted by BIAL during the review process.
- The reviewed area has been computed based on the indicated pier width and proposed lengths at the respective levels.

- The assessed package cost has been applied on a pro-rata area basis to the rationalised area.

5.3.158. Accordingly, the Authority proposes to consider a cost of around Rs. 135 Crores for this package, as against the cost of Rs. 255 Crores claimed by BIAL in the MYTP as per the table below:

Table 151: Cost Assessment for T1 / T2 Connectivity – Pier Expansion

Particulars	Amount / Area
Area submitted by BIAL	19,349 sqm
Area assessed by MECON	10,912 sqm
Hard cost submitted by BIAL	Rs. 255 Cr
Hard cost proposed to be considered by the Authority	Rs. 135 Cr
Rationalization in cost	Rs. 120 Cr

5.3.159. Accordingly, the Authority proposes to consider hard cost of Rs. 135 Crores towards T1 / T2 Connectivity - Pier Expansion, subject to actual capitalisation, asset allocation and true-up.

B.5. General Aviation Terminal

5.3.160. The Authority notes that BIAL has proposed development of a General Aviation ("GA") Terminal to serve private, corporate and charter aircraft operations at KIAB.

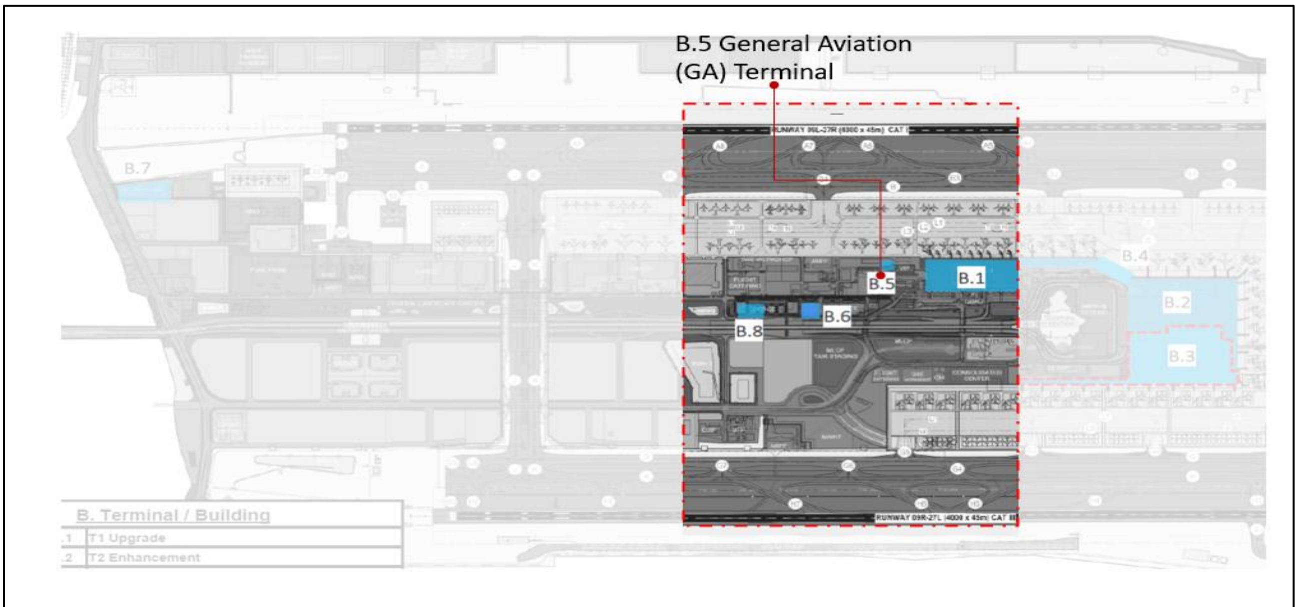


Figure 16: Location of the Proposed General Aviation Terminal

5.3.161. The Authority has examined the necessity of the proposed GA Terminal with reference to the current level of GA activity, projected utilization, nature of users and relevance of the facility to general airport users. The Authority notes that GA activity at KIAB constitutes only around 0.7% of total aircraft movements. Given the limited share of GA movements in the overall airport operations, the Authority is of the view that immediate investment in a dedicated GA Terminal during the Fourth Control Period is not justified.

5.3.162. The Authority further notes that BIAL has confirmed that the proposed GA infrastructure shall be developed by the concerned concessionaire. Accordingly, the Authority is of the view that the cost of such facility should not be loaded on general airport users through aeronautical tariff. The same may be developed through appropriate concessionaire-funded or user-specific arrangements. In view of the above, the Authority proposes not to consider the capital expenditure towards the proposed GA Terminal as part of the capital expenditure for the Fourth Control Period.

B.6. Airport Staff Food Court and MLCP, Alpha 4

5.3.163. The Authority notes that BIAL has proposed a staff parking and cafeteria facility comprising structured parking for around 550 cars and dining facility for around 600 staff. The project also includes sustainable design features.

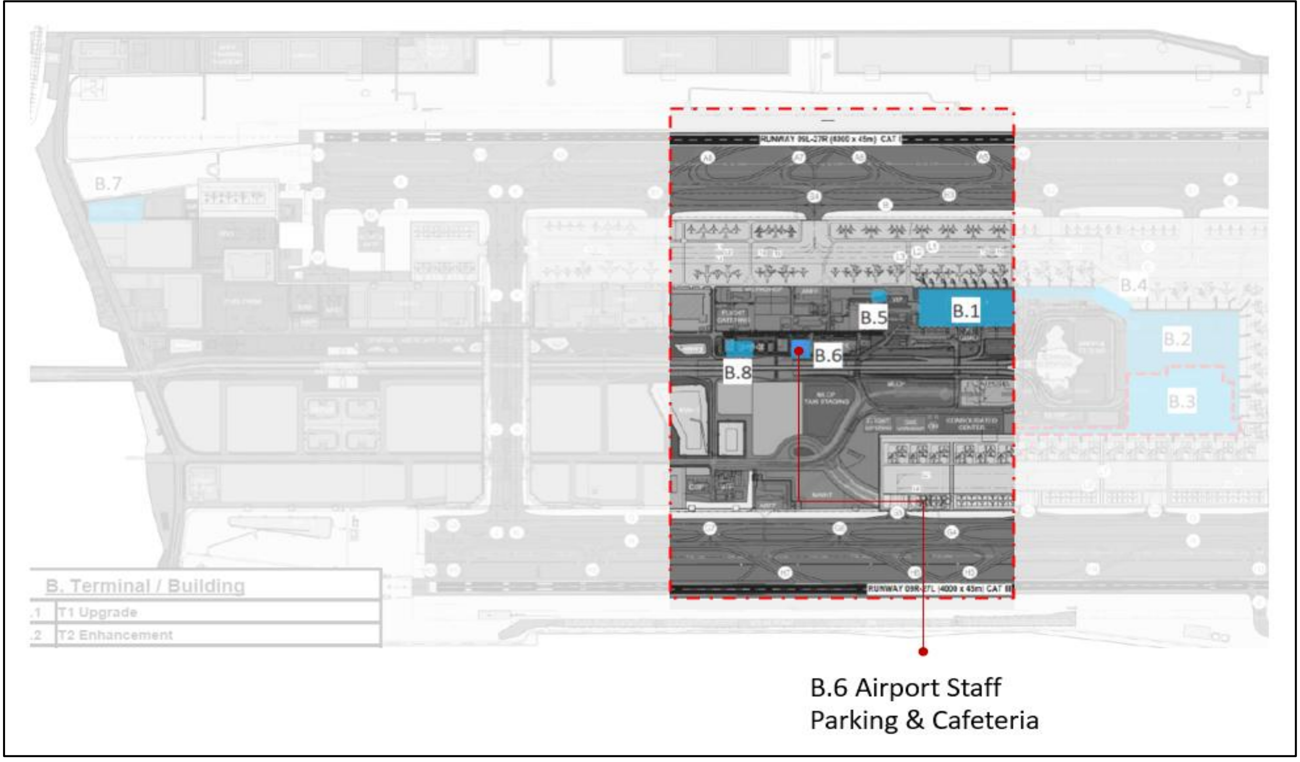


Figure 17: Location of the Proposed Airport Staff Parking and Cafeteria Facilities

5.3.164. The Authority notes that the staff parking requirement has been assessed based on workforce size, commuting patterns, staggered shifts and peak overlap of staff movement. Considering around 2,000 BIAL employees and the operational pattern at KIAB, the provision of around 550 car parking spaces does not appear to be excessive.

5.3.165. The Authority further notes that the green façade and sustainable design elements proposed as part of the facility are intended to reduce carbon footprint and support passive cooling. However, the Authority also notes that the primary beneficiaries of this facility would be BIAL employees and internal agencies, rather than passengers or general airport users. Accordingly, the admissibility and allocation of the cost of this facility for tariff determination shall be considered based on the nature of use and applicable asset classification principles.

5.3.166. The Authority, through MECON, has undertaken a review of the cost of the package. The cost claimed by BIAL for this package is around Rs. 120 Crores.

5.3.167. The Authority has examined the claimed cost and carried out appropriate rationalisation. During such examination, it was observed that, in certain cases such as barricading works and green high wall, the cost as per the backup documents submitted by BIAL / general market data is lower than the cost claimed by BIAL, resulting in reduction in cost.

5.3.168. The Authority further reviewed the item rates with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items based on market rates, the Authority considered the quotations submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment. The indirect cost factors claimed by BIAL were also rationalised to avoid duplication, as certain factors are already embedded in the applicable schedule rates / DSR rates.

5.3.169. Accordingly, the rationalisation regarding the cost of Airport Staff Food Court and MLCP has been carried out as per the following:

- The cost has been reviewed with reference to workforce requirement, parking demand and operational need for staff-related facilities.
- Certain items such as barricading works and green high wall have been rationalised based on backup documents / market data.
- Item rates and indirect cost factors have been reviewed with reference to applicable schedule rates and market data to avoid overstatement and duplication.

5.3.170. Based on the above review and methodology, the assessed value of the package works out to around Rs. 95 Crores, as against the cost of Rs. 120 Crores claimed by BIAL in the MYTP as per the table below.

Table 152: Cost Assessment for Airport Staff Food Court and MLCP

(Rs. Cr)

Particulars	Amount
Hard cost submitted by BIAL	120
Hard cost proposed to be considered by the Authority	95
Rationalization in cost	25

5.3.171. Accordingly, the Authority proposes to consider hard cost of Rs. 95 Crores towards Airport Staff Food Court and MLCP, subject to asset classification, actual capitalisation and true-up.

B.7. Contingency Facility

5.3.172. The Authority notes that BIAL has proposed a modular contingency passenger processing facility intended to support temporary, emergency and seasonal requirements, including traffic surges, special events and Hajj / pilgrimage operations.

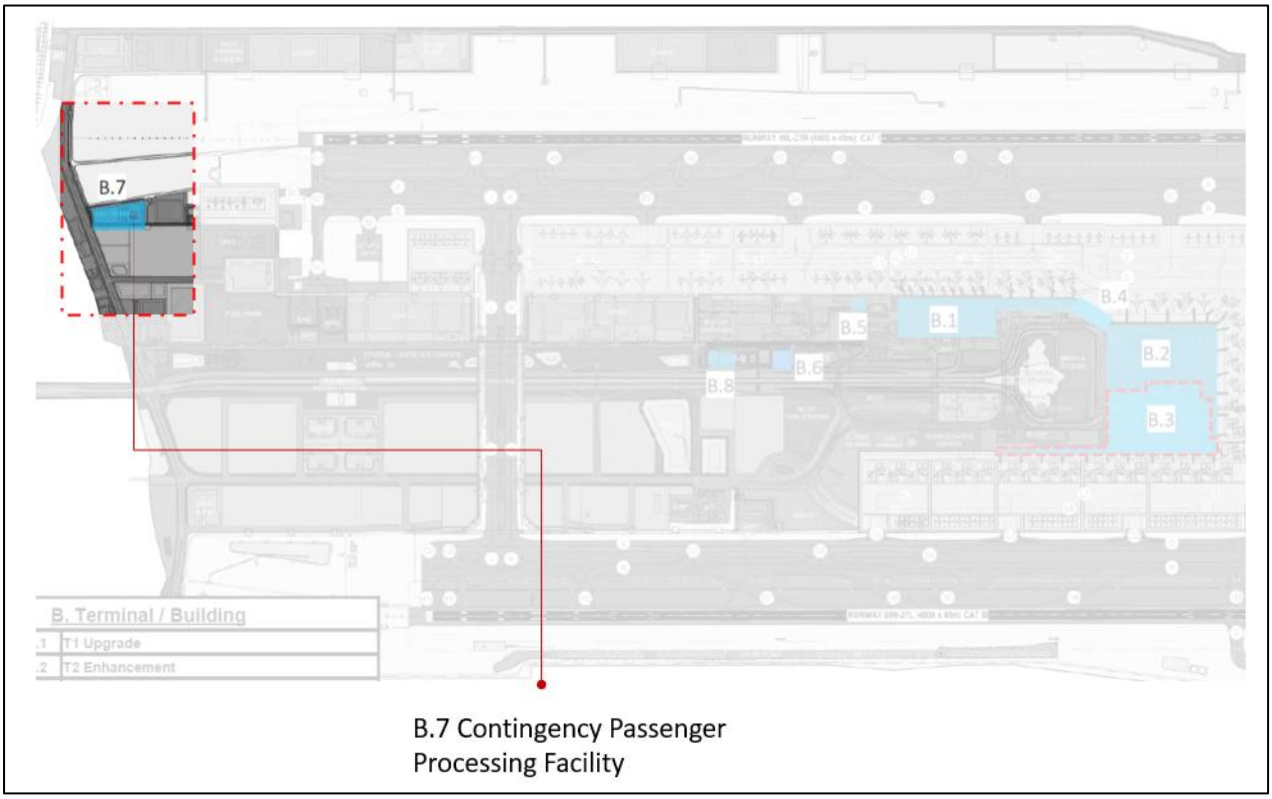


Figure 18: Location of the Proposed Contingency Passenger Processing Facility

5.3.173. The Authority notes that the proposed Contingency Facility is not intended for regular passenger traffic operations, but for intermittent and event-based use, including emergency, temporary and seasonal operational requirements. The facility is planned with a handling capacity of around 450 passengers per hour and includes passenger processing infrastructure, baggage handling facilities, prayer halls, F&B spaces, utilities and support infrastructure.

5.3.174. BIAL has proposed building area of 3,815 square metres for the contingency passenger processing facility. Under IMG norms, 18 sqm per PHP is the prescribed standard for passenger facilities handling for 150–1,000 PHP, which would yield a normative area requirement of 8,100 sqm for a 450 PHP facility. While BIAL's proposed area of 3,815 sqm constitutes a deviation from this norm, the Authority, having regard to the intermittent and contingency nature of the facility and its characterization as a non-regular passenger terminal, is of the view that such deviation is justified and hereby approves the proposed building area of 3,815 sqm.

5.3.175. The Authority, through MECON, has undertaken a review of the cost of the relevant package. The cost claimed by BIAL for this package is around Rs. 32 Crores.

5.3.176. The Authority has examined the claimed cost by reviewing the item rates with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items based on market rates, the Authority considered the quotations submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment. The indirect cost factors claimed by BIAL were also rationalised to avoid duplication, as certain factors are already embedded in the applicable schedule rates / DSR rates.

5.3.177. Accordingly, the rationalisation regarding the cost of Contingency Facility has been carried out as per the following:

- The facility has been considered based on its limited use for emergency, temporary and seasonal operational requirements, rather than regular passenger operations.
- The claimed cost has been reviewed with reference to CPWD / KPWD / KPTCL rates, market rates and supporting quotations.
- Indirect cost factors have been rationalised to avoid duplication with factors already embedded in applicable schedule rates.

5.3.178. Based on the above review and methodology, the assessed value of the package works out to around Rs. 27 Crores, as against the cost of Rs. 32 Crores claimed by BIAL in the MYTP.

Table 153: Cost Assessment for Contingency Facility

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	32
Hard cost proposed to be considered by the Authority	27
Rationalization in cost	5

5.3.179. Accordingly, the Authority proposes to consider hard cost of Rs. 27 Crores towards the Contingency Facility, subject to actual capitalisation, asset allocation and true-up.

B.8. New Air Traffic Control Tower

5.3.180. The Authority notes that BIAL has proposed construction of a new Air Traffic Control Tower ("ATCT") of around 85 m height, including Visual Control Room, technical block, support facilities, safety systems, security systems and backup systems.

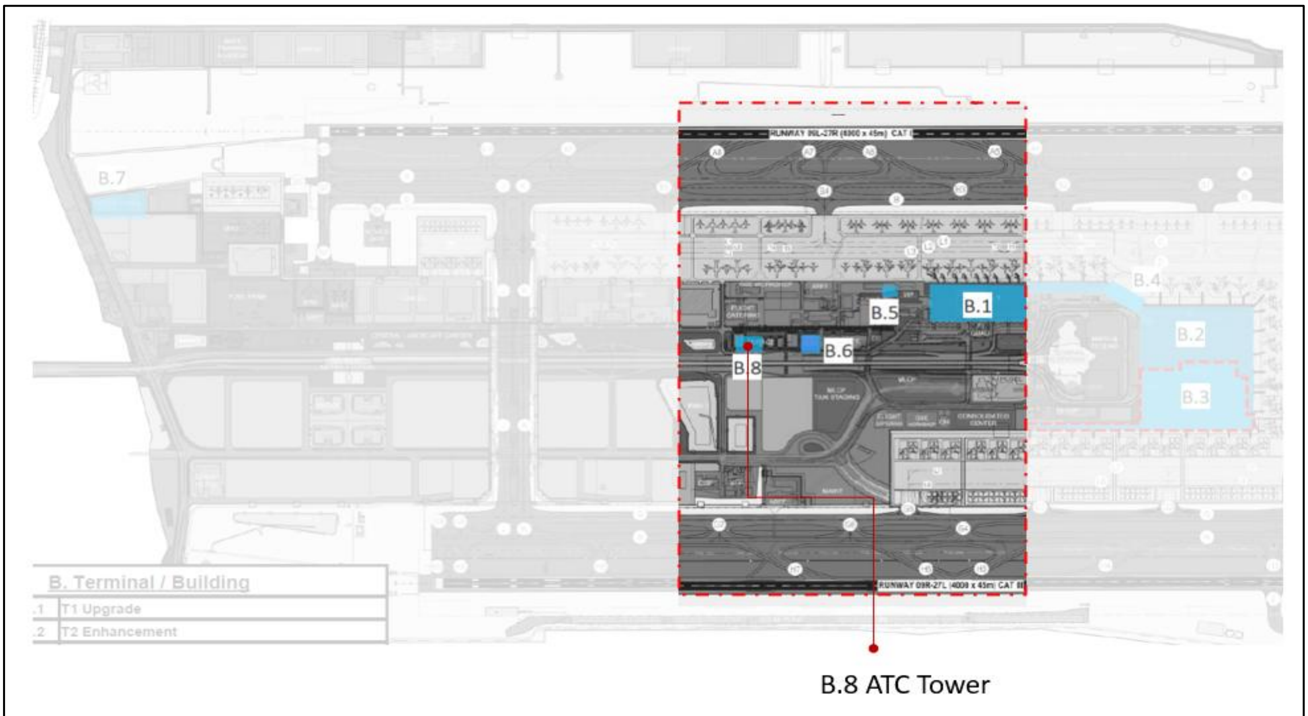


Figure 19: Location of the Proposed ATC Tower

5.3.181. The Authority, through MECON, has reviewed the requirement for the new Air Traffic Control Tower with reference to current and projected air traffic movements, runway capacity, operational complexity, sectorisation requirements and AAI's letter dated 04.02.2025. The Authority notes that the existing ATC Tower is operating under functional and spatial constraints and is inadequate to support future dual-runway operations and capacity enhancement to around 90 ATMs per hour.

5.3.182. The Authority further notes that the planned developments at KIAB, including new aprons, terminal expansion, additional aircraft parking stands and cross-field taxiways, will increase the surface movement area and controller workload. The limitations of the existing ATC Tower are not adequate to accommodate additional Controller Working Positions, enhanced sectorisation and next-generation ATC automation systems required for future operations.

5.3.183. The Authority, through MECON, has undertaken a review of the cost of the relevant package. The cost claimed by BIAL for this package is around Rs. 113 Crores.

5.3.184. The Authority has examined the claimed cost and carried out appropriate rationalisation. During such examination, it was observed that, in respect of the drone detection system, BIAL has stated that the relevant details are not available at this stage and, accordingly, the cost for the same has been rationalised.

5.3.185. The Authority further notes that certain items have been kept on a provisional basis by BIAL, such as the dewatering system and furniture items. In addition, several items have been proposed on a lump sum basis, including temperature controls, CO_2 sensors for BMS control, earthing system, lightning protection system and miscellaneous items such as liaisoning, without adequate justification or quantification of the underlying scope. Accordingly, the cost of such items has been rationalised.

5.3.186. The Authority also notes that, in certain cases such as floor tiles, metal swing doors and glass swing doors, the cost claimed by BIAL appears to be on the higher side in comparison with general market data. Accordingly, the cost of such items has been rationalised.

5.3.187. The Authority further reviewed the item rates with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items based on market rates, the Authority considered the quotations submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment. The indirect cost factors claimed by BIAL were also rationalised to avoid duplication, as certain factors are already embedded in the applicable schedule rates / DSR rates.

5.3.188. Accordingly, the rationalisation regarding the cost of New Air Traffic Control Tower has been carried out as per the following:

- Certain items such as drone detection system have been rationalised due to non-availability of detailed supporting information at this stage.
- Provisional / lump sum items such as dewatering system, furniture, temperature controls, CO_2 sensors, earthing, lightning protection and miscellaneous items have been rationalised for lack of adequate quantification.
- Item rates for certain items appearing higher than market benchmarks have been rationalised, and indirect cost factors have been adjusted to avoid duplication.

5.3.189. Based on the above review and methodology, the assessed value of the package works out to around Rs. 89 Crores, as against the cost of Rs. 113 Crores claimed by BIAL in the MYTP as per the table below:

Table 154: Cost Assessment for New Air Traffic Control Tower

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	113
Hard cost proposed to be considered by the Authority	89
Rationalization in cost	24

5.3.190. Accordingly, the Authority proposes to consider hard cost of Rs. 89 Crores towards the New ATCT, subject to actual capitalisation, asset allocation and true-up.

Summary of Passenger Terminal Works

Table 155: Summary of Passenger Terminal Works proposed to be considered by the Authority

(Rs. in Crore)

Project Code	Projects	Hard Cost submitted by BIAL (previous)	Hard Cost proposed to be considered
B.1	T1 Upgrade	822	698
B.2	T2 Enhancement	61	54
B.3	T2 Phase 2	4,490	3,658
B.4	T1 / T2 Connectivity – Pier Expansion	255	135
B.5	GA Terminal	36	-
B.6	Airport Staff Parking and Cafeteria	120	95
B.7	Contingency Facility	32	27
B.8	New ATCT	113	89
	Total Passenger Terminal Works	**5,928**	**4,756**

5.3.191. Accordingly, the Authority proposes to consider hard cost of Rs. 4,756 Crores towards Passenger Terminal Works for the Fourth Control Period.

(C) Capital Expenditure projects related to Landside, Access and Parking Works

C.1. Eastern Connectivity Tunnel

5.3.192. The Authority notes that BIAL has proposed Eastern Connectivity Tunnel ("ECT") to provide alternate access to KIAB from SH-104 and the eastern / south-eastern parts of Bengaluru.

5.3.193. The Authority notes that the ECT project was first proposed by BIAL during determination of tariff for the 2nd Control Period (01.04.2016 to 31.03.2021), as an additional capital project after submission of MYTP, intended to provide alternate access to the airport from the eastern side of Bengaluru for fulfilling Government of Karnataka's (GoK) directive to establish a second entry from the eastern side. BIAL had submitted that access to the airport was primarily dependent on NH-44 through the existing Trumpet Interchange and South Access Road, and that expansion of NH-44 was constrained due to congestion at the Hebbal flyover and land acquisition limitations. BIAL had further submitted that dependence on a single external access corridor posed operational, security and traffic management concerns and that development of an alternate connectivity option was necessary to improve resilience of access to the airport. Also, in view of the significant urban, industrial and commercial development envisaged in the eastern and north-eastern parts of Bengaluru under the Bengaluru Metropolitan Region Development Authority (BMRDA) Structure Plan 2031, additional traffic demand was expected in the region.

It is to be noted that genesis of ECT emerges from the GoK's directives for establishing alternate entry from the eastern side of Bengaluru city for traffic decongestion, the action on which falls fully under the primary responsibility of the State Government and not that of an airport.

5.3.194. During the tariff determination exercise for the 2nd Control Period, BIAL had proposed only the Phase-1 enabling works related to construction of 300-meter tunnel beneath the cross-field taxiway (civil works only). The Authority observed that the proposed Phase-1 enabling works cannot be put to use before the completion of the subsequent phases of the project and that the facility was not independently capable of delivering the intended connectivity benefits. Accordingly, the Authority decided not to consider the enabling works for capitalization and addition to the RAB during the 2nd Control Period. BIAL challenged this decision of the Authority by filing an appeal before Hon'ble TDSAT and the approach of the Authority was upheld by the Hon'ble TDSAT, observing that the capitalization of incomplete works would be inconsistent with sound regulatory practice.

5.3.195. During the tariff determination process for the 3rd Control Period (2021-2026), BIAL submitted that the 300-metre tunnel section below the cross-field taxiway had been constructed as Phase-1 of the ECT project and capitalized in FY 2020-21. BIAL further submitted that the tunnel had been constructed after obtaining requisite approvals from the Standing Committee comprising representatives of BCAS, CISF, AAI and BIAL and that the tunnel had subsequently been opened for operational use. BIAL stated that the tunnel was being utilized for movement of construction materials and labor, security and safety patrolling, Bird and Animal Strike Hazard Management (BASHM) activities, emergency response and operational access between the eastern and western portions of the airport estate. BIAL also stated that construction of this section had been undertaken concurrently with development of the cross-field taxiway so as to avoid significant operational disruption, technical challenges and higher costs that could arise if the tunnel were to be constructed after the associated airside infrastructure became operational. Accordingly, BIAL sought inclusion of the capitalized cost of the 300-metre tunnel section in the RAB on the grounds that the facility had already been put to operational use for various operational, security and safety-related activities. After examining the submissions of BIAL, the Authority decided not to include the expenditure incurred on the ECT in the RAB, since the tunnel was not being utilized for the primary purpose for which it was conceived. Accordingly, capitalization, depreciation and asset additions pertaining to the ECT were excluded from tariff computation during the 3rd Control Period.

It is to be noted that inspite of the clear stand of the Authority on the enabling works/Phase-1 of ECT (as mentioned at previous para at 5.3.194) and inspite of no specific approval granted by the Authority, BIAL went ahead constructing the 300-meter tunnel and submitted its capitalized cost for inclusion in the RAB during the tariff determination exercise of 3rd Control Period, wherein too the Authority, for reasons mentioned above, decided finally not to include the expenditure incurred on ECT in the RAB.

5.3.196. The Authority further notes that actually the genesis of the project flows from a reference from the Traffic Police, Bengaluru City requesting BIAL to develop an alternate connectivity for South and Southeast of Bengaluru via SH-104 so as to decongest the National Highway 44 and reduce travel time for a segment of population in the eastern and southeastern parts of the city viz. Whitefield, Sarjapur, Electronic city etc. where large scale industrialization and urbanization has happened.

5.3.197. The Authority notes that in its MYTP for the 4th Control Period (2026-31), BIAL has proposed inclusion of the complete ECT project of 2.8 km length in the RAB. BIAL has submitted a total cost of Rs. 2,772 Crores, with proposed year of capitalization of FY 2029-30. The Authority notes that the proposed project cost constitutes approximately 15% of the overall capital expenditure plan for the 4th Control Period (2026-31) as submitted by BIAL.

5.3.198. The Authority notes the submission of BIAL that the proposed ECT will have long-term and futuristic benefits in terms of improving overall airport accessibility, providing an alternate approach route and enhancing resilience of airport access infrastructure. However, the Authority fully acknowledges the fact that the ECT is not a sine-qua-non for the airport operations. Further, the Authority is primarily required to examine the nature, essentiality and scope of the proposed expenditure on this ECT project from the perspective of additional airport charges that would get loaded on passengers and airlines as per the applicable regulatory framework for determination of aeronautical tariff. The Authority is very clear in its view that capital expenditure proposed for inclusion in the RAB should have a clear, direct and demonstrable linkage with travelling passengers and airlines from whom the cost of such assets is recovered through airport charges.

5.3.199. In this regard, the Authority notes that the ECT project is predominantly in the nature of landside connectivity infrastructure intended for regional traffic decongestion and urban access improvement, as distinct from the augmentation of core aeronautical infrastructure for provision of aeronautical services within the airport system. It is, therefore, felt that the primary responsibility for development and funding of such road connectivity infrastructure rests with the State Government, which is responsible for regional road infrastructure, urban mobility planning and decongestion of city roads.

5.3.200. The Authority further observes that inclusion of the ECT cost in RAB would result in the cost being recovered from passengers and airlines through aeronautical tariff, including user charges. Such recovery would place a burden on airport users for the infrastructure of regional connectivity and road access improvements to be primarily acted upon by the State Government rather than a core and essential aeronautical facility to be provided by the Airport Operator. The Authority is of the view that airport users should not be required to bear the cost of infrastructure that primarily falls within the domain of city / regional road development.

5.3.201. The Authority also notes that the Government of Karnataka is a significant stakeholder in BIAL and is solely responsible for regional road infrastructure and urban connectivity in the State. In the said background, the Authority, vide letter no. AERA/20010/MYTP/BIAL/CP-IV/2026-27/24398 dated 29.05.2026, asked BIAL to take up the matter with the State Government of Karnataka for the total funding of the project. Authority, in its letter, has specifically reiterated that the proposed expenditure is predominantly for regional connectivity infrastructure and falls within the broader domain of State Government responsibilities. The Authority further conveyed that inclusion of the project cost in airport tariffs would result in an additional financial burden on passengers and airlines through aeronautical charges. The Authority also indicated that, in the event the State Government conveys its commitment towards total funding of the project, the Authority would accordingly take up the proposal within the overall regulatory framework, subject to requisite approvals from the relevant safety and security agencies, including BCAS and DGCA, and subject to the project being commissioned and operationalized for use by airport passengers.

5.3.202. Subsequently, BIAL has sent a reply vide letter no. BIAL/AERA/MD&CEO dated 02.06.2026 mentioning that the need for alternate connectivity to the airport had been acknowledged during earlier tariff proceedings. BIAL stated that, based on the regulatory discussions undertaken in the past, it had proceeded with construction of the enabling works comprising the tunnel section below the cross-field taxiway as well as the design and planning activities for the overall project and had incurred expenditure exceeding Rs. 100 Crores towards the same. BIAL further submitted that, while the

Authority had excluded the expenditure from the RAB in earlier Control Periods on the grounds that the facility was not being utilized for passenger movement, there had been no prior indication that the project should not be funded by BIAL or that it should not form part of RAB. Referring to the Authority's communication that the proposal may be considered within the regulatory framework if the Government of Karnataka conveys its commitment towards funding of the project, BIAL sought clarification on the Authority's position so as to enable it to engage with the Government of Karnataka for financial support and appropriately apprise its Board regarding the future course of the project.

In this regard, attention is drawn to preceding paras 5.3.194 and 5.3.195 wherein it is very clearly highlighted that Authority had at no time in the previous control periods granted any specific approval for construction of the enabling works comprising the tunnel section below the cross-field taxiway, as well as for the design and planning activities for the overall project construction. Thus, the submissions made by BIAL in their above letter dated 02.06.2026 do not seem to be substantiated by facts.

5.3.203. In the light of the above facts and circumstances in respect of this ECT project, the Authority feels that it would await the total funding commitment from the State Government for taking a final decision on the matter that would be based on stakeholder consultations, views/comments of the safety and security agencies, i.e., DGCA and BCAS and the extant provisions of the overall regulatory framework.

C.2.1. Airport Terminal Metro Station

5.3.204. The Authority notes that BIAL has proposed Airport Terminal Metro Station ("ATMS") within the terminal forecourt / MMTH area. The station is intended to serve passengers, meeters / greeters and terminal-area employees.

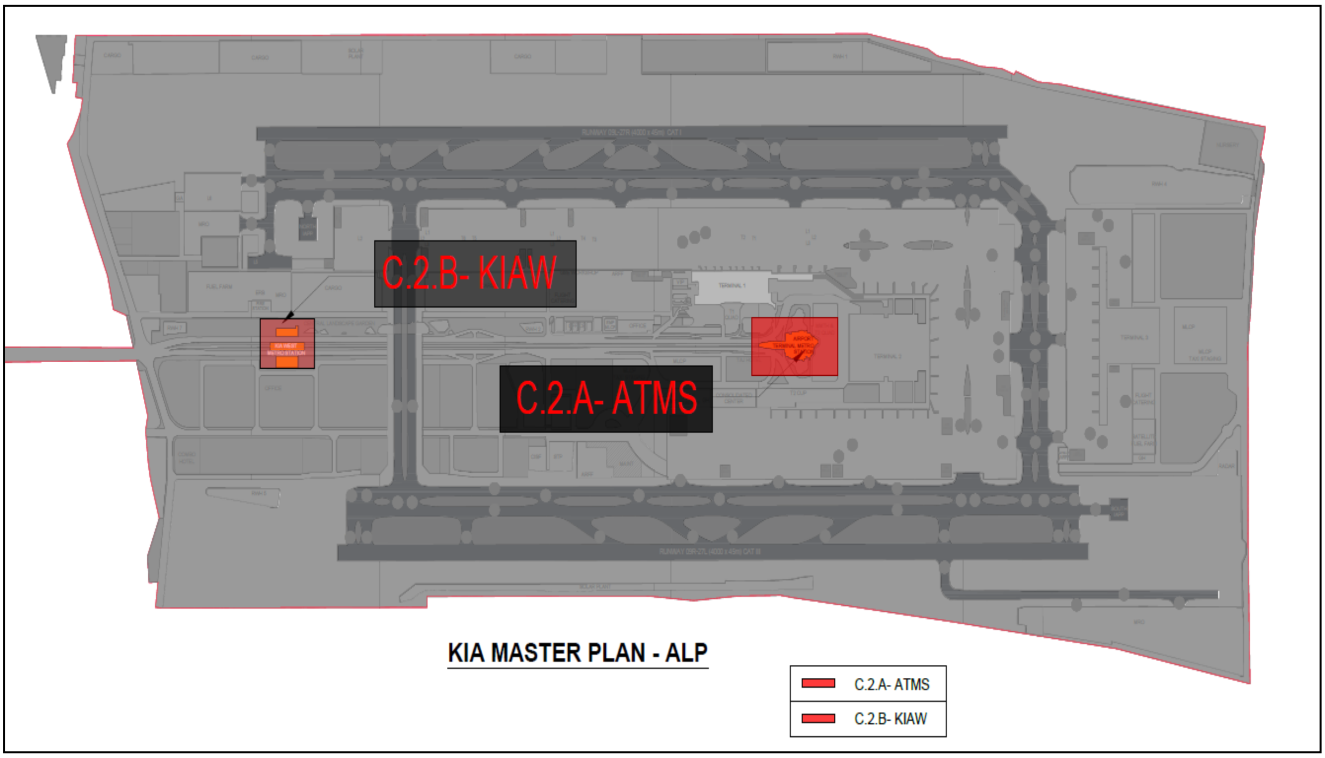


Figure 21: Locations of the proposed Kia West and Airport Terminal Stations

5.3.205. The Authority had previously noted in the Tariff Order for the Third Control Period (refer paragraph 5.5.27 of Order No. 11/2021-22 dated August 28, 2021) that BIAL, Government of Karnataka and IDD (GoK) had then commented that the Airport Metro Line would start operations in June 2025. The

Authority had then decided that the said metro station would be included in the RAB if it was completed by FY'26 while undertaking true up for the 4th Control Period.

5.3.206. The Authority notes that the Airport Terminal Metro Station ("ATMS") has a direct interface with passenger facilitation, terminal accessibility and landside traffic decongestion. The proposed metro connectivity is expected to provide an alternate mode of access to the airport, reduce dependence on road-based transport infrastructure and form an integral part of the planned Multi-Modal Transport Hub in line with the long-term integrated transportation planning for KIAB.

5.3.207. Based on the construction progress of the airport metro line and associated station works, the Authority notes MECON's assessment that commissioning around June 2027 appears realistic. Accordingly, the Authority is of the view that the Airport Terminal Metro Station is justified for consideration during the Fourth Control Period, subject to verification of ownership, commissioning / put-to-use status, actual capitalisation and asset allocation at the time of true-up.

5.3.208. For the cost assessment, the Authority, through MECON, has undertaken a review of the claimed cost of this package of around Rs. 278 Crores. During such examination, it was observed that, in certain cases such as waterproofing, smoke barrier system, stone cladding and flooring, the cost claimed by BIAL appears to be on the higher side in comparison with general market data and has accordingly been rationalised. The Authority further notes that the wastage percentage considered by BIAL for various electrical items was also found to be on the higher side and has accordingly been rationalised.

5.3.209. The Authority further reviewed the item rates with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items based on market rates, the Authority considered the quotations submitted by BIAL and other available data on a broad basis, keeping in view the nature of the assignment. The indirect cost factors claimed by BIAL were also rationalised to avoid duplication, as certain factors are already embedded in the applicable schedule rates / DSR rates.

5.3.210. Accordingly, the rationalisation regarding the cost of Airport Terminal Metro Station has been carried out as per the following:

- The project has been considered as it has a direct interface with passenger facilitation, airport access and terminal connectivity.
- Certain items such as waterproofing, smoke barrier system, stone cladding, flooring and electrical wastage percentages have been rationalised where costs appeared higher than market / technical benchmarks.
- Item rates and indirect cost factors have been reviewed with reference to applicable schedule rates, market data and supporting quotations.

5.3.211. Based on the above review and methodology, the assessed value of the package works out to around Rs. 252 Crores, as against the cost of Rs. 278 Crores claimed by BIAL in the MYTP as per the table below:

Table 156: Cost Assessment for Airport Terminal Metro Station

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	278
Hard cost proposed to be considered by the Authority	252
Rationalization in cost	26

5.3.212. Accordingly, the Authority proposes to consider hard cost of Rs. 252 Crores towards Airport Terminal Metro Station, subject to commissioning, ownership, actual capitalisation, asset allocation and true-up.

C.2.2. KIA West Metro Station

5.3.213. The Authority has examined the submission made by BIAL regarding the KIA West Metro Station. BIAL has submitted that the KIA West Metro Station would primarily cater to airport employees and users associated with cargo operations, ground handling agencies, fuel farm operations, CISF and other statutory agencies, airline staff, proposed MRO facilities, aviation training establishments, utility infrastructure staff, retailers and other concessionaires operating within the airport ecosystem. BIAL has further submitted that, in the absence of the KIA West Metro Station, such users may be required to use the Airport Terminal Metro Station, thereby increasing congestion in and around the terminal forecourt area.

5.3.214. The Authority observes that the Airport Terminal Metro Station is the primary metro interface for passengers, meeters and greeters and terminal users. In contrast, the KIA West Metro Station is not primarily designed as a passenger-facing facility and is located away from the terminal forecourt area. The principal users of the KIA West Metro Station, as per BIAL's own submission, are expected to be employees and personnel associated with airport support services, cargo, MRO, utility, concessionaire and other commercial or operational establishments. The Authority is of the view that the proposed station does not directly serve airport passengers on whom airport charges are levied for the infrastructure/facilities actually used by them i.e. user pay principle.

5.3.215. The Authority further notes that the capital expenditure associated with the KIA West Metro Station had been examined during the Third Control Period and was not considered for inclusion in the RAB on the ground that the station does not directly serve airport passengers but primarily caters to employees and commercial users. The Authority does not find any incremental justification in the present submission of BIAL to depart from the position adopted by the Authority in the Third Control Period. No evidence has been substantiated to demonstrate that the KIA West Metro Station is indispensable for passenger facilitation or that the absence of this station would materially impair passenger service levels at KIAB during the Fourth Control Period.

5.3.216. The Authority is also of the view that capital expenditure primarily intended to serve employees, concessionaires, cargo-related personnel, MRO users and other commercial / support establishments should not be loaded on the passengers and airlines through aeronautical tariff unless a clear and direct aeronautical benefit is established. Inclusion of such expenditure in RAB would result in airport users bearing the cost of a facility for several years till its useful life whereas the actual benefits of the facility are largely attributable to a specific class of users and commercial / support activities, rather than to the travelling passengers and airline.

5.3.217. Accordingly, while the Authority acknowledges the operational convenience that the KIA West Metro Station may provide to certain commercial/support establishments, it is not satisfied that the expenditure has a direct and sufficient connection with travelling passengers' facilitation to merit inclusion in the RAB for the Fourth Control Period. Therefore, the Authority proposes not to consider the capital expenditure associated with the KIA West Metro Station for the purpose of tariff determination for the Fourth Control Period. The Airport Operator may consider, as may be appropriate, other options to fund the same through non-aeronautical / commercial arrangements or through recovery from the specific beneficiary users or through the Government funding as has been done for the overall Metro Project and for other Metro Stations in different parts of the city.

5.3.218. Accordingly, the Authority proposes not to consider the proposed cost of Rs.143 crores for KIA West Metro Station as submitted by BIAL for the Fourth Control Period.

C.4. T1 to T2 Walkway and Metro Connector Walkway

5.3.219. The Authority notes that BIAL has proposed two walkway components: an elevated covered walkway connecting T1 to ATMS / T2 interface, and a separate at-grade walkway between T1 and T2.

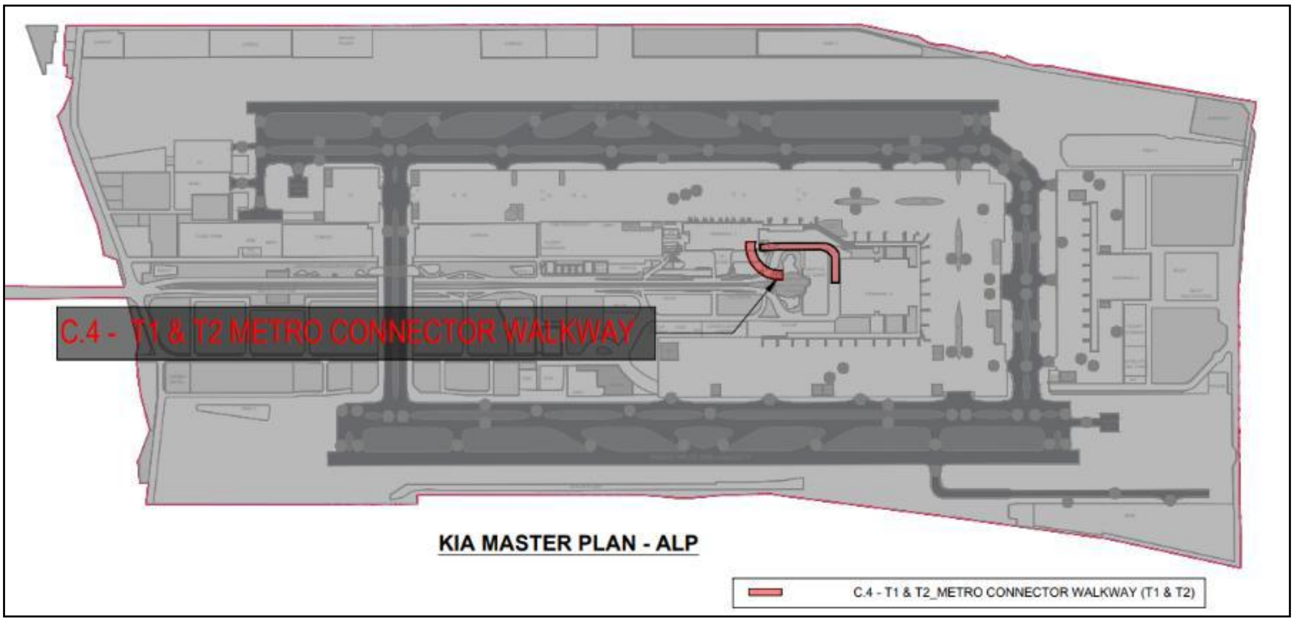


Figure 22: Locations of the Proposed T1 & T2 Metro Connector Walkways

5.3.220. The Authority notes that the elevated Metro Connector Walkway has a direct linkage with passenger facilitation and effective utilization of metro connectivity by Terminal 1 passengers. The proposed walkway is expected to provide seamless and weather-protected access between Terminal 1 and the Airport Terminal Metro Station / Terminal 2 interface, reduce dependence on shuttle-based movement and improve integrated terminal-to-metro circulation within the airport landside infrastructure.

5.3.221. Considering the direct passenger facilitation benefit and its linkage with metro access for Terminal 1 users, the Authority is of the view that the elevated Metro Connector Walkway is justified for consideration during the Fourth Control Period. The Authority notes that BIAL has claimed cost of Rs. 76 Crores for this package, which includes the proposed T1 to T2 at-grade walkway amounting to Rs. 11.3 Crores.

5.3.222. However, the Authority notes that the proposed standalone ground-level walkway between Terminal 1 and Terminal 2 appears to be of a supplementary nature. This is primarily because passenger movement between Terminal 1, the Airport Terminal Metro Station, and Terminal 2 is expected to be substantially served through the integrated elevated walkway and its connection with the Multi-Modal Transit Hub (MMTH). The proposed ground-level walkway between T1 and T2 has therefore not been considered. The remaining scope of the package amounts to Rs. 64.7 Crores. The cost of this remaining scope has been reviewed by the Authority with the assistance of MECON.

5.3.223. The Authority, through MECON, reviewed the item rates with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items pertaining to market rates, considering the nature of subject assignment, cost has been assessed based on the quotations submitted by BIAL and other available data. The indirect cost factor claimed by BIAL has been rationalised to avoid duplication of factors as some of the factors like CP&OH are already part of DSR rates. The Authority further notes that BIAL has considered a constraint factor of 5%; however, considering the execution of work being inside terminal, the constraint factor of only 3% has been considered as the same is found reasonable primarily on account of some restricted working.

5.3.224. Based on the above methodology, the assessed value works out to around Rs. 58 Crores against the total claimed cost of Rs. 76 Crores for this package.

5.3.225. Accordingly, the rationalisation regarding the cost of T1 to T2 and Metro Connector Walkway has been carried out as per the following:

- The elevated Metro Connector Walkway has been considered as it directly supports passenger movement between Terminal 1 and the Airport Terminal Metro Station / Terminal 2 interface.
- The separate at-grade T1 to T2 walkway has not been considered, as passenger connectivity is expected to be addressed through the elevated walkway and MMTH interface.
- The balance scope has been assessed based on applicable schedule rates, market data and rationalisation of indirect cost and constraint factors.

5.3.226. Accordingly, the hard cost proposed to be considered by the Authority is Rs. 58 Crores, as against Rs. 76 Crores submitted by BIAL as per the table below:

Table 157: Cost Assessment for T1 to T2 and Metro Connector Walkway

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	76
Hard cost proposed to be considered by the Authority	58
Rationalization in cost	18

5.3.227. Accordingly, the Authority proposes to consider hard cost of Rs. 58 Crores towards the Metro Connector component of this package, subject to actual capitalisation, asset allocation and true-up.

C.5. North West Road Expansion, 2+2 Lane

5.3.228. The Authority notes that BIAL has proposed widening of around 1.2 km of road in the northern area of KIAB from a 2-lane configuration to a 4-lane dual carriageway.

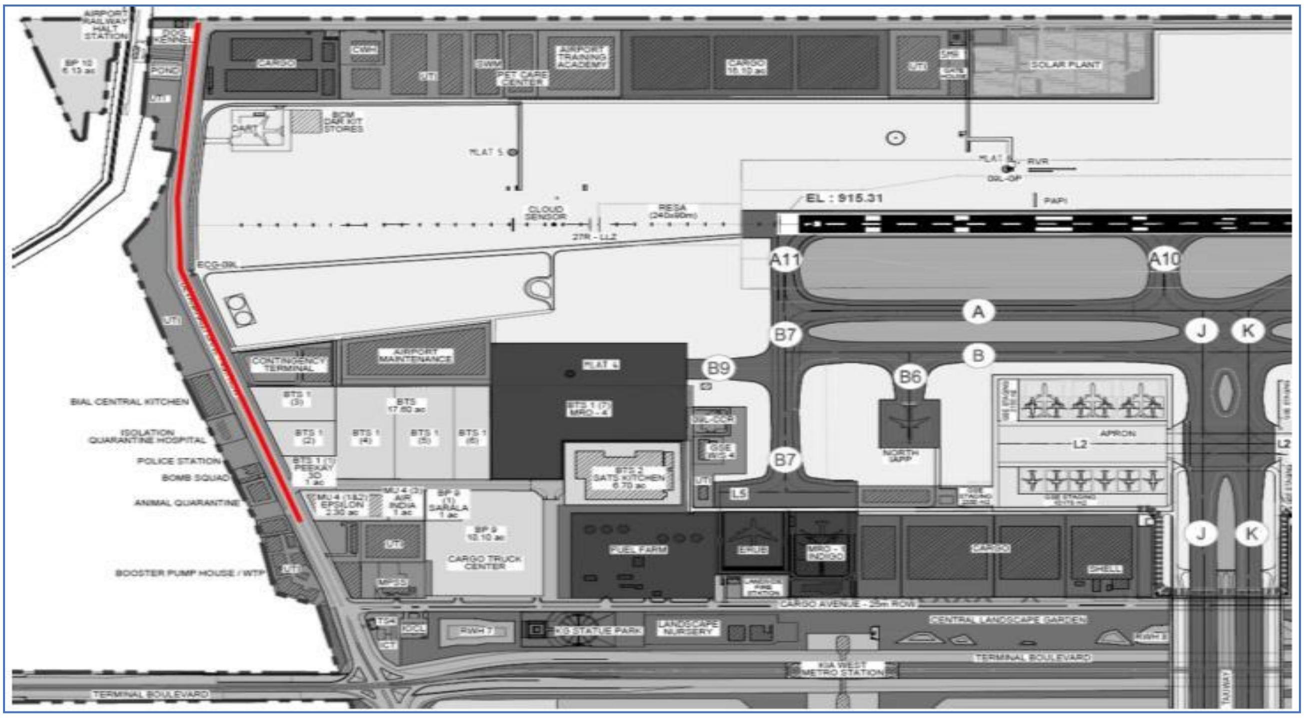


Figure 23: Location of the Proposed North West Road Expansion

5.3.229. The Authority notes that the proposed expansion of the North West Road is linked to planned developments in the north-west zone of the airport, including MRO facilities, logistics infrastructure, utility services and contingency areas.

5.3.230. The Authority observes that the proposed North-West Road Expansion does not establish an immediate aeronautical requirement warranting tariff recovery in the ensuing control period. Accordingly, the Authority proposes to disallow inclusion of the said facility in BIAL's Regulatory Asset Base (RAB) for the Fourth Control Period. The treatment of this asset may be revisited in subsequent control periods based on actual capitalisation, demonstrated aeronautical utility, and prudence check by the Authority

C.6. Cargo Avenue / NCR Expansion, 2+2 Lane

5.3.231. The Authority notes that BIAL has proposed widening of around 700 m stretch of North Cargo Road from 2-lane to 4-lane configuration. The stretch is located near operational facilities, Alpha Building, Pass Office, ATC Tower and airside entry gate.

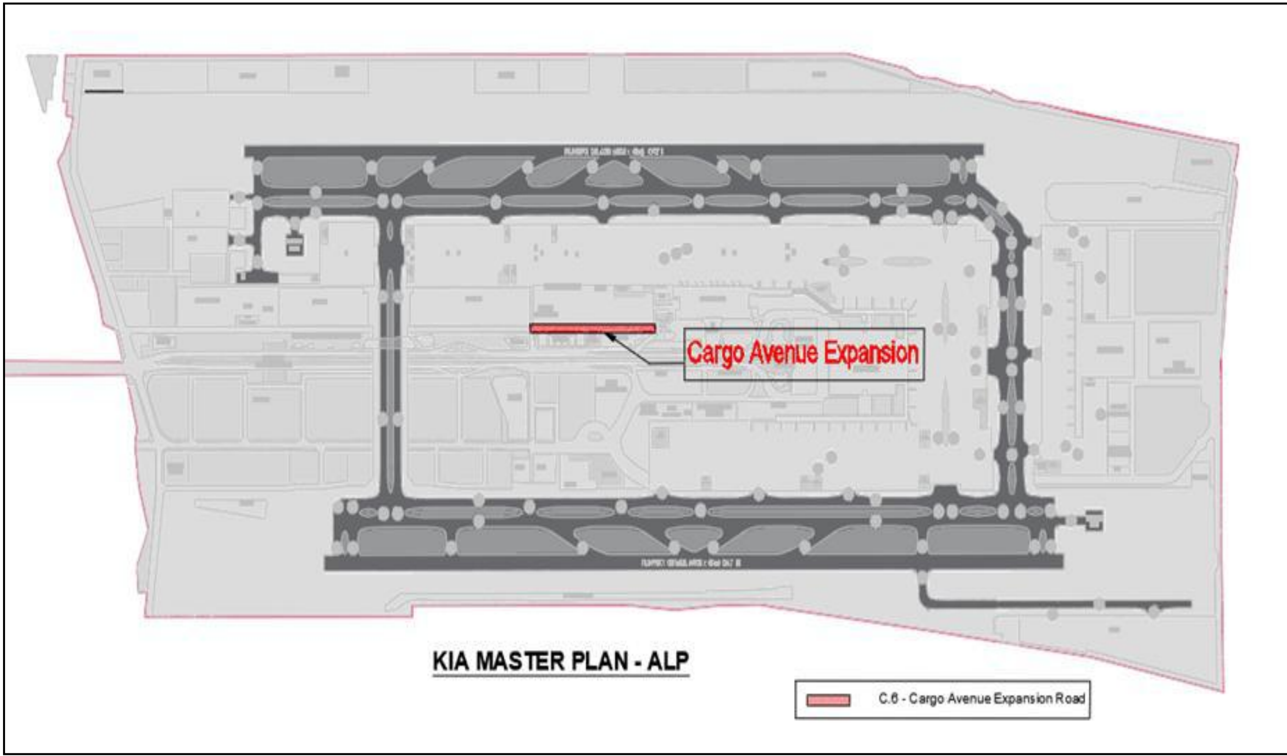


Figure 24: Location of the proposed Cargo Avenue expansion project

5.3.232.The Authority notes that the proposed expansion addresses an existing bottleneck on the North Cargo Road corridor. The widening of the stretch is expected to improve traffic circulation, reduce congestion in the cargo and airside access area, and ensure continuity of the North Cargo Road corridor. Accordingly, the Authority considers the proposed work to be operationally justified.

5.3.233.The Authority, through MECON, has examined the cost claimed by BIAL for the relevant package of around Rs. 12 Crores.

5.3.234.The item rates were reviewed with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items pertaining to market rates, considering the nature of subject assignment, cost has been assessed based on the quotations submitted by BIAL and other available data. The indirect cost factor claimed by BIAL has also been rationalised to avoid duplication of factors as some of the factors like CP&OH are already part of DSR rates.

5.3.235.Accordingly, the rationalisation regarding the cost of Cargo Avenue / NCR Expansion has been carried out as per the following:

- The project has been considered as it addresses an existing bottleneck on the North Cargo Road corridor.
- The claimed cost has been reviewed with reference to applicable schedule rates, market quotations and available supporting documents.
- Indirect cost factors have been rationalised to avoid duplication with factors already included in the applicable schedule rates.

5.3.236.Based on the above methodology, the total package cost works out to around Rs. 9 Crores, as against the cost of Rs. 12 Crores claimed by BIAL in the MYTP as per the table below:

Table 158: Cost Assessment for Cargo Avenue / NCR Expansion

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	12
Hard cost proposed to be considered by the Authority	9
Rationalization in cost	3

5.3.237. Accordingly, the Authority proposes to consider hard cost of Rs. 9 Crores towards Cargo Avenue / NCR Expansion, subject to actual capitalisation, asset allocation and true-up.

C.7. T1 and T2 Departure and Arrival Recirculation Works

5.3.238. The Authority notes that BIAL has proposed forecourt and kerbside improvements at Terminal 1 and Terminal 2 to address congestion, improve terminal landside circulation and support increased passenger handling capability.

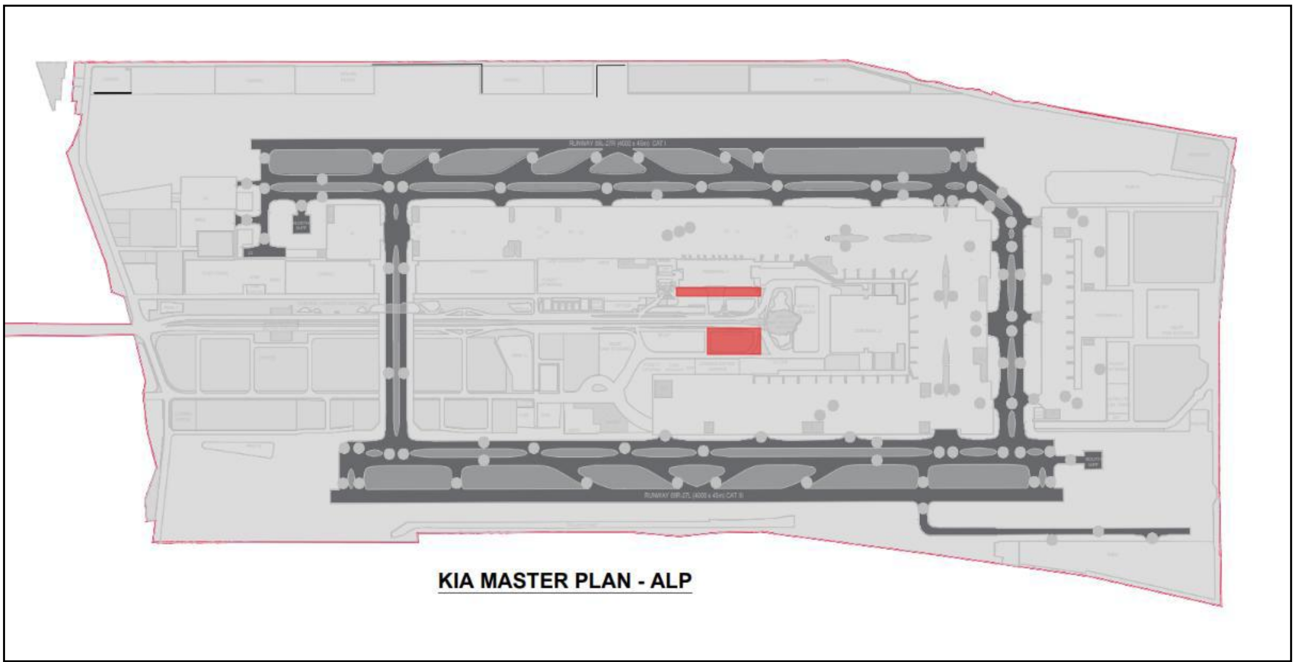


Figure 25: Location of the proposed T1 and T2 Departure and Arrival Recirculation Works

5.3.239. The Authority notes that the proposed forecourt and kerbside improvements at Terminal 1 and Terminal 2 are intended to address existing congestion, improve traffic circulation and enhance passenger handling capability within the terminal landside areas. Considering the proposed capacity enhancement and increasing passenger traffic at KIAB, the Authority is of the view that the forecourt and kerbside improvement works are operationally justified.

5.3.240. However, the Authority notes that the proposed temporary passenger parking facility (considered as a non-aeronautical asset), intended to support future MLCP development, is transitional in nature and is proposed primarily to facilitate interim parking arrangements during redevelopment of the existing parking area. The Authority further notes that such temporary parking facility does not constitute a permanent airport infrastructure asset. Accordingly, the Authority proposes not to consider the cost of the temporary parking facility for inclusion in the RAB during the Fourth Control Period.

5.3.241. The Authority, through MECON, has examined the cost claimed by BIAL for the relevant package of around Rs. 75 Crores, which includes the proposed temporary passenger parking facility amounting to around Rs. 32 Crores.

5.3.242. The proposed passenger parking facility has not been considered being temporary in nature. Accordingly, for the remaining scope of the package amounting to around Rs. 43 Crores, the cost has been examined.

5.3.243. The item rates were reviewed with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items pertaining to market rates, considering the nature of subject assignment, cost has been assessed based on the quotations submitted by BIAL and other available data. The indirect cost factor claimed by BIAL has also been rationalised to avoid duplication of factors as some of the factors like CP&OH are already part of DSR rates.

5.3.244. Accordingly, the rationalisation regarding the cost of T1 and T2 Departure and Arrival Recirculation Works has been carried out as per the following:

- Forecourt and kerbside improvement works have been considered as they support passenger circulation and terminal landside operations.
- The temporary passenger parking facility has not been considered, as it is transitional in nature and does not constitute a permanent airport infrastructure asset.
- The remaining scope has been assessed based on applicable schedule rates, market data and rationalisation of indirect cost factors.

5.3.245. Based on the above methodology, the total package cost works out to around Rs. 38 Crores, as against the cost of Rs. 75 Crores claimed by BIAL in the MYTP as per the Table below:

Table 159: Cost Assessment for T1 and T2 Departure and Arrival Recirculation Works

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	75
Hard cost proposed to be considered by the Authority	38
Rationalization in cost	37

5.3.246. Accordingly, the Authority proposes to consider hard cost of Rs. 38 Crores. towards T1 and T2 Departure and Arrival Recirculation Works, excluding temporary parking facility, subject to actual capitalisation, asset allocation and true-up.

C.10. MAR Recirculation Link

5.3.247. The Authority notes that BIAL has proposed MAR Recirculation Link to improve vehicular recirculation between the terminal area and proposed southern MLCP facilities.

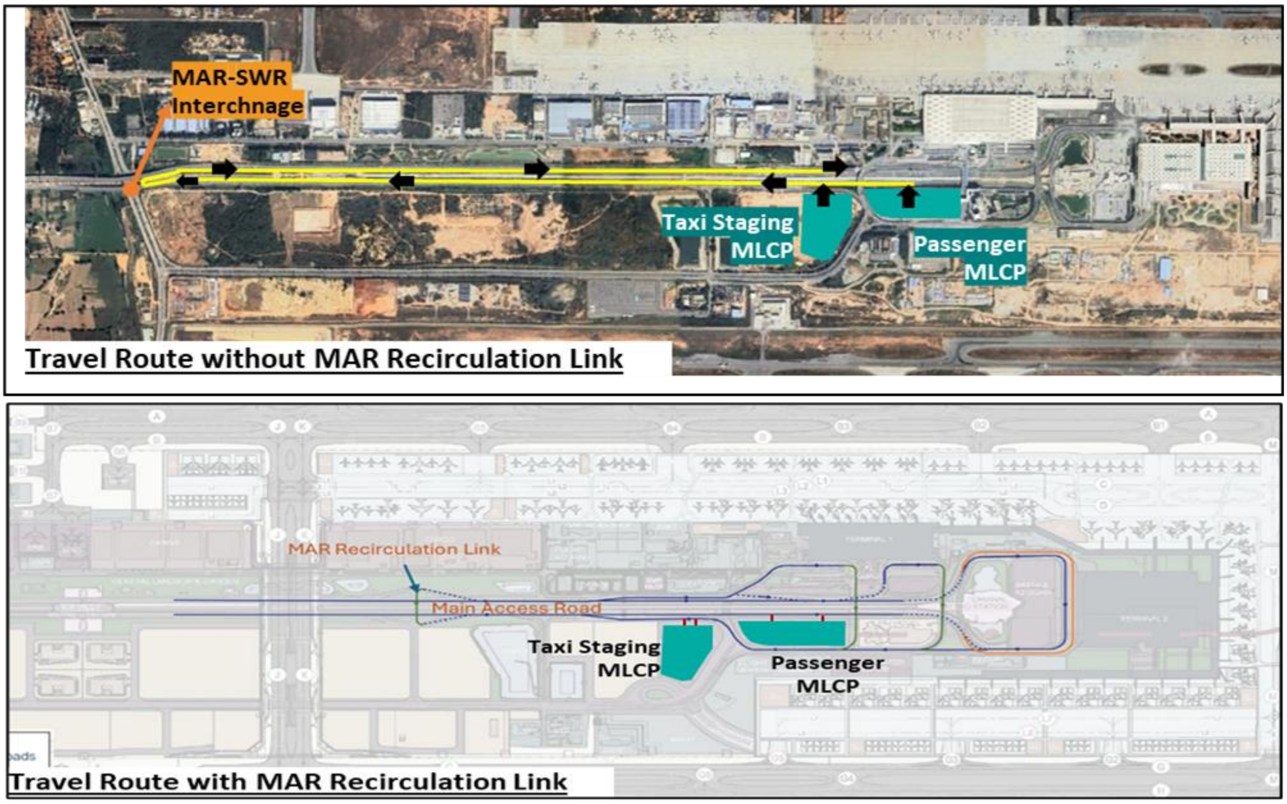


Figure 26: Expected travel time improvements from MAR Recirculation Link as envisaged by BIAL

5.3.248. The Authority notes that the proposed MAR Recirculation Link is conceptually intended to improve landside circulation and facilitate vehicular recirculation between the terminal area and future parking / access infrastructure. However, the Authority also notes that certain components of the proposed project, particularly the city-side ramps, appear to be linked more closely with future traffic redistribution requirements associated with Terminal 3 and the Eastern Connectivity Tunnel, rather than immediate passenger circulation requirements during the current control period.

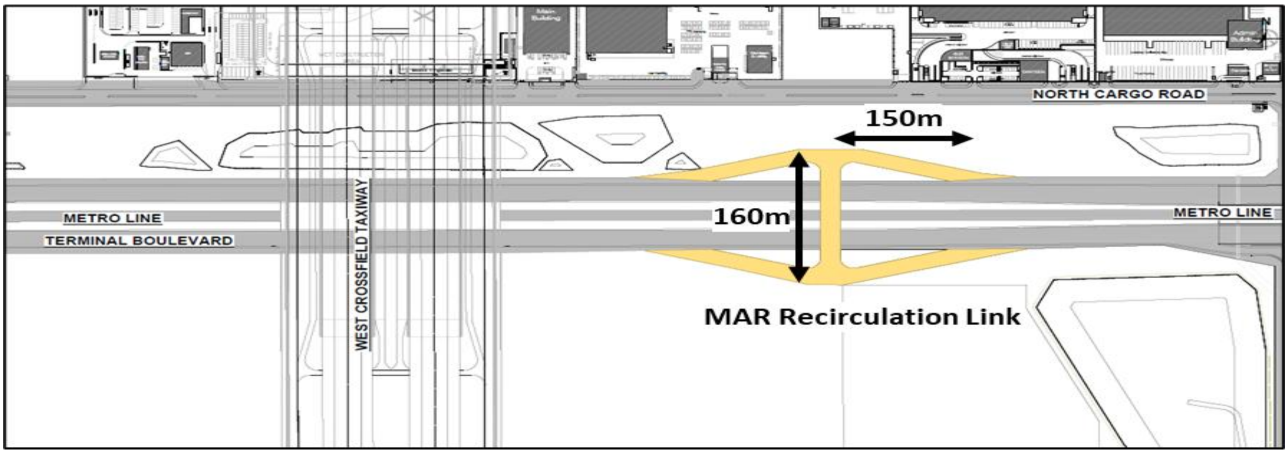


Figure 27: Proposed MAR Recirculation Link

5.3.249. In view of the above, the Authority proposes to consider this package only to the extent of the components that are necessary during the Fourth Control Period. The city-side recirculation components, including Ramp-1 and Ramp-3, are proposed to be deferred to a subsequent control period, when their requirement may be examined in conjunction with Terminal 3 development, Eastern Connectivity Tunnel integration and future landside circulation planning.

5.3.250. The Authority, through MECON, has examined the cost claimed by BIAL for the relevant package of around Rs. 95 Crores, which includes the proposed city-side recirculation ramp (left-side Ramp 1 and Ramp 3) comprising construction of Reinforced Earth Walls, Ramp 1 and Ramp 3, along with related MEPF and ICT works, amounting to around Rs. 21.4 Crores.

5.3.251. The proposed city-side recirculation ramp (left-side Ramp 1 and Ramp 3) comprising construction of Reinforced Earth Walls, Ramp 1 and Ramp 3, along with related MEPF and ICT works, has been deferred to the subsequent control period. Accordingly, for the remaining scope of the package amounting to around Rs. 73.6 Crores, the cost has been examined.

5.3.252. The item rates were reviewed with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items pertaining to market rates, considering the nature of subject assignment, cost has been assessed based on the quotations submitted by BIAL and other available data. The indirect cost factor claimed by BIAL has also been rationalised to avoid duplication of factors as some of the factors like CP&OH are already part of DSR rates.

5.3.253. Accordingly, the rationalization regarding the cost of MAR Recirculation Link has been carried out as per the following:

- The package has been considered only to the extent of components required during the Fourth Control Period.
- City-side recirculation ramps linked to future Terminal 3 / ECT-related traffic redistribution have been deferred to a subsequent control period.
- The remaining scope has been assessed after review of rates, market data and rationalisation of indirect cost factors.

5.3.254. Based on the above methodology, the total package cost works out to around Rs. 71 Crores, as against the cost of Rs. 95 Crores claimed by BIAL in the MYTP as per the table below:

Table 160: Cost Assessment for MAR Recirculation Link

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	95
Hard cost proposed to be considered by the Authority	71
Rationalization in cost	24

5.3.255. Accordingly, the Authority proposes to consider hard cost of Rs. 71 Crores towards the tenable scope of MAR Recirculation Link, subject to actual capitalisation, asset allocation and true-up.

C.11. MAR-SWR Interchange Upgrade

5.3.256. The Authority has examined the proposal of BIAL for the MAR-SWR Interchange Upgrade. BIAL has submitted that the existing road configuration near the Begur Junction / Trumpet Interchange involves right-side entry and exit ramps, resulting in weaving conflicts, abrupt lane-changing movements, safety concerns and operational inefficiencies. BIAL has further submitted that such configuration is not aligned with normal driver behaviour and that right-side entry / exit arrangements are generally discouraged under applicable road design principles.

Figure 28: Area where the MAR-SWR Interchange Upgrade is Proposed to be Built

5.3.257. The Authority notes that the concerns raised by BIAL may have merit from the perspective of traffic safety and road geometry. However, for the purpose of tariff determination and inclusion in the Regulatory Asset Base, the Authority is required to examine whether the proposed expenditure results in creation of a new airport asset, capacity augmentation, passenger facilitation, or an incremental aeronautical benefit that justifies recovery from airport users through aeronautical tariff.

5.3.258. The Authority observes that the MAR-SWR Interchange and associated airport access infrastructure were already developed, capitalised and considered as part of the airport access infrastructure in the earlier control period. The present proposal is not for development of a new access corridor, new terminal access facility or additional capacity infrastructure, but is primarily in the nature of modification / rectification of an existing road asset. The proposed works seek to correct or improve the geometric configuration of an already capitalised interchange, particularly the right-side entry and exit ramp arrangement.

5.3.259. In this context, the Authority is of the view that expenditure incurred for correcting design deficiencies, improving the layout, or undertaking corrective engineering of an existing capitalised asset cannot ordinarily be treated as a fresh capital addition for inclusion in the RAB. Allowing such expenditure as new capex would result in airport users bearing the cost of rectification of an already existing asset, even though the asset has previously been capitalised and returns on the same have already been considered for tariff determination.

5.3.260. The Authority further notes that BIAL has not demonstrated that the proposed MAR-SWR Interchange Upgrade is required for handling additional passenger traffic during the Fourth Control Period or that the existing interchange, without the proposed modifications, would materially constrain airport capacity or passenger processing. The proposal appears to address traffic safety and design optimisation issues of the existing interchange, rather than any incremental capacity requirement arising from the Fourth Control Period traffic projections. In the present case, while the proposed works may improve road safety and traffic movement, the Authority does not find sufficient basis to treat the same as a new aeronautical capital addition to be included in the RAB for the Fourth Control Period.

5.3.261. Accordingly, the Authority proposes not to consider the capital expenditure towards MAR-SWR Interchange Upgrade for inclusion in the RAB during the Fourth Control Period. The Authority is of the view that such expenditure, if undertaken by BIAL, may be treated appropriately in accordance with accounting and operational requirements, but the same shall not be loaded on airport users through aeronautical tariff as a fresh capital addition.

C.12. North Boundary Road / Landside North East Road

5.3.262. The Authority notes that BIAL has proposed development of the North Boundary Road / Landside North East Road to provide access to the planned cargo, logistics and allied developments envisaged along the northern boundary of the airport under the updated Master Plan.

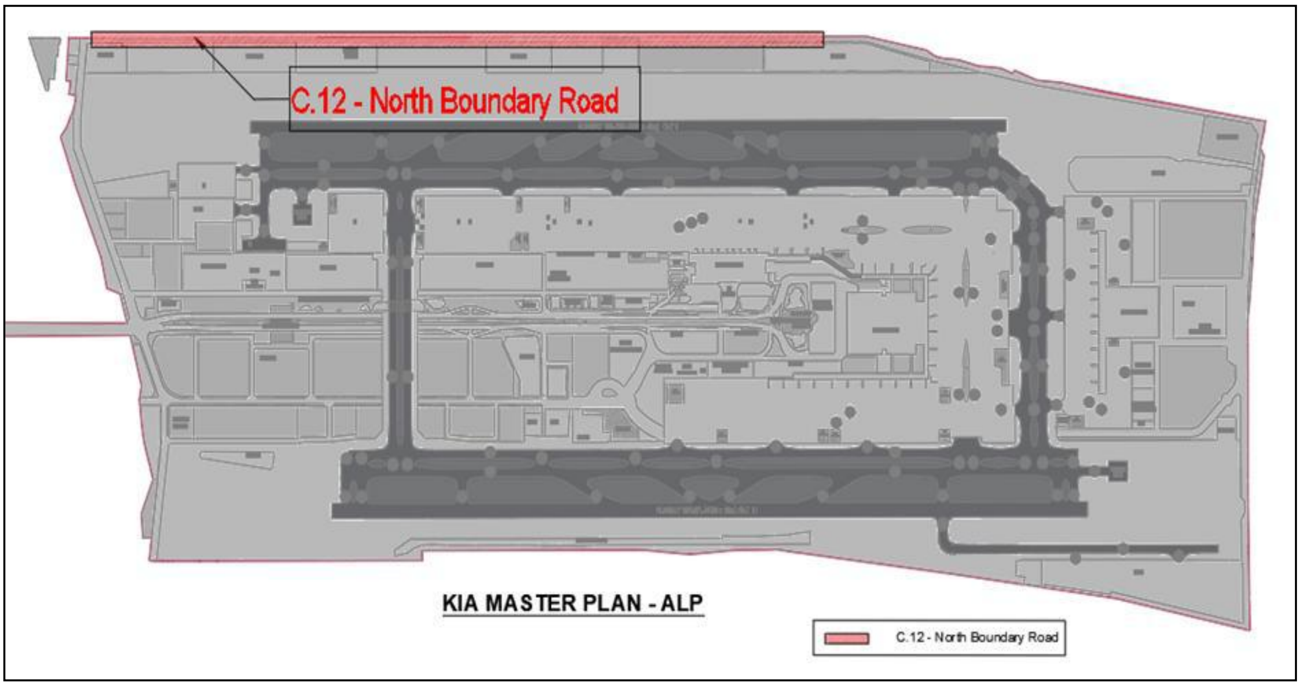


Figure 29: Location of the proposed North Boundary Road

5.3.263. The Authority observes that, while the Master Plan envisages cargo-focused and allied development zones along the northern boundary, the immediate requirement for the proposed road has not been adequately established. The Authority notes that no definitive development commitments, executed MoUs or firm implementation plans with prospective cargo, logistics, warehousing or allied infrastructure entities have been submitted by BIAL to demonstrate that such developments would materialise during the Fourth Control Period.

5.3.264. The Authority is of the view that creation of road infrastructure for a future development zone can be considered for inclusion in RAB only where the timing, phasing and operational demand for such infrastructure are reasonably certain. In the present case, the proposed road is primarily intended to serve future cargo and allied developments, the implementation of which remains uncertain at this stage. In the absence of committed users, confirmed development phasing and demonstrable traffic demand during the Fourth Control Period, the proposed expenditure may result in creation of an underutilised asset, the cost of which would be borne by airport users through tariff without corresponding immediate benefit.

5.3.265. The Authority further notes that the proposed North Boundary Road does not have a direct and immediate nexus with passenger facilitation, terminal capacity augmentation or existing airport operations during the Fourth Control Period. The requirement appears to be contingent upon future commercial / cargo developments along the northern boundary. Therefore, the Authority is of the view that it would be prudent to defer this expenditure until the associated developments are firmed up and the operational requirement for the road is clearly established.

5.3.266. Accordingly, the Authority proposes not to consider the capital expenditure towards the North Boundary Road / Landside North East Road for inclusion in the RAB during the Fourth Control Period. The project may be reconsidered in a subsequent control period, subject to BIAL demonstrating confirmed development commitments, implementation phasing, traffic demand, operational necessity and cost reasonableness.

Summary of Landside Access and Parking Works

Table 161: Summary of Landside Works proposed to be considered by the Authority

(Rs. in Crore)

Project Code	Project	Hard Cost submitted by BIAL (previous)	Hard Cost proposed to be considered
C.1	Eastern Connectivity Tunnel	1,655	-
C.2.1	Airport Terminal Metro Station	278	252
C.2.2	KIA West Metro Station	143	-
C.4	T1 to T2 and Metro Connector Walkway	76	58
C.5	North-West Road Expansion	32	-
C.6	Cargo Avenue / NCR Expansion	12	9
C.7	T1 and T2 Departure and Arrival Recirculation	75	38
C.10	MAR Recirculation Link	95	71
C.11	MAR-SWR Interchange Upgrade	36	-
C.12	North Boundary Road	111	-
	Total Landside Works	**2,511**	**428**

5.3.267. Accordingly, the Authority proposes to consider hard cost of Rs. 428 Crores towards Landside Access and Parking Works for the Fourth Control Period.

(D) Capital Expenditure projects related to Other Works

D.1. Utilities

5.3.268. The Authority notes that BIAL has proposed utility augmentation to support PAL-2 development, including potable water supply, non-potable water supply, wastewater management, stormwater management, firefighting systems, electrical systems and ICT / LV infrastructure.

5.3.269. The Authority has reviewed the potable water, non-potable water, wastewater and stormwater requirements proposed by BIAL for supporting the PAL-2 development at KIAB. The Authority notes that certain capacities proposed by BIAL appear to be on the higher side and have therefore been rationalised based on the technical assessment. In particular, the potable water requirement has been rationalised from 7.2 MLD to 2.52 MLD, the Water Treatment Plant ("WTP") capacity from 4 MLD to 2 MLD, and the rainwater harvesting pond capacity from 700 million litres to 600 million litres.

5.3.270. The Authority is of the view that the proposed new WTP, STP, associated storage, distribution systems and utility infrastructure are justified to support the proposed airport expansion, subject to the rationalised capacities. The Authority has also reviewed the electrical and ICT works proposed under the Utility Package and notes that the same broadly appear aligned with the project requirements. However, considering that detailed engineering inputs for certain packages are limited at this stage, the cost and scope shall be subject to verification of actual capitalisation, reasonableness and asset allocation at the time of true-up.

5.3.271. The Authority, through MECON, has examined the cost claimed by BIAL for the relevant package. BIAL had initially claimed a cost of around Rs. 570 Crores in the MYTP submission, which was subsequently revised to around Rs. 511 Crores.

5.3.272. The revised claimed cost of around Rs. 511 Crores has been examined and rationalised. Rationalisation in portable water requirement capacity from 4 MLD to 2 MLD has been done based on technical assessment, leading to a corresponding reduction in cost. The Authority further notes that multiple road crossings have been kept as provisional items in the scope and no substantial data or quantification of work has been provided by BIAL. Accordingly, the cost of such items has been rationalised.

5.3.273. The item rates were reviewed with reference to CPWD DSRs and CPWD Plinth Area Rates. For items pertaining to market rates, considering the nature of subject assignment, cost has been assessed based on the quotations submitted by BIAL and other available data. The indirect cost factor claimed by BIAL has also been rationalised to avoid duplication of factors as some of the factors like CP&OH are already part of DSR rates.

5.3.274. Accordingly, the rationalisation regarding the cost of Utilities has been carried out as per the following:

- The proposed potable water requirement, WTP capacity and rainwater harvesting pond capacity have been rationalised based on technical assessment.
- Provisional items such as multiple road crossings, without adequate supporting details or quantification, have been rationalised.
- The remaining cost has been assessed based on applicable schedule rates, market data and rationalisation of indirect cost factors.

5.3.275. Based on the above methodology, the total package cost works out to around Rs. 457 Crores, as against the original cost of Rs. 570 Crores claimed by BIAL in the MYTP as per the Table below:

Table 162: Cost Assessment for Utilities

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	570
Hard cost proposed to be considered by the Authority	457
Rationalization in cost	113

5.3.276. Accordingly, the Authority proposes to consider hard cost of Rs. 457 Crores towards Utilities, subject to actual capitalisation, asset allocation and true-up.

D.2. MMTH Enhancement

5.3.277. The Authority notes that BIAL has proposed enhancement works for the Multi-Modal Transport Hub ("MMTH") located near Terminal 2. The proposed works include traffic-grade floor coating, RCC structures, glazing, canopy extension, elevators, MEPF works, landscaping and associated civil works.

5.3.278. The Authority notes that the MMTH enhancement works are intended to address functional and operational requirements relating to passenger movement, vehicular circulation and supporting infrastructure within the airport landside area. The proposed works are also aligned with the projected traffic growth and the expected modal shift arising from metro connectivity to the airport. Accordingly, the Authority considers the package to be broadly justified for implementation during the Fourth Control Period.

5.3.279. The Authority notes that BIAL has proposed the following scope of work towards MMTH Enhancement -

- Application of specialized traffic-grade floor coating in vehicular circulation zones
- RCC-framed structures, external glazing systems, and warm shell provisions at Level 1
- Extension of the existing canopy at Level 1
- Provision of additional elevators along with associated structural, civil, and MEP works
- Landscape and water feature works
- MEPF works in the Level 1 area
- B3 level civil works and associated services

5.3.280. The Authority, through MECON, has examined the cost claimed by BIAL for the relevant package of around Rs. 37 Crores.

5.3.281. The claimed cost has been examined and rationalised. The Authority notes that certain items have been kept on a provisional basis by BIAL, such as barricading works for view cutter, removing of existing MS structure, light fixtures and MEP works. Further, methodology works and removal of existing MS barricade and shifting to BIAL yard have been proposed on a lump sum basis. In respect of these items, no substantial justification or quantification of work has been provided by BIAL and, accordingly, the cost of such items has been rationalised.

5.3.282. The item rates were reviewed with reference to CPWD DSRs and CPWD Plinth Area Rates. For items pertaining to market rates, considering the nature of subject assignment, cost has been assessed based on the quotations submitted by BIAL and other available data. The Authority further notes that BIAL has considered a constraint factor of 5%; however, a constraint factor of 3% has been considered as the same is found reasonable, primarily on account of some restricted working.

5.3.283. Accordingly, the rationalisation regarding the cost of MMTH Enhancement has been carried out as per the following:

- The project has been considered as it supports passenger movement, vehicular circulation and modal integration with metro connectivity.
- Provisional / lump sum items such as barricading works, removal of MS structures, light fixtures, MEP works and related methodology works have been rationalised due to inadequate justification.
- The constraint factor has been rationalised considering the nature and extent of restricted working conditions.

5.3.284. Based on the above methodology, the total package cost works out to around Rs. 22 Crores, as against the cost of Rs. 37 Crores claimed by BIAL in the MYTP as per the table below:

Table 163: Cost Assessment for MMTH Enhancement

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	37
Hard cost proposed to be considered by the Authority	22
Rationalization in cost	15

5.3.285. Accordingly, the Authority proposes to consider hard cost of Rs. 22 Crores. towards MMTH Enhancement, subject to actual capitalisation, asset allocation and true-up.

D.3. Green Belt Development

5.3.286. The Authority, through MECON, has examined the cost claimed by BIAL for the relevant package of around Rs. 18 Crores.

5.3.287. The Authority notes that only those components which directly contribute to green area development in line with the Environmental Clearance (EC) provisions have been considered. In this regard, the Authority notes that components such as amphitheatre development, café and visitor centre facilities, dedicated parking and extensive hardscape features, which do not directly contribute to green area development and appear to be non-aeronautical in nature, account for around Rs. 10.7 Crores out of the total cost claimed by BIAL. Accordingly, the cost attributed to such components has not been considered.

5.3.288. Accordingly, The Authority through its evaluation by its Independent Capex Consultant M/S MECON has formed a view that CAPEX admissibility under the 4th Control Period be restricted to core green belt and plantation-related works necessary for meeting Environmental Clearance conditions.

5.3.289. The balance scope of work amounting to around Rs. 7.3 Crores has been examined by the Authority. The item rates were reviewed with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items pertaining to market rates, considering the nature of the subject assignment, cost has been assessed based on the quotations submitted by BIAL and other available data.

5.3.290. Accordingly, the rationalisation regarding the cost of Green Belt Development has been carried out as per the following:

- Only components directly contributing to green area development and compliance with Environmental Clearance conditions have been considered.
- Components such as amphitheatre, café, visitor centre, dedicated parking and extensive hardscape features have not been considered, as they do not directly serve the core environmental mitigation objective.
- The tenable scope has been assessed based on applicable schedule rates, market quotations and available supporting documents.

5.3.291. Based on the above methodology, the assessed value of the tenable scope works out to around Rs. 7 Crores, as against the total cost of Rs. 18 Crores claimed by BIAL in the MYTP, as set out in the table below.

Table 164: Cost Assessment for Green Belt Development

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	18
Hard cost proposed to be considered by the Authority	7
Rationalization in cost	11

5.3.292. Accordingly, the Authority proposes to consider hard cost of Rs. 7 Crores towards Green Belt Development, limited to core green belt and environmental compliance works, subject to actual capitalisation, asset allocation and true-up.

D.4. Rainwater Harvesting Pond-1

5.3.293. The Authority notes that BIAL has proposed Rainwater Harvesting Pond-1 for harvesting stormwater runoff generated from airfield works area, North Boundary Road and North Airside Perimeter Wall and Road.

5.3.294. The Authority notes that the drainage study has been reviewed and based on the assessment, the rainwater harvesting pond capacity may be considered at 600 million litres instead of 700 million litres proposed by BIAL.

5.3.295. The Authority, through MECON, has examined the cost claimed by BIAL for the relevant package of around Rs. 104 Crores.

5.3.296. The claimed cost has been examined and rationalised. The Authority notes that there has been a reduction in pond capacity from 700 ML to 600 ML, leading to a corresponding reduction in cost.

5.3.297. The item rates were reviewed with reference to CPWD DSRs, KPWD / KPTCL Schedule of Rates, CPWD Plinth Area Rates and other applicable benchmarks. For items pertaining to market rates, considering the nature of the subject assignment, cost has been assessed based on the quotations submitted by BIAL and other available data.

5.3.298. Accordingly, the rationalisation regarding the cost of Rainwater Harvesting Pond-1 has been carried out as per the following:

- The proposed pond capacity has been rationalised from 700 million litres to 600 million litres based on review of the drainage study.
- The cost has been correspondingly rationalised to reflect the revised capacity.
- Item rates have been reviewed with reference to applicable schedule rates, market quotations and other available supporting data.

5.3.299. Based on the above methodology, the assessed value works out to around Rs. 87 Crores, as against the total cost of Rs. 104 Crores claimed by BIAL in the MYTP for this package as per the table below:

Table 165: Cost Assessment for Rainwater Harvesting Pond-1

(Rs. in Crore)

Particulars	Amount
Hard cost submitted by BIAL	104
Hard cost proposed to be considered by the Authority	87
Rationalization in cost	17

5.3.300. Accordingly, the Authority proposes to consider hard cost of Rs. 87 Crores towards Rainwater Harvesting Pond-1, subject to actual capitalisation, asset allocation and true-up.

Summary of Other Works

Table 166: Summary of Other Works proposed to be considered by the Authority

(Rs. in Crore)

Project Code	Project	Hard Cost submitted by BIAL (previous)	Hard Cost proposed to be considered
D.1	Utilities	570	457
D.2	MMTH Enhancement	37	22
D.3	Green Belt Development	18	7
D.4	Rainwater Harvesting Pond-1	104	87
	Total Other Works	**729**	**573**

5.3.301. Accordingly, the Authority proposes to consider hard cost of Rs. 573 Crores towards Other Works for the Fourth Control Period.

Summary of Hard Cost proposed to be considered by the Authority

5.3.302. Based on the project-wise examination above, the Authority proposes to consider hard cost of Rs. 8,046 Crores as against Rs. 12,190 Crores submitted by BIAL

Table 167: Summary of Hard Cost proposed to be considered by the Authority

(Rs. in Crore)

Category	Hard Cost submitted by BIAL	Hard Cost proposed to be considered
Airfield Works	3,021	2,289
Passenger Terminal Works	5,928	4,756
Landside Access and Parking	2,511	428
Other Works	729	573
Total	**12,190**	**8,046**

5.3.303. The Authority notes that the reduction in hard cost is primarily on account of rationalisation of terminal area, deferment of certain projects, partial consideration of certain packages, review of BOQs, exclusion of non-essential / discretionary components, area-based rationalisation and adjustment of costs based on awarded values and comparable packages.

Indexation, Taxes, Soft Cost and IDC

Indexation

5.3.304. BIAL has proposed indexation of Rs. 970 Crores based on year-wise phasing of the packages and WPI forecasts. BIAL has considered WPI of 2% for FY 2025-26 and 2.8% for each of FY 2026-27 to FY 2029-30.

5.3.305. The Authority, through MECON, has examined the claim of BIAL towards indexation. The Authority notes that, for projects where purchase orders have already been placed, the cost is already finalised and is deemed to be inclusive of indexation / expected price escalation up to the date of award. Accordingly, the Authority does not propose to consider separate indexation on the already awarded portion of such projects for the purpose of the present capex analysis.

5.3.306. For the unawarded and uncommitted packages, the year-wise phasing of project expenditure for each package has been reviewed and accepted accordingly. Since these packages are yet to be executed, their costs need to be projected forward to the years in which the expenditure is likely to be incurred. For this purpose, an indexation factor representing expected inflation has been applied to escalate the base costs to the respective forecast years. In this regard, BIAL has proposed inflation-based indexation rates of 2% for FY 2025-26 and 2.8% for each year from FY 2026-27 to FY 2029-30. The Authority has examined these rates and finds them to be reasonable, being broadly aligned with prevailing inflation trends and forecasts. Accordingly, the indexation rates proposed by BIAL have been accepted for the purpose of projecting the costs of unawarded and uncommitted package.

5.3.307. Accordingly, the Authority has considered indexation only on the unawarded / uncommitted packages. Based on the above methodology, the indexation proposed to be considered by the Authority works out to around Rs. 509.20 Crores, as against Rs. 970 Crores claimed by BIAL. The Authority notes that this reduction is predominantly on account of non-consideration of indexation on the awarded portion in the present review.

Taxes

5.3.308. BIAL has considered GST at 18%, cess at 1% and Input Tax Credit ("ITC") at 4% in its capex submission.

5.3.309. The Authority, through MECON, has examined the above claim and notes that GST at 18% and cess at 1% are in order in line with the prevailing applicable rates / current guidelines. The Authority further notes that the ITC percentage has been considered by BIAL on an ad hoc basis. However, in the absence of precise package-wise data to ascertain the exact anticipated ITC that may be available across various packages of this voluminous nature, the Authority has considered ITC at 4%, as claimed by BIAL.

5.3.310. Accordingly, considering GST at 18% and ITC at 4%, the Authority has considered GST (net of ITC) at 14%. Further, cess at 1% has also been considered. Based on the revised cost base, the Authority has assessed GST (net of ITC) at Rs. 1,197.70 Crores, as against Rs. 1,842 Crores claimed by BIAL. Similarly, the value of cess works out to Rs. 85.50 Crores, as against Rs. 132 Crores claimed by BIAL.

Soft Cost

5.3.311. BIAL has proposed soft costs of Rs. 1,816 Crores, equivalent to 12% of the project cost, comprising design consultancy and PMC at 5%, pre-operative expenses including ORAT at 4% and contingencies at 3%.

5.3.312. The Authority, through MECON, has examined the above claim. The Authority notes that the percentages claimed regarding design, consultancy, PMC expenses and contingencies do not appear to be out of order in general. However, the pre-operative charges claimed by BIAL are perceived to be on the higher side and no authentic supporting documents have been provided to substantiate the same.

5.3.313. The Authority further notes that, in various earlier reports / determinations, total soft cost has been considered at around 8% for CSMIA, Mumbai during the Fourth Control Period, around 8% for Guwahati Airport during the Third Control Period, and around 9% for IGI Airport, Delhi by the independent capex consultant during the Second Control Period. The Authority observes that there cannot be any empirical formula for arriving at the percentage of soft cost and the same has to be assessed taking a holistic view of the nature and scale of works, general industry practice, the Authority's past orders and the prevailing external environment.

5.3.314. Considering the above factors on a broad basis, including the voluminous nature of the capital program and the continuing uncertainties in the external environment, the Authority proposes to consider soft cost of 10% for the unawarded scope, comprising design and PMC at 5%, pre-operative expenses at 2% and contingencies at 3%.

5.3.315. For the awarded packages, while design and PMC at 5% and pre-operative expenses at 2% are also considered appropriate, the Authority notes that the extent of applicability of contingencies may not be fully ascertainable at this stage. At the same time, considering the voluminous nature of the works, possible scope changes / extra works and the prevailing external uncertainties, the Authority proposes to consider contingencies at 1.5% for the awarded packages. Accordingly, the total soft cost proposed to be considered for the awarded scope is 8.5%.

5.3.316. Based on the above approach, i.e. soft cost of 10% on the unawarded scope and 8.5% on the awarded scope, the total soft cost proposed to be considered by the Authority works out to around Rs. 946.90 Crores, as against Rs. 1,816 Crores claimed by BIAL.

Interest During Construction

5.3.317. BIAL has proposed IDC of Rs. 1,684.86 Crores for the PAL-2 capital expenditure programme.

5.3.318. The Authority notes that IDC has been computed for the unawarded / uncommitted packages based on the project phasing, debt-equity ratio of 70:30 and interest rate of 9%. Further, separate IDC has not been computed for the awarded portions due to the absence of precise construction progress and actual IDC data at this stage. The Authority is of the view that IDC for such awarded portions, if any, may be examined at the time of true-up based on actual debt utilisation, cost of debt, construction progress and capitalization.

5.3.319. Based on the above approach, the Authority has proposed to consider IDC at Rs. 908.50 Crores as against Rs. 1,685 Crores submitted by BIAL.

Project-wise Capex including Hard Cost, Indexation, Taxes, Soft Cost and IDC

5.3.320. The project-wise total capex including hard cost, indexation, taxes, soft cost and IDC, as submitted by BIAL and proposed to be considered by the Authority, is provided below:

Table 168: Package-wise Capex proposed to be considered by the Authority (excluding Sustaining Capex)

(Rs. in Crore)

Cost Code	Project *	Total Capex submitted by BIAL (Rs. Cr)	Total Capex proposed to be considered (Rs. Cr)
A.1	West Cross Field Taxiway	1,567.33	1,224.90
A.2	Airfield works (Taxiway extension, Isolation bay etc)	571.85	501.70
A.3	T-2 Apron (9 +4 Stands)	307.72	260.80
A4	T-2 Phase 2 Apron (40 Stands)	906.87	754.90
A.5	Taxiway Z & Enabling works	125.44	106.70
A.7	Cargo West Apron (12 Stands)	201.76	133.90
A.8	North Airside Perimeter Wall & Perimeter Road	106.83	13.80
A.9	Taxiway B9 & Enabling Works	53.25	43.80
	Total Airfield Works	**3,841.05**	**3,040.50**
B.1	T1 Upgrade	1,129.95	892.60
B.2	T2 Enhancement	87.56	68.50
B.3	T2 Phase 2	7,480.47	5,713.00
B.4	T1/T2 Connectivity - Pier Expansion	399.21	204.00
B.6	Airport Staff Parking & Cafeteria	174.49	135.80
B.7	Contingency Facility	44.20	37.10

B.8	New Air Traffic Control Tower (ATCT)	170.24	130.80
	Total Passenger Terminal Works	**9,486.13**	**7,181.80**
C.2.1	Airport Terminal Metro Station (ATMS)	462.55	354.80
C.4	T1 to T2 & Metro Connector (walkway)	109.74	80.00
C.6	Cargo Avenue (NCR) Expansion (2+2 Lane) LSG to Alpha 1	16.99	12.90
C.7	T1 & T2 Departure and arrival recirculation	108.56	54.10
C.10	MAR Recirculation Link	138.21	100.30
	Total Landside Access and Parking	**880.06**	**602.10**
D.1	Utilities	923.33	696.90
D.2	MMTH Enhancement	53.56	29.70
D.3	Green Belt Development	31.19	10.90
D.4	Rainwater Harvesting Pond-1	164.22	131.90
	`	**1,172.29**	**869.40**
	Grand Total	**15,379.52**	**11,693.80**

*This excludes the 7 projects decided to not be considered by the Authority namely T2 Phase 2 West Apron, Eastern Connectivity Tunnel, KIA West Metro Station, MAR SWR Interchange Upgrade., Landside Northeast Road, Northwest Road Expansion, and GA Terminal. This table also excludes Sustaining Capex.

Total Capex proposed to be considered by the Authority

5.3.321. Based on the assessment of hard cost, indexation, taxes, soft cost and IDC, the Authority proposes to consider total capital expenditure of Rs. 11,693.80 Crores as against Rs. 18,635 Crores submitted by BIAL for the PAL-2 program.

Table 169: Comparison of cost submitted by BIAL vis a vis Cost proposed to be considered by the Authority

		As submitted by BIAL				Proposed to be considered by the Authority			
Cost Code	**Program / Projects**	**Cost including Indexation and Taxes**	**Soft Cost**	**IDC**	**Total Cost**	**Cost including Indexation and Taxes**	**Soft Cost**	**IDC**	**Total Cost**
	Airfield Works								
A.1	West Cross Field Taxiway	1,391.00	167.00	132.00	**1,690.00**	1,124.60	96.30	4.00	**1,224.90**
A.2	Airfield works (Taxiway extension, Isolation bay etc)	547.00	66.00	66.00	**678.00**	453.70	39.60	8.40	**501.70**
A.3	T-2 Apron (9 +4 Stands)	281.00	34.00	37.00	**352.00**	235.20	20.60	5.00	**260.80**
A.4	T-2 Phase 2 Apron (40 Stands)	706.00	85.00	60.00	**851.00**	631.40	63.10	60.40	**754.90**
A.5	Taxiway Z & Enabling works	130.00	16.00	2.00	**149.00**	96.90	8.50	1.30	**106.70**

		As submitted by BIAL				Proposed to be considered by the Authority			
Cost Code	**Program / Projects**	**Cost including Indexation and Taxes**	**Soft Cost**	**IDC**	**Total Cost**	**Cost including Indexation and Taxes**	**Soft Cost**	**IDC**	**Total Cost**
A.6	T2 Phase 2 West Apron (18 Stands)	379.00	46.00	23.00	**448.00**	-	0.00	0.00	**0.00**
A.7	Cargo West Apron (12 Stands)	162.00	20.00	9.00	**192.00**	113.90	11.40	8.70	**133.90**
A.8	North Airside Perimeter Wall & Perimeter Road	86.00	10.00	5.00	**102.00**	12.00	1.20	0.60	**13.80**
A.9	Taxiway B9 & Enabling Works	44.00	5.00	2.00	**51.00**	38.60	3.90	1.30	**43.80**
	Total Airfield	**3,727.00**	**447.00**	**337.00**	**4,512.00**	**2,706.20**	**244.60**	**89.80**	**3,040.60**
B	**Passenger Terminal**								
B.1	T1 Upgrade	969.00	116.00	20.00	**1106.00**	806.00	70.50	16.20	**892.60**
B.2	T2 Enhancement	71.00	9.00	4.00	**84.00**	62.30	5.50	0.70	**68.50**
B.3	T2 Phase 2	5,631.00	676.00	870.00	**7176.00**	4586.80	458.70	667.50	**5,713.00**
B.4	T1/T2 Connectivity - Pier Expansion	330.00	40.00	25.00	**395.00**	174.50	17.40	12.10	**204.00**
B.5	GA Terminal	43.00	5.00	3.00	**51.00**	-	0.00	0.00	**0.00**
B.6	Airport Staff Parking & Cafeteria	146.00	18.00	12.00	**176.00**	116.20	11.60	8.00	**135.80**
B.7	Contingency Facility	38.00	5.00	2.00	**45.00**	32.20	3.20	1.70	**37.10**
B.8	New Air Traffic Control Tower (ATCT)	146.00	17.00	12.00	**175.00**	111.90	11.20	7.80	**130.80**
	Total Terminal	**7,375.00**	**885.00**	**948.00**	**9,208.00**	**5889.80**	**578.10**	**713.90**	**7,181.80**
C	**Landside Access and Parking**								
C.1	Eastern Connectivity Tunnel (ECT)	2,069.00	248.00	255.00	**2,573.00**	0.00	0.00	0.00	**0.00**
C.2.1	Airport Terminal Metro Station (ATMS)	332.00	40.00	23.00	**395.00**	301.60	30.20	23.00	**354.80**
C.2.2	KIA West Metro	172.00	21.00	13.00	**204.00**	-	0.00	0.00	**0.00**

		As submitted by BIAL				Proposed to be considered by the Authority			
Cost Code	**Program / Projects**	**Cost including Indexation and Taxes**	**Soft Cost**	**IDC**	**Total Cost**	**Cost including Indexation and Taxes**	**Soft Cost**	**IDC**	**Total Cost**
	Station (KWMS)								
C.4	T1 to T2 & Metro Connector (walkway)	91.00	11.00	4.00	**106.00**	69.50	6.90	3.60	**80.00**
C.5	North West Road Expansion (2+2 Lane)	38.00	5.00	2.00	**44.00**	0.00	0.00	0.00	**0.00**
C.6	Cargo Avenue (NCR) Expansion (2+2 Lane) LSG to Alpha 1	14.00	2.00	1.00	**17.00**	11.00	1.10	0.80	**12.90**
C.7	T1 & T2 Departure and arrival recirculation	92.00	11.00	3.00	**106.00**	46.60	4.70	2.90	**54.10**
C.10	MAR Recirculation Link	115.00	14.00	5.00	**134.00**	86.40	8.60	5.30	**100.30**
C.11	MAR-SWR Interchange Upgrade	46.00	6.00	4.00	**56.00**	-	0.00	0.00	**0.00**
C.12	North Boundary Road (Landside North East Road)	138.00	17.00	15.00	**170.00**	-	0.00	0.00	**0.00**
	Total Landside	**3,107.00**	**373.00**	**324.00**	**3,804.00**	**515.10**	**51.50**	**35.60**	**602.10**
D	**Others**								
D.1	Utilities	724.00	87.00	58.00	**869.00**	581.00	58.10	57.90	**696.90**
D.2	MMTH Enhancement	43.00	5.00	2.00	**50.00**	25.80	2.60	1.40	**29.70**
D.3	Green Belt Development	22.00	3.00	4.00	**29.00**	8.60	0.90	1.40	**10.90**
D.4	Rainwater Harvesting Pond-1	134.00	16.00	13.00	**163.00**	112.10	11.20	8.50	**131.90**
	Total others	**924.00**	**111.00**	**76.00**	**1111.00**	**727.50**	**72.70**	**69.20**	**869.40**
	Grand total	**15134.00**	**1816.00**	**1685.00**	**18635.00**	**9838.60**	**946.90**	**908.50**	**11693.80**

Table 170: Overall Capex proposed to be considered by the Authority (based on assessment conducted upon MYTP submission by BIAL)

(Rs. in Crore)

Particulars	Submitted by BIAL (MYTP)	Proposed by Authority
Hard Cost	12,190.0	8,046.0

Indexation	970.0	509.20
GST @ 14%, net of ITC	1,842.0	1,197.7
Cess @ 1%	132.0	85.5
Cost including Indexation and Taxes	**15,134.0**	**9,838.4**
Soft Cost	1,816.0	946.9
Total including Soft Cost	**16,950.0**	**10,785.3**
IDC	1,685.0	908.5
Total including IDC	**18,635.0**	**11,693.8**

5.3.322.The Authority further notes that the above capex represents total project cost proposed to be considered. The aeronautical portion of the capital expenditure for inclusion in RAB shall be determined separately based on asset classification and allocation principles.

(E) Others/ Non-PAL-2 Capital Expenditure including Sustaining Capex

5.3.323.The Authority notes that BIAL, vide its additional submission dated 17.04.2026, has submitted updated details of Non-PAL-2 capital expenditure proposed for the Fourth Control Period. The Authority has examined the item-wise details submitted by BIAL in respect of sustaining capital expenditure, safety and security related capital expenditure, technology upgradation, capacity / operational enhancement and customer experience related works.

5.3.324.The Authority notes that Non-PAL-2 capex is distinct from the PAL-2 expansion programme. While the PAL-2 programme is primarily linked to major capacity augmentation and master plan development, the Non-PAL-2 capex largely relates to sustaining and general capital expenditure required for continued safe, secure, efficient and reliable airport operations. Such expenditure includes replacement of assets reaching end of life, safety and security systems, statutory / regulatory compliance works, operational efficiency improvements, ICT and digital infrastructure, and passenger service related improvements.

5.3.325.The Authority notes that BIAL had originally submitted Non-PAL-2 capex of Rs. 1,184 Crores in its MYTP. BIAL had also separately indicated that certain security infrastructure related capex may be required based on BCAS guidelines / directions. In its updated submission, BIAL has included such security infrastructure requirements and revised the Non-PAL-2 capex estimates based on updated project identification and revised estimates. The updated Non-PAL-2 capex proposed by BIAL is Rs. 1,859.20 Crores for the Fourth Control Period.

5.3.326.The Authority has examined the updated Non-PAL-2 capex under the following heads:

- End of life replacement;
- Capacity / operational enhancement;
- Safety, Security and Compliance;
- Technology update; and
- Customer Experience.

End of Life Replacement

5.3.327.The Authority notes that BIAL has proposed Rs. 494.28 Crores towards end of life replacement during the Fourth Control Period. The proposed works include replacement / refurbishment of critical airside, terminal, landside and utility assets which are either nearing the end of their useful life, have reached end of support from OEMs, or require replacement to maintain serviceability and operational reliability.

5.3.328. The Authority has reviewed the major items proposed under this head, including replacement of Crash Fire Tenders, replacement of T2 FOH lights, provision of new fixtures for AGL system for South Runway taxiways, refurbishment of guidance signages, replacement of potable and non-potable water supply systems, replacement of BDDS equipment, replacement of T1 screw chillers and associated systems, replacement of T1 Passenger Boarding Bridges, relaying of runway / taxiway pavement, replacement of runway sweepers and replacement / upgrade of fire alarm systems.

Capacity / Operational Enhancement

5.3.329. The Authority notes that BIAL has proposed Rs. 435.77 Crores towards capacity / operational enhancement. The proposed works include, inter alia, upgradation / replacement of AVDGS, reconstruction of airside airlines building, interior works for BIAL corporate office, landside fire station, training and process improvement facility, rooftop solar plant on Terminal 1, upgradation of existing STP, rescue stairs, perimeter road overlay / widening, AOCC expansion, road recarpeting, traffic lights at apron service roads, terminal clinics and other operational improvement works.

5.3.330. The Authority notes that these works are required to support the expanded scale of operations at KIAB, improve operational efficiency, strengthen support infrastructure and ensure preparedness for higher passenger, aircraft and cargo volumes during the Fourth Control Period. The proposed works also support safety, sustainability, training, emergency response, airside monitoring and landside operational requirements.

Safety, Security and Compliance

5.3.331. The Authority notes that BIAL has proposed Rs. 424.01 Crores towards safety, security and compliance related works. This includes expenditure towards CTX machines for replacement of dual-view X-ray machines, body scanners, radiological detection equipment, QRT equipment, FOD detection system, automated runway incursion warning system, CISF requirements, dog squad enhancement, under vehicle scanners, perimeter wall height enhancement and other security / compliance related requirements.

5.3.332. The Authority notes that a significant portion of this capex is linked to BCAS guidelines / directions and security infrastructure requirements. The Authority further notes that security systems such as CTX machines, body scanners and radiological detection equipment are critical for aviation security and passenger screening. Such expenditure is not discretionary in nature and is required to ensure compliance with applicable security requirements.

Technology Update

5.3.333. The Authority notes that BIAL has proposed Rs. 431.39 Crores towards technology update during the Fourth Control Period. The proposed works include servers and network refresh, licences and software refresh, end-user asset refresh, network refresh, data centre modernisation, AODB replacement, cybersecurity upgrade, Digital Twin, IoT-based asset tracking, Total Airport Management, AI enablement, Digital and ESG projects, virtual lab environment and innovation / pioneer projects.

5.3.334. The Authority notes that airports of the scale of KIAB are increasingly dependent on ICT systems for passenger processing, airport operations, asset management, safety, security, surveillance, coordination, cyber resilience and service quality. Replacement and upgradation of technology systems are necessary to ensure continuity, reliability and cyber security of airport operations.

Customer Experience

5.3.335. The Authority notes that BIAL has proposed Rs. 73.75 Crores towards customer experience related capex. The proposed works include replacement of customer seating, flooring works, queue managers and other passenger facilitation / service quality improvement works.

5.3.336. The Authority notes that these works are relatively smaller in value compared to the overall Non-PAL-2 capex and are aimed at maintaining passenger convenience, service quality and terminal ambience.

Table 171: Other/Non-PAL-2 Capex submitted by BIAL

(Rs. in Crore)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
End of life replacement	65.54	114.44	84.80	136.72	92.78	494.28
Capacity / operational enhancement	93.78	110.70	89.07	101.47	40.75	435.77
Safety, Security and Compliance	31.71	31.53	33.64	161.73	165.40	424.01
Technology update	35.56	76.21	147.08	100.77	71.77	431.39
Customer Experience	25.05	17.63	16.81	6.78	7.48	73.75
Total Non-PAL-2 Capex	**251.65**	**350.49**	**371.40**	**507.47**	**378.18**	**1,859.20**

5.3.337. The Authority further notes that BIAL has incurred the sustaining capital expenditure of Rs. 545.45 Crores as against the Authority approved sustaining capital expenditure of Rs. 929.16 Crores for the Third Control Period i.e. 58.70% of the approved capital expenditure.

5.3.338. The Authority also notes that BIAL has historically projected sustaining capital expenditure on the higher side and were able to expensed only a part of it.

5.3.339. Further, BIAL has earmarked a portion of sustaining capital expenditure for body scanners which is linked to the commissioning of the new terminal building. The Authority observes that such capital expenditure will be incurred either at the end of the Control Period or at the starting of the next Control Period. Therefore, the Authority proposes not to consider it as part of the Fourth Control Period and may consider the same at the time of the true-up exercise subject to actual incurrence of the same.

5.3.340. Based on the discussions above, the Authority proposes to restrict the sustaining capital expenditure for the Fourth Control period to 65% of the proposed capital expenditure. Accordingly, the Authority proposes to consider sustaining capital expenditure at Rs. 1,208.48 Cr for the Fourth Control Period as given in table below:

Table 172: Capital Expenditure proposed to be considered by the Authority

(Rs. in Crore)

S. No.	Particulars	Proposed capex as per BIAL's MYTP submission for FoCP (1)	Revised proposed capex as per BIAL for FoCP (2)	Proposed capex as per Authority (3)	Difference (4=3-2)
C	Sustaining capital expenditure	1,180.33	1,859.20	1208.48	-650.72

Summary of Capital Expenditure Analysis

5.3.341. In view of the comprehensive analysis as detailed above, the Authority has proposed to consider the respective costs for different categories of capital expenditure heads as summarized in the table below:

Table 173: Summary of Capex submitted by BIAL (as per submission dated May 21, 2026) and proposed to be considered by the Authority for the Fourth Control Period

(Rs. in Crore)

S. No.	Particulars	Capex submitted by BIAL (A)	Capex proposed to be considered by the Authority (B)	Variation (C=B-A)
A	Airfield Works	4,300.46	3,040.50	(1,259.96)
B	Passenger Terminal Works	9,492.97	7,181.80	(2,311.17)
C	Landside Access and Parking	4,095.57	602.10	(3,493.47)
D	Others	1,172.29	869.40	(302.89)
E	Other works/ Non-PAL-2 Capex including sustaining capex	1,859.20	1,208.48	(650.72)
	Total	**20,920.49**	**12,902.28**	**(8,018.21)**

5.3.342. The reduction of Rs. 8,018.21 Crs is mainly attributable to three factors as listed below:

i. Non-consideration of **7** CAPEX projects proposed by BIAL for the Fourth Control Period.

ii. Reduction of Sustaining Capex proposed by BIAL.

iii. Rationalisations in total cost of the considered projects.

Table 174: CAPEX Items not considered by the Authority as proposed by BIAL for the Fourth Control Period

(Rs. in Crore)

Project code.	Projects not considered	Capex submitted by BIAL
A.6	T2 Phase 2 West Apron (18 Stands)	459.41
B.5	GA Terminal	6.85
C.2.1	Eastern Connectivity Tunnel (ECT)	2772.04
C.2.2	KIA West Metro Station(KWMS)	213.82
C.1.1	MAR-SWR Interchange Upgrade	56.265
C.1.2	North Boundary Road (Landside North East Road)	171.46
C.5	North West Road Expansion (2+2 Lane)	45.93
		3,725.77

5.3.343. The Authority proposes to reduce 1% of the uncapitalized project cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule. It is further proposed that if the delay in completion of the project is beyond the timeline given in the capitalization schedule, due to any reason beyond the control of BIAL 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 BIAL and is also encouragement for BIAL to commission/ capitalize the proposed assets as per the approved CAPEX plan/schedule.

Asset Allocation

5.4. BIAL's submissions on Asset Allocation methodology for the Fourth Control Period

5.4.1. In its MYTP submission, BIAL has considered the asset allocation ratio for the assets proposed for the Fourth Control Period as per the table below:

Table 175: Asset category wise allocation ratio basis applied by BIAL for the 4th Control Period

S. No.	Asset / Project Category	Aeronautical Ratio / Basis of Allocation
1.	Airside Projects	Considered fully Aeronautical (100%)
2.	Terminal 2 – Phase 2 assets and other Terminal-related asset additions	Allocated as per Terminal 2 – Phase 1 Aeronautical floor ratio (87.66%)
3.	Other Common Projects	Allocated based on the overall Terminal Building Ratio of 87.1%
4.	Capital Expenditure other than PAL-2 assets	Aeronautical ratio of 90% considered

5.4.2. BIAL has furnished the following calculations in support of terminal areas ratios applied:

Table 176: Terminal Building Ratio computation submitted by BIAL

S. No.	Particulars	Unit of measurement	Value
1	**For Terminal 1**		
	Aeronautical Area (A)	m^2	101,000.00
	Common Area (B)	m^2	46,094.00
	Non-Aeronautical Aera (C)	m^2	16,441.00
	Total Area (A+B+C)	m^2	**163,535.00**
	Terminal Building Ratio for T1 (A / (A+C))	%	***86.00%***
2	**Terminal 2 – Phase I**		
	Aeronautical Area (D)	m^2	190,997.80
	Common Area (E)	m^2	37,764.00
	Non-Aeronautical Aera (F)	m^2	26,883.00
	Total (D+E+F)	m^2	**255,644.80**
	Terminal Building Ratio for T2 – Phase 1 **(D/(D+F))**	%	***87.66%***
3	**Overall Terminal Building Ratio ((A+D)/(A+C+D+F)**	%	***87.10%***

5.4.3. BIAL has computed two separate terminal area ratios for each of its two terminals and an overall terminal area ratio based on the total aeronautical to non-aeronautical area considered by BIAL.

5.4.4. BIAL has further submitted the following asset-wise aeronautical allocation ratios

Table 177: Project-wise Aeronautical Allocation Ratios submitted by BIAL for the Fourth Control Period

Capital Asset Proposed by BIAL for the 4th Control Period	Allocation Ratio applied
West Cross Field Taxiway	100.00%
Airfield works (Taxiway extension, Isolation bay etc)	100.00%
T-2 Apron (9 +4 Stands)	100.00%
T-2 Phase 2 Apron (40 Stands)	100.00%
Taxiway Z & Enabling works	100.00%
Cargo West Apron (12 Stands)	100.00%
North Airside Perimeter Wall & Perimeter Road	100.00%
Taxiway B9 & Enabling Works	100.00%
T1 Upgrade	87.10%
T2 Enhancement	87.66%
T2 Phase 2	87.66%
T1/T2 Connectivity - Pier Expansion	87.10%
GA Terminal	87.10%
Airport Staff Parking & Cafeteria	94.00%
Contingency Facility	87.10%

Capital Asset Proposed by BIAL for the 4th Control Period	Allocation Ratio applied
New Air Traffic Control Tower (ATCT)	100.00%
Airport Terminal Metro Station (ATMS)	87.10%
T1 to T2 & Metro Connector (walkway)	100.00%
Cargo Avenue (NCR) Expansion (2+2 Lane) LSG to Alpha 1	100.00%
T1 & T2 Departure and arrival recirculation	87.10%
MAR Recirculation Link	100.00%
Utilities	100.00%
MMTH Enhancement	34.50%
Green Belt Development	87.10%
Rainwater Harvesting Pond-1	100.00%
Sustaining CAPEX	90.00%
Capex Interiors (BP2)	94.00%

Project-wise allocation ratios applied by BIAL

5.4.5. **Assets allocated at 100% Aeronautical:** The Authority notes that this category encompasses both airside operational assets and certain landside connectivity assets (such as MAR-SWR Interchange upgrade) that BIAL has classified as wholly aeronautical in nature.

5.4.6. **Assets allocated at 87.66% (Terminal 2 – Phase 1 Ratio):** The Authority observes that BIAL has applied the Terminal Building Ratio of Terminal 2 – Phase 1 to the following assets: T2 Enhancement, and T2 Phase 2. It is observed that BIAL has extended the existing Terminal 2 – Phase 1 floor ratio to the upcoming phases of Terminal 2.

5.4.7. **Assets allocated at 87.10% (Overall Terminal Building Ratio):** The Authority observes that BIAL has applied the overall weighted average Terminal Building Ratio to the following assets: T1 Upgrade, T1/T2 Connectivity – Pier Expansion, General Aviation (GA), Terminal, Contingency Facility, Airport Terminal Metro Station (ATMS), T1 & T2 Departure and Arrival Recirculation, and Green Belt Development. The Authority observes that this ratio has been applied to projects identified by BIAL as serving both Terminal 1 and Terminal 2 or as supporting overall terminal operations.

5.4.8. **Assets allocated at 94.00%:** The Authority observes that BIAL has applied an aeronautical ratio of 94.00% to Airport Staff Parking & Cafeteria and Capex Interiors (BP2).

5.4.9. **Assets allocated at 90.00%:** The Authority observes that BIAL has applied an aeronautical ratio of 90.00% to Sustaining CAPEX. However, BIAL has not provided a detailed elaboration as to why the allocation for sustaining CAPEX should be weighted more towards aeronautical usage, when BIAL has classified several sustaining capex items as landside and terminal side also.

5.4.10. **Asset allocated at 34.50% – MMTH Enhancement:** The Authority observes that BIAL has applied an aeronautical ratio of 34.50% to the Multi-Modal Transit Hub (MMTH) Enhancement (the Authority had previously established the allocation ratio for MMTH Phase -I as 31.53% in the Tariff Order for the Third Control Period – Order No. 11/2021-22 dated August 28, 2021) . BIAL has provided the following calculation basis for arriving at the 34.5% allocation ratio for MMTH Phase I

Table 178: Allocation ratio computation for MMTH Phase I as submitted by BIAL

Area description	Area (in m^2)	Classification	Aero Share (%)	Resultant Area forming part of Aero	BIAL's remarks
MULTI LEVEL CAR PARKING AREA DESCRIPTION	**150,865.27**			**52,030.30**	
BASMENT 3 OVER ALL AREA	**4,926.20**			**4,926.20**	
Baggage sort and Conveyor	4,735.00	Aero	100%	4,735.00	
Staircase, Lift	191.20	Aero	100%	191.20	
BASMENT 2 OVER ALL AREA	**32,876.24**			**2,081.56**	
Staircase, Lift, Escalator	1,012.11	Aero	100%	1,012.11	*As the airport grows in size, a surface car park is not feasible as it will increase walking distances. From a security perspective, no car park can be located within 100 metres of terminal facade. Hence a multi-level car park is necessary. Staircases, Lifts and escalators serve the passengers (including Passengers with reduced mobility) to reach the Terminal (for departing passengers using the car park) as well as arriving passengers - many of whom may be carrying bag(s)/Trolleys. Accordingly, staircase, lift, escalator zones as essential and classified as Aeronautical*
Lift and Staircase Lobby	873.97	Aero	100%	873.97	
Public Toilets	195.48	Aero	100%	195.48	*Toilets are serving the passengers arriving and departing to Terminal 2. Given the distance between KIAB and the city and a well understood fact that travelers can take nearly 2 hours or more to reach their destination, provisioning toilets is essential. Hence, this is classified as Aeronautical*
Car Parking	16,012.67	Non-Aero	0%	0.00	
6M wide driveway	14,141.70	Non-Aero	0%	0.00	
Ramps	640.31	Non-Aero	0%	0.00	
BASMENT 1.5 OVER ALL AREA	**13,357.91**			**13,357.91**	
Bus Kerb Area	3,979.44	Aero	100%	3,979.44	

Area description	Area (in m^2)	Classification	Aero Share (%)	Resultant Area forming part of Aero	BIAL's remarks
Bus Driveway and Bus Parking for 18 buses	7,745.57	Aero	100%	7,745.57	
Loading Dock, Garbage service zone	1,091.02	Aero	100%	1,091.02	
Staircase, Lift, Escalator	367.38	Aero	100%	367.38	*Staircases, Lifts and escalators serve as common travel cores connecting all the basements, facilitating passenger movement. Accordingly considered as Aero.*
Public Toilets	174.50	Aero	100%	174.50	*Toilets are serving the passengers arriving and departing to Terminal 2. Accordingly considered as Aero*
BASEMENT 1 OVER ALL AREA	**33,235.84**			**15,203.89**	
Pick up Zone: Road, kerb and public walkway	11,006.94	Aero	100%	11,006.94	*Terminal 2 Arrivals pick up zone has been constructed as part of the B1 of MMTH due to level differences and provide walkway at Level 0 to the Metro station. The zone is available to all passengers free of charge (independent of use of car parking).* *The zone comprises of 4 lanes for vehicular traffic along with pick up kerbs for passengers (with trolleys/bags) to board their vehicles.*
Public Toilets	109.97	Aero	100%	109.97	*Toilets are serving the passengers arriving at Terminal 2. Given the distance between KIAB and the city and a well understood fact that travelers can take nearly 2 hours or more to reach their destination, provisioning toilets is essential. Accordingly, classified as aeronautical.*
Staircase, Lift, Escalator	1,032.70	Aero	100%	1,032.70	*Staircases, Lifts and escalators serves as common*

Area description	Area (in m^2)	Classification	Aero Share (%)	Resultant Area forming part of Aero	BIAL's remarks
Central Lift Lobby	1,108.11	Aero	100%	1,108.11	*travel cores connecting all the basements, facilitating passenger movement and accordingly, considered as Aero.*
Car Parking 336 slots	6,250.01	Non Aero	0%	0.00	
Drive way incl. Entry and exit points	11,144.17	Non aero	0%	0.00	
Ramps	1,946.17	Aero	100%	1,946.17	*The ramps leading to B1 are used by vehicles arriving to pick up passengers (who don't use the car park). Accordingly, ramps leading upto B1 considered Aero.*
Bike Parking	637.77	Non Aero	0%	0.00	
LEVEL 0 OVER ALL AREA	**46,490.86**			**11,530.33**	
Terminal 2 Metro connection zone	11,803.20	Aero	45.75%	5,400.00	*This is the central walkway leading from terminal 2 arrival zone to the airports terminal metro station. The walkway is 150 meters in length and 36 metres wide. Of the total area of 11,803 sqm, 5400 sqm considered as Aero.*
Public Toilets	490.53	Aero	100%	490.53	*KIAB is located 35 km from city centre. Since travel times can exceed 2 hours to some parts of the city, this is an essential service. Toilets are serving the passengers arriving at Terminal 2. Hence classified as Aero.*
Landscape	4,390.21	Aero	100%	4,390.21	*This is the Landscape designed for the passengers arriving and departing to Terminal 2, this is the main space across MMTH connecting from the Metro Station to Terminal 2. Accordingly considered as Aero*
Staicase, Lift, Escalator	1,249.59	Aero	100%	1,249.59	*Staircases, Lifts and escalators serves as common travel cores connecting all the basements, facilitating passenger movement. Hence considered as Aero.*
Car park zone	5,641.08	Non-Aero	0%	0.00	
App taxi kerb area	5,652.81	Non-Aero	0%	0.00	
Driveway	13,185.71	Non-Aero	0%	0.00	

Area description	Area (in m^2)	Classification	Aero Share (%)	Resultant Area forming part of Aero	BIAL's remarks
Retail	4,077.73	Non-Aero	0%	0.00	
Retail circulation zone		Non-Aero	0%	0.00	
LEVEL 1 OVER ALL AREA	**5,682.16**			**0.00**	
Staicase, Lift, Escalator	113.94	Non-Aero	0%	0.00	
Metro Connection Zone	271.40	Non-Aero	0%	0.00	
Open Terrace	5,296.82	Non-Aero	0%	0.00	
Total area excluding MEPF area	**136,569.21**			**47,099.89**	
% of AERO Area				0.34	
NON AERO (Excl MEPF)					
Total MEPF area	14,296.06	Common	**34.49%**	4,930.41	*MEPF proposed to be split as per total area usage of building*
Total area including MEPF Area	**150,865.27**		**34.49%**	**52,030.30**	

5.5. Authority's Examination on asset allocation methodology for the Fourth Control Period

5.5.1. The Authority notes that BIAL has submitted an area statement for Terminal 2 Phase I (certified by STUP Consultants PL) dated 21.02.2025.. The Authority has considered the same to compute the resulting terminal area ratio for the terminal which matches with the ratio submitted by BIAL.

5.5.2. For Terminal 1, the Authority has relied on an Area Statement submitted by BIAL dated 05.03.2021 certified by Sundaram Architects PL vide an emailed response dated November 18, 2025. BIAL has clarified that the same area analysis was prevailing as of March 2025, which is however subject to change following the closure and commissioning of BIAL's T1 upgrade programme.

5.5.3. The following presents the resulting terminal-wise and overall aeronautical allocation ratio as proposed by the Authority based on the data presented in the afore-stated area statements

Table 179: Terminal Building Ratio computation considered by the Authority

S. No.	Particulars	Unit of measurement	Value
1	**For Terminal 1**		
	Aeronautical Area (A)	m^2	100,717.00
	Common Area (B)	m^2	45,575.00
	Non-Aeronautical Aera (C)	m^2	17,243.00
	Total Area (A+B+C)	m^2	163,535.00
	Terminal Building Ratio for T1 (A/(A+C))	%	**85.38%**
2	**Terminal 2 – Phase I**		

S. No.	Particulars	Unit of measurement	Value
	Aeronautical Area (D)	m^2	190,997.80
	Common Area (E)	m^2	37,764.00
	Non-Aeronautical Aera (F)	m^2	26,883.00
	Total (D+E+F)	m^2	255,644.80
	Terminal Building Ratio for T2 – Phase 1 **(D/(D+F))**	%	**87.66%**
3	**Overall Terminal Building Ratio ((A+D)/(A+C+D+F)**	%	**86.86%**

5.5.4. The Authority has examined the project-wise aeronautical allocation ratios applied by BIAL in respect of the capital expenditure proposed for the Fourth Control Period and proposes the following ratios:

Table 180 Project-wise Aeronautical Allocation Ratios proposed by the Authority for the Fourth Control Period

Capital Asset Proposed by BIAL for the 4th Control Period	Allocation Ratio proposed by Authority
West Cross Field Taxiway	100.00%
Airfield works (Taxiway extension, Isolation Bay etc.)	100.00%
T-2 Apron (9 +4 Stands)	100.00%
T-2 Phase 2 Apron (40 Stands)	100.00%
Taxiway Z & Enabling works	100.00%
Cargo West Apron (12 Stands)	100.00%
Taxiway B9 & Enabling Works	100.00%
T1 Upgrade	86.86%
T2 Enhancement	87.66%
T2 Phase 2	87.66%
T1/T2 Connectivity - Pier Expansion	86.86%
GA Terminal	86.86%
Airport Staff Parking & Cafeteria	86.86%
Contingency Facility	86.86%
New Air Traffic Control Tower (ATCT)	100.00%
Airport Terminal Metro Station (ATMS)	86.86%
T1 to T2 & Metro Connector (walkway)	86.86%
Cargo Avenue (NCR) Expansion (2+2 Lane) LSG to Alpha 1	100.00%
T1 & T2 Departure and arrival recirculation	86.86%
MAR Recirculation Link	86.86%
Utilities	86.86%
MMTH Enhancement	31.53%
Green Belt Development	86.86%
Rainwater Harvesting Pond-1	100.00%
Sustaining CAPEX	86.86%
Capex Interiors (BP2)	86.86%

5.5.5. The Authority notes that BIAL has submitted an area statement for Terminal 2 Phase I (certified by STUP Consultants PL) dated 21.02.2025. The Authority has considered computing the resulting terminal area ratio for the terminal which matches with the ratio submitted by BIAL.

5.5.6. The Authority proposes that, in respect of airside infrastructure assets (such as taxiways, aprons, perimeter works, ATC Tower), the 100% aeronautical allocation submitted by BIAL be retained. In respect of Terminal 2 – Phase 1 linked assets (T2 Enhancement and T2 Phase 2), the ratio of 87.66% be retained.

5.5.7. The deviations considered by the Authority arise primarily from two factors:

- substitution of the Overall Terminal Building Ratio from 87.10% to the updated 86.86% for common terminal-linked assets, and
- reclassification of certain assets originally proposed at 94%, 90% or 100% as common terminal-linked assets to be allocated at 86.86%, given their expected shared aeronautical and non-aeronautical usage.

5.5.8. A consolidated summary of the deviations proposed by the Authority is presented below:

Table 181: Deviations proposed by the Authority in project-wise asset allocation ratios

S.No.	Project Code	Category	Proposed Asset	Allocation Ratio - Considered by BIAL	Allocation Ratio - Considered by the Authority	Rationale by Tariff Consultant
1.	A.1	Airfield Works	West Cross Field Taxiway	100.00%	100.00%	Considered as 100% aeronautical assets
2.	A,2		Airfield works (Taxiway extension, Isolation Bay etc.)			
3.	A.3		T-2 Apron (9 +4 Stands)			
4.	A.4		T-2 Phase 2 Apron (40 Stands)			
5.	A,.5		Taxiway Z & Enabling works			
6.	A.6		Cargo West Apron (12 Stands)			
7.	A.8		North Airside Perimeter Wall & Perimeter Road			
8.	A.9		Taxiway B9 & Enabling Works			
9.	B.1	Passenger Terminal	T1 Upgrade	87.10%	85.38%	Terminal area ratio computed for TI
10.	B.2		T2 Enhancement	87.66%	87.66%	Terminal area ratio computed for T2 Phase I
11.	B.3		T2 Phase 2			
12.	B.4		T1/T2 Connectivity - Pier Expansion	87.10%	86.86%	Common terminal-linked asset allocated on overall airport terminal area ratio
13.	B.6		Airport Staff Parking & Cafeteria	94.00%		
14.	B.7		Contingency Facility	87.10%	86.86%	
15.	B.8		New Air Traffic Control Tower (ATCT)	100.00%	100.00%	Considered as 100% aeronautical
16.	C.2.1	Landside Access and Parking	Airport Terminal Metro Station (ATMS)	87.10%	86.86%	Common terminal-linked asset allocated on overall
17.	C.4		T1 to T2 & Metro Connector (walkway)	100.00%	86.86%	

S.No.	Project Code	Category	Proposed Asset	Allocation Ratio - Considered by BIAL	Allocation Ratio - Considered by the Authority	Rationale by Tariff Consultant
						airport terminal area ratio
18.	C.6		Cargo Avenue (NCR) Expansion (2+2 Lane) LSG to Alpha 1	100.00%	86.86%	Common terminal-linked asset allocated on overall airport terminal area ratio
19.	C.7		T1 & T2 Departure and arrival recirculation	87.10%		
20.	C.10		MAR Recirculation Link	100.00%		
21.	D.1	Others	Utilities	100.00%		
22.	D.2		MMTH Enhancement	34.50%	31.53%	As decided by the Authority for MMATH-Phase I during the Third Control Period
23.	D.3		Green Belt Development	87.10%	86.86%	Common terminal-linked asset allocated on overall airport terminal area ratio
24.	D.4		Rainwater Harvesting Pond-1	100.00%		
25.	-		Sustaining CAPEX	90.00%		

5.5.9. In accordance with the allocation methodology adopted by the Authority, the table below sets forth the project-wise aeronautical asset additions (Aero Capex) resulting from application of project-wise respective allocation ratios on the rationalized project costs (as provided in Table 181) proposed by the Authority for the Fourth Control Period:

Table 182: Aeronautical capital asset additions proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

S.No.	Proposed Asset	Total Addition	Aero Allocation Ratio (%)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Aero Cost
A.1	West Cross Field Taxiway	1,224.90	100.00 %	-	1,224.90	-	-	-	1,224.90
A.4	T-2 Phase 2 Apron (40 Stands)	754.90	100.00 %	-	-	-	-	754.90	754.90
B.3	T2 Phase 2	5,713.00	87.66 %	-	-	-	-	5,008.11	5,008.11

S.No.	Proposed Asset	Total Addition	Aero Allocation Ratio (%)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Aero Cost
B.2	T2 Enhancement	68.5	87.66 %	60.05	-	-	-	-	60.05
A,2	Airfield works (Taxiway extension, Isolation bay etc)	501.70	100.00 %	-	501.70	-	-	-	501.70
A.3	T-2 Apron (9 +4 Stands)	260.80	100.00 %	260.80	-	-	-	-	260.80
A,.5	Taxiway Z & Enabling works	106.70	100.00 %	106.70	-	-	-	-	106.70
A.6	Cargo West Apron (12 Stands)	133.90	100.00 %	-	133.90	-	-	-	133.90
A.8	North Airside Perimeter Wall & Perimeter Road	13.80	100.00 %	-	13.80	-	-	-	13.80
A.9	Taxiway B9 & Enabling Works	43.80	100.00 %	-	43.80	-	-	-	43.80
B.1	T1 Upgrade	892.60	85.38 %	762.12	-	-	-	-	762.12
B.4	T1/T2 Connectivity - Pier Expansion	204.00	86.86 %	-	-	-	177.20	-	177.20
B.6	Airport Staff Parking & Cafeteria	135.80	86.86 %	-	117.96	-	-	-	117.96
B.7	Contingency Facility	37.10	86.86 %	32.23	-	-	-	-	32.23
B.8	New Air Traffic Control Tower (ATCT)	130.80	100.00 %	-	-	130.80	-	-	130.80
C.2.1	Airport Terminal Metro Station (ATMS)	354.80	86.86 %	-	308.18	-	-	-	308.18
C.4	T1 to T2 & Metro Connector (walkway)	80.00	86.86 %	-	69.49	-	-	-	69.49

S.No.	Proposed Asset	Total Addition	Aero Allocation Ratio (%)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Aero Cost
C.6	Cargo Avenue (NCR) Expansion (2+2 Lane) LSG to Alpha 1	12.90	100.00 %	-	11.21	-	-	-	11.21
C.7	T1 & T2 Departure and arrival recirculation	54.10	86.86 %	-	46.99	-	-	-	46.99
C.10	MAR Recirculation Link	100.30	86.86 %	-	87.12	-	-	-	87.12
D.1	Utilities	696.90	100.00 %	-	-	-	605.33	-	605.33
D.2	MMTH Enhancement	29.70	31.53 %	9.36	-	-	-	-	9.36
D.3	Green Belt Development	10.90	86.86 %	-	-	-	9.47	-	9.47
D.4	Rainwater Harvesting Pond-1	131.90	86.86%	-	-	-	114.57	-	114.57
	Sub Total – Projects Proposed in 4th CP	**11,693.80**		1,231.3	2,559.0	130.8	6,669.6	1,231.3	**10,590.7**
B	Sustaining Capex	1,208.48	86.86%	**142.08**	**197.89**	**209.69**	**286.52**	**213.52**	**1,049.78**
	Total	**12,902.28**		1,373.3	2,756.9	340.5	6,956.1	213.5	**11,640.38**

Depreciation

5.6. BIAL's submission regarding Depreciation for the Fourth Control Period

5.6.1. BIAL, in its MYTP submission for the Fourth Control Period, has submitted that the useful lives of assets adopted for computing depreciation for the Fourth Control Period are based on asset-wise useful lives as presented below-

Table 183: Asset-wise useful lives applied by BIAL in determination of depreciation for the Fourth Control Period

Asset Category	Useful Life (years)
Buildings & Civil Works	30
Computers and Accessories	6

Electrical Installation & Equipment	10
Furniture and Fixtures	7
Intangible assets	5
Office Equipment	5
Plant and Equipment	7.5
Roads, Boundary Wall, Security Fencing	5
Runway, Taxiway, Apron	30
Vehicles	8

5.6.2. BIAL, in its MYTP submission, has bifurcated the total aeronautical depreciation projected for the Fourth Control Period into two distinct components, namely

(i) Depreciation on the Regulatory Asset Base (RAB), and

(ii) Depreciation on the Financing Allowance capitalized on the underlying assets.

5.6.3. The depreciation, as submitted by BIAL, is set out in the table below-

Table 184: Depreciation on RAB and Financing Allowance as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

Particulars	2027	2028	2029	2030	2031	Total
Depreciation (A)	801.61	985.84	1,150.25	1,664.59	2,174.64	6,776.93
Depreciation on Financing Allowance (B)	42.63	43.34	48.07	62.85	77.65	274.54
Total Depreciation (C = A + B)	**844.24**	**1,029.18**	**1,198.32**	**1,727.44**	**2,252.29**	**7,051.47**

5.7. Authority's examination regarding Depreciation for the Fourth Control Period

5.7.1. The Authority notes BIAL's submission regarding the consideration of useful life for various asset categories and proposes to revise the useful life of the assets based on Order No. 35/2017-18 applicable from 01.04.2018 onwards, for the Fourth Control Period.

5.7.2. The Authority analysed BIAL's observations and has proposed the following revisions:

a) Asset Class – Plant and Machinery (Aerobridges, Airport Communication, Baggage Handling, Escalators/ Elevators, HVAC Equipment, Other Airport Equipment and Security/ Safety Equipment) – Revised from 7.5 years to 15 years

b) Asset Class – Intangibles – Revised to 30 years

5.7.3. The Authority therefore proposes to retain the useful lives of assets as per Order No. 35/2017-18, which are reproduced hereunder:

Table 185: Useful Lives proposed by the Authority for the Fourth Control Period

Asset Category	Useful Life as per BIAL (years)	Useful Life as per Authority (years)
Buildings & Civil Works	30	30
Computers and Accessories	6	6
Electrical Installation & Equipment	10	10
Furniture and Fixtures	7	7
Intangible assets	**5**	**30**
Office Equipment	5	5

Asset Category	Useful Life as per BIAL (years)	Useful Life as per Authority (years)
Plant and Equipment	**7.5**	**15**
Roads, Boundary Wall, Security Fencing	5	5
Runway, Taxiway, Apron	30	30
Vehicles	8	8

5.7.4. The Authority has recomputed the total depreciation based on the revised useful life of assets and revised asset addition. The Authority proposes to apply the proportion of the aeronautical assets on total depreciation to determine the depreciation on aeronautical assets. The Authority noted that the proportion of the aeronautical assets is varying from year-on-year basis since BIAL has undertaken expansion of the airport facilities. Therefore, the Authority proposes to apply the proportion of the aeronautical assets of a particular year to the depreciation amount of the respective year.

5.7.5. Based on the changes suggested above, the depreciation proposed by the Authority for the Third Control Period is given in the table below:

Table 186: Depreciation proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

Particulars	2027	2028	2029	2030	2031	Total
Depreciation (A)	617.95	730.53	816.97	980.90	1,148.58	4,294.93

5.7.6. The Authority notes the depreciation will change based on the changes in the asset additions and the date of capitalization. The Authority proposes to true-up the depreciation of the Fourth Control Period based on the actual asset additions and the actual date of capitalization

5.8. BIAL submission regarding RAB for the Fourth Control Period

5.8.1. Based on the aeronautical opening RAB, additions for the current control period, applying allocation ratio and after considering depreciation following is the aeronautical RAB for the Fourth Control Period as projected by BIAL:

Table 187: RAB proposed by BIAL as per its MYTP submission for the Fourth Control Period

(Rs. in Crore)

Particulars	2027	2028	2029	2030	2031	Total
Opening RAB (A)	8,690.06	9,228.25	12,601.43	12,182.41	22,758.85	
Add: Asset addition (B)	1,357.30	4,360.33	781.25	11,998.85	868.91	19,366.64
Add: Additional for Financing Allowance (C)	25.14	42.03	(1.94)	305.02	(7.7)	362.55
Less: Disposals (D)	0	0	0	0	0	0
Less: Depreciation (E)	801.61	985.84	1,150.25	1,664.59	2,174.64	6,776.93
Less: Depreciation on Financing Allowance (F)	42.63	43.34	48.07	62.85	77.65	274.54
Closing RAB (G = A + B + C -D – E-F)	**9,228.25**	**12,601.43**	**12,182.41**	**22,758.85**	**21,367.78**	
Average RAB (H = (A+G) / 2)	**8,959.16**	**10,914.84**	**12,391.92**	**17,470.63**	**22,063.32**	

5.9. Authority’s examination regarding RAB for the Fourth Control Period

5.9.1. Based on the discussions in the previous sections on aeronautical asset addition and Aeronautical Depreciation, the Authority proposes the RAB for the Fourth Control Period as given in table below:

Table 188: RAB proposed to be considered by the Authority for the Fourth Control Period

(Rs in Crore)

Particulars	2027	2028	2029	2030	2031	Total
Opening RAB (A)	8,948.50	9,703.89	11,730.29	11,253.81	17,229.01	
Add: Asset additions (B)	1,373.34	2,756.93	340.49	6,956.09	213.52	11,640.38
Less: Depreciation (C)	617.95	730.53	816.97	980.90	1,148.58	4,294.93
Closing RAB (D = A + B -C)	**9,703.89**	**11,730.29**	**11,253.81**	**17,229.01**	**16,293.95**	
Average RAB (E = (A+D) / 2)	**9,326.19**	**10,717.09**	**11,492.05**	**14,241.41**	**16,761.48**	

5.10. Authority's proposal regarding Capital Expenditure (Capex), Depreciation and Regulatory Base (RAB) for the Fourth 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 Fourth Control Period.

5.10.1. To consider the aeronautical additions for the Fourth Control Period in accordance with **Table 182**.

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

5.10.3. To adopt aeronautical depreciation as per **Table 186** for the Fourth Control Period.

5.10.4. To true up the depreciation based on the actual asset additions and actual date of capitalization during the tariff determination of the next Control Period.

5.10.5. To consider average RAB for the Fourth Control Period for KIA, Bengaluru as per **Table** 188

5.10.6. To true up the RAB based on actuals at the time of tariff determination for the next Control Period.

5.10.7. 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 5.3.38**2**. The same will be examined during the true up of the Fourth Control Period, at the time of determination of tariff for the next Control Period.

5.10.8. 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.

6. WEIGHTED AVERAGE COST OF CAPITAL (WACC) FOR THE FOURTH CONTROL PERIOD

6.1 BIAL submissions on Weighted Average Cost of Capital (WACC) for the Fourth Control Period

BIAL's submission for Cost of Equity

6.1.1 BIAL has submitted that it has considered the Cost of Equity at 15.05%, as considered by the Authority in the Third Control Period Order. BIAL has submitted that the Cost of Equity of 15.05% was fixed on the basis of the study report of IIM Bangalore and adopted by the Authority for the purpose of arriving at the Cost of Equity.

6.1.2 BIAL has submitted that the Cost of Equity of 15.05% has been considered for the purpose of filing the MYTP for the Fourth Control Period, without prejudice to the claims and pleas made by BIAL and reliefs sought in the civil appeals filed before the Hon'ble Supreme Court.

BIAL's submission for Cost of Debt

6.1.3 BIAL has submitted that, for the purpose of estimating the Cost of Debt for the Fourth Control Period, it has considered the existing debt from banks / financial institutions as well as the proposed debt to be raised for the PAL-2 expansion programme.

6.1.4 BIAL has submitted that it currently has two Non-Convertible Debentures ("NCDs"), including the proposed refinancing of PAL-1 loans. The interest rates for these two loans are 8.35% and 8.15% per annum respectively.

6.1.5 With respect to PAL-2 loans, BIAL has submitted that it is in discussions with lenders to raise project term loans for financing the PAL-2 expansion project. BIAL has assumed the cost of debt for PAL-2 projects at SBI 1-year MCLR plus 50 basis points. Considering the current SBI 1-year MCLR at 9.00%, BIAL has considered the cost of debt for PAL-2 loans at 9.50% for the Fourth Control Period.

6.1.6 Based on the above, BIAL has submitted the following debt computation and cost of debt for the Fourth Control Period:

Table 189: Debt computation submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031
Opening Balance	10,985.90	13,636.47	16,993.27	20,023.16	21,516.29
Drawdown during the year – PAL-2	2,800.57	3,834.80	3,574.13	2,037.39	357.69
Repayment during the year – Existing Debt	(150.00)	(478.00)	(544.25)	(544.25)	(544.25)
Closing Balance	13,636.47	16,993.27	20,023.16	21,516.29	21,329.73
Average Debt	12,311.18	15,314.87	18,508.21	20,769.72	21,423.01
Interest Cost	998.32	1,287.46	1,598.46	1,822.70	1,894.15
Cost of Debt	8.25%	8.53%	8.73%	8.82%	8.86%

6.1.7 Based on the above computation, BIAL has submitted the weighted average Cost of Debt for the Fourth Control Period at 8.69%.

6.1.8 Further, BIAL via email dated 21.05.2026 has submitted the revised weighted average Cost of Debt for the Fourth Control Period at 8.68%.

Gearing Ratio

6.1.9 BIAL has considered a gearing ratio of 48:52, i.e., 48% debt and 52% equity, for computation of the Weighted Average Cost of Capital for the Fourth Control Period.

Weighted Average Cost of Capital (WACC)

6.1.10 Based on the Cost of Debt, Cost of Equity and gearing ratio, BIAL has submitted the Weighted Average Cost of Capital (WACC) for the Fourth Control Period as follows:

Table 190: Weighted Average Cost of Capital (WACC) submitted by BIAL for the Fourth Control Period

Particulars	Reference	FY 27	FY 28	FY 29	FY 30	FY 31
Cost of Debt	A	8.25%	8.53%	8.73%	8.82%	8.86%
Cost of Equity	B	15.05%	15.05%	15.05%	15.05%	15.05%
Gearing		48%:52%				
Weighted Average Cost of Debt	C	8.68%				
Cost of Equity	D	15.05%				
WACC		11.99%				

6.1.11 Accordingly, BIAL has requested the Authority to consider WACC of 12.00% for the Fourth Control Period.

6.2 Authority's Examination regarding Weighted Average Cost of Capital (WACC) for the Fourth Control Period

Cost of Equity

6.2.1 The Authority notes that BIAL has proposed Cost of Equity of 15.05% for the Fourth Control Period, in line with the Cost of Equity considered by the Authority in the Third Control Period Order.

6.2.2 In the Third Control Period, the Cost of Equity for BIAL was determined by the Authority based on the study undertaken by IIM Bangalore on the determinants of cost of capital. The Authority has adopted the Cost of Equity of 15.05% for BIAL based on the said study.

6.2.3 The Authority is of the view that the Cost of Equity of 15.05%, as determined on the basis of the independent expert study and adopted in the Third Control Period, continues to be appropriate for the Fourth Control Period. The Authority, therefore, proposes to consider the Cost of Equity at 15.05% for the Fourth Control Period.

Cost of Debt

6.2.4 The Authority notes that BIAL has estimated the Cost of Debt for the Fourth Control Period based on the existing debt instruments and proposed borrowings for the PAL-2 expansion programme.

6.2.5 The Authority notes that BIAL has submitted that its existing debt comprises two NCDs, including refinancing of PAL-1 loans, with interest rates of 8.35% and 8.15% per annum respectively. The Authority further notes that for the proposed PAL-2 project loans, BIAL has assumed interest cost at SBI 1-year MCLR plus 50 basis points. Considering SBI 1-year MCLR of 9.00%, BIAL has considered the cost of debt for PAL-2 loans at 9.50%.

6.2.6 The Authority has examined the projected debt drawdown, repayment schedule, average debt and interest cost submitted by BIAL. The Authority notes that the annual cost of debt submitted by BIAL ranges from 8.25% in FY 2026-27 to 8.86% in FY 2030-31, with a weighted average Cost of Debt of 8.68% for the Fourth Control Period.

6.2.7 The Authority observes that the proposed Cost of Debt is based on a mix of existing debt and proposed project debt for the PAL-2 expansion programme. The proposed borrowing rate for PAL-2 at SBI 1-year MCLR plus 50 basis points seems to be reasonable, considering the nature of the project financing requirement and the scale of capital expenditure proposed during the Fourth Control Period.

6.2.8 The Authority is of the view that the Cost of Debt submitted by BIAL may be considered for the Fourth Control Period for the purpose of tariff determination, subject to the efficiency and reasonability at the time of Tariff Determination of the next Control Period. The Authority is of the considered view that PPP airports are well-positioned to achieve enhanced efficiencies in their financial and operational management, which should translate into optimisation of the overall cost of operations and provide headroom for further rationalisation of the Cost of Debt. The Authority notes that Bangalore airport, having matured operationally and financially since the commencement of its commercial operations from the First Control Period onwards, has attained a stable credit profile, as evidenced by its ICRA rating of "AAA" sustained since FY 2024-25. This robust credit standing further substantiates the airport operator's ability to mobilise debt at favourable terms, thereby supporting a lower benchmark for the Cost of Debt. The Authority therefore proposes to consider weighted average Cost of Debt of 8.68% for the Fourth Control Period. The computation of weighted average Cost of Debt is as follows:

Table 191: Computation of Weighted Average Cost of Debt

Particulars (FY ending March 31)	Units	2027	2028	2029	2030	2031	Total
Debt	Rs. Cr	14,087.19	17,748.24	20,945.86	22,722.96	22,754.98	98,259.23
Cost of Debt	%	8.25%	8.53%	8.73%	8.82%	8.86%	-
Interest Cost / Weighted Debt Cost	Rs. Cr	1,162.19	1,513.92	1,828.57	2,004.17	2,015.49	8,524.34
Weighted Average Cost of Debt	%						8.68%

Gearing Ratio

6.2.9 The Authority notes that BIAL has considered debt-equity ratio of 48:52 for the Fourth Control Period. The Authority further notes that the same gearing ratio was considered in the Third Control Period and is consistent with the gearing considered in the independent cost of capital study.

6.2.10 The Authority is of the view that a debt-equity ratio of 48:52 represents an efficient gearing structure for the purpose of computing WACC. Accordingly, the Authority proposes to consider debt-equity ratio of 48:52 for the Fourth Control Period.

Computation of Weighted Average Cost of Capital (WACC)

6.2.11 Based on the Cost of Debt of 8.68%, Cost of Equity of 15.05% and debt-equity ratio of 48:52, the Authority has computed the FRoR for the Fourth Control Period.

6.2.12 Accordingly, the Authority proposes to consider Weighted Average Cost of Capital (WACC) of 11.99% for the Fourth Control Period.

Table 192: WACC proposed to be considered by the Authority for the Fourth Control Period

Particulars	Authority’s Proposal for Fourth Control Period
Cost of Debt	8.68%
Cost of Equity	15.05%
Debt : Equity Ratio	48: 52
FRoR	11.99%

6.3 Authority's Proposals relating to Weighted Average Cost of Capital (WACC) for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following with respect to Weighted Average Cost of Capital (WACC) for the Fourth Control Period:

6.3.1 To consider WACC of 11.99% for the Fourth Control Period, as detailed in **Table 192**.

6.3.2 To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR plus 50 bps (whichever is lower) at the time of tariff determination for the Fifth Control Period.

7. INFLATION FOR THE FOURTH CONTROL PERIOD

7.1 BIAL's Submission regarding Inflation for the Fourth Control Period

7.1.1 BIAL in the MYTP for the Fourth Control Period, has considered an inflation rate of 2.8% from FY 2027 onwards for the purpose of estimating Capital Expenditure for the Fourth Control Period.

7.1.2 The inflation rate adopted by BIAL is based on the Reserve Bank of India's (RBI) *Survey of Professional Forecasters on Macroeconomic Indicators – Results of the 94th Round,* conducted in May 2025.

7.1.3 Specifically, BIAL has considered mean of the Inflation rate based on WPI All Commodities i.e. 2.8%, as per the said RBI survey.

Table 193: Inflation submitted by BIAL for the Fourth Control Period

Financial Year	WPI All Commodities	Source
FY 2027 onwards	Mean as 2.8%	RBI Professional Forecaster Survey 94th round

7.2 Authority's Examination regarding Inflation for the Fourth Control Period

7.2.1 The Authority has examined the submission made by BIAL with respect to the inflation rate proposed for the Fourth Control Period.

7.2.2 The Authority proposes to consider mean of the forecasted Inflation based on WPI: All commodities as per the *Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 99*, which projects the inflation at 4.7% for FY 2026-27 and 3.6% for FY 2027-28.

7.2.3 Further, the Authority assumes that the inflation rate would remain stable and constant from FY2027-2028 till FY2030-31. Accordingly, the following table presents the inflation rates proposed to be considered by the Authority for the Fourth Control Period.

Table 194: Inflation rates proposed to be considered by the Authority for the Fourth Control Period

Particulars (FY ending March 31)	2027	2028	2029	2030	2031
WPI Inflation	4.7%	3.6%	3.6%	3.6%	3.6%

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

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

7.3.1 To consider the inflation rates for the Fourth Control Period as per Table 194.

8. OPERATING EXPENSES FOR THE FOURTH CONTROL PERIOD

8.1 BIAL's submission regarding Operating Expenses for the Fourth Control Period

8.1.1 BIAL has projected Operating Expenses for the Fourth Control Period based on the following assumptions in their MYTP:

i. **Capacity Capitalization of PAL 2 Programme assets:** BIAL has factored in the operational impact of significant capacity additions during the Fourth Control Period, viz., the Western Cross Taxiway, Terminal 2 Phase 2 and associated apron, the Eastern Connectivity Tunnel, and various landside development projects, all of which, once commissioned, will translate into an enhanced operational area and corresponding increase in O&M outflow.

ii. **Baseline year:** BIAL has adopted FY 2025-26 as the baseline year, with the actual / expected expenditure in such year forming the basis for projecting category-wise Operating Expenses for the Fourth Control Period.

iii. **Manpower planning aligned to capacity creation:** BIAL has submitted that incremental manpower has been considered only in those years in which capacity additions are commissioned, ensuring that staffing additions are phased in alignment with operational requirements and training cycles.

iv. **Aeronautical / Non-Aeronautical allocation:** BIAL has re-allocated each cost head between Aeronautical and Non-Aeronautical activities using the cost-driver-based ratio most appropriate to that head, viz., Employee Head Count Ratio, Asset Gross Block Ratio, Area / Lease Allocation Ratio, or Revenue Ratio.

8.1.2 The category-wise estimation, growth assumptions and rationale submitted by BIAL for Operating Expenses for the Fourth Control Period are summarized below:

Table 195: BIAL's estimation, rationale and growth assumptions on Operating Expenses for the Fourth Control Period

S.No.	Particulars	Growth / Estimation Basis	Rationale Submitted by BIAL
1	Personnel Expenses	6.69% Y-o-Y on cost per employee + manpower additions of 43 (FY28), 300 (FY30) and 150 (FY31)	In line with the true-up workings of the Third Control Period; minimum required to retain talent and contain attrition in light of new airports being operationalized
2	Admin & General Expenses	5–10% Y-o-Y including inflation; one-time Master Plan update cost in FY31; one-time 3% step-up in FY28 on relocation to BP2	Inflation + specific events
3	O&M	Existing assets — 6% Y-o-Y; New assets — 2.27% of Gross Block	Long-term contracts and market-discovered rates for existing; benchmarked to lowest of BIAL/MIAL/DIAL/GHIAL median for new
4	Lease Rent (KSIIDC)	3% Y-o-Y as per the Land Lease Deed	Contractual escalation
5	Lease Rent (BP2 Office)	Lease for 141,000 sqft (950 employees) from BACL	Benchmarked against rent charged by BACL to a GCC operator
6	Utilities — Power	Tariff at 2% p.a.; demand charges as per BESCOM circular; in-house solar and BESCOM blended rate	Long-term solar PPA + BESCOM tariff trend
7	Utilities — Potable Water	10% rate increase in FY29; 45% in-house source	Contracted BWSSB rates

8	Utilities — Non-Potable Water	5% Y-o-Y consumption + 30% step-up in FY30 (T2 Ph-2); 53% in-house source	Contracted BWSSB / KIADB rates + T2 Ph-2 commissioning
9	Insurance	0.08% of Asset Gross Block	Average premium rate over FY22–FY26
10	Rates & Taxes	10% Y-o-Y + additional cost on incremental area post T2 Ph-2	Past trend + new area commissioning
11	Marketing & Advertisement	5% Y-o-Y including inflation; one-time launch cost in FY30	Benchmark on actuals + T2 Ph-2 launch
12	Collection Charges	Linked to UDF collections	Per arrangement with airlines
13	Other Borrowing Costs	Rs. 10 Crores per annum	Past trend
14	Concession Fee	4% of Annual Gross Revenue	Concession Agreement dated 05.07.2004
15	CSR	As per Section 135 of the Companies Act, 2013	Statutory mandate

8.1.3 Based on the above, the Total Operating Expenses submitted by BIAL for the Fourth Control Period are shown in the table below:

Table 196: Total Operating Expenses as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Personnel Expenses	468.53	505.75	545.85	629.00	745.72	2,894.85
O&M	515.62	603.37	688.98	878.81	1,067.71	3,754.49
Lease Rent	25.05	41.57	42.34	43.14	46.33	198.44
Utilities	79.57	89.40	97.09	112.68	151.11	529.85
Insurance	13.07	15.10	16.93	22.19	27.28	94.56
Rates & Taxes	14.48	15.93	17.53	19.28	24.10	91.32
Marketing & Advertisement	22.46	23.58	24.76	26.00	27.30	124.11
Collection Charges	10.95	11.82	12.63	13.50	14.86	63.76
CSR	0.68	15.65	30.94	46.73	46.82	140.82
Admin & General Expense	61.43	66.55	71.44	80.44	98.81	378.67
Other Borrowing Costs	10.00	10.00	10.00	10.00	10.00	50.00
Concession Fee	375.16	406.30	436.08	466.40	517.97	2,201.92
Total Operating Expense	**1,597.00**	**1,805.02**	**1,994.57**	**2,348.17**	**2,778.01**	**10,522.78**

8.1.4 Subsequently, vide e-mail dated 21.05.2026, BIAL has submitted a revised estimation of O&M Expenses for the Fourth Control Period based on unaudited actual financials for FY26. Accordingly, changes proposed in the aforementioned submission are as follows:

i. Personnel Expenses: The expenses have been revised to reflect the actual headcount of 1,758 as of the close of FY 2025-26, against the planned target of 1,830. The shortfall of 72 positions is expected to be filled in FY 2026-27.

ii. Rates & Taxes: These expenses have been updated to include a one-time 15% escalation in FY 2028-29, reflecting the incremental tax liability expected upon capitalization of the West Cross Field Taxiway, which is anticipated to increase the applicable property/municipal tax base in that year.

iii. Power Cost: The per-unit power charge has been updated to the average of the rates charged for the different power sources in FY 2026-27 to ensure a more accurate base for projecting future power costs

iv. Marketing & Advertising Expense: These expenses have been updated to include the onetime expense on account of operationalization of T2 Phase 2 in FY 2029-30.

v. The Aero Gross Block ratio has been updated to reflect the figures considering the actual capitalization and deletion during the year FY 2025-26 and the update to the capex projections for the Fourth Control Period.

8.1.5 Based on the revised submission, the total Operating Expenses submitted by BIAL for the Fourth Control Period is shown in the table below:

Table 197: Revised Total Operating Expenses as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Personnel Expenses	441.49	486.12	524.66	604.59	716.78	2,773.64
O&M	505.28	604.53	699.84	898.50	1,101.72	3,809.87
Lease Rent	23.50	39.98	40.70	41.45	44.59	190.22
Utilities	67.29	76.01	83.05	97.23	129.28	452.86
Insurance	13.03	15.50	17.69	23.23	28.81	98.26
Rates & Taxes	12.88	14.17	16.29	17.92	22.40	83.66
Marketing & Advertisement	25.31	26.57	27.90	44.29	30.76	154.83
Collection Charges	9.14	10.39	11.51	12.60	13.82	57.46
CSR	0.71	13.48	27.89	43.99	48.01	134.08
Admin & General Expense	63.32	68.64	73.68	82.70	101.17	389.51
Other Borrowing Costs	10.00	10.00	10.00	10.00	10.00	50.00
Concession Fee	341.71	396.26	449.95	504.34	568.61	2,260.87
Total Operating Expense	**1,513.66**	**1,761.65**	**1,983.16**	**2,380.84**	**2,815.95**	**10,455.26**

8.1.6 BIAL has also submitted the basis of allocation of Operating Expenses between Aeronautical and Non-Aeronautical activities as per the table below:

Operating Expenses	Basis of Allocation
Personnel expenses	Employee Head Count Ratio based on categorisation of employee departments into Aero / Non-Aero / Common
O&M	Aero Gross Block Ratio
Lease Rent	Aeronautical Lease Rent has been computed by excluding land given to BACL being considered as non-airport
Utilities	Utility expenses (net of recovery) considered fully as Aeronautical
Insurance	Aero Gross Block Ratio
Rates & Taxes	Lease Rent allocation ratio
Marketing & Advertising	Aero Gross Block Ratio
CSR	Aeronautical Profit Before Tax
General admin costs	Aero Gross Block Ratio
Concession fee	Respective Aeronautical / Non-Aeronautical Revenues for the year

8.1.7 The Allocation ratio based on the above basis as submitted by BIAL for the Fourth Control Period is as follows:

Table 198: Aeronautical allocation ratios of Operating Expenses submitted by BIAL for the Fourth Control Period

FY ending March 31	2027	2028	2029	2030	2031
Personal Cost	94.37%	94.34%	94.34%	94.34%	94.40%
Operations & Maintenance Cost	89.81%	90.67%	90.80%	91.29%	91.39%
Land Lease Rent	99.82%	99.65%	99.65%	99.14%	98.77%
Utilities Cost	100.00%	100.00%	100.00%	100.00%	100.00%
Insurance Cost	89.81%	90.67%	90.80%	91.29%	91.39%

FY ending March 31	2027	2028	2029	2030	2031
Rates & Taxes	89.81%	90.67%	90.80%	91.29%	91.39%
Marketing & Advertisement Expenses	89.81%	90.67%	90.80%	91.29%	91.39%
Collection Charges	100.00%	100.00%	100.00%	100.00%	100.00%
General Administration Cost (Legal and Consultancy)	89.81%	90.67%	90.80%	91.29%	91.39%
General Administration Cost (Travel & Office Costs)	89.81%	90.67%	90.80%	91.29%	91.39%
Other Borrowing Costs	89.81%	90.67%	90.80%	91.29%	91.39%
Concession Fees	78.61%	79.23%	79.51%	79.82%	79.84%

8.1.8 Accordingly, the Aeronautical Portion of various expenses of the Fourth Control Period using above allocation principles and ratio as submitted by BIAL is given below:

Table 199: Aeronautical Operating Expenses submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Personnel Expenses	416.64	458.61	494.97	570.37	676.67	2,617.26
O&M	453.79	548.13	635.45	820.27	1,006.86	3,464.50
Lease Rent	23.07	39.14	39.75	40.38	43.32	185.66
Utilities	67.29	76.01	83.05	97.23	129.28	452.86
Insurance	11.71	14.05	16.07	21.21	26.33	89.37
Rates & Taxes	12.64	13.87	15.91	17.46	21.77	81.65
Marketing & Advertisement	22.73	24.09	25.33	40.44	28.11	140.70
Collection Charges	9.14	10.39	11.51	12.60	13.82	57.46
CSR	0.71	13.48	27.89	43.99	48.01	134.08
Admin & General Expense	56.87	62.24	66.90	75.50	92.46	353.97
Other Borrowing Costs	8.98	9.07	9.08	9.13	9.14	45.40
Concession Fee	268.63	313.96	357.76	402.55	453.95	1,796.85
Total Operating Expense	**1,352.20**	**1,583.03**	**1,783.68**	**2,151.12**	**2,549.72**	**9,419.75**

8.2 Authority's examination regarding Operating Expenses for the Fourth Control Period

8.2.1 The Authority has carefully examined BIAL's submissions on Operating Expenses for the Fourth Control Period taking into account the tariff setting principles to ensure that only the efficient, justified and reasonable expenses are allowed on a projection basis.

8.2.2 The Authority has reviewed the Operating Expenses and proposes to adopt the following broad methodology for determining the Operating Expenses for the Fourth Control Period:

i. Base year: The Authority proposes to adopt the revised FY 2025-26 actual/expected expenditure as the base year for forecasting expenses for the Fourth Control Period.

ii. Inflationary increase: The Authority proposes to apply WPI-based inflation as the standard escalator across most operating cost heads, except in the case of:

- Employee costs, where an inflationary rate of 6% Y-o-Y has been considered;
- O&M cost on new asset additions, which is forecasted using the phased percentage-of-CAPEX methodology linked to asset gross block; and

iii. Concession Fee, which is computed at 4% of forecasted gross revenue in terms of the Concession Agreement.

iv. Re-allocation of expenses: Operating Expenses are re-allocated into Aeronautical and Non-Aeronautical categories using cost-driver based methodologies, including Aero Gross Block Ratio, Employee Head Count Ratio, Area Allocation Ratio, and Revenue Ratio, as appropriate to each cost head.

8.2.3 The Authority has examined BIAL's submission regarding total Operating Expenses for the Fourth Control Period and has presented its examination in the subsequent paragraphs:

Personnel Expenses:

8.2.4 The Authority has noted the submissions of BIAL relating to Personnel Cost and break up of manpower count as mentioned in the tables below:

Table 200: Personnel Expenses as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2026	2027	2028	2029	2030	2031
Personnel Expenses	441.49	486.12	524.66	604.59	716.78	2,773.64

8.2.5 The Authority notes that BIAL, in its revised submission dated 21.05.2026, has proposed total manpower additions of numbering 565 as per following: 72 employees in FY 2026-27 (being unfilled positions carried forward from FY 2025-26 in respect of existing facilities), 43 employees in FY 2027-28, 300 employees in FY 2029-30 and 150 employees in FY 2030-31, and has assumed an annual escalation of 6.69% in the cost per employee during the Fourth Control Period. BIAL has considered the aforesaid assumptions as the basis for projection of Personnel Expenses for the Fourth Control Period, as detailed below:

Particulars	2026	2027	2028	2029	2030	2031	CAGR
Cost per Employee (Rs. Lacs)	24.00	25.61	27.32	29.15	31.10	33.18	6.69%
Yearly Escalation Rate		6.69%	6.69%	6.69%	6.69%	6.69%	
Opening Employee Head Count		1,758	1,830	1,873	1,873	2,173	
Manpower Additions — Existing Facilities		72	0	0	0	0	
Manpower Additions — New Infrastructure		0	43	0	300	150	
Closing Manpower	1,758	1,830	1,873	1,873	2,173	2,323	

8.2.6 The Authority notes that BIAL has projected addition of manpower during the Fourth Control Period on account of both existing facilities and new infrastructure additions, including Terminal 2 Phase 2. Insofar as manpower proposed for existing facilities is concerned, the Authority notes that BIAL has proposed addition of 72 employees during the Fourth Control Period. However, the Authority also notes that BIAL had already added 577 employees during the Third Control Period, which was considered broadly reasonable in view of the substantial increase in terminal area and associated infrastructure commissioned during that period. In the Authority's view, the manpower base created during the Third Control Period is adequate to cater to the requirements of the existing facilities during the Fourth Control Period. Accordingly, the Authority does not propose to allow the addition of 72 employees for existing facilities.

8.2.7 The Authority further notes that BIAL has projected manpower additions on account of new infrastructure additions in FY 2027-28, FY 2029-30 and FY 2030-31. In respect of Terminal 2 Phase 2, BIAL has proposed significant manpower additions of 43 employees in FY 2027-28, 300 employees in FY 2029-30 and 150 employees in FY 2030-31. The Authority observes that the existing employee base of BIAL is already higher than that of comparable airports and, therefore, the proposed manpower additions need to be assessed keeping in view the efficient level of staffing required for the additional capacity.

8.2.8 The Authority also notes that Terminal 2 Phase 2 is expected to commence operations only in the last quarter of FY 2029-30 and is unlikely to be fully utilised during the initial period of operations extending into FY 2030-31. Accordingly, the Authority proposes to consider manpower additions of 100 employees in FY 2029-30 and 100 employees in FY 2030-31, i.e., a total of 200 employees, in respect of Terminal 2 Phase 2, as against the higher manpower additions proposed by BIAL.

8.2.9 The Authority has further noted that BIAL has escalated the cost per employee for the Fourth Control Period by applying a year-on-year escalation factor of 6.69%, which, as submitted by BIAL, is in line with the CAGR of the past eight years. However, the Authority observes that KIA is an established airport and, among the major airports in India, has the highest passenger traffic after IGI Airport, New Delhi and CSMIA, Mumbai. The Authority is, therefore, of the view that BIAL would be expected to have undertaken adequate measures to improve efficiency in its overall functioning. The Authority further notes that, over a period of time, BIAL has made significant investments in technology and digital systems and, accordingly, should be in a position to optimize manpower costs. In view of the above, the Authority expects Personnel Expenses to grow at a rate only marginally higher than inflation during the Fourth Control Period.

8.2.10 The Authority, after analysis of the submissions made by BIAL, past trends and the approach adopted in recent tariff orders, proposes to consider a growth rate of 6% p.a. for cost per employee over the base year of FY 2025-26, in line with para 3.6.38 of the true-up of the Third Control Period.

8.2.11 Based on the above, the Personnel expenses recalculated by the Authority for the Fourth Control Period are as follows:

Table 201: Personnel Expenses proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

Operating expenses	2027	2028	2029	2030	2031	Total
Personnel cost / employee in crores **(A)**	0.22	0.24	0.25	0.27	0.28	
% increase	6.00%	6.00%	6.00%	6.00%	6.00%	
Number of Employees (closing) **(B)**	1758	1758	1758	1858	1958	
Average employees **(C)**	1758	1758	1758	1808	1908	
Total Personnel Cost (A*C)	**394.50**	**418.17**	**443.26**	**483.22**	**540.54**	**2279.68**

O&M Cost

8.2.12 O&M Costs for BIAL comprise expenditure incurred towards the operation, maintenance and upkeep of airport assets and infrastructure, including terminal facilities, airside assets, engineering systems, housekeeping, repairs and maintenance, and other support services required for the efficient operation of the airport.

8.2.13 The Authority has noted BIAL's submission that the Operation and Maintenance (O&M) costs have been segregated into:

- O&M pertaining to existing assets; and
- O&M pertaining to new infrastructure additions.

8.2.14 In respect of existing assets, BIAL has submitted that O&M expenditure has been projected to grow at 6% annually, based on long-term contracts and rates discovered through the procurement process.

8.2.15 BIAL has further submitted that most of the high-value O&M contracts relating to terminal equipment such as BHS, elevators and escalators, HVAC systems, etc., were finalized during the project stage and, accordingly, form the basis of its projections for existing facilities.

8.2.16 In respect of new infrastructure additions, Authority has noted BIAL's submission that it has analyzed the median Operating Expenses as a percentage of gross block for the last fifteen years for comparable airports, namely BIAL, MIAL, DIAL and GHIAL. BIAL has submitted that, based on such benchmarking, it has adopted the lowest benchmark among the comparable airports and proposed 2.27% as the O&M rate for new infrastructure additions. On this basis, BIAL has requested the Authority to consider the O&M costs as set out below:

Table 202: O&M expenses as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
O&M cost - Existing facilities	488.10	517.38	548.43	581.33	616.21	2,751.45
O&M cost - New infrastructure	17.18	87.15	151.41	317.16	485.50	1,058.41
Total O&M Cost	**505.28**	**604.53**	**699.84**	**898.50**	**1,101.72**	**3809.87**

8.2.17 The Authority has examined BIAL's submission on O&M costs, wherein BIAL has proposed estimation of O&M for new infrastructure additions based on historical O&M expenditure as a percentage of gross block of comparable airports. In this regard, Authority notes that BIAL has considered a relatively higher percentage for maintenance of newer assets. However, Authority is of the view that benchmarking future O&M requirements solely with reference to historical O&M cost as a percentage of gross block may not provide an appropriate basis for estimation of future O&M expenses, particularly in the context of substantial new asset additions during the Fourth Control Period.

8.2.18 The Authority has further undertaken benchmarking analysis based on actual data for the period FY23 to FY25, inter alia, with reference to Repair and Maintenance (R&M) cost per passenger and O&M cost per terminal area across comparable airports. Based on such analysis, Authority notes that BIAL's average O&M cost for the said three-year period works out to approximately Rs. 81 per passenger and Rs. 7,231 per square metre, which is observed to be higher than the corresponding levels of other comparable airports such as MIAL, DIAL and GHIAL. In view of the above, Authority is not inclined to accept BIAL's proposed approach for new asset O&M, as the same appears to embed a relatively higher cost assumption.

8.2.19 Authority is also of the considered view that newer assets, particularly during the initial years of operation, generally require lower O&M expenditure as a percentage of gross block compared to older assets. Such assets typically benefit from lower repair and maintenance requirements, warranty support, improved technology, and better operating efficiency in the early years of their useful life. Accordingly, Authority proposes that O&M expenditure for existing assets should be allowed to grow on a year-on-year basis in line with inflation during the Fourth Control Period, while O&M for new asset additions should be estimated separately using a graded methodology linked to the age of the assets.

8.2.20 Accordingly, for additional assets capitalized during the Fourth Control Period, Authority proposes to consider O&M cost as a percentage of CAPEX in a progressive manner over the initial years of operation. The allocation shall be based on the asset gross block ratio. The proposed methodology for estimation of O&M on additional assets is set out below:

Table 203: Proposed methodology for O&M computation of Additional assets in the Fourth Control Period

Additional Assets	Cost for Additional CAPEX (% of Gross Block)
O&M – Year 1	–
O&M – Year 2	0.50%
O&M – Year 3	0.60%
O&M – Year 4	0.75%
O&M – Year 5	1.00%

8.2.21 The above approach, in Authority's view, is more reasonable and reflective of the actual maintenance profile of newly commissioned assets. It avoids overestimation of O&M expenditure in the initial years of operation and factors a gradual increase in O&M allowance based on a realistic timeline for stabilization of the asset base, factoring in the gradual increase in required maintenance intensity. Further, such an approach ensures that the O&M allowance remains linked to the age and scale of the asset base, rather than relying on historical averages that may not adequately capture the lower maintenance requirements of newer infrastructure.

8.2.22 In view of the above, Authority proposes to determine O&M expenditure for the Fourth Control Period by:

- escalating the O&M cost of existing assets on a year-on-year basis in line with inflation; and
- allowing O&M on new asset additions based on the above phased percentage of CAPEX methodology

8.2.23 Accordingly, the Authority has recomputed the O&M expenses based on the asset gross block for the Fourth Control Period as per table below:

Table 204: O&M expenses proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
O&M cost - Existing facilities	478.82	496.05	513.91	532.41	551.58	2572.77
O&M cost - New infrastructure	0.00	8.08	24.98	33.50	85.02	151.58
Total O&M Cost	**478.82**	**504.13**	**538.89**	**565.91**	**636.60**	**2724.35**

General Admin Expenses

8.2.24 The General Administration costs comprise Consultancy & Legal costs, Office costs, Travel costs and Employee Transportation costs.

8.2.25 The Authority noted the submissions of BIAL in respect of General Administration costs for the Fourth Control Period. The Authority noted that BIAL has considered a year-on-year increase of 10% for Consultancy and Legal costs, with an additional one-time expense of Rs. 10.52 Crores in FY 2030-31 towards updating of the Master Plan. Similarly, BIAL has considered a year-on-year increase of 5% for Travel costs, including inflation. The Authority further noted that Employee Transportation cost has been estimated by BIAL in line with manpower additions in the relevant years and escalated year-on-year at 5%, considering the increase in fuel costs. Further, BIAL has considered escalation of 5% year-on-year for Office costs and a one-time additional increase of 3% in FY 2027-28 on account of shifting of office from the existing buildings to the BP-2 facility.

8.2.26 The Total General Admin Expenses submitted by BIAL for the Fourth Control Period is detailed in the table below:

Table 205: Admin & General expenses as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Consultancy and Legal costs **(A)**	29.17	32.09	35.30	38.83	53.23	188.62
Travelling & Conveyance **(B)**	8.11	8.51	8.94	9.38	9.85	44.79
Staff Transportation **(C)**	18.82	20.23	21.24	25.87	29.04	115.20
Office costs **(D)**	7.22	7.81	8.20	8.61	9.04	40.90
Total General Admin Cost (A+B+C+D)	**63.32**	**68.64**	**73.68**	**82.7**	**101.16**	**389.51**

8.2.27 The Authority has examined the details of Consultancy and Legal costs submitted by BIAL and noted that BIAL had incurred legal consultancy expenses during the Third Control Period. The Authority is of the view that such legal consultancy expenses are not critical or necessary for the Aeronautical Operations of the Airport and are, by their nature, expenses incurred towards legal cases / proceedings with other stakeholders. Such expenses do not add value to the services offered to airport users and, therefore, ought not to form part of the Aeronautical cost base for tariff determination.

8.2.28 The Authority has also noted that even in the concession agreements executed by the Government of India for recent airports, legal expenses are excluded from the Operating Expenses considered as pass-through for the purpose of tariff determination. Accordingly, the Authority proposes to exclude the legal expenses incurred by BIAL from the base year expenditure considered for projecting Professional and Consultancy / Consultancy and Legal costs for the Fourth Control Period.

8.2.29 The Authority proposes to compute General Administration costs for the Fourth Control Period as follows:

i. The Authority proposes to exclude legal expenses of Rs. 4.47 Crores incurred by BIAL in FY 2025-26 from the base year Consultancy and Legal costs and escalate the balance Consultancy / Professional costs year-on-year by inflation. Further, the Authority proposes to allow Rs. 10.52 Crores as a one-time expense in FY 2030-31 towards updation of the Master Plan.

ii. The Authority proposes to escalate Office costs year-on-year by inflation, except for FY 2027-28, wherein Office costs have been additionally increased by 3% to account for shifting of office from the existing buildings to the BP-2 facility.

iii. The Authority proposes to escalate Travel costs year-on-year by inflation.

8.2.30 Accordingly, the Authority has recomputed the General Admin Expenses for the Fourth Control Period as per table below:

Table 206: General admin expenses proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Consultancy Expenses (A)	18.40	19.07	19.75	20.46	31.72	**109.40**
Increase % (Inflation)	4.70%	3.60%	3.60%	3.60%	3.60%	
Consultancy & Legal - One time (Rs. In Crore)					10.52	
Travelling & Conveyance (B)	8.08	8.37	8.68	8.99	9.31	**43.43**
Increase % (Inflation)	4.70%	3.60%	3.60%	3.60%	3.60%	
Staff Transportation (C)	18.03	18.68	19.35	20.62	22.54	**99.22**
Increase % (Inflation)	4.70%	3.60%	3.60%	3.60%	3.60%	
Manpower increase %	0.00%	0.00%	0.00%	2.84%	5.53%	
Office Cost (D)	7.15	7.63	7.91	8.19	8.48	**39.36**
Increase % (Inflation)	4.70%	3.60%	3.60%	3.60%	3.60%	
One time increase %		3.00%				
Total General and Admin Expenses (A+B+C+D)	**51.67**	**53.75**	**55.68**	**58.26**	**72.06**	**291.41**

Lease Rent Expenses:

8.2.31 The Authority has examined BIAL's submission in respect of Lease Rent Expenses for the Fourth Control Period. The Authority noted that BIAL has included under this head lease rent payable to Karnataka State Industrial Investment and Development Corporation Limited ("KSIIDC") in respect of 4,008 acres of airport land, and lease rent payable in respect of office space at BP-2 comprising 141,000 sq. ft. leased from Bengaluru Airport City Limited ("BACL").

8.2.32 The Authority further noted that, in respect of the land lease rent payable to KSIIDC, BIAL has considered an annual escalation of 3% in line with the applicable lease arrangement. In respect of the

BP-2 office space, the Authority noted that BIAL has assumed an escalation of 15% in FY 2030-31, with no further escalation considered during the remaining years of the Fourth Control Period.

8.2.33 Lease rent expenses as submitted by BIAL for the Fourth Control Period is detailed in the table below:

Table 207: Lease Rent expenses as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2026	2027	2028	2029	2030	2031
Lease Rent Existing Facility	23.50	24.21	24.94	25.68	26.45	124.79
Lease Rent payable to BP2 Facility	0.00	15.77	15.77	15.77	18.13	65.43
Total Lease Rent	**23.50**	**39.98**	**40.70**	**41.45**	**44.59**	**190.22**

8.2.34 The Authority also sought clarifications from BIAL regarding the basis of computation of lease rent for the BP-2 office space. In response, BIAL submitted the detailed computation of such lease rent and stated that the same has been benchmarked against the lease rental being charged by BACL to a GCC operator for comparable office space.

8.2.35 Based on its analysis, the Authority is of the view that BIAL's projection of lease rent payable to KSIIDC, based on the contractually stipulated annual escalation of 3%, is reasonable. The Authority is also of the view that the lease rental considered by BIAL for BP-2 office space is reasonable. However, in the absence of a formal lease agreement for BP-2 office space at this stage, the Authority proposes not to consider the escalation in FY2030-31.

8.2.36 Accordingly, the Lease rent expenses recalculated by the Authority for the Fourth Control Period are as follows:

Table 208: Lease Rent expenses proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Lease Rent – Existing **(A)**	23.50	24.21	24.94	25.68	26.45	**124.79**
Escalation in lease rent	3%	3%	3%	3%	3%	
Lease Rent payable to BP2 Facility **(B)**		15.77	15.77	15.77	15.77	**63.07**
Escalation in rent		0%	0%	0%	0%	
Total Lease Rent expenses (A+B)	**23.50**	**39.98**	**40.70**	**41.45**	**42.22**	**187.86**

Insurance Expenses

8.2.37 Insurance expenses as submitted by BIAL for the Fourth Control Period is detailed in the table below:

Table 209: Insurance expenses as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2026	2027	2028	2029	2030	2031
Existing Assets	12.43	12.43	12.43	12.43	12.43	62.15
Additional Assets	0.61	3.07	5.26	10.80	16.38	36.12
Total Insurance Cost	**13.03**	**15.50**	**17.69**	**23.23**	**28.81**	**98.27**

8.2.38 The Authority has noted the submissions of BIAL relating to insurance and accordingly proposes to Consider the premium rate as 0.08% of the asset gross block, based on the average premium rate for the period FY22-FY26 to forecast insurance costs for the Fourth Control Period.

8.2.39 Accordingly, the Authority has recomputed the Insurance expenses based on the asset gross block for the Fourth Control Period as per table below:

Table 210: Insurance expenses proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2026	2027	2028	2029	2030	2031
Insurance cost of Existing Assets (A)	11.73	12.98	15.29	15.59	21.86	**77.45**

FY ending March 31	2026	2027	2028	2029	2030	2031
Insurance cost of Additional Assets (B)	0.62	2.40	3.70	6.99	10.22	**23.94**
Total Insurance Cost (C=A+B)	12.36	15.38	18.99	22.57	32.08	**101.39**

Rates & Taxes

8.2.40 Authority noted BIAL's submission in respect of Rates and Taxes for the Fourth Control Period. BIAL has submitted that such expenses mainly comprise property tax and have been estimated by considering a 10% annual increase over the existing level, along with additional cost on account of the increase in developed area following the commissioning of Terminal 2 Phase 2.

8.2.41 Rates & Taxes as submitted by BIAL for the Fourth Control Period are detailed in the table below:

Table 211: Rates & Taxes as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Rates & Taxes	12.88	14.17	16.29	17.92	22.40	83.67

8.2.42 The Authority has examined BIAL's submission regarding the additional cost proposed on account of commissioning of WCFT and Terminal 2 Phase 2. Accordingly, the Authority proposes to allow the corresponding impact in Rates & Taxes expenses by considering escalation of 15% in FY 2028-29 for WCFT and 25% in FY 2030-31 for Terminal 2 Phase 2. The same shall be subject to true-up at the time of determination of tariff for the next Control Period, based on the actual date of capitalization / commissioning of the above-mentioned assets and actual expenditure incurred, subject to prudence check.

8.2.43 Accordingly, the Authority has recomputed the Rates & Taxes expenses for the Fourth Control Period by applying inflation-based escalation. However, for FY 2028-29 and FY 2030-31, escalation of 15% and 25%, respectively, has been considered in place of inflation-based escalation, factoring in the additional area on account of WCFT and Terminal 2 Phase 2, in line with BIAL's submission. The recomputed Rates & Taxes expenses are set out in the table below::

Table 212: Rates & Taxes proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Rates & Taxes	12.26	12.70	14.61	15.13	18.92	**73.62**
Increase (Inflation) %	4.70%	3.60%	15.00%	3.60%	25.00%	

Utility Expenses

8.2.44 Authority has noted BIAL's submission that utility costs comprise power cost, including renewable power purchase, and potable and non-potable water costs.

8.2.45 Authority has further noted that, for power tariff estimation, BIAL has considered the blended average rate per unit based on long-term solar power contracts, in-house power generation, captive sources, BESCOM rates based on tariff circulars, and open market purchase rates. Accordingly, 2% annual growth in rate per unit has been proposed, along with increase in demand charges based on BESCOM notified tariff circulars up to FY 2028-29 and similar escalation for the remaining period. The overall concessionaire recovery in respect of power cost is estimated at 45.8% (average) for the Fourth Control Period, while the recovery percentage is expected to reduce in later years considering the incremental power consumption of new infrastructure such as WCT, Metro stations and ECT.

8.2.46 In respect of water costs, Authority has noted BIAL's submission that a significant portion of potable water consumption is proposed to be met through in-house sources, namely RWH and WTP. BIAL has submitted that specific potable water consumption per passenger is expected to remain at existing levels and that overall consumption growth is projected to be in line with passenger growth, with in-house source contribution estimated at 45% for the Fourth Control Period. BIAL has further submitted that the water tariff per KL has been considered in line with existing contracted rates with BWSSB, with a 10% increase projected in FY 2028-29.

8.2.47 The Authority has further noted that as per BIAL the non-potable water consumption is expected to increase by 5% annually and by 30% in FY 2029-30 on account of commissioning of Terminal 2 Phase 2. BIAL has submitted that, out of the total non-potable water consumption, 53% is expected to be met from internal sources, and that the non-potable water rate per KL has been projected based on contracted rates with BWSSB and KIADB. BIAL has also submitted that 56% of total water cost is proposed to be recovered from concessionaires.

8.2.48 Utility expenses as submitted by BIAL for the Fourth Control Period are detailed in the table below:

Table 213: Utility expenses as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Net Power cost (Existing Area) (a)	128.81	133.03	137.39	141.90	146.56	
Net Power cost (Additional Area) (b)	0.00	5.56	8.49	17.51	50.56	
Recovery Rate % (c)	50.30%	48.45%	47.54%	45.43%	40.00%	
Total Power charges (d=(a+b)*(1-c))	**64.02**	**71.44**	**76.53**	**86.99**	**118.27**	**417.25**
Potable water cost (e)	6.79	9.33	12.80	15.26	16.04	
Non-potable water cost (f)	3.21	3.04	3.24	5.29	5.28	
Recovery Rate % (g)	67.34%	63.13%	59.33%	50.17%	48.37%	
Total Water Charges (h=(e+f)*(1-g))	**3.27**	**4.56**	**6.52**	**10.24**	**11.01**	**35.60**
Total Utilities Cost (i=d+h)	**67.29**	**76.01**	**83.05**	**97.23**	**129.28**	**452.85**

8.2.49 The Authority after examining BIAL's submission on power costs notes that, as per BIAL's revised submission for FY26 based on actual data, the power costs have reduced significantly. In this regard, Authority proposes to consider the lower FY26 base, based on actuals, as the base for estimation of power costs for the Fourth Control Period.

8.2.50 With respect to power consumption, Authority has considered BIAL's approach of escalating consumption on a year-on-year basis by 1.5% for the existing infrastructure. However, Authority has observed a declining trend in tariff per unit and, based on the rates provided in KERC's latest Tariff Order, proposes considering the revised lower submission by BIAL which is in line with the Tariff Order released for FY26. Further, Authority proposes to escalate demand charges by Rs. 5.00 per KVA on a year-on-year basis, having regard to historical trends and the rates specified in the latest KERC Tariff Order.

8.2.51 The Authority further notes that BIAL has proposed additional utility expenses on account of various Capex projects such as WCFT, Terminal 2 Phase 2, T1 Upgrade, ECT and other associated infrastructure additions. The Authority proposes to allow such additional utility expenses in line with the implementation / commissioning of the respective Capex projects, as submitted by BIAL, so as to align the recognition of utility costs with the underlying assets and operational requirements. The same shall be subject to true-up at the time of determination of tariff for the next Control Period, based on the actual commissioning / utilization of the respective assets and the actual expenditure incurred, subject to prudence check. The Authority also proposes considering 51% as the overall concessionaire recovery rate for power costs, based on the historical average recovery of the past five years.

8.2.52 In view of the above, the Authority has recomputed the Power cost for the Fourth Control Period in the table below:

Table 214: Power costs proposed by the Authority for the Fourth Control Period

Power Costs	2026	2027	2028	2029	2030	2031	Total (FY27-FY31)
Existing Area							
Monthly Contract demand (kVA) **(A)**	33214	33214	33214	33214	33214	33214	
Consumption (mn kWh) **(B)**	180.00	182.70	185.44	188.22	191.05	193.91	
% Increase		1.50%	1.50%	1.50%	1.50%	1.50%	
Contract demand charges (Rs. per KVA per annum) **(C)**	370	375	380	385	390	395	
Power unit tariff (Rs. per kWh) **(D)**	5.95	5.12	5.22	5.33	5.43	5.54	
Contract demand cost (Rs. Crores) **(E=A*C*12/crore)**		14.95	15.15	15.34	15.54	15.74	76.72
Power consumption cost (Rs. Crores) **(F=B*D/10)**		93.54	96.80	100.32	103.74	107.43	501.83
Total cost (Rs. Crores) (G)		**108.49**	**111.95**	**115.67**	**119.28**	**123.17**	**578.55**
Additional Area							
Monthly Contract demand (kVA) **(H)**			2324.98	3034.98	8473.22	8473.22	
Consumption (mn kWh) **(I)**			8.61	13.30	24.93	83.98	
Contract demand charges (Rs. per KVA per annum) **(J)**			380.00	385.00	390.00	395.00	
Power unit tariff (Rs. per kWh) **(K)**			5.22	5.33	5.43	5.54	
Contract demand cost (Rs. Crores) **(L=H*J*12/Crore)**			1.06	1.40	3.96	4.02	
Power consumption cost (Rs. Crores) **(M=I*K/10)**			4.94	7.09	13.54	46.52	
Total cost (Rs. Crores) (N=L+M)		**0.00**	**5.55**	**8.49**	**17.50**	**50.54**	**82.09**
Total Cost (Existing + Additional) (O=G+N)		108.49	117.50	124.16	136.78	173.71	660.64
Recovery in % (o)		51%	51%	51%	51%	51%	
Net Power Costs (P=N*(1-O))		**53.16**	**57.57**	**60.84**	**67.02**	**85.12**	**323.72**

8.2.53 The Authority examined BIAL's submission on water costs and noted that BIAL's projection of potable water consumption in line with traffic growth appears reasonable. However, the Authority proposes to consider that 61% (average) of the total water consumption shall be met through internal rainwater harvesting / internal sources, based on the historical average of FY 2024-25 and FY 2025-26, excluding the Covid and Covid recovery period, for the entire Fourth Control Period. The Authority further proposes to escalate potable water tariff in line with inflation.

8.2.54 In respect of non-potable water, the Authority finds BIAL's proposed annual escalation of 5% in consumption to be reasonable. However, the Authority does not propose to consider the additional 30% increase in FY 2029-30 claimed by BIAL on account of Terminal 2 Phase 2 since the net water charges in FY 2025-26 were negative at Rs. (0.47) Crores, indicating an over-recovery of water costs. In view of the same, the Authority is not inclined to allow any additional water expenditure towards Terminal 2 Phase 2 at this stage. BIAL may claim such expenditure, if any, at the time of true-up for the Fourth Control Period, based on actual consumption, actual recovery, subject to prudence check.

8.2.55 The Authority further proposes to project non-potable water tariff for the Fourth Control Period using inflation. Further, considering the historical trend of recoveries and the over-recovery observed in FY 2025-26, the Authority proposes to consider 70% as the overall concessionaire recovery rate for water costs, based on the historical average recovery of the past five years.

8.2.56 In view of above, the Authority has recomputed the water cost for the Fourth Control Period in the table below:

Table 215: Water charges proposed by the Authority for the Fourth Control Period

Water charges	2026	2027	2028	2029	2030	2031	Total (FY27-FY31)
Potable water requirement - Consumption (Million kL) **(A)**	1389.03	1491.80	1694.24	1877.99	2055.51	2254.84	
Escalation based on Traffic (in %)		7.40%	13.57%	10.85%	9.45%	9.70%	
Potable water requirement met through RWH **(B)**		73.40%	64.63%	58.31%	53.27%	55.85%	
Potable water requirement - payable by BIAL in Million kL **(C=A*(1-B))**		396.80	599.24	782.99	960.51	995.59	
Cost of potable water (Rs. per L) **(D)**	102.71	107.54	111.41	115.42	119.58	123.88	
% increase		4.70%	3.60%	3.60%	3.60%	3.60%	
Potable water cost (Rs. Crores) (E=C*D/10000)		4.27	6.68	9.04	11.49	12.33	**39.20**
Non-Potable water - consumption in Million kL **(F)**	1.1	1.16	1.21	1.27	1.34	1.40	
% increase		5%	5%	5%	5%	5%	
Cost of Non Potable water (Rs. per kL) **(G)**	25	26.18	27.12	28.09	29.10	30.15	
% Increase		4.70%	3.60%	3.60%	3.60%	3.60%	
Non-Potable water cost (Rs. Crores) (H=F*G/10)		3.02	3.29	3.58	3.89	4.23	**18.01**
Gross Water Costs (I)		7.29	9.96	12.61	15.38	16.57	**61.81**
Recovery in % **(J)**		70%	70%	70%	70%	70%	
Net Water Costs (Rs. Crores) (K=I*(1-J))		**2.19**	**2.99**	**3.78**	**4.61**	**4.97**	**18.54**

8.2.57 The Authority also proposes to net off the Non-Aero Utility charges revenue from the Utility expense in accordance with the rationale vide para 3.9.10 vii.

8.2.58 Accordingly, the utility cost for the Fourth Control Period as proposed by the Authority is given below:

Table 216: Total Utility expenses proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31 (Rs. Cr)	2027	2028	2029	2030	2031	Total
Net Power Costs **(A)**	53.16	57.57	60.84	67.02	85.12	323.72
Net Water Charges **(B)**	2.19	2.99	3.78	4.61	4.97	18.54
Less: Non-Aero Utility Charges Revenue **(C)**	32.12	33.28	34.48	35.72	37.00	
Total Utilities Expenses as proposed by the Authority (C=A+B-C)	**23.23**	**27.28**	**30.14**	**35.92**	**53.09**	**169.66**

Marketing and Advertising Expense

8.2.59 The Authority has noted BIAL's submission that Marketing and Advertising Expenses for the Fourth Control Period have been estimated based on benchmarked actual costs incurred, together with an annual increase of 5%, including inflation. The Authority further notes that BIAL has additionally claimed a one-time expense of Rs. 15 Crores in FY 2029-30 on account of commencement of Terminal 2 Phase 2.

8.2.60 Marketing & Advertising as submitted by BIAL for the Fourth Control Period are detailed in the table below:

Table 217: Marketing & Advertising expense as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Sales & Marketing Expense **(A)**	24.11	25.31	26.58	42.91	29.30	148.21
Aero Business Development Expense **(B)**	1.20	1.26	1.32	1.39	1.45	6.61
Total Marketing & Advertising Expense **(C=A+B)**	25.31	26.57	27.90	44.29	30.76	154.83

8.2.61 The Authority notes the submission of BIAL in respect of Marketing and Advertising Expenses projected for the Fourth Control Period. The Authority notes that Bengaluru Airport is a well-established brownfield airport and one of the major airports in India, along with Mumbai, Delhi, Hyderabad, Chennai and Kolkata, which is handling around 61% of passenger traffic of the country. Bengaluru Airport has already entered the Fourth Control Period tariff cycle and is a mature airport with strong market visibility, established airline relationships and a stable traffic base. Being located in a major technology and business hub, the traffic growth at Bengaluru Airport is primarily driven by underlying market demand, airline network requirements and regional economic activity, rather than by sustained high levels of promotional expenditure. Unlike a greenfield airport, which may require relatively higher initial marketing outlay for market creation, route development and traffic stimulation, Bengaluru Airport, in the Authority's view, does not require such Marketing and Advertising expenditure of the nature proposed by BIAL. The Authority further notes that BIAL had also been provided the benefit of a Variable Tariff Plan during the Third Control Period for attracting airline partners and supporting traffic growth.

8.2.62 The Authority further notes that the FY 2025-26 base considered by BIAL includes certain expenses which are one-time, discretionary or not directly related to the provision of aeronautical services to passengers. Accordingly, for the purpose of projecting Marketing and Advertising Expenses for the Fourth Control Period, the Authority proposes to reduce the FY 2025-26 base by excluding expenditure relating to BLR Pulse, audio-visual films, and Pinnacle Awards.

8.2.63 In view of the above, the Authority proposes to adopt the adjusted FY 2025-26 base for determination of Marketing and Advertising Expenses for the Fourth Control Period. The Authority further proposes that except for FY 2026-27, no year-on-year escalation shall be allowed on such base during the Fourth Control Period, considering the mature status of Bengaluru Airport and the already elevated level of Marketing and Advertising Expenses as compared to other similarly placed established airports. Further, the Authority is not inclined to allow the additional one-time expenditure of Rs. 15 Crores claimed by BIAL in FY 2029-30 on account of commencement of Terminal 2 Phase 2, as Bengaluru Airport, being a well-established brownfield airport, does not require separate incremental marketing expenditure merely on account of expansion of an existing terminal.

8.2.64 In view of the above, the Authority has recomputed the Marketing & Advertising expenses for the Fourth Control Period in the table below:

Table 218: Marketing & Advertising expenses proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Marketing & Advertising	13.2	13.2	13.2	13.2	13.2	65.80

Collection cost

8.2.65 The Authority has also noted BIAL's submission that Collection cost have been estimated based on the projected collection charges payable to airlines towards collection of UDF and are linked to traffic.

8.2.66 Collection cost as submitted by BIAL for the Fourth Control Period are set out in the table below:

Table 219: Collection cost as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Collection cost as submitted by BIAL	9.14	10.39	11.51	12.60	13.82	57.41

8.2.67 The Authority notes that Collection cost are linked to traffic and represent charges payable towards collection of UDF. Accordingly, the Authority proposes to project Collection cost in line with traffic for the Fourth Control Period.

8.2.68 In view of the above, the Authority has recomputed the Collection cost for the Fourth Control Period, as set out in the table below:

FY ending March 31 (Rs. Cr)	2027	2028	2029	2030	2031	Total
Collection cost	9.12	10.36	11.48	12.56	13.78	57.30
% Increase due to Traffic	7.40%	13.57%	10.85%	9.45%	9.70%	

CSR – Corporate Social Responsibility

8.2.69 The Authority noted BIAL's submissions regarding Corporate Social Responsibility (CSR) expenses, which has been considered at the rate of 2% of the average PAT for the preceding three years.

8.2.70 CSR expenses as submitted by BIAL for the Fourth Control Period are detailed in the table below:

Table 220: CSR expense as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
CSR Expenses as submitted by BIAL	0.71	13.48	27.89	43.99	48.01	134.07

8.2.71 As mentioned in para 3.6.118, 3.6.119 and 3.6.120 of this Consultation Paper, the Authority proposes not to consider CSR expenses under Operating Expenses for the Fourth Control Period.

Other Borrowing Costs

8.2.72 The Authority has noted BIAL's submission that an amount of Rs. 10 crore per annum has been estimated towards other borrowing costs as part of Operating Expenses for the Fourth Control Period based on the table below:

Table 221: Other Borrowing costs as submitted BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31 (Rs. Cr)	2027	2028	2029	2030	2031	Total
Total Other Borrowing costs	10.00	10.00	10.00	10.00	10.00	50.00

8.2.73 The Authority notes that the said expense relates to refinancing and is contingent upon future events. In the absence of reasonable certainty regarding the timing, necessity and quantum of such expense, the Authority is not inclined to admit the same at this stage. The claim may be considered, if required, on the basis of actual incurrence and subject to prudence check.

Concession Fee

8.2.74 Authority has noted BIAL's submission that, in terms of the Concession Agreement between the Ministry of Civil Aviation, Government of India and BIAL on 05.07.2004, BIAL is required to pay annual concession fee at the rate of 4% of annual gross revenue to the Government of India for the grant of concession, exclusive rights and privileges to undertake the activities specified in the Concession Agreement. Authority further notes BIAL's submission that the concession fee payable in accordance with the said agreement has been considered as a year-on-year expenditure for the Fourth Control Period.

8.2.75 Accordingly, BIAL has proposed the following concession fee for the Fourth Control Period:

Table 222: Concession Fee as submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Aviation Revenues **(A)**	6,724.84	7,851.24	8,946.43	10,066.29	11,351.61	**44,940.41**
Aviation Concessionaries Revenue **(B)**	458.99	507.94	586.09	631.28	682.03	**2,866.33**
Non-Aero Revenue **(C)**	1,368.09	1,547.28	1,716.19	1,911.04	2,181.52	**8,724.12**
Less: Collection Cost **(D)**	(9.14)	(10.39)	(11.51)	(12.60)	(13.82)	**(57.46)**
Total Revenues (E=A+B+C-D)	**8,542.78**	**9,906.46**	**11,248.71**	**12,608.61**	**14,215.16**	**56,521.72**
Percentage % **(F)**	4.0%	4.0%	4.0%	4.0%	4.0%	**4.0%**
Concession Fees (G=E*F)	**341.71**	**396.26**	**449.95**	**504.34**	**568.61**	**2,260.87**

8.2.76 The Authority has computed the concession fee on the forecasted Aero-Revenues. Accordingly, the concession fee considered by the Authority for the Third Control Period is given below:

Table 223: Concession Fees proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Aeronautical Revenues **(A)**	1771.39	2136.79	2717.72	3373.67	4135.31	14134.88
Aeronautical Concessionaries Revenue **(B)**	458.99	507.94	586.09	631.28	682.03	2866.34
Add Lease Rent related to CGF **(C)**	186.49	195.82	205.61	215.89	237.48	1041.29
Less: Collection Cost **(D)**	9.12	10.36	11.48	12.56	13.78	57.30
Total Revenues **(E=A+B+C-D)**	2407.76	2830.20	3497.94	4208.27	5041.04	17985.21
Percentage % **(F)**	4%	4%	4%	4%	4%	
Concession Fees (G=E*F)	**96.31**	**113.21**	**139.92**	**168.33**	**201.64**	**719.41**

8.2.77 Based on the above examination of each head of Operating Expenses, the Authority has re-calculated the Operating Expenses for the Fourth Control Period as per the Table below:

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Personnel Expenses	394.5	418.17	443.26	483.22	540.54	2279.68
General Admin Expense	51.67	53.75	55.68	58.26	72.06	291.41
O&M	478.82	504.13	538.89	565.91	636.6	2724.35
Lease Rent	23.50	39.98	40.7	41.45	42.22	187.86
Utilities	23.23	27.28	30.14	35.92	53.09	169.66
Insurance	12.36	15.38	18.99	22.57	32.08	101.39
Rates & Taxes	12.26	12.7	14.61	15.13	18.92	73.62
Marketing & Advertisement	13.2	13.2	13.2	13.2	13.2	65.80
Collection Charges	9.12	10.36	11.48	12.56	13.78	57.3
Concession Fee	96.31	113.21	139.92	168.33	201.64	719.41
Total Operating Expenses	**1,114.91**	**1,208.10**	**1,306.82**	**1,416.51**	**1,624.08**	**6,670.43**

Aeronautical Allocation of Operating Expenses proposed by the Authority

8.2.78 The segregation logic considered by the Authority for each expense is detailed below:

Table 224: Segregation logic Considered by the Authority for the Fourth Control Period

Operating expenses	Basis of allocation
Personnel expenses	Employee Head Count Ratio based on categorisation of employee departments into Aero / Non-Aero / Common
O&M	Aero Gross Block Ratio
Lease Rent	Aeronautical Lease Rent computed by excluding land given to BACL (being considered as non-airport)
Utilities	Utility expenses (net of recovery) considered fully as Aeronautical
Insurance	Aero Gross Block Ratio
Rates & Taxes	Lease Rent allocation ratio
Marketing & Advertising	Average of Last 5 years (Third Control Period)
General admin costs (Consultancy expense)	Average of Last 5 years (As per Third Control Period)
General admin costs (Travel cost)	Employee Head Count Ratio based on categorisation of employee departments into Aero / Non-Aero / Common
General admin costs (Office Costs)	Employee Head Count Ratio based on categorisation of employee departments into Aero / Non-Aero / Common
Concession fee	Fully Aeronautical as it is as considered as 4% of Aeronautical Revenue

8.2.79 Accordingly, the Authority has proposed the following allocation ratio of Operating Expenses for each Cost head.

Table 225: Allocation Ratio considered by the Authority for the Fourth Control Period

FY ending March 31	2027	2028	2029	2030	2031
Personal Cost	92.24%	92.24%	92.24%	92.24%	92.25%
Operations & Maintenance Cost	90.49%	91.26%	91.27%	90.53%	90.50%
Land Lease Rent	98.16%	97.91%	97.66%	97.41%	97.16%
Utilities Cost	100.00%	100.00%	100.00%	100.00%	100.00%
Insurance Cost	90.49%	91.26%	91.27%	90.53%	90.50%
Rates & Taxes	98.16%	97.91%	97.66%	97.41%	97.16%
Marketing & Advertisement Expenses	65.00%	65.00%	65.00%	65.00%	65.00%
Collection Charges	100.00%	100.00%	100.00%	100.00%	100.00%
General Administration Cost (Consultancy)	63.00%	63.00%	63.00%	63.00%	63.00%
General Administration Cost (Travel & Office Costs)	92.24%	92.24%	92.24%	92.24%	92.25%

8.2.80 Based on the above, the Authority has proposed the following Aeronautical Portion of Operating Expenses for each Cost head:

Table 226: Aeronautical Operating Expenses proposed by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Personnel Expenses	363.89	385.72	408.86	445.72	498.66	2,102.85
General Admin Expense	42.28	44.00	45.59	47.75	57.20	236.82
O&M	433.30	460.09	491.83	512.34	576.13	2,473.69
Lease Rent	23.07	39.14	39.75	40.38	41.02	183.36
Utilities	23.23	27.28	30.14	35.92	53.09	169.66
Insurance	11.18	14.04	17.33	20.44	29.04	92.03
Rates & Taxes	12.03	12.44	14.26	14.74	18.38	71.85
Marketing & Advertisement	8.55	8.55	8.55	8.55	8.55	42.74
Collection Charges	9.12	10.36	11.48	12.56	13.78	57.30
Concession Fee	96.31	113.21	139.92	168.33	201.64	719.41
Total Operating Expenses	**1,022.95**	**1,114.82**	**1,207.72**	**1,306.73**	**1,497.48**	**6,149.70**

8.3 Authority's proposal regarding Aeronautical Operating Expenses for the Fourth Control Period

Based on the material before it and based on its examination, the Authority proposes the following regarding Aeronautical Operating Expenses for the Fourth Control Period:

8.3.1 To consider Aeronautical Operating Expenses for the Fourth Control Period as per **Table 226**.

8.3.2 To True up Aeronautical Operating Expenses based on actuals at the time of tariff determination for the Fifth Control Period subject to reasonability and efficiency.

9. NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

9.1 BIAL submission regarding Non-Aeronautical Revenue for the Fourth Control Period

9.1.1 BIAL has projected Non-Aeronautical Revenue for the Fourth Control Period based on the following in their MYTP:

i. **Passenger Traffic and ATM Growth:** BIAL has based the growth in revenue on the increase/decrease in passenger traffic, ATM growth, international passenger traffic, and cargo throughput, depending on the nature of the revenue stream.

ii. **Terminal Expansion:** BIAL has factored in Phase 2 expansion of Terminal 2 to be commissioned in FY 2030-31, expansion of Quad 1 and Quad 2, refurbishment of Terminal 1, and the impact of the same on the commercial space and revenue per passenger.

iii. **Concessionaire Model:** BIAL follows a concessionaire model for managing commercial activities at the airport. BIAL has entered into a Service Provider Right Holder Agreement (SPRH) with service providers wherein BIAL is entitled for agreed percentage of revenue share on gross turnover or Minimum Annual Guarantee (MAG) whichever is higher.

9.1.2 BIAL has classified the following services as Non-Aeronautical:

- Car Parking
- Retail
- Food and Beverage
- Advertising and Promotions
- Lounge Services
- Flight Catering
- Rent and Land Lease
- Utility Charges
- Miscellaneous Services
- Cargo, Ground Handling and Fuel Farm
- ICT

9.1.3 BIAL, in its submission, has not considered income from real estate development, including lease rentals from BACL (Bangalore Airport City Limited) and BAHL (Bangalore Airport Hotel Limited), and interest income as Non-Aeronautical Revenue. Accordingly, BIAL has not factored the revenue impact from these streams in the tariff computation, either for the purpose of true-up of the Third Control Period or for projections for the Fourth Control Period.

9.1.4 BIAL has classified the various sub-heads of Non-Aeronautical Revenue into three broad categories, namely:

i. Concessionaire-based rental income;

ii. Revenue from cargo, ground handling, fuel farm and ICT; and

iii. Other non-aeronautical revenue

Concessionaire-based rental income

Table 227: Basis for projections of Concessionaire based rental income as per BIAL, for the Fourth Control Period

S. No.	Particulars	Basis of Projection as adopted by BIAL
1	Car Parking	Parking revenue has been projected considering re-tendering of the parking contract in FY 2024-25 under a concessionaire-based model with revised tariffs and market-discovered revenue share. In view of expansion of metro connectivity and consequent shift towards public transport, parking demand is expected to remain subdued up to FY 2030-31. Parking revenue has been projected to grow broadly in line with overall passenger traffic, with an uptick in FY 2030-31 on account of additional parking capacity from T2 Phase expansion. Overall, parking revenue is projected to grow at a CAGR of 12.17% during the control period.
2	Taxi Services	Revenue from taxi services has been projected considering re-tendering of taxi services contract in FY 2023-24, with tariffs remaining fixed up to FY 2028-29. During FY 2025-26, two service providers (BluSmart and Refex) ceased operations due to financial constraints. With commencement of metro operations from FY 2027-28, demand is expected to be moderated. Revenue is projected to grow at a CAGR of 13.16%.
3	Limousine	Business will continue to operate under a fixed price and Minimum Annual Guarantee (MAG) model up to FY 2028-29, with revenues increasing in line with the agreed MAG terms at 1%. The revenue is increasing at a CAGR of 3.54%.
4	Retail – Domestic	In view of ongoing refurbishment of Terminal 1 and temporary closure of certain outlets, revenue per passenger is projected to decline in FY 2025-26 and FY 2026-27. Revised terminal layout has resulted in reduction of retail area by about 30% (1,140 sqm) to accommodate PESC requirements. Domestic retail revenue projected to grow in line with domestic passenger traffic and inflation, with uptick in FY 2030-31 upon commissioning of Phase 2 of Terminal 2, translating to overall CAGR of 14.02%.
5	Retail – International (Including Duty Free)	Projected to grow at a CAGR of around 15.17%, in line with growth in international passenger traffic and factoring inflationary adjustments. Projections account for additional terminal capacity from Phase 2 expansion of Terminal 2 in FY 2030-31.
6	Retail – Others	Several retail outlets in Quad area temporarily closed during T1 refurbishment, leading to decline in revenue per passenger in FY 2025-26 and FY 2026-27. Revenue projected at CAGR of 15.82%, factoring increase in FY 2027-28 from reopening of expanded Quad 1 and metro operations, and further increase in FY 2030-31 following commissioning of Quad 2.
7	Retail – Forex	Under the contract, fixed per international passenger MAG applies with no tariff increase; accordingly, forex revenue is projected to grow at a CAGR of 12.91%.
8	Food and Beverage – Domestic and Others	Several F&B outlets temporarily closed during T1 refurbishment, leading to decline in revenue per passenger in FY 2025-26 and FY 2026-27. Domestic F&B revenue projected to grow in line with domestic passenger traffic and inflationary adjustments, with notable uptick in FY 2030-31 upon commissioning of Phase 2 of Terminal 2. Overall CAGR of 14.64%.
9	Food and Beverage – International	Projected to grow at a CAGR of around 15.72%, in line with growth in international passenger traffic and inflationary adjustments. Projections factor additional terminal capacity from Phase 2 expansion of Terminal 2 in FY 2030-31.
10	Advertisement	BIAL has entered a 12-year contract with JCD commencing FY 2021-22, with fixed revenue share structure applicable from FY 2026-27 onwards. Increasing reliance of brands on digital and social media platforms has moderated demand for traditional advertising media. In view of limited availability of advertising space post T1 upgrade and in T2, advertising revenue projected at CAGR of 14.69% during the control period.
11	Lounges and Day Hotel	Tightening of bank policies on credit card-based lounge access and reduction in lounge benefits is likely to pose challenges to lounge penetration. On the international side, absence of lounge offerings by certain major airlines including

S. No.	Particulars	Basis of Projection as adopted by BIAL
		IndiGo is expected to further limit penetration. However, lounge revenue projected to grow at a CAGR of 13.42%, in line with growth in passenger traffic.
12	Flight Catering	Projected based on ATM growth.

Revenue from CGF and ICT

Table 228: Basis of Projection for Aviation Concession Revenue as per BIAL for the Fourth Control Period

S. No.	Particulars	Basis of Projection as adopted by BIAL
1	Cargo	Cargo terminal operation contracts awarded to MABPL and WFSBPL, which commenced operations in May 2023. Tariffs for Cargo Terminal Operators (CTOs) revised in FY 2023-24, resulting in increase in cargo operator turnover and corresponding increase in revenue share payable to BIAL. Cargo revenues projected based on revised tariff and revenue share framework, aligned with revenue projections submitted by CTOs.
2	Ground Handling	Considered based on actual turnover of ground handlers. Revenue projected in line with Air Traffic Movement (ATM) growth, factoring impact of BME tariff reset. Ground handling revenues for FY 2026-27 to FY 2030-31 projected in line with ATM growth.
3	Fuel	Higher revenue CAGR projected up to FY 2025-26 on account of IOSPL not paying lease rentals up to FY 2024-25. Towards end of FY 2024-25, BIAL terminated earlier agreement and entered new contract with IOSPL, with concession period extended up to 2038. Commencement of rental payments from FY 2025-26 has resulted in relatively higher CAGR up to FY 2025-26. As per executed lease terms, rental revenue thereafter projected to grow at annual escalation of 5%.
4	ICT	Increase in revenue during FY 2022-23 to FY 2026-27 primarily attributed to higher traffic following commencement of Terminal 2 operations and improvement in revenue share. Revenue growth during FY 2026-27 to FY 2030-31 projected in line with growth in departing passenger traffic.

Other Non-Aeronautical Revenue

Table 229: Basis for Projection of Other Non-Aeronautical Revenue as BIAL for the Fourth Control Period

S. No.	Particulars	Basis of Projection as adopted by BIAL
1	Rent and Land Lease	Lease rent for office space considered with annual escalation of 5% up to FY 2029-30 and 10% in FY 2030-31, while other lease rentals escalated at 5% per annum over the control period.
2	Utility Charges	Current level of consumption expected to remain broadly constant during FY 2025-26 to FY 2030-31, with only normal growth of 3% considered, in line with trends observed in previous Control Period.
3	Other Income	Comprises majorly of revenue from Tender fees, Award fees, Interest from Security deposit with BESCOM, Interest on IT refund, and Exchange gain/loss. These cannot be projected and can only be accounted for on actual basis. Hence other income revenue is not projected from FY2026-27 to FY2030-31.
4	Miscellaneous Income	Includes income from annual passes, smoking lounges, meet and assist services, third-party security and line maintenance, and fines and penalties. FY 2025-26 actuals considered as base and projected across FY 2026-27 to FY 2030-31. While minor upward trends observed, not yet consistent enough to warrant revision; revenue projected to remain broadly stagnant.
5	Real Estate Income	Citing paragraphs 341 and 342 of Hon'ble TDSAT Order dated 14.02.2024, BIAL considers income from Real Estate Development as non-airport activity which cannot

S. No.	Particulars	Basis of Projection as adopted by BIAL
		be treated as aeronautical or non-aeronautical. Hence, not submitted in Fourth Control Period projections.
6	Interest Income	Citing paragraphs 88 and 90 of Hon'ble TDSAT Order dated 21.07.2023, and paragraph 423 of Hon'ble TDSAT Order dated 14.02.2024, BIAL considers Authority's decision to bring Interest and Dividend income under its purview is incorrect and unjustified. Hence, not submitted for Fourth Control Period.
7	Notional Lease Rentals	As per Section 13(1)(a)(v) of AERA Act, only revenue actually received is permitted for tariff determination. Reliance placed on AERA's Order No. 13/2010-11 dated 12.01.2011, which recognises only accrued or accruing revenues. Hence, neither considered for true-up nor forecasted.
8	Lease Rentals from AAI	Lease rentals from AAI for space under CNS/ATM Agreement dated 06.04.2005 were structured on cost recovery basis, and capital cost has already been fully recovered. Actual lease rentals received from AAI were considered aeronautical revenue in earlier control periods. Hence, neither considered for true-up nor forecasted.
9	Lease Rentals from AAI – Additional Space	Additional space provided to AAI for CNS/ATM services governed by Greenfield Airports Policy, 2008, which stipulates infrastructure required for Air Traffic Services shall be provided free of cost. In view of said policy and principle laid down by Hon'ble TDSAT in MTNL v. TRAI, attribution of notional lease rentals not justified.
10	Lease Rentals from BAHL	Hotel operations by Bangalore Airport Hotel Limited classified as Non-Airport Activities under Concession Agreement and fall outside regulatory jurisdiction of the Authority. Reliance placed on decision of Hon'ble TDSAT in HIAL case. Hence, neither considered for true-up nor forecasted.
11	Rentals from BACL	Lease Rentals earned from Bangalore Airport City Limited classified as Non-Airport Activity and fall outside regulatory jurisdiction of the Authority. Reliance placed on decision of Hon'ble TDSAT in HIAL case. Hence, neither considered for true-up nor forecasted.

9.1.5 Based on the above approach, across different revenue categories and subheads, BIAL has projected revenue from Non-Aeronautical Services as given in table below:

Table 230: Non-Aeronautical submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Concessionaires Rental Income						
Car Park Revenue	152.50	164.14	181.58	199.44	245.76	**943.43**
Retail Revenue	428.98	501.81	566.25	650.79	744.50	**2,892.33**
F&B Revenue	142.20	169.41	191.30	213.44	246.53	**962.88**
Lounge Revenue	217.55	250.81	281.31	318.56	360.03	**1,428.26**
Advertising & promotion	128.48	147.38	166.63	184.20	222.27	**848.96**
Flight catering	37.67	42.44	46.71	50.53	55.10	**232.46**
Sub Total (A)	**1,107.39**	**1,275.99**	**1,433.78**	**1,616.96**	**1,874.19**	**7,308.31**
Other Non-Aeronautical Revenue						
Rent and land lease	195.16	204.92	215.17	225.93	238.21	**1,079.39**
Utility Charges Revenue	31.68	32.51	33.38	34.30	35.26	**167.14**
Miscellaneous non-aeronautical	33.86	33.86	33.86	33.86	33.86	**169.30**
Sub Total (B)	**260.70**	**271.29**	**282.41**	**294.09**	**307.33**	**1,415.82**
CGF, ICT Revenues						

NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Cargo Revenue	178.84	192.15	206.71	222.45	239.57	**1,039.72**
Ground Handling Revenue	91.01	102.55	112.86	122.08	133.12	**561.62**
Fuel	40.84	43.75	66.09	69.84	73.95	**294.47**
ICT & CUTE CUSS	148.31	169.50	200.43	216.90	235.40	**970.53**
Sub Total (C)	**458.99**	**507.94**	**586.09**	**631.28**	**682.03**	**2,866.34**
Total NAR	**1,827.09**	**2,055.22**	**2,302.28**	**2,542.32**	**2,863.55**	**11,590.47**

9.1.6 Based on the total Non-Aero Revenue as provided in above table the overall head wise growth when assessed at CAGR level is as provided in table above:

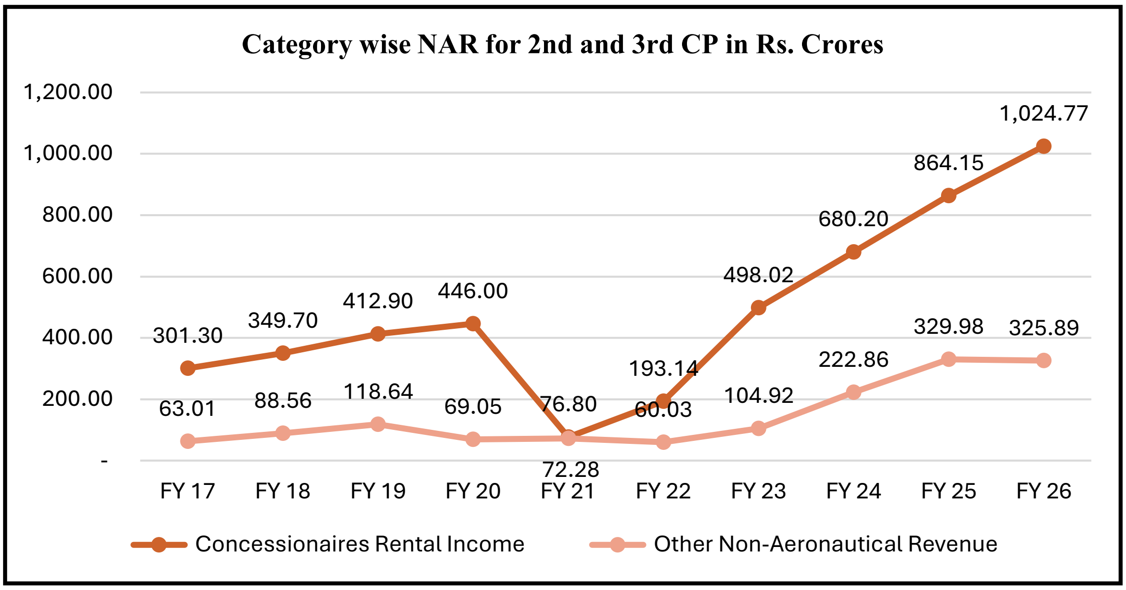
Table 231: Growth Rates assumed by BIAL for Non-Aeronautical Revenue

S. No.	Particulars	Growth rates assumed by BIAL
	Concessionaires Rental Income	
1	Parking	Linked to total passenger traffic growth, CAGR of 12.17%
2	Taxi Services	Linked to total passenger traffic growth, CAGR of 13.16%
3	Limousine	Fixed price and MAG model up to FY 2028-29 @1%, CAGR of 3.54%
4	Retail – Domestic	Linked to domestic passenger traffic and inflation, CAGR of 14.02%
5	Retail – International (Including Duty Free)	Linked to international passenger traffic and inflation, CAGR of 15.17%
6	Retail – Others	Linked to total passenger traffic, CAGR of 15.82%
7	Retail – Forex	Fixed per international passenger MAG, CAGR of 12.91%
8	F&B – Domestic and Others	Linked to domestic / total passenger traffic and inflation, CAGR of 14.61%
9	F&B – International	Linked to international passenger traffic and inflation, CAGR of 15.72%
10	Advertising	CAGR of 14.69% during the control period
11	Lounges and Day Hotel	Linked to passenger traffic, CAGR of 13.42%
12	Flight Catering	Based on ATM growth, CAGR of 9.97%
	CGF, ICT Revenues	
13	Cargo	Based on cargo throughput growth, CAGR of 7.58%
14	Ground Handling	Based on ATM growth, CAGR of 9.97%
15	Fuel	Annual price escalation of 5%, CAGR of 16%
16	ICT	Linked to departing passenger traffic, CAGR of 12.24%
	Other Non-Aeronautical Revenue	
17	Rent and Land Lease	5% escalation up to FY 2029-30 and 10% in FY 2030-31 (office space); 5% per annum (other rentals), CAGR of 5.11%
18	Utility Charges Revenue	CAGR growth of 2.71%
19	Miscellaneous Income	Stagnant – FY 2025-26 actuals as base
20	Other Income	Not projected; to be accounted on actual basis

9.2 Authority's Examination Regarding Non-Aeronautical Revenue For the Fourth Control Period

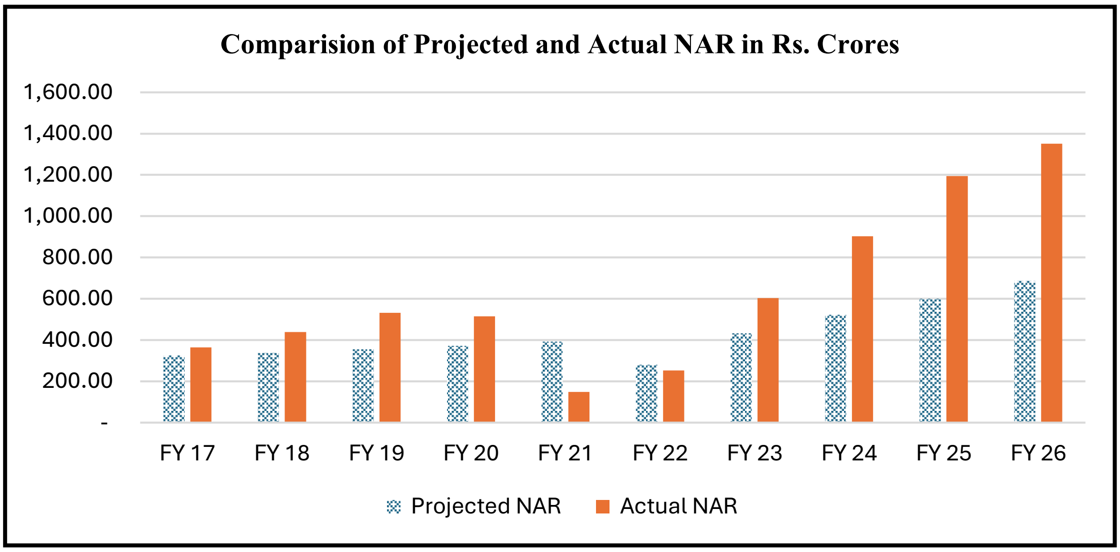
9.2.1 The Authority analyzed the trend of the non-aeronautical revenues over the past two Control Periods as per AERA principles which is given below:

Figure 4: Category wise NAR for Second and Third Control Period



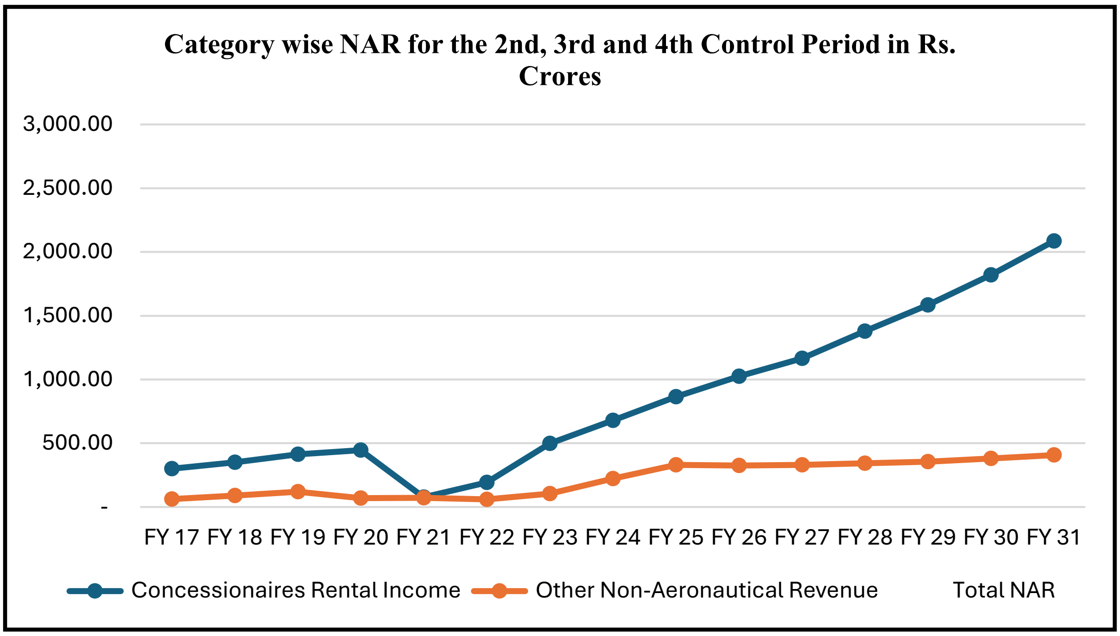
9.2.2 The Authority also compared the actual revenues vis-a-vis revenues projected by BIAL at the time of tariff determination for the past two Control Periods based on AERA principles which is given below:

Figure 5: Comparison of Projected and Actual Non-Aeronautical Revenue



9.2.3 The Authority observes a consistent upward trend in all categories of Non-Aeronautical Revenue. It also notes that the variances between actual and projected figures were not substantial, except when influenced by external factors such as impact of COVID-19. Additionally, during the Third Control Period (3rd CP), Non-Aeronautical Revenues consistently surpassed the projected revenue outlined in the Multi-Year Tariff Proposal (MYTP). If all other factors remained unchanged, the differences between projected and actual revenues were not significant. This was then compared to the revenue trends projected by BIAL for the Fourth Control Period, as per AERA principles as detailed below:

Figure 6: Category wise Non-Aeronautical Revenue for the Second, Third and Fourth Control Period



9.2.4 While optically, the trend of the amounts projected for the Fourth Control Period are in line with the trend in the Second and the Third Control Period, the Authority further delved into detailed analysis taking into consideration the CAGR for each of the two Control Periods. CAGR computed for the Second, Third and the Fourth Control Period (under consideration) as per Authority principles is provided below:

Table 232: CAGR for the Second and the Third Control Periods based on actuals and for the Fourth Control Period based on NAR as proposed by BIAL

Particulars	CAGR for 2nd CP	CAGR for 3rd CP	CAGR for 4th CP (under consideration)
Concessionaires Rental Income	13.97% (FY17- FY20)	27.19% (FY23-FY26)	15.63% (FY27-FY31)
Other Non-Aeronautical Revenue	3.10% (FY17-FY20)	45.91% (FY23-FY26)	5.26% (FY27-FY31)

9.2.5 The Authority notes that the high CAGR for Third Control Period (FY 23-FY26) was on account of the delayed revenue recovery post Covid.

9.2.6 Since the CAGR for the Fourth Control Period was lower than the CAGR Third Control Periods but higher than the CAGR for Second Control Period, the Authority further analyzed the head wise break up of these broad categories.

9.2.7 The Authority notes that BIAL, in its submission, has considered a fixed inflation rate of 3% year-on-year for projecting Non-Aeronautical Revenue for the Fourth Control Period. However, consistent with the approach adopted in previous Control Periods, the Authority has considered the WPI forecast published in the RBI's "*Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 99*" as the basis for inflation, as set out in Table 194 of the Consultation Paper.

9.2.8 A summary of the head wise proposals of the Authority in comparison with the basis of projection as adopted by BIAL is provided below:

Concessionaire-based rental income

Table 233: Concessionaires Rental Income – Basis of projection for the Non-Aeronautical Revenue as submitted by BIAL for the Fourth Control Period and as considered by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by BIAL	Basis of Projections considered by the Authority
1	Car Parking	Parking revenue is projected to grow broadly in line with overall passenger traffic, with uptick in FY 2030-31 on account of additional parking capacity from T2 Phase expansion.	The Authority proposes to accept BIAL's submission to link the revenues to total passenger traffic growth rate and inflation for projections for FY27-31.
2	Taxi Services	Revenue projected considering re-tendering of taxi services contract in FY 2023-24, cessation of two providers, and commencement of metro from FY 2027-28.	The Authority proposes to accept BIAL's submission to link the revenues to total passenger traffic growth rate and inflation for projections for FY27-31.
3	Limousine	Business to operate under fixed price and MAG model up to FY 2028-29.	The Authority proposes to link the revenues to total passenger traffic growth rate and inflation for projections for FY27-31.
4	Retail – Domestic	Revenue projected to grow in line with domestic passenger traffic and inflation, with uptick in FY 2030-31 upon commissioning of Phase 2 of Terminal 2.	The Authority proposes linking the domestic retail revenues to domestic passenger traffic growth rate and inflation for projections for FY27-31.
5	Retail – International (Including Duty Free)	Projected to grow in line with international passenger traffic and inflationary adjustments.	The Authority proposes to accept BIAL's proposal to link the revenues to international passenger traffic growth rate and inflation for projections for FY27-31.
6	Retail – Others	Revenue projected factoring the increase in FY 2027-28 from reopening of Quad 1 and metro operations and further increase in FY 2030-31 from Quad 2.	The Authority proposes to link the revenues to total passenger traffic growth rate and inflation for projections for FY27-31.
7	Retail – Forex	Fixed per international passenger MAG with no tariff increase.	The Authority proposes linking the forex retail revenues to international passenger traffic growth rate and inflation for projections for FY27-31.
8	F&B – Domestic and Others	Projected in line with domestic passenger traffic and inflation, with notable uptick in FY 2030-31 from Phase 2 of T2.	The Authority proposes to link these revenues to domestic and total passenger traffic growth rates respectively along with inflation for projections for FY27-31.
9	F&B – International	Projected to grow in line with international passenger traffic and inflationary adjustments.	The Authority accepts BIAL's proposal to link the revenue to international passenger traffic growth rate and inflation for projections for FY27-31.
10	Advertisement	12-year contract with JCD with fixed revenue share from FY 2026-27.	The Authority proposes to consider inflation rate and total passenger growth rate as revenue drivers for the purpose of forecasting the said revenues.
11	Lounges and Day Hotel	Projected to grow in line with passenger traffic, notwithstanding challenges from bank policies and absence of lounge offerings by certain airlines.	The Authority proposes considering domestic, international, and total passenger traffic growth rates respectively for lounge revenues from domestic, international, and hotel operations along with inflation for projections for FY27-31.
12	Flight Catering	Based on ATM growth.	The Authority proposes to consider inflation rate along with total passenger growth rate for the purpose of forecasting the said revenues.

Other Non-Aeronautical Revenue

9.2.9 The Authority notes that BIAL has considered revenues from Rent and Land Lease and Utility Charges recovered from concessionaires as entirely non-aeronautical in nature. Regarding the Rent and Land Lease revenue, the Authority consistent with the approach adopted in its previous tariff determinations, proposes to consider only the non-aeronautical portion of revenues from Rent and Land Lease. Further, with regards to the Utility Charges, the Authority is of the view that the Utility charges recoveries is not revenue for the Airport Operator. Accordingly, consistent with the approach adopted in Tariff Determination process for other airports, the Authority has adjusted the revenues against Operating Expenses (Opex), rather than classifying it separately as non-aeronautical revenue for the purpose of tariff determination for the Fourth Control Period.

9.2.10 The Authority further notes that BIAL has not considered any adjustment in Rent and Land Lease revenue on account of the projected increase in Terminal Area during the Fourth Control Period. The Authority observes that the operationalisation of T2 Phase 2 is expected to increase the terminal area available at the airport, which may correspondingly enhance the potential for earning non-aeronautical revenue from space rentals and leases. Therefore, in line with the methodology adopted in its previous decisions, the Authority has considered the impact of the increase in Terminal Area while estimating the non-aeronautical portion of Rent and Land Lease revenue.

9.2.11 In this regard, the Authority has applied a Terminal Area increase factor in FY 2029-30. Since T2 Phase 2 is expected to be operationalised by 31st December 2029, the Authority has considered the impact of such increase for three months during FY 2029-30. Accordingly, the Authority has applied an adjustment equivalent to two-thirds of the percentage increase in Terminal Area from FY 2028-29 to FY 2029-30, thereby proportionately capturing the impact of Terminal Area expansion up to March 2030.

9.2.12 In view of above and additional considerations for respective growth drivers, the final approach taken by the Authority with regard to Other Non-Aeronautical Revenue is listed in the table below

Table 234: Other Non-Aeronautical Revenue – Basis of projection for the Non-Aeronautical Revenue as submitted by BIAL for the Fourth Control Period and as considered by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by BIAL	Basis of Projections proposed by the Authority
1	Rent and Land Lease	Lease rent for office space at 5% escalation up to FY 2029-30 and 10% in FY 2030-31; other lease rentals at 5% per annum.	The Authority proposes to accept BIAL's approach and, for the purpose of projections for FY27–31, has only considered the non-aeronautical portion of the Rent and Land Lease revenue. Further, the Authority proposes to factor in the additional impact of the increase in terminal area by considering two-thirds of the overall area growth. Accordingly, the area-related growth factor considered by the Authority works out to 9.67%, i.e., {(2/3) × 58% × 3/12}
2	Utility Charges	Consumption to remain broadly constant; nominal growth considered in line with past trends of the Third Control Period	The Authority has adjusted the revenue from Utility Charges against Operating Expenses (Opex), rather than classifying it separately under non-aeronautical or aeronautical revenue, as proposed by BIAL.
3	Other Income	Not projected by BIAL and to be accounted on actual basis.	While BIAL has not projected other income for the 4th Control Period, considering the historical trend, the Authority proposes to

S. No.	Particulars	Basis of Projections adopted by BIAL	Basis of Projections proposed by the Authority
			project other income by applying the escalation based on the Compound Annual Growth Rate (CAGR) observed during the 3rd Control Period.
4	Miscellaneous Income	FY 2025-26 actuals considered as base; revenue projected to remain broadly stagnant.	The Authority proposes to use the inflation rate as the growth driver for all the years FY27-31.
5	Real Estate Income	Not submitted, citing paragraphs 341 and 342 of Hon'ble TDSAT Order dated 14.02.2024 (non-airport activity).	The Authority proposes to consider rental lease income to be received from BAHL and BACL, as projected by BIAL, as Real Estate Income.
6	Interest Income	Not submitted, citing paragraphs 88 and 90 of Hon'ble TDSAT Order dated 21.07.2023, and paragraph 423 of Order dated 14.02.2024.	The Authority notes BIAL's submission on Interest Income, projected independently from the NAR calculations, and proposes to consider the same.
7	Notional Lease Rentals from AAI	Not considered, citing Section 13(1)(a)(v) of AERA Act and AERA Order dated 12.01.2011 which recognizes only accrued/accruing revenues.	The Authority proposes to consider Notional Lease rentals from AAI, the projections of which were received by BIAL as response to queries.
8	Lease Rentals from BAHL	Not considered, as hotel operations by BAHL classified as Non-Airport Activities under Concession Agreement, citing Hon'ble TDSAT decision in HIAL case.	The Authority has included lease rentals from BAHL in its Real Estate Income projections.
9	Lease Rentals from BACL	Not submitted, citing paragraphs 341 and 342 of Hon'ble TDSAT Order dated 14.02.2024 (non-airport activity).	The Authority has considered Lease Rentals from BACL in its Real Estate Income projections.

Revenue from CGF, ICT

9.2.13 The Authority notes that the Airport Operator has treated revenue from Cargo, Ground Handling, Fuel Farm and ICT services as Non-Aeronautical Revenue. The Authority has examined the matter and is of the view that revenues from Cargo, Ground Handling and Fuel-related services are in the nature of Aeronautical Revenue as per Section 2(a) of the AERA Act, 2008. Further, ICT services, including CUTE, CUSS, BRS and related IT services, are integral to airport operations and facilitate the provision of aeronautical services. Therefore, in line with provisions of AERA Act and the consistent regulatory treatment adopted by the Authority from the First Control Period onwards, the Authority has considered revenues from Cargo, Ground Handling, Fuel Farm and ICT services as Aeronautical Revenue and has excluded the same from the computation of Non-Aeronautical Revenue.

9.2.14 In view of above, the final approach taken by the Authority with regards to Aviation Concession Revenue is listed in the table below:

Table 235: Revenue from CGF, ICT – Basis of projection for the Non-Aeronautical Revenue as submitted by BIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by BIAL	Basis of Projections proposed by the Authority
1	Cargo	Cargo revenues projected based on revised tariff and revenue share framework with MABPL and WFSBPL. BIAL has classified Cargo revenue as non-aeronautical in accordance with Hon'ble TDSAT Order dated 14.02.2024.	The Authority proposes to treat this revenue as aeronautical, consistent with the approach adopted during the tariff determination for the 3rd Control Period.
2	Ground Handling	Ground handling revenue based on actual turnover, projected in line with ATM	The Authority proposes to treat this revenue as aeronautical, consistent with the approach

S. No.	Particulars	Basis of Projections adopted by BIAL	Basis of Projections proposed by the Authority
		growth. BIAL has classified this revenue as non-aeronautical in accordance with Hon'ble TDSAT Order dated 14.02.2024.	adopted during the tariff determination for the 3rd Control Period.
3	Fuel	Higher CAGR up to FY 2025-26 due to commencement of rental from IOSPL; thereafter 5% annual escalation. BIAL has classified fuel farm revenue as non-aeronautical in accordance with Hon'ble TDSAT Order dated 14.02.2024.	The Authority proposes to treat this revenue as aeronautical, consistent with the approach adopted during the tariff determination for the 3rd Control Period.
4	ICT	Increase up to FY 2026-27 due to T2 operations and improved revenue share; thereafter projected in line with departing passenger traffic. BIAL has classified ICT revenue as non-aeronautical in accordance with Hon'ble TDSAT Order dated 14.02.2024.	The Authority proposes to treat this revenue as aeronautical, consistent with the approach adopted during the tariff determination for the 3rd Control Period.

9.2.15 Based on the above approach for computation of Non-Aeronautical Revenue for the Fourth Control Period, considering passenger traffic, ATMs and inflation adjustment, the overall CAGR considered by the Authority for the Fourth Control Period is presented in the table below:

Table 236: Growth Rates considered by the Authority for Non-Aeronautical Revenue

S. No.	Particulars	Growth rates considered by the Authority
	Concessionaires Rental Income	
1	Car Parking	Linked to total passenger traffic growth rate and inflation, CAGR of 14.87%
2	Taxi Services	Linked to total passenger traffic growth rate and inflation, CAGR of 14.87%
3	Limousine	Linked to total passenger traffic growth rate and inflation, CAGR of 14.87%
4	Retail – Domestic	Linked to domestic passenger traffic growth rate and inflation, CAGR of 14.44%
5	Retail – International (Including Duty Free)	Linked to international passenger traffic growth rate and inflation, CAGR of 16.97%
6	Retail – Others	Linked to total passenger traffic growth rate and inflation, CAGR of 14.87%
7	Retail – Forex	Linked to international passenger traffic growth rate and inflation, CAGR of 16.97%
8	F&B – Domestic and Others	Linked to domestic and total passenger traffic growth rates respectively along with inflation, CAGR of 14.61%
9	F&B – International	Linked to international passenger traffic growth rate and inflation, CAGR of 16.97%
10	Advertisement	Total passenger growth rate and inflation, CAGR of 14.87%
11	Lounge- Domestic	Linked to domestic passenger traffic growth rate and inflation, CAGR of 14.44%
12	Lounge- International	Linked to international passenger traffic growth rate and inflation, CAGR of 16.97%
13	Lounge- Day Hotel and Others	Linked to total passenger traffic growth rate and inflation, CAGR of 14.87%
14	Flight Catering	Based on total passenger traffic growth rate and inflation, CAGR of 14.87%
	Other Non-Aeronautical Revenue	
15	Rent and Land Lease	BIAL's approach accepted; Only considering the lease rentals to be earned from non-aeronautical portions and considering Terminal Area increase while factoring the revenues, CAGR of 8.71%
16	Notional Lease Income from AAI	Numbers taken as projected by BIAL as a response to our request for information (RFI), CAGR of 5%
17	Utility Charges	Year-on-year escalation in line with the inflation rates (adjusted with Opex Utility Expenses), CAGR of 3.60%
18	Other Income	CAGR observed during the 3rd Control Period of 19.91%
19	Miscellaneous Income	Inflation rate as growth driver, CAGR of 3.60%
20	Real Estate Income	Numbers taken as projected by BIAL for BACL and BAHL income under Non-Airport Activities, CAGR of 58.74%, which were projected as a Non-Airport and Non- NAR income.

S. No.	Particulars	Growth rates considered by the Authority
21	Interest Income	Numbers taken as projected by BIAL, calculated as per Updated TDSAT Reconciliation excel file sent on 21.05.2026.

9.2.16 Based on the growth factors applied and the considerations made for each revenue sub-head, the Authority has computed Non-Aeronautical Revenue for the Fourth Control Period by considering the unaudited actual figures for FY 2025-26 as the base and applying the respective growth drivers thereafter. The total Non-Aeronautical Revenue proposed by the Authority for the Fourth Control Period is provided in the table below:

Table 237: Non-Aeronautical Revenue proposed to be considered by the Authority for the Fourth Control Period

(Rs. in Crore)

FY ending March 31	2027	2028	2029	2030	2031	Total
Concessionaires Rental Income						
Car Park Revenue	160.19	188.47	216.43	245.42	278.91	**1,089.43**
Retail Revenue	438.59	521.23	598.67	700.09	809.52	**3,068.09**
F&B Revenue	155.64	183.15	210.32	238.61	271.26	**1,058.99**
Lounge Revenue	227.76	268.89	308.80	353.87	404.60	**1,563.91**
Advertising & Promotion	144.65	170.19	195.44	221.61	251.85	**983.74**
Flight Catering	39.87	46.91	53.86	61.08	69.41	**271.13**
Sub Total (A)	**1,166.68**	**1,378.84**	**1,583.52**	**1,820.69**	**2,085.55**	**8,035.28**
Other Non-Aeronautical Revenue						
Rent and Land Lease	8.67	9.10	9.56	11.01	12.11	**50.44**
Notional Lease Rental from AAI	18.51	19.44	20.41	21.43	22.50	**102.29**
Miscellaneous non-aeronautical	35.45	36.73	38.05	39.42	40.84	**190.49**
Real Estate	8.42	14.99	20.67	37.15	53.44	**134.67**
Interest Income	244.07	244.07	244.07	244.07	244.07	**1,220.35**
Other Income	16.51	19.80	23.74	28.47	34.14	**122.66**
Sub Total (B)	**331.63**	**344.12**	**356.50**	**381.54**	**407.09**	**1,820.89**
Total NAR (C=A+B)	**1,498.31**	**1,722.96**	**1,940.02**	**2,202.23**	**2,492.64**	**9,856.17**

Table 238: Cross Subsidy Proposed by The Authority for the Fourth Control Period

(Rs. in Crore)

Particulars (Rs. Cr)	2027	2028	2029	2030	2031	Total
Total NAR (C=A+B)	**1,498.31**	**1,722.96**	**1,940.02**	**2,202.23**	**2,492.64**	**9,856.17**
Cross subsidy (@ 30%) from NAR	(449.49)	(516.89)	(582.01)	(660.67)	(747.79)	(2,956.85)

9.2.17 Thus, based on the above table, the Authority proposes Non-Aeronautical Revenue of Rs. 9,856.17 Crores for the Fourth Control Period as against BIAL's submission of Rs. 11,590.47 Crores.

Summary of reason for variation

9.2.18 The variance between the Non-Aeronautical Revenue of Rs. 11,590.47 Crores submitted by BIAL in its MYTP and Rs. 9,856.17 Crores proposed by the Authority for the Fourth Control Period is on account of the following qualitative differences:

- **Growth Drivers and Growth Rates:** The Authority has independently assessed and applied growth drivers and growth rates for each NAR sub-head, anchored to traffic projections, historical trends, contractual escalations, and inflationary adjustments, which differ from those adopted by BIAL.
- **Exclusion of CGF, ICT Revenues:** The Authority has excluded Cargo, Ground Handling, ICT Fees from NAR, having treated the same as an aeronautical revenue stream, whereas BIAL had included it under NAR.
- **Rent and Land Lease Revenue:** The Authority has considered only the non-aeronautical portion of Rent and Land Lease Revenue under NAR, with the aeronautical portion accounted for under aeronautical revenue. BIAL had not adopted such bifurcation.
- **Utility Charges Recovery:** The Authority has netted off the revenue from Utility Charges against Operating Expenses in accordance with para 3.9.10 vii.
- **Real Estate Income:** The Authority has included Real Estate Income within NAR, recognizing it as a revenue stream from monetization of airport assets, which was not factored in BIAL's projection.
- **Interest Income:** The Authority has included Interest Income as part of NAR, in line with its principle, whereas BIAL had not included it in its NAR submission.
- **Notional Lease Rental from AAI:** The Authority has additionally considered Notional Lease Rentals from AAI as part of NAR, consistent with the regulatory treatment of such flows under the arrangement, which was not included by BIAL.

9.3 Authority's Proposal Regarding Non-Aeronautical Revenue for the Fourth Control Period

Based on the material before and its analysis, the Authority proposes the following with regards to Non-Aeronautical Revenues for the Fourth Control Period:

9.3.1 To consider Non-Aeronautical Revenue for the Fourth Control Period for Kempegowda International Airport as per Table 237.

9.3.2 To true up NAR for the current control period, at the time of determination of tariff for the next control, subject to minimum threshold as proposed by the Authority in **Table 237**.

10. AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

10.1 BIAL's submission regarding Aeronautical Taxes for the Fourth Control Period

10.1.1 BIAL, in its MYTP submission, has computed the building block 'T' towards taxes pertaining to regulated charges for the Fourth Control Period. BIAL has stated that the computation of projected tax payments has been made based on the prevailing Income Tax laws and rules, considering the applicable MAT provisions and Section 80 IA of the Income Tax Act.

10.1.2 BIAL has considered the calculation of Aeronautical Taxes in line with AERA Guidelines 5.5.1 as provided below:

"corporate tax paid on income from assets/ amenities/ facilities/ services taken into consideration for determination of Aggregate Revenue Requirement (ARR)"

10.1.3 BIAL has estimated the Aeronautical Profit Before Tax and accordingly computed the tax estimate under MAT for the five years in the Fourth Control Period. BIAL has submitted that it expects to pay taxes under MAT and has computed the tax accordingly. In computing Aeronautical Profit, BIAL has considered 30% of Non-Aeronautical Revenue as part of Aeronautical Revenues, as detailed in its submission.

10.1.4 The Aeronautical Taxes submitted by BIAL for the Fourth Control Period (as received vide its revised MYTP financial model submission dated May 21, 2026) are shown in the table below:

Table 239: Aeronautical Taxes submitted by BIAL for the Fourth Control Period as per MYTP

(Rs. in Crore)

Particulars	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Aviation Charges (A)	6,724.84	7,851.24	8,946.43	10,066.29	11,351.61
30% of Non-Aeronautical Revenue (B)	548.13	616.57	690.69	762.70	859.07
Aero Operating Expenditure (C)	(1,352.20)	(1,583.03)	(1,783.68)	(2,151.12)	(2,549.72)
EBITDA (D = A + B – C)	**5,920.77**	**6,884.77**	**7,853.43**	**8,677.87**	**9,660.95**
Aero Depreciation as per RAB (E)	(844.25)	(1,029.18)	(1,198.33)	(1,727.44)	(2,252.29)
Interest Expense (F)	(354.81)	(446.99)	(518.99)	(739.86)	(938.40)
Profit Before Tax (G = D - F)	**4,721.71**	**5,408.60**	**6,136.12**	**6,210.56**	**6,470.26**
Accumulated Losses (H)	-	-	-	-	-
Taxable Income (**I** = G – H)	**4,721.71**	**5,408.60**	**6,136.12**	**6,210.56**	**6,470.26**
Tax rate as per MAT (J)	18.88%	18.88%	18.88%	18.88%	18.88%
MAT Tax (K = J x I)	**891.34**	**1,021.01**	**1,158.35**	**1,172.40**	**1,221.42**

10.2 Authority's examination regarding Aeronautical Taxes for the Fourth Control Period

10.2.1 The Authority observes that BIAL has considered 30% NAR in the estimation of aeronautical profit before tax (PBT), which was then used in computation of aeronautical taxes under the Minimum Alternate Tax (MAT) framework. The fact that a part of NAR is used for cross-subsidization as per the hybrid till mechanism does not change nature of such revenue to aeronautical. Further, the cross subsidization as per the hybrid till mechanism is done to reduce tariff pressure on passenger and incentivize BIAL to make effective investments in non-aeronautical income generating sources.

10.2.2 The Authority also notes that for the purpose of tax calculation, BIAL has considered interest cost by applying notional gearing ratio. However, the Authority has considered actual aeronautical gearing for calculation of interest expenses.

10.2.3 The Authority further notes Airport Operator's submission of calculation of tax under Minimum Alternate Tax (MAT) regime and consideration of MAT rate for arriving at the Tax entitlement. However, the Authority has relied upon the judgement of Hon'ble Supreme Court dated 11.07.2022 and worked out corporate tax based on regulatory accounts/regulatory building block.

10.2.4 Based on the above, the Authority proposes the following aeronautical tax estimates for the Fourth Control Period:

Table 240: Aeronautical Taxes proposed to be considered by the Authority for the Fourth Control Period

(Rs. in Crore)

Particulars	Ref	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Aeronautical Revenue	(A)	1771.39	2136.79	2717.72	3373.67	4135.31	14134.88
Expenditure / Allowances:							
Operation and Maintenance Expenditure (Refer Table 226)	(B)	1022.95	1114.82	1207.72	1306.73	1497.48	6149.70
Aeronautical Depreciation (Refer Table 186)	(C)	617.95	730.53	816.97	980.90	1148.58	4294.93
Aeronautical Interest expenses	(D)	538.63	640.06	701.90	879.53	1039.64	3799.76
Sub-total (E) = (B + C + D)	(E)	2179.52	2485.41	2726.59	3167.16	3685.71	14244.39
Earnings pertaining to the Regulated Charges (F) = (A) – (E)	(F)	(408.13)	(348.62)	(8.87)	206.50	449.61	(109.51)
Accumulated Losses:							
Opening Accumulated Losses	(G)	0.00	(408.13)	(756.75)	(765.62)	(559.12)	
Current year losses	(H)	(408.13)	(348.62)	(8.87)	0.00	0.00	
Current year set-off	(I)	0.00	0.00	0.00	206.50	449.61	
Closing Accumulated Losses (K) = (G+H+I)	(J)	(408.13)	(756.75)	(765.62)	(559.12)	(109.51)	
Earning on which normal tax is calculated [Max (G-K), 0]	(K)	0.00	0.00	0.00	0.00	0.00	
Tax @ 17.472%	(L)	17.472%	17.472%	17.472%	17.472%	17.472%	
Aeronautical Tax (M) = (K) × (L)	(M)	0.00	0.00	0.00	0.00	0.00	0.00

10.3 Authority's proposal regarding Aeronautical Taxes for the Fourth Control Period

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

10.3.1 To consider Aeronautical Taxes, for the Fourth Control Period as per **Table 240** .

10.3.2 **Table 240: Aeronautical Taxes proposed to be considered by the Authority for the Fourth Control Period**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 FOURTH CONTROL PERIOD

11.1 BIAL's Submission regarding Quality of Service for the Fourth Control Period

11.1.1 BIAL in its MYTP has submitted that it undertakes every possible step to achieve the appropriate quality of Services offered, as mentioned in the Concession agreement.

11.1.2 BIAL has been felicitated with numerous awards from various leading organizations all around the globe that exhibit BIAL's commitment to the quality of services offered at BLR Airport. Some of the prestigious awards received by BIAL that places it among many efficient and best International Airports all around the globe.

11.1.3 BIAL has submitted the list of notable awards won by KIAB for services provided during Third Control Period as are provided in the table below:

Table 241: List of Awards / Recognitions won by Bangalore International Airport

Year	Awards / Recognitions won by Bangalore International Airport
2021	1. Airport Customer Experience Accreditation – Level 1, dated 30.04.2021 2. Airport Customer Experience Accreditation – Level 2, dated 01.04.2021 3. ACI's "Voice of the Customer" recognition 4. "Best Airport Staff in India and Central Asia" at the Skytrax World Airport Awards 2021
2022	1. Best Airport at Arrivals – selected by passengers 2. Airport Customer Experience Accreditation – Level 3, dated 12.10.2022 3. Best Regional Airport in India & South Asia
2023	1. BIAL became a signatory to the United Nations Global Compact, aligning its operations with its ten universal principles 2. Best Airport at Arrivals – selected by passengers 3. Terminal 2 recognised by UNESCO as one of the "World's Most Beautiful Airports"
2024	1. First airport in Asia to receive Level 5 Accreditation under ACI's Airport Carbon Accreditation programme 2. Best Regional Airport in India and South Asia at the Skytrax World Airport Awards 3. Cleanest Airport in India & South Asia 4. World's Best New Airport Terminal 2024 – 2nd place for Bangalore Terminal 2 5. Best Airport at Arrivals – selected by passengers 6. Airport Customer Experience Accreditation – Level 4, dated 21.08.2024 7. Accessibility Enhancement Accreditation – Level 1, dated 30.12.2024 8. AAA credit rating, highest credit rating for a PPP airport, by ICRA Ltd, India Ratings and Research Pvt. Ltd. and CRISIL Ratings Ltd
2025	1. Best Regional Airport in India & South Asia 2. Best Airport Hotel in India & South Asia 3. Terminal 2, KIAB awarded 5-Star Airport Terminal Rating in April 2025

11.2 Authority's Examination regarding Quality of Service for the Fourth Control Period

11.2.1 The Authority has examined BIAL's submission regarding Quality of Service taking into account the provisions of AERA Act 2008 and service quality parameters achieved by the Airport Operator at the Airport.

11.2.2 The Authority notes that:

As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall *"monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf."*

As per section 13(1)(a)(ii) of the AERA Act, 2008, the Authority is required to determine the tariff for Aeronautical services taking into consideration *"the service provided, its quality and other relevant factors."*

11.2.3 The Authority further notes the provisions of the Concession Agreement with respect to performance standards (particularly Article 9 and Schedule 9 Part 2 thereof). The Authority notes that these standards were based on IATA Global Airport Monitor service standards. The provisions of the Concession Agreement also indicate the consequences of not coming upto the prescribed level of performance standards. Therefore, the Authority felt that the scheme of performance standards as indicated in the Concession Agreement would be reasonable for this purpose.

11.2.4 Concession Agreement of BIAL states as follows:

" ...9.2 Monitoring of Performance Standards

9.2.1 Throughout the term of this Agreement the Airport's performance shall be monitored by passenger surveys in accordance with this Article 9. The criteria used to measure the Airport 's performance shall be the IATA Global Airport Monitor service standard, set out in Schedule 9, Part 2 or such criteria as may be mutually agreed upon from time to time (the Standards).

9.2.2 BIAL shall participate in IATA surveys and shall ensure that a sur vey is conducted each year in accordance with IATA 's requirements to determine the Airport's performance. The first such survey shall be conducted during the third (3rd) year after Airport Opening.

9.2.3 If three (3) consecutive surveys show that the Airport is consistently rated in respect of the service standards under BIAL's direct control, as lower than IATA rating of three and a half (3. 5) (in the current IATA scale of I to 5), BIAL will produce an action plan in order to improve the Airport 's performance which must be implemented within one (1) year ... "

11.2.5 For the Third Control Period, the Authority had decided that

"BIAL shall ensure that service quality at BLR Airport conforms to the performance standards as indicated in the Concession Agreement."

11.2.6 The Authority also notes the methodology carried out by ACI for arriving at the ASQ ratings for Airports as follows:

i. ACI ASQ is a quarterly benchmarking programme measuring passenger's satisfaction and experience about an Airport with participation from around 350-400 airports across the world.

ii. The passenger experience is measured based on passenger emotions and their impact to arrive at Emotional Score.

iii. The passenger satisfaction is measured based on various service quality parameters as mentioned below:

a. Arrival at the airport (Ease of getting to the Airport, Signage to access terminal and parking facilities)

b. Check-in (Ease of finding check-in area, waiting time at check-in, courtesy and helpfulness of staff)

c. Security screening (Ease of going through security screening, waiting time at the security screening and courtesy and helpfulness of security screening staff)

d. Border/passport control (Waiting time at Border/passport control and courtesy and helpfulness of staff)

e. Shopping/dining (Restaurants/bars and value for money, shops and value for money, courtesy and helpfulness of staff)

f. Gate areas (Comfort of waiting and availability of seats at gate areas)

g. Throughout the airport (Ease of finding way, availability of flight information, walking distance inside terminal, ease of making connection with other flight, courtesy and helpfulness of staff, wi-fi service quality, availability of charging stations, entertainment and leisure options, availability and cleanliness of washrooms/toilets)

h. Airport atmosphere (Health, safety, cleanliness and ambience)

iv. Additional service quality parameters considered by ACI ASQ are ground transportation to/from the airport, availability of baggage carts/trolleys, efficiency of check-in staff and business/executive lounges.

v. ACI ASQ also evaluates the service quality satisfaction level through three indexes namely Ease of traveling index, Waiting time index and staff index.

11.2.7 The Authority through its independent consultant reviewed the ACI ASQ performance reports of BIAL for the past five calendar years (i.e. CY 2021 till CY 2025) and noted that BIAL has achieved Annual score above 4.50.

11.2.8 The Authority notes the Departure and Arrival ASQ Scores from CY 2021 till CY 2025 for KIA as follows:

Table 242: ACI ASQ Score for KIAB

Year (Calendar Year)	Quarter	Departure ASQ rating	Arrival ASQ rating
2021	Q1	4.94	4.96
	Q2	4.95	4.96
	Q3	4.95	4.96
	Q4	4.96	4.96
	Annual Score	**4.95**	**4.96**
2022	Q1	4.97	4.97
	Q2	4.96	4.97
	Q3	4.94	4.98
	Q4	4.43	4.47
	Annual Score	**4.82**	**4.85**
2023	Q1	4.82	4.92
	Q2	4.85	4.93
	Q3	4.89	4.86
	Q4	4.82	4.94
	Annual Score	**4.84**	**4.91**
2024	Q1	4.96	4.96
	Q2	4.96	4.98
	Q3	4.97	4.98
	Q4	4.97	4.99
	Annual Score	**4.97**	**4.98**
2025	Q1	4.96	5.00
	Q2	4.98	5.00

Year (Calendar Year)	Quarter	Departure ASQ rating	Arrival ASQ rating
	Q3	4.99	5.00
	Q4	5.00	**5.00**
	Annual Score	**4.98**	**5.00**

11.2.9 BIAL has achieved ACI ASQ rating above 4.50 since CY 2021 as per **Table 242** above.

11.2.10 Based on the above, the Authority does not propose any adjustment towards tariff determination for the Fourth Control Period on account of quality of service maintained by the Kempegowda International Airport, as BIAL has been able to consistently maintain ASQ rating above 4.50 which is better than the minimum benchmark stipulated as per the Concession Agreement.

11.2.11 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 and Continuity and reliability of service and related activities".* The final order will be issued in due course and shall be applicable to BIAL as and when the same becomes effective and applicable to major airports.

11.3 Authority's Proposal regarding Quality of Service for the Fourth Control Period

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

11.3.1 To not consider any adjustment in the Aggregate Revenue Requirement on account of Quality of Service for the Fourth Control Period.

11.3.2 BIAL should ensure that service quality at Kempegowda International Airport, Bengaluru adheres to the performance standards outlined in the Concession Agreement and shall comply with such performance standards as may be notified pursuant to the final order referred to in paragraph **11.2.11** once the same become applicable to major airports.

12. AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

12.1 BIAL's submission regarding Aggregate Revenue Requirement for the Fourth Control Period

12.1.1 BIAL had submitted Aggregate Revenue Requirement (ARR) for the Fourth Control Period based on projected Regulatory building blocks. Thereafter, they have submitted actuals for FY 2025-26 and correspondingly revised ARR. The summary of Aggregate Revenue Requirement submitted by BIAL for the Fourth Control Period in MYTP is as follows:

Table 243: Aggregate Revenue Requirement submitted by BIAL for the Fourth Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	Ref	2027	2028	2029	2030	2031	Total
Average RAB	(A)	8,948.50	9,703.89	11,730.29	11,253.81	17,229.01	
FRoR	(B)	1,373.34	2,756.93	340.49	6,956.09	213.52	
Return on RAB (C = A * B)	(C)	617.95	730.53	816.97	980.90	1,148.58	
Aeronautical Depreciation	(D)	9,703.89	11,730.29	11,253.81	17,229.01	16,293.95	
Operating Expenses (including concession fee)	(E)	1,352.20	1,583.03	1,783.68	2,151.12	2,549.72	9,419.76
Aeronautical Taxes	(F)	891.34	1,021.01	1,158.35	1,172.40	1,221.42	5,364,52
Sub-total (G = C + D + E + F)	**(G)**	**4,162.04**	**4,941.97**	**5,626.22**	**7,145.79**	**8,668.95**	**30,544.97**
Less: 30% of non-aeronautical revenue	(H)	-548.13	-616.57	-690.69	-762.7	-859.07	3,166.22
Aggregate Revenue Requirement (I = G + H)	**(I)**	**3,613.91**	**4,325.40**	**4,935.53**	**6,383.09**	**7,809.88**	**27,067.81**
(Over) / under recovery of previous control periods as on 31.03.2027	(J)	14,331.12					
Net Aggregate Revenue Requirement (K = I + J)	**(K)**	**17,945.03**	**4,325.40**	**4,935.53**	**6,383.09**	**7,809.88**	**41,398.93**
Projected Aero Revenue	(L)	6,724.84	7,851.24	8,946.43	10,066.29	11,351.61	**44,940.41**
PV Factor as on 01.04.2027 (WACC of 11.99%)	(M)	1	0.89	0.8	0.71	0.64	
Present Value of Net ARR	(N)	17,945.04	3,862.30	3,935.24	4,544.51	4,965.00	**35,252.09**
Present Value of Revenue	**(O)**	**35,252.08**					

12.2 Authority's examination regarding Aggregate Revenue Requirement for the Fourth Control Period

12.2.1 The Authority based on its examination across the regulatory building blocks including true up for the past control periods, has recalculated the Aggregate Revenue Requirement for the Fourth Control Period.

12.2.2 As mentioned in Para 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4 and 1.7.5 of this Consultation Paper, with regard to the appeals filed by BIAL in Hon'ble Supreme Court and in Hon'ble TDSAT and appeals filed by AERA in Hon'ble Supreme Court, the Authority is of the view that presently it needs to continue the tariff determination exercise in line with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.

12.2.3 After considering the above and rationalized building blocks, the Authority at the Consultation Stage proposes the following Aggregate Revenue Requirement and Yield Per Pax for the Fourth Control Period:

Table 244: Aggregate Revenue Requirement proposed to be considered by the Authority for the Fourth Control Period

(Rs. in Crore)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Opening RAB (A)	8,948.50	9,703.89	11,730.29	11,253.81	17,229.01	
Additions to RAB (B)	1,373.34	2,756.93	340.49	6,956.09	213.52	
Depreciation (C)	617.95	730.53	816.97	980.90	1,148.58	
Closing RAB (D=A+B-C)	9,703.89	11,730.29	11,253.81	17,229.01	16,293.95	
Average Regulatory Asset Base F=(A+D)/2 {Refer **Table 188**}	9,326.19	10,717.09	11,492.05	14,241.41	16,761.48	
WACC (G) {Refer **Table 192**}	11.99%	11.99%	11.99%	11.99%	11.99%	
Return on RAB (H=F*G)	1,118.21	1,284.98	1,377.90	1,707.54	2,009.70	7,498.33
Depreciation (I) {Refer Table **186**}	617.95	730.53	816.97	980.90	1,148.58	4,294.93
Operating Expenses (including concession fee) (J) {Refer **Table 226**}	1,022.95	1,114.82	1,207.72	1,306.73	1,497.48	6,149.70
Aeronautical Tax (K) {Refer **Table 240}**	0.00	0.00	0.00	0.00	0.00	0.00
Gross Aggregate Revenue Requirement (L)=H+I+J+K	2,759.11	3,130.33	3,402.59	3,995.17	4,655.76	17,942.96
Less: 30% of Revenue from Non-Aeronautical Services (M) {Refer **Table 237**}	(449.49)	(516.89)	(582.01)	(660.67)	(747.79)	(2,956.85)
Aggregate Revenue Requirement (N) = L-M	2,309.61	2,613.44	2,820.58	3,334.50	3,907.97	14,986.11
(Over)/Under Recovery of previous CP (O) as on 31.03.2027 {Refer Table 103}	239.10					239.10
Net Aggregate Revenue Requirement (P = N + O)	2,548.72	2,613.44	2,820.58	3,334.50	3,907.97	15,225.22
Discounting Factor (Q)	1	0.89	0.80	0.71	0.64	
PV of Net ARR as on 31.03.2027 (P*Q)	2,548.72	2,333.64	2,248.95	2,374.07	2,484.47	
Sum of PV of Aggregate Revenue Requirement (R)						11,989.85
Total Passenger Traffic (MPPA) (S) {Refer Tabel 108}						301.00
Yield per Passenger on Total Traffic (Rs.) (R/S)						398.33

12.2.4 The Authority based on its examination proposes an Aggregate Revenue Requirement of Rs. 15,225.22 Crores (in PV terms – 11,989.85 Crores) against an Aggregate Revenue Requirement of Rs. 41,398.93 Crores (in PV terms – 35,252.08 Crores) as submitted by BIAL. The major reasons for the variance between BIAL's submission and Authority's proposal are as below:

- Consideration of Under recovery to be trued up from the Third Control Period of Rs. 239.10 Crores against BIAL's submission of Under recovery of Rs. 14,331.12 Cr for the same period. Difference is mainly due to non-consideration of the issues related to legal matters.

- Rationalization of Capital Expenditure and O&M Expenses for the Fourth Control Period by the Authority vis-a-vis the submission made by BIAL.
- Revision in Non-Aeronautical Revenue for the Fourth Control Period based on realistic growth rates vis a vis the growth rates as considered by BIAL and considering CGF as aero as against Non-Aero, as treated by BIAL.

12.3 Incremental ARR Approach on user pay principle for identified High-Capex Projects

12.3.1 It can be seen from the above table that in the financial years 2027-28, the capital addition of the West Cross Field Taxiway (WCFT) and in the year 2029-30, that of Terminal 2 Phase 2 and Terminal 2 Phase 2 Apron (40 Stands) is taking place together accounting for almost ~58% of the overall capital expenditure for the Fourth Control Period which is significantly impacting the return on RAB & Depreciation. These capital assets are getting capitalised and shall be put to use in 2029-30, whereas their impact is getting applied on passenger travelling in the 1st year of the Control Period. This is not in consonance with a fundamental principle fundamental principle of Airport Charges that user pays for the facilities and services that are available for use. Further, in this context it is pertinent to mention that: -

i. Principles embodied in the International Civil Aviation Organization (ICAO) Policies on Charges for Airports and Air Navigation Services recognize that users should ultimately bear their full and fair share of the costs associated with the provision of airport infrastructure and services. Implicit in this principle is the expectation that charges should bear a reasonable relationship to the facilities and services made available to users. Where users are required to pay enhanced charges significantly in advance of the creation and operationalization of such facilities, concerns may arise regarding inter-generational equity, cost causation, and the alignment between charges and service delivery.

ii. The regulatory procedure that allows recovery of return on RAB, depreciation, and associated costs based solely on projected capitalization may not sufficiently incentivize timely execution and commissioning of capital projects. Where tariff recovery is substantially assured irrespective of actual project completion timelines, there may be limited regulatory impetus for ensuring adherence to committed implementation schedules. The Authority has actually observed that, in several past instances, major capital expenditure projects projected for commissioning within a Control Period are subsequently delayed, rescheduled, phased differently, or, in certain instances, not executed at all. Such deviations between projected and actual capitalisation can lead to a mismatch between tariff recovery and asset availability. As a result, airport users may bear charges based on investments that have not yet materialised, while the Airport Operator may receive revenue recovery in advance of the corresponding asset being put into use. Such an outcome may not be consistent with the broader objectives of efficiency, accountability, and performance-based regulation.

12.3.2 In the light of the foregoing considerations, the Authority is of the view that in cases where large and significant capex items are part of the 5 year capex plan and these capex having significant impact on aeronautical tariffs are expected to be commissioned during the latter part of the Control Period, particularly during the last two years of the Control Period then it is most appropriate that these capex items be put under the ‘user pay principle’ and factored in the regulatory framework from the expected date of its capitalisation in the later part of the Control Period so that the burden of these big ticket capital items is not borne by the passengers & airlines and other airport users even when these capital items are yet to capitalise and made available for users.

12.3.3 Accordingly, the Authority proposes to adopt, on a project-specific basis, an Incremental ARR Approach on user pay principle for identified high-capex projects. Under this approach, the base ARR and corresponding aeronautical tariffs for a Control Period shall be determined excluding the impact of specified future capital projects. Simultaneously, the Authority for ensuring regulatory certainty and encouraging timely completion of planned capital projects of airport shall determine, ex ante, the incremental ARR and YPP impact of each identified project based on prudently assessed project costs, financing assumptions & scheduling assumptions, and incremental ARR shall be given effect through revised aeronautical tariffs as and when each identified project is capitalised and put to operational use.

12.3.4 The Authority considers that such an approach would provide multiple regulatory benefits. First, it would ensure closer alignment between tariff recovery and the actual availability of airport infrastructure and services. Second, it would protect airport users from premature tariff burdens arising from assets that are yet to be commissioned. Third, it would strengthen incentives for timely execution and commissioning of capital projects by linking revenue recovery more directly to project delivery. Fourth, it would reduce the risk of over-recovery associated with delays, deferments, or non-execution of forecast capital expenditure. Finally, it would continue to preserve the Airport Operator's legitimate right to recover prudently incurred investment costs and earn a reasonable return on capital once the relevant assets are brought into service.

12.4 Proposed Methodology

12.4.1 The methodology for the incremental ARR Approach on user pay principle for identified high-capex projects shall be as follows:

(a) Identification of Eligible High-Value Capital Expenditure Projects

12.4.2 The Authority, based on the facts and circumstances of each case, shall identify the list of eligible projects and their approved capital costs as part of the tariff determination order.

(b) Exclusion of Project-Specific ARR Components for Determination of Base ARR

12.4.3 For each project identified under the Incremental ARR Approach, the Authority shall determine the projected Aggregate Revenue Requirement (ARR) attributable to such project. The project-specific ARR may include, inter alia:

(i) Return on the associated Regulated Asset Base (RAB);

(ii) Depreciation on the capitalized asset;

(iii) Any other component considered appropriate by the Authority.

12.4.4 The Authority shall calculate the ARR and corresponding Yield Per Passenger (YPP) attributable to each identified project based on the approved project cost, financing assumptions, capitalization schedule, and other regulatory parameters applicable for the relevant Control Period.

12.4.5 Thereafter, the ARR and YPP associated with such identified projects shall be excluded from the overall projected ARR for the purpose of determining the Base ARR and Base Yield applicable at the commencement of the Control Period.

12.4.6 The Base ARR shall therefore represent the revenue requirement associated with existing assets and capital projects that are not subject to the Incremental ARR framework, thereby ensuring that airport users are not required to bear tariff increases in anticipation of infrastructure that is yet to be commissioned and made available for operational use.

(c) Determination of Aeronautical Charges Based on Base ARR

12.4.7 The Authority shall determine the aeronautical tariffs applicable at the commencement of the Control Period based on the approved Base ARR and corresponding Base Yield.

12.4.8 The tariffs determined on this basis shall remain applicable unless and until additional ARR associated with identified high-value capital expenditure projects becomes eligible for recovery in accordance with the mechanism specified by the Authority.

12.4.9 This approach seeks to establish a tariff structure that reflects only those assets and services that are available, or reasonably expected to be available, to users during the relevant tariff period, thereby promoting tariff stability and fairness.

(d) Intimation of Project Completion and Put-to-Use by Airport Operator

12.4.10 For the purpose of operationalizing the Incremental ARR framework, the Airport Operator shall be required to formally intimate the Authority regarding the completion and commencement of operational use of any project identified under this mechanism.

12.4.11 To facilitate orderly regulatory review and implementation, and to bring predictability to the review process, the Authority proposes to establish two reporting windows during each financial year:

Window I: Projects completed and put to use during the period from 1st April to 30th September.

Window II: Projects completed and put to use during the period from 1st October to 31st March.

12.4.12 The Airport Operator shall submit the requisite intimation, together with supporting documentation and certifications as may be prescribed by the Authority, within one month from the closure of the relevant reporting window.

12.4.13 For example, where an identified project is completed and put to use at any time during the period from April 2029 to September 2029, the Airport Operator shall submit the relevant intimation and supporting documents by October 2029.

12.4.14 The Authority may prescribe the format, evidentiary requirements, certification standards, and other procedural requirements necessary for establishing that the relevant asset has been completed, capitalized, and put to operational use.

(e) Determination of Incremental Aeronautical Charges Upon Commissioning

12.4.15 Upon receipt of the Airport Operator's intimation, the Authority shall undertake an examination of the submitted information to verify compliance with the conditions specified under the tariff order and to confirm that the relevant asset has been completed, capitalized, and put to operational use.

12.4.16 Following such examination, the Authority will issue an appropriate order providing for recovery of the pre-approved incremental ARR and corresponding YPP associated with the identified project. The order will also specify the resulting revision in aeronautical tariffs and the effective date from which such revised tariffs shall become applicable.

12.4.17 By way of illustration, where an Airport Operator submits an intimation in October 2029 in respect of a project completed and put to use during the April–September 2029 reporting window, the Authority, after completing the necessary evaluation, issue an order enabling the revised aeronautical tariffs to become effective from 01.01.2030.

12.4.18 The Authority clarifies that the purpose of this exercise shall be limited to operationalization of the pre-approved incremental ARR framework and verification of commissioning and put-to-use conditions. Accordingly, no re-assessment of project costs, financing assumptions, regulatory building blocks, or other cost parameters shall ordinarily be undertaken at this stage.

12.4.19 Any variation between approved and actual project costs, capitalization values, financing costs, operational expenditure, or other relevant parameters shall be examined separately during the True-Up process in accordance with the applicable regulatory framework. The True-Up exercise shall remain the appropriate mechanism for determining the prudence and admissibility of actual costs and for addressing any consequential under-recovery or over-recovery arising from such variations.

Expected Regulatory Outcomes

12.4.20 The Authority is of the view that the proposed framework would:

(a) align tariff recovery more closely with the actual availability of airport infrastructure and services;

(b) protect airport users from premature tariff increases relating to assets that are not yet operational;

(c) strengthen incentives for timely project execution and commissioning;

(d) reduce the likelihood of over-recovery arising from project delays, deferments, or non-execution of forecasted capital expenditure; and

(e) preserve the Airport Operator's entitlement to recover prudently incurred costs and earn a reasonable return on investment upon commencement of service delivery.

12.4.21 In the light of the above, for the Kempegowda International Airport, Bengaluru, the capex items identified for incremental ARR approach on user pay principle are –

i. West Cross Field Taxiway
ii. T2 Phase 2 Apron – 40 Stands
iii. T2 Phase 2 Terminal

These capex items have been identified in view of the fact that they involve substantial capital investment (forming almost 58% of the total Capital Expenditure for the fourth control period).

Table 245: Capex proposed to be considered by the Authority on incremental ARR approach

(Rs. in Crore)

Particulars	Capex proposed by BIAL	Aero Capex proposed by BIAL	Capex proposed by Authority	Aero Capex proposed by Authority	Capitalization Date proposed by BIAL
West Cross Field Taxiway	1,567.33	1,567.33	1,224.9	1,224.9	30-Sep-2027
T2 Phase 2 Apron – 40 Stands	906.87	906.87	754.9	754.9	30-Jun-2029
T2 Phase 2 Terminal	7,480.47	6,557.38	5,713.00	5,008.11	31-Dec-2029

West Cross Field Taxiway – Impact on ARR

Table 246: Impact on ARR for West Cross Field Taxiway being allowed on incremental ARR approach:

(Rs. in Crore)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Average Regulatory Asset Base (A)	-	602.24	1,184.07	1,143.24	1,102.41	
Fair Rate of Return (B)	11.99%	11.99%	11.99%	11.99%	11.99%	
Return on RAB (C=A*B)	-	72.21	141.97	137.07	132.18	483.43
Depreciation (E)	-	20.42	40.83	40.83	40.83	142.91
Operation and Maintenance Expenditure (including concession fee) (D)	-	-	-	-	-	-
Aeronautical Tax (F)	-	-	-	-	-	-
Gross Aggregate Revenue Requirement (G)=C+D+E+F	-	92.62	182.80	177.90	173.01	626.34
Less: 30% of non-aeronautical revenue (H)	-	-	-	-	-	-
Net Aggregate Revenue Requirement (I)=(G)-(H)	-	92.62	182.80	177.90	173.01	626.34
Discounting Factor (J)	1.00	0.89	0.80	0.71	0.64	
PV of Net ARR as on 31.03.2027 (I*J)	-	82.71	145.75	126.66	109.99	
Sum of PV of Net Aggregate Revenue Requirement (K)				465.11		
Total Passenger Traffic (MPPA) (L) Refer **Table 109**}				301		
Yield per Passenger on Total Traffic (Rs.) (K/L)				15.45		

 # for comparison purpose, YPP has been shown based on total passengers. Charges will be increased appropriately considering the balance collection period.

12.4.22 Two reporting windows shall be established in each Financial Year, namely: (i) April to September, and (ii) October to March. The Airport Operator shall, within thirty (30) days from the closure of each reporting window, submit to AERA details of all capital projects that have been completed and put to use during the relevant reporting window, together with such supporting information and documentation as may be required by AERA.

12.4.23 Upon examination of the submissions and satisfaction regarding the completion and operationalization of the reported projects, AERA shall issue an appropriate Order determining the consequential adjustment, in the applicable aeronautical charges. In determining such adjustment, AERA shall take into account the cost and balance control period.

T2 Phase 2 Apron – Impact on ARR

Table 247: Impact on ARR for T2 Phase 2 Apron – 46 Stands being allowed on incremental ARR approach:

(Rs. in Crore)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Average Regulatory Asset Base (A)	-	-	-	371.16	729.74	
FRoR (B) {Refer Table 192}	11.99%	11.99%	11.99%	11.99%	11.99%	
Return on RAB (C=A*B)	-	-	-	44.50	87.50	132.00
Depreciation (E)	-	-	-	12.58	25.16	37.75

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Operation and Maintenance Expenditure (including concession fee) (D)	-	-	-	-	-	-
Aeronautical Tax (F)	-	-	-	-	-	-
Gross Aggregate Revenue Requirement (G)=C+D+E+F	-	-	-	57.08	112.66	169.74
Less: 30% of non-aeronautical revenue (H)	-	-	-	-	-	-
Net Aggregate Revenue Requirement (I)=(G)-(H)	-	-	-	57.08	112.66	169.74
Discounting Factor (J)	1.00	0.89	0.80	0.71	0.64	
PV of Net ARR as on 31.03.2027 (I*J)	-	-	-	40.64	71.62	
Sum of PV of Net Aggregate Revenue Requirement (K)						112.26
Total Passenger Traffic (MPPA) (L) {Refer Table 108}						301.00
Yield per Passenger on Total Traffic (Rs.) (K/L)						3.73

 # for comparison purpose, YPP has been shown based on total passengers. Charges will be increased appropriately considering the balance collection period.

12.4.24 Two reporting windows shall be established in each Financial Year, namely: (i) April to September, and (ii) October to March. The Airport Operator shall, within thirty (30) days from the closure of each reporting window, submit to AERA details of aforementioned capital project that have been completed and put to use during the relevant reporting window, together with requisite supporting information and documentation.

12.4.25 Upon examination of the submissions and satisfaction regarding the completion and operationalization of the reported projects, AERA shall issue an appropriate revised Tariff Order for the 4th Control Period determining the consequential additions in the applicable aeronautical charges based on the cost and balance control period.

T2 Phase 2 Terminal – Impact on ARR

Table 248: Impact on ARR for T2 Phase 2 Terminal being allowed on incremental ARR approach:

(Rs. in Crore)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Average Regulatory Asset Base (A)	-	-	-	2,462.32	4,841.17	
WACC (B) {Refer Table 192}	11.99%	11.99%	11.99%	11.99%	11.99%	
Return on RAB (C=A*B)	-	-	-	295.23	580.46	875.69
Depreciation (D)	-	-	-	83.47	166.94	250.41
Operating Expenses (including concession fee) (E)	-	-	-	-	-	-
Aeronautical Tax (F)	-	-	-	-	-	-
Gross Aggregate Revenue Requirement (G)=C+D+E+F	-	-	-	378.70	747.39	1,126.09
Less: 30% of non-aeronautical revenue (H)	-	-	-	-	-	-
Net Aggregate Revenue Requirement (I)=(G)-(H)	-	-	-	378.70	747.39	1,126.09
Discounting Factor (J)	1.00	0.89	0.80	0.71	0.64	
PV of Net ARR as on 31.03.2027 (I*J)	-	-	-	269.62	475.15	

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Sum of PV of Net Aggregate Revenue Requirement (K)						744.78
Total Passenger Traffic (MPPA) (L) {Refer Table 108}						301
Yield per Passenger on Total Traffic (Rs.) (K/L)						24.74

 # for comparison purpose, YPP has been shown based on total passengers. Charges will be increased appropriately considering the balance collection period.

12.4.26 Two reporting windows shall be established in each Financial Year, namely: (i) April to September, and (ii) October to March. The Airport Operator shall, within thirty (30) days from the closure of each reporting window, submit to AERA details of aforementioned capital project that have been completed and put to use during the relevant reporting window, together with requisite supporting information and documentation.

12.4.27 Upon examination of the submissions and satisfaction regarding the completion and operationalization of the reported projects, AERA shall issue an appropriate revised Tariff Order for the 4th Control Period determining the consequential additions in the applicable aeronautical charges based on the cost and balance control period.

12.4.28 In the light of above, the Authority proposes to consider a baseline Aggregate Revenue Requirement (ARR) and Yield per Passenger (YPP), as provided in table below, computed by excluding the above identified projects from the Regulatory Asset Base (RAB) for the Fourth Control Period.

Table 249: Base Line ARR & YPP for BIAL for 4th Control Period

(Rs. in Crore)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Average Regulatory Asset Base (A)	9,326.19	10,114.85	10,307.98	10,264.69	10,088.16	
WACC (B) {Refer Table 192}	11.99%	11.99%	11.99%	11.99%	11.99%	
Return on RAB (C=A*B)	1,118.21	1,212.77	1,235.93	1,230.74	1,209.57	6,007.21
Depreciation (D)	617.95	710.12	776.14	844.02	915.65	3,863.88
Operating Expenses (including concession fee) (E)	1,022.95	1,114.82	1,207.72	1,306.73	1,497.48	6,149.70
Taxes pertaining to Aeronautical Services (F)	0.00	0.00	0.00	0.00	0.00	0.00
Gross Aggregate Revenue Requirement (G)=C+D+E+F	2,759.11	3,037.71	3,219.79	3,381.49	3,622.70	16,020.79
Less: 30% of non-aeronautical revenue (H)	(449.49)	(516.89)	(582.01)	(660.67)	(747.79)	(2,956.85)
Aggregate Revenue Requirement (I) = G-H	2,309.62	2,520.82	2,637.78	2,720.82	2,874.91	13,063.94
(Over)/Under Recovery of previous CP as on 31.03.2027 (J)	239.10					239.10
Net Aggregate Revenue Requirement (K)	2,548.72	2,520.82	2,637.78	2,720.82	2,874.91	13,303.05
Discounting Factor (L)	1	0.89	0.80	0.71	0.64	
PV of Net ARR as on 31.03.2027 (K*L)	2548.72	2250.93	2103.20	1937.14	1827.71	
Sum of PV of Net Aggregate Revenue Requirement (M)						10,667.70
Total Passenger Traffic (MPPA) (N) {Refer Table 101}						301
Yield per Passenger on Total Traffic (Rs.) (M/N)						354.41

12.4.29 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 BIAL is directed to submit the detailed annual Tariff proposals in line with the Aggregate Revenue Requirement and Yield arrived at by the Authority in **Table 249** within 7 days of issuance of this Consultation Paper.

12.5 Authority's proposal regarding Aggregate Revenue Requirement for the Fourth Control Period

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

12.5.1. To consider the Aggregate Revenue Requirement and YPP for the Fourth Control Period for BIAL in accordance **with Table 249**

12.5.2. To direct BIAL 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 STAKEHOLDERS' CONSULTATION

CHAPTER 2: TRUE-UP FOR THE SECOND CONTROL PERIOD

2.3.1 To retain the over recoveries as determined in the Tariff Order of the Third Control Period as per **Table 8**.

CHAPTER 3: TRUE-UP FOR THE THIRD CONTROL PERIOD

3.12.1 To consider Traffic for True up of the Third Control Period based on Actuals as per **Table 9**

3.12.2 To consider the Aeronautical Capital Expenditure, Depreciation, RAB for True up of the Third Control Period as per **Table 33, Table 39** and **Table 41** respectively.

3.12.3 To consider the WACC for True up of the Third Control Period as per **Table 46**

3.12.4 To consider Aeronautical Operating Expenses for True up of the Third Control Period as per **Table 84**

3.12.5 To consider the Working Capital interest for True up of the Third Control Period as per **Table 87**

3.12.6 To consider Aeronautical Taxes for True up of the Third Control Period as per **Table 90**

3.12.7 To consider Non-Aeronautical Revenue for True up of the Third Control Period as per **Table 97**

3.12.8 To consider Aeronautical Revenues for True up of the Third Control Period as per **Table 100**

3.12.9 To consider under recovery of Rs 239.10 Crores (as per **Table 103**) till the Third Control Period for the tariff determination for the Fourth Control Period.

CHAPTER 4: TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD

4.3.1 To consider Traffic projections as per Table 109 for the Fourth Control Period.

4.3.2 To True up the traffic volume (Passenger, ATM and cargo) on the basis of actual Traffic achieved in the Fourth Control Period while determining tariff for the Fifth Control Period.

CHAPTER 5: CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

5.10.1 To consider the aeronautical additions for the Fourth Control Period in accordance with Table 182.

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

5.10.3 To adopt aeronautical depreciation as per Table 186 for the Fourth Control Period.

5.10.4 To true up the depreciation based on the actual asset additions and actual date of capitalization during the tariff determination of the next Control Period.

5.10.5 To consider average RAB for the Fourth Control Period for KIA, Bengaluru as per Table 188

5.10.6 To true up the RAB based on actuals at the time of tariff determination for the next Control Period.

5.10.7 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 5.3.382. The same will be examined during the true up of the Fourth Control Period, at the time of determination of tariff for the next Control Period.

5.10.8 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.

CHAPTER 6: WEIGHTED AVERAGE COST OF CAPITAL (WACC) FOR THE FOURTH CONTROL PERIOD

6.3.1 To consider WACC of 11.99% for the Fourth Control Period, as detailed in Table 192.

6.3.2 To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR plus 50 bps (whichever is lower) at the time of tariff determination for the Fifth Control Period.

CHAPTER 7: INFLATION FOR THE FOURTH CONTROL PERIOD

7.3.1 To consider the inflation rates for the Fourth Control Period as per Table 194.

CHAPTER 8: OPERATING EXPENSES FOR THE FOURTH CONTROL PERIOD

8.3.1 To consider Aeronautical Operating Expenses for the Fourth Control Period as per Table 226.

8.3.2 To True up Aeronautical Operating Expenses based on actuals at the time of tariff determination for the Fifth Control Period subject to reasonability and efficiency.

CHAPTER 9: NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

9.3.1 To consider Non-Aeronautical Revenue for the Fourth Control Period for Kempegowda International **Airport as per Table 237.**

9.3.2 To true up NAR for the current control period, at the time of determination of tariff for the next control, subject to minimum threshold as proposed by the Authority in Table 237.

CHAPTER 10: AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

10.3.1 To consider Aeronautical Taxes, for the Fourth Control Period as per Table 240 **.**

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 FOURTH CONTROL PERIOD

11.3.1 To not consider any adjustment in the Aggregate Revenue Requirement on account of Quality of Service for the Fourth Control Period.

11.3.2 BIAL should ensure that service quality at Kempegowda International Airport, Bengaluru adheres to the performance standards outlined in the Concession Agreement and shall comply with such performance standards as may be notified pursuant to the final order referred to in paragraph 11.2.11 once the same become applicable to major airports.

CHAPTER 12: AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

12.5.1 To consider the Aggregate Revenue Requirement and YPP for the Fourth Control Period for BIAL in accordance with Table 249

12.5.2 To direct BIAL 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. STAKEHOLDERS' CONSULTATION TIMELINE

14.1 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 this Consultation Paper is hereby put forth for Stakeholders' Consultation.

14.2 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.

14.3 The Authority invites written evidence-based feedback, comments and suggestions from stakeholders on the proposals made in this Consultation Paper, latest by 13.07.2026.

Secretary,

Airports Economic Regulatory Authority of India,

3rd Floor, Udaan Bhawan,

Safdarjung Airport,

New Delhi – 110003

(Chairperson)

15. ANNEXURE - I

15.1 BIAL's submission on requirements under Sustaining CAPEX for the Fourth Control Period

Table 250: Sustaining CAPEX Assets proposed for End-of-Life Replacement use by BIAL for the Fourth Control Period

(in Rs. Cr.)

S.No.	Asset Description	Location	Cost
1	Replacement of CFTs	Airside	44.00
2	Replacement of T2 FOH lights 4400/17600 - Ph1	Terminal	19.80
3	Provision of new fixtures for the AGL system for South Runway - Taxiway	Airside	18.99
4	Refurbishment of guidance signages	Airside	19.44
5	Non-Potable Water Supply System	Utilities	19.00
6	Replacement of BDDS equipment viz. TCV, SLCV and MROV	Terminal	18.00
7	Replacement of T1 Screw Chillers along with associated Primary Pumps, Secondary Pumps, Cooling Towers (FM approved), Condenser Pumps and associated electrical starter panels in a phased manner	Terminal	16.50
8	Cars / Vehicles including airside Follow-Me vehicles, Inspection vehicles	Airside	14.90
9	Potable Water Supply System	Utilities	15.50
10	Replacement of T1 PBBs	Airside	14.00
11	Electromechanical replacement/upgradation of T1 & T1A BHS check-in counters, including Drum Motor, Weighing Machine, Take Away Conveyor, Dispatch Conveyor, Weighing Conveyor etc.	Landside	12.90
12	Relaying of North Runway	Airside	12.75
13	Relaying of Taxiway A	Airside	12.00
14	Runway Sweeper	Airside	10.50
15	Water Treatment Plant	Utilities	10.50
16	Relaying of Taxiway P, Q, G	Airside	10.00
17	Replacement of SIEMENS FAS (T1, T1A AND ANCILLARY BUILDING)	Terminal	10.00
18	Electromechanical upgradation of T1A PBBs	Landside	7.00
19	Rubber Removal Equipment	Airside	8.00
20	Replacement of Terminal 1 higher capacity UPS 200KVA x 10 nos & 120KVA x 2 nos	Utilities	7.80
21	Passenger Trolley	Terminal	6.84
22	Replacement of aged Terminal 1 high-access equipment (Spider lifts FS370 - 3 nos)	Terminal	7.50
23	Replacement of NOTIFIER FAS & FSS (ANCILLARY BUILDING)	Landside	7.00
24	Replacement of T2 Landscape lights - Ph1	Terminal	3.60
25	Replacement of T2 Landscape lights - Ph2	Terminal	3.60
26	Sit and Ride Lawn Mowers	Airside	1.20
27	Sewage System	Utilities	5.20
28	Signage refresh	Terminal	4.50
29	Civil Construction Equipment - Runway, Taxiway and Apron Painting Equipment and Grind Lazer	Airside	4.95
30	Replacement of Air-Cooled Chillers at Airside Airline Building & Landside Airline Building along with Primary Pumps and associated electrical starter panels	Landside	4.80
31	Replacement of old and obsolete standalone type ACs in Terminal	Terminal	1.72
32	Pond Water Management	Utilities	3.00
33	ATRS additional trays - T1 & T2	Terminal	4.62
34	Replacement of Terminal 1 Automatic Sliding doors located in Departure and Arrival Gates	Terminal	4.10
35	Provision of Apron high mast lighting with new LED fixtures	Airside	3.04
36	Replacement of Terminal 1 old low ceiling LED lights	Terminal	2.70

S.No.	Asset Description	Location	Cost
37	Reclining chairs	Terminal	2.85
38	Water Tenders	Airside	3.00
39	Rescue Trucks	Airside	3.00
40	Electromechanical replacement/upgradation of T1A BHS Low throughput diverters and High-speed Diverters	Landside	2.80
41	New AEOC	Landside	2.53
42	Structure Strengthening Works for buildings in the campus	Landside	2.50
43	Access Equipment - T1	Terminal	2.50
44	CCTV Camera (Replacement)	Landside	2.45
45	Replacement of complete Jockey Pump & Motor, Main Electrical Pump & Motor Assembly (both Sprinkler & Hydrant network) as per FM Approved at (T1, ATC, ANCILLARY & SLP) along with Electrical Control Panels	Landside	2.40
46	SITC of VFD for Terminal 1 tunnel ventilation fans 75 KW / 100 HP (Fresh Air Ventilation Fans & Exhaust Ventilation Fans)	Landside	2.40
47	Toilet Accessories - Toilet Paper Holder, M-fold Dispenser for Terminals	Terminal	0.75
48	Replacement of depreciated SWR, SAR, Begur Road, P7 parking street lights 500/1330 Ph1	Landside	2.21
49	Electric Buggy for Passengers	Airside	1.98
50	Tech refreshment of Terminal 2 integrated breaker status monitoring system	Terminal	2.00
51	Replacement of complete Engine Driven Fire Pump Assembly (T1, ATC, ANCILLARY & SLP) along with Electrical Control Panels	Landside	2.00
52	Grass Cut and Collect Equipment	Airside	2.00
53	City Sweeper / City Cat mini Road Sweeper machine	Landside	2.00
54	Replacement of batteries for all AGL substations (20 battery banks)	Airside	1.90
55	Replacement of Paver blocks North of AAB	Airside	1.89
56	Replacement of T2 BOH lights 2600/2600 - Ph2	Terminal	1.64
57	Replacement of Terminal 1 Roof Track lights 700/1400 Phase 1	Terminal	1.58
58	Replacement of Terminal 1 Roof Track lights 700/700 Phase 2	Terminal	1.58
59	Passenger seating sofa	Terminal	1.44
60	Ambulances	Airside	1.60
61	Replacement of aged Terminal 1 high-access equipment (Scissor lifts - 6 units)	Terminal	1.56
62	Tow vehicles	Landside	1.50
63	STP Equipment Refurbishment with required replacement	Landside	1.50
64	Tech refreshment of Terminal 1 integrated breaker status monitoring system	Terminal	1.50
65	Debris collectors	Airside	1.50
66	Fire Extinguisher	Airside	1.23
67	Sign boards	Airside	1.43
68	SITC of CAAQMS	Landside	1.40
69	Replacement of Hydraulic Bollards	Landside	1.35
70	Automated External Defibrillators with cabinets	landside	1.33
71	SITC of Odor control units	Utilities	1.32
72	Replacement of Bullet Proof Vehicle or BRV	Landside	1.32
73	Replacement of Terminal 1 Data Centre UPS 2 x 200KVA Modular UPS	Utilities	1.30
74	Replacement of Elevators (LBD-01 & 02) at Bravo Building	Landside	1.05
75	Replacement of LED track lights in Terminals	Terminal	1.30
76	Tractors	Airside	1.29
77	Replacement of HHMDs (check for value)	Terminal	1.24
78	Replacement of T2 BOH lights 2000/4600 - Ph1	Terminal	1.20
79	Upgradation of Terminal 1 existing bullnose lights, Boulevard Road Bridge 1 & 2 strip lights, T1 garden pavilion lights, etc.	Terminal	1.20
80	Replacement of Elevators (LLB-25 & 26) at Landside Airline Building	Landside	1.20
81	Replacement of Elevators (LAB-23 & 24) at Airside Airline Building	Airside	0.70
82	12 KL Tankers	Airside	1.07
83	Barricades / View cutters	Terminal	1.03

S.No.	Asset Description	Location	Cost
84	CAFS - Compressed Air Foam System - 10 Kgs	Airside	1.01
85	Sewage Bowser	Airside	1.00
86	Upgradation of SIEMENS FAS (NSPR)	Airside	1.00
87	Miscellaneous requirements (below 1 Cr) **(refer Table 251)**		**40.81**
	Total Cost		***494.28***

Table 251: Miscellaneous Sustaining CAPEX Assets proposed for End-of-Life Replacement purposes by BIAL for the Fourth Control Period

S.No.	Asset Description	Location
1	Bird scaring devices (Acoustic devices/tabs) - Binoculars, Night Vision Binoculars, Bird scaring devices, Flashlights, Night trap cameras and other miscellaneous items	Airside
2	Turn Out Suits with PPE	Airside
3	BA back plates	Airside
4	Terminal vertical green infrastructure maintenance	Airside
5	Replacement of batteries for all other areas	Airside
6	Provision of in-field photometric equipment	Airside
7	Backhoe Loader	Airside
8	Rescue Tools	Airside
9	Skid Steer with Attachments	Airside
10	Patrolling vehicle	Landside
11	Replacement of UF modules at 3MLD	Landside
12	Special repair to Bridges, Underpasses & Flyovers	Landside
13	Apron sealant replacement – North	Airside
14	Apron sealant replacement – South	Airside
15	Tractors	Landside
16	Lux meter as per the operational requirements	Terminal
17	Refurbishment of guidance signages	Airside
18	Follow-Me vehicles	Airside
19	Replacement of Elevator (LBD-03) at Bravo Building	Airside
20	Replacement of all domestic lighting at airside, including perimeter and street lighting	Airside
21	Tippers	Airside
22	Replacement of Line Lazer 01 & 02	Airside
23	Pond Water Quality Management	Utilities
24	Replacement of 250 nos. 100W LED Track Lights	Terminal
25	Battery Management System – T2 Higher KVA UPS	Terminal
26	Replacement of VESDA & WLD at Server room and IT rooms at T1 and T1A	Landside
27	Turn Out Boots	Airside
28	Replacement of complete Engine-driven Fire Pump Assembly (INTO PLANE) along with electrical control panels	Airside
29	Replacement of Inspection Buggies	Airside
30	Apron high mast lighting motor and winch wire replacement	Airside
31	Replacement of patrolling vehicles	Landside
32	Hydraulic Table	Airside
33	Replacement of Terminal 1 Column flood lights 300/690 – Phase 1	Terminal
34	Replacement of Terminal 1 Column flood lights 390/390 – Phase 2	Terminal
35	Rotary Slashers	Airside
36	IOT – Water flow Meter	Utilities
37	Vehicle for landside movement	Landside
38	Refurbishment of windsocks – 4 nos.	Airside
39	Replacement of Cleaning Machineries	Airside
40	WIFI Kiosk	Terminal

S.No.	Asset Description	Location
41	Emergency Evacuation Chairs with covers	Landside
42	Replacement of complete Jockey Pump & Motor, Main Electrical Pump & Motor Assembly as per FM Approved at (Into Plane) along with electrical control Panels	Airside
43	Electric Buggy for Maintenance team	Airside
44	Tool Truck	Airside
45	Floor Carpet	Airside
46	Janitor Trolleys	Landside
47	Replacement of old Security Porta Cabins for Landside	Landside
48	Helmets HEROS	Airside
49	Replacement of TATA Tippers -KA432642.	Airside
50	Replacement of TATA Tippers -KA433857	Airside
51	Portable Electric Gensets	Airside
52	High mast Cable and Pole painting	Airside
53	Terminal-1 Planter light / landscape	Terminal
54	Security Barricades (Metal)	Landside
55	Replacement of existing Boom barriers (12 pairs)	Landside
56	Terminal 1 - Distribution Panel replacements installed in AOD 2007 - Ph1	Utilities
57	Terminal 1 - Distribution Panel replacements installed in AOD 2007 - Ph2	Utilities
58	Replacement of Terminal 1 Hand Dryers 100nos phase 2	Terminal
59	STP infrastructure replacement/refurbishment works	Landside
60	Engine Operated Pumps (EOP)	Airside
61	Replacement of Expansion joints at MMTH & T2 Forecourt area	Terminal
62	Centrifuge for Redundant Operation	Utilities
63	Lift and carry truck	Airside
64	SITC of 200mm GI line from MPH to HVAC Backside	Landside
65	Apron high mast centralized UPS system	Airside
66	Automatic Swing Gate	Terminal
67	Replacement of Terminal 1 Hand Dryers 100nos phase 1	Terminal
68	Replacement of battery chargers for MPSS chargers	Landside
69	IROP chairs	Terminal
70	Conversion-NR RGL Halogen fixtures-LED	Airside
71	Highchairs	Terminal
72	Electrical Chain Hoist-Pumping Stations	Utilities
73	Indoor Ambulances	Terminal
74	Brush Cutters	Airside
75	Turbine Pump Replacement with VFD	Utilities
76	Baggage Tubs -T1	Terminal
77	Replacement of security wall coil North	Airside
78	Truck Mounted Boom Aerial Lift	Landside
79	Street light fixtures, High Mast lights	Terminal
80	PW Transfer Wilo Pumps	Utilities
81	Poly house with climate control system	Landside
82	Bird scaring devices (binoculars+ shot launchers + tabs)	Airside
83	Ergonomic Workstation at AOCC ((6no's)	Airside
84	3 by 6 Stainless steel standee	Terminal
85	Replacement-KA433727&KA433729 Tractors	Airside
86	11KV cables replacement NPO, CISF, STP etc. loop	Landside
87	Pesticide Boom Sprayers	Airside
88	Workshop equipment - Hand Tools box, Torque, Hand held Drill Machines, Cutting Machine, Grinder, Vice Bench, Work Bench, Spark plug Tester and Cleaner	Airside
89	Workshop equipment - Hydraulic Jacks and Tripod Stands	Airside
90	Blind Fold	Airside
91	Blind Curtain	Airside

S.No.	Asset Description	Location
92	Reclining chairs	Terminal
93	Replacement of Flow meters	Airside
94	Motorola MTP3150 walkie-talkie	Terminal
95	V&E Contract Drivers Waiting Area	Airside
96	Rainwater Disposal Pump-Control Panel	Utilities
97	Low Ceiling lighting T1 Arrival & BCA	Terminal
98	Online filter for 3MLD SBR UF feed water	Landside
99	BA cylinder	Airside
100	Pumps for STP-1.0 MLD,1.5 MLD & 3.0 MLD	Landside
101	Access equipment - MMTH usage	Terminal
102	Provision of new mobile lighting tower	Airside
103	Provision of new DG set of 50 KVA and 125 KVA	Airside
104	Electromagnetic Flow meters	Landside
105	Color coded bins ((Tricolor SS 304 & above grade)	Landside
106	Construction of toilet facility	Utilities
107	Passenger seating sofa	Terminal
108	Janitor Cupboards	Landside
109	Neck Bands / Announcement device	Terminal
110	Tools, Instruments, and Safety Equipment	Terminal
111	Pre-paid card energy meter boxes system	Landside
112	LT cable fault locater	Landside
113	DepartureGatesLoungeTable-T2Level3.	landside
114	Replacement FOD Bins	Airside
115	4 by 8 Stainless steel standee	Terminal
116	SHOE WRAPPING MACHINE	Terminal
117	Signages Terminal operations, MTH , CDA& BOH areas	Terminal
118	HK Machinery Robotic Floor sweeper	Landside
119	Photometric Test sensor panel & software	Airside
120	Toilet Accessories – Shoe Shine Machines for T1/T2	Landside
121	Workshop Equipment – ARC Welding Machines	Airside
122	Water Supply Line – BG-41, Zone-9 & 10, AOCC	landside
123	Workshop Equipment – Air Compressor with Air Storage Tank	Airside
124	Portable Speakers	Terminal
125	Q-tops – A3 size	Terminal
126	Metal Barricades	Landside
127	Replacement of Colour-Coded Bins	Airside
128	Workshop Equipment – Two-Post Lift	Airside
129	Wall-Mounted Q-tops	Terminal
130	New 100mm PRV Stations Fixing – 5 Locations	landside
131	Furniture required in PHN/NEC/MPSS/CUP	Landside
132	Ambient Noise Level Meter – Class 1	Landside
133	Konica / TMS Luminance Meter	Airside
134	Replacement of Dispensers	Airside
135	Sod Cutters	Airside
136	Workshop Equipment – Pallet Truck	Airside
137	Workshop Equipment – Pneumatic Lines with FRLs	Airside
138	Workshop Equipment – Pneumatic Wrenches, Hoses and Connectors	Airside
139	Masthead A3 to be placed on top of Q Managers	Terminal
140	TMRS Handsets with Charger Pods	Landside
141	Tools and Tackles	Utilities
142	Radar Level Sensors with IOT Device	Landside
143	PVC Cones & Plastic Barricades for parking management at Landside Security	Landside
144	Workshop Equipment – Oil Dispenser	Airside
145	Hedge Trimmers	Airside
146	Earth Resistance Tester – Megger DET4TCR2	Airside

S.No.	Asset Description	Location
147	Dethatcher	Airside
148	Control Centre LED Screen	Terminal
149	Hedge Trimmer – Extended Length	Airside
150	HK Machinery – Carbon Tech Pole for Façade Cleaning	Landside
151	BOD Trak Manometric BOD Apparatus	Landside
152	Workshop Equipment – Wet and Dry Vacuum Cleaners	Airside
153	T2 Power / Hand Tools	landside
154	Transportation Trolley	Landside
155	View Glass – Sludge Line & Chemical Dosing	Utilities
156	Workshop Equipment – MIG Welding Machine	Airside
157	Replacement – ELGI Workshop Two-Post Lift	Airside
158	Handheld Multi-Gas Detector	Landside
159	LED Fixtures – 230V South Perimeter Lighting	Airside
160	Storage Racks – Heavy Material / Spare	Airside
161	Replacement of switchgears (ACBs, MCCBs, contactors, relays etc.) of pump houses	Landside
162	Workshop Equipment - Plasma Cutter	Airside
163	Replacement of Mig welding machine	Airside
164	Vehicle diagnostic tech tool	Airside
165	Power Sprayer	Airside
166	Rotary Slasher	Airside
167	Brush Cutters	Airside
168	Mobile handset	Landside
169	Digital Straight Edge.	Airside
170	Hand Manual Stacker with roller	Airside
171	Workshop equipment - Battery Chargers	Airside
172	Workshop Equipment - Pneumatic operated Grease Gun	Airside
173	Tripod Stand and Chain Pulley Block Set	Utilities
174	Carpets, Acoustic Ceiling & Wall Panels - E&M	landside
175	CordlessToolsforT1&LS	landside
176	Barrel Capacity Emulsion Sprayer	Airside
177	Earth Auger	Airside
178	Table mounted Vertical Dill Machine	Airside
179	Three seater chairs for BMA and BBA	Airside
180	Lawn mower	Landside
181	Brush cutter	Landside
182	AccessLadders-AccessingT2CC1andCC2	landside
183	Replacement of Plasma cutter	Airside
184	Breath analyzer - 2 Nos	Airside
185	Hedge trimmer	Landside
186	Night vision binoculars	Airside
187	Chain Saw	Airside
188	Camera trap	Airside
189	Power sprayer Cum Duster	Airside
190	Chain Saw	Airside
191	Printer	Terminal
192	Cleaning Equipment-Ladders for High Access Cleaning	Landside
193	Mobile phone	Airside
194	Mobile handset	Terminal
195	New Portable mike PA system	Terminal
196	Duty Mobile for DMs	Airside
197	Chain saw	Landside
198	Backpack Sprayer	Airside

Table 252: Sustaining CAPEX Assets proposed for Capacity and Operational Enhancement for the Fourth Control Period

(Rs. Crore)

S.No.	Asset Description	Location	Total
1	AVDGS	Airside	25.00
2	Airside Airlines Building - Reconstruction	Airside	40.00
3	Interior work for BIAL corporate office (~ 150,000 sqft)	Landside	45.00
4	Landside Fire Station	Landside	40.00
5	Training & Process improvement facility	Landside	40.00
6	SITC of Rooftop Solar Plant on T1	Utilities	30.00
7	Upgradation of Existing STP	Landside	20.00
8	Rescue stairs	Airside	15.00
9	Central Kitchen	Landside	12.00
10	Overlay of perimeter Road North	Airside	12.00
11	Widening existing Airside perimeter roads to 7 m7-meterdth	Airside	10.00
12	Overlay of perimeter Road South	Airside	8.40
13	Road Recarpeting Work, Road Markings & Signages	Landside	8.00
14	Installation of TRAFFIC LIGHT AT APRON SERVICE ROAD; Installation of Trafficator lights for safety	Airside	6.28
15	Terminal Clinics and AMC Upgrade work (Post completion of the current Agreement).	Terminal	6.25
16	New Mechanical Sweeper Machine	Airside	6.00
17	Installation of Catwalk & Lifelines - T1 & T2	Landside	5.50
18	Upgradation of all parking stands with Stand leading lines	Airside	5.46
19	Valve, digital water meter Installation works at water lines - T1, T2 & MMTH	Terminal	5.18
20	AOCC expansion (Capacity enhancement) + Video wall upgradation	Airside	8.00
21	Apron mgt - Visual Monitoring System	Airside	4.81
22	Sanitary Lines & Water lines, SW Down take lines - T1, T2 & MMTH	Utilities	4.50
23	BA Smoke Gallery	Airside	3.00
24	SITC of 66KV/11KV, 31.5MVA transformer in SS3	Landside	4.00
25	Upgradation of PLC & SCADA (PHN & NEC, STP)	Landside	3.00
26	Hydraulic Road Blocker with civil works	Landside	3.45
27	Queue Management System and Automatic Queue combing	Terminal	3.00
28	Treated water storage facility (minimum 01 day holding capacity of 2 ML RCC)	Landside	3.00
29	Reconstruction of AFS Building	Airside	3.00
30	Purchase of Diesel Articulated Boom Lift for covering landside & T2 Phase 2 requirement	Terminal	2.60
31	Procurement of diesel operated articulated boom lift	Terminal	2.56
32	Purchase of 10m Vertical Mast for T2 Phase 2	Terminal	2.50
33	Construction of South Fire Pit & Oil Water Separator for fire pits	Airside	2.50
34	Admin Buildings & Utility Building Enhancement Works	Landside	2.50
35	Installation, testing & commissioning of A5,A6,A7,A8, A9 and A10 taxiway centerline joining light fixtures	Airside	2.35
36	Asset management system	Terminal	2.00
37	Basement CDA Area Enhancement	Terminal	2.00
38	DG Backup West Apron 45nos hatch pits	Utilities	2.00
39	Purchase of 14m Scissor lift for T2 Phase 2	Terminal	2.00
40	SITC of 1500KVA MTU DG in PHN	Landside	2.00
41	LPG to CBG Conversion Project	Landside	2.00
42	3 Nos new Variant Innova Hy cross (ZX(O) Hybrid Petrol) vehicle for Administration department to accommodate CXOs requirements + Add Nexon (2 EV - Nexon EV Empowered Plus A 45 Red Dark Edition 45 kWh, Electric, Automatic, 489 km) + Dash Camera	Landside	1.67

S.No.	Asset Description	Location	Total
43	SWDN including Cross Drain Enhancement Works	Landside	1.50
44	Elevator for domestic OOG Bags	Airside	1.50
45	Elevator for level 3 BIR room	Airside	1.50
46	Bottling Plant - Drinking Water	Landside	1.50
47	ABC Pre-check Enrolment at Arrival Immigration	Terminal	1.50
48	Smart PESC Queue management system	Terminal	1.50
49	Old Oil Spot Removal Machine	Airside	1.50
50	Building waterproofing South	Airside	1.25
51	Covered parking area for LMV, HMV and specialized vehicles	Airside	1.25
52	EXPANSION OF PASS OFFICE (BALANCE WORK)	Landside	1.21
53	DSA Vehicle with Customization	Airside	1.20
54	New Automation System integration for ACDM	Airside	1.20
55	Electrically operated mortised valves, BMS compatible - 40 Nos	Terminal	1.20
56	Video Analytics – Enhancements T1 & T2	Terminal	1.20
57	Disabled Aircraft – Dismantle, transport and reassemble	Airside	1.18
58	Improvement Works at STP	Landside	1.08
59	Office workstation/Training Station for OHS Function - 1000 Sq mtr	Airside	1.00
60	Façade Strengthening Work - T1 & T2	Landside	1.00
61	Purchase of 10m Vertical Mast for Metro Stations 1&2	Landside	1.00
62	Remotely Speed Monitoring Solution for T2 Apron 09 Stands & T2 Apron Phase 2	Airside	1.00
63	Industrial Fire Tender - South	Airside	1.00
64	Modernization of EAMS	Terminal	1.00
			435.77

Table 253: Sustaining Capex Assets proposed by BIAL for Safety and Security for the Fourth Control Period

(in Rs. Cr.)

S.No.	Asset Description	Location	Total
1	CTX machines (To replace dual view X ray machines - T2P1) - 16 Nos	Terminal	96.00
2	CTX machines (To replace dual view X ray machines - T1)	Terminal	72.00
3	Body Scanners (21 Nos) - T2P1	Terminal	67.20
4	Body scanners (14 Nos) - Terminal 1 - While requirement is 29, we will push for 50% of requirement in CP 4 only	Terminal	46.40
5	Radiological Detection equipment in 03 phases (Phase 01)	Terminal	30.10
6	Radiological Detection equipment (Phase 02)	Terminal	25.00
7	Radiological Detection equipment (Phase 03)	Terminal	25.00
8	Special QRT equipment	Landside	8.50
9	All weather Bird monitoring camera/devices	Airside	3.00
10	FOD Detection System for North and South Runways	Airside	4.00
11	Automated Runway Incursion Warning System	Airside	3.00
12	CISF requirements (Miscellaneous) (As and when CISF requirements come)	Landside	5.00
13	Dog Squad - Enhancement	Landside	3.52
14	Under Vehicle Scanners and associated works for the installation for left out roads	Landside	3.50
15	Container Tubular Shooting Range	Landside	3.33
16	Construction of New Police station	Landside	3.00
17	Northern Perimeter wall - Height increase (immediate- prior to A8 project)	Airside	3.00
18	Speed violation detection camera	Landside	3.00
19	CCTV device Refresh & New	Airside	2.25
20	Patrolling vehicles	Landside	1.35
21	Reverse Entry	Terminal	1.33
22	Development of fire drill pit	Airside	1.17
23	Full Body Scanner (tech refresh)	Airside	1.00
24	NSPR - Air side turf maintenance	Airside	1.00
25	Pre Induction Formalities of CISF	Landside	1.00

S.No.	Asset Description	Location	Total
26	Boundary Wall Enhancement Works	landside	1.00
27	Requirement of various security gadgets for CISF	Landside	0.97
28	Miscellaneous requirements for CISF	Landside	0.94
29	Composite fire extinguishers for T1, T2	Terminal	0.90
30	Illegal Parking	Landside	0.86
31	PROPOSED ENHANCEMENT OF PASS OFFICE - GROUND FLOOR	Landside	0.75
32	Construction of new Hazard Waste Centre	Airside	0.75
33	Civil and Electrical works at CISF QRT barrack	Landside	0.71
34	Motorized Minor Spillage Kart	Airside	0.70
35	ION Scan 500DT/600 DT	Terminal	0.60
36	DARE -Aircraft Recovery Training School	Airside	0.60
37	ARFF Drill Pit paver block laying	Airside	0.57
38	DARE- Aircraft Recovery Training School	Airside	0.52
39	Replacement of Electrical Driven standby fire Pump Motor assembly with Engine Driven Pump-Motor Assembly at T2 & MMTH Water Curtain System	Landside	0.50
	Total		**424.01**

Table 254: Sustaining Capex Assets proposed by BIAL for Technology Update for the Fourth Control Period

(in Rs. Cr.)

S. No.	Asset Description	Cost
1.	Servers and network	45.56
2.	Licenses & Software	48.02
3.	End user assets	29.55
4.	Network refresh	21.95
5.	Data center modernization	17.76
6.	AODB replacement	78.77
7.	Cybersecurity upgrade	10.50
8.	Digital Twin	44.78
9.	IoT based asset tracking	10.50
10.	TAM	43.63
11.	AI Enablement & Enhancement	27.71
12.	Digital & ESG	22.19
13.	Virtual Lab Environment	8.26
14.	Innovation & pioneer projects	22.19
	Total	**431.39**

Table 255: Sustaining Capex Assets proposed by BIAL for Customer Service for the Fourth Control Period

S.No.	Asset Description	Location	Total
1	Replacement of customer seating - Sofas/chairs/high seats etc.	Terminal	7.20
2	Flooring Work - T1, T2 & MMTH	Landside	6.00
3	Queue managers	Terminal	3.60
4	Smart Hand baggage trolleys	Terminal	3.60
5	Restrooms Fixtures & Enhancement Works - T1, T2 & MMTH	Landside	4.00
6	Baggage repack station	Terminal	1.80
7	False Ceiling Work - T1, T2 & MMTH	Landside	4.00
8	Replacement of Furniture & civil Fixtures - T1 & T2 & MMTH	Landside	4.00
9	PRM facilities, Self-service kiosk, Sensory room and Kids play area	Terminal	3.84
10	Granite / Tile / other Flooring and Cladding - T1, T2 & MMTH	Landside	3.50
11	Replacement of Hardware & Sanitary Fixtures & signages- T1, T2 & MMTH	Landside	3.50
12	Existing Ceiling & structure painting & Enhancement works - T1, T2 & MMTH	Landside	3.00

13	Replacement of existing Drinking Waterspouts T1 & T2 & MMTH	Landside	2.80
14	Extendable Stainless-Steel Barricades	Landside	2.00
15	Continuous Ambient Air Quality Monitoring System	Landside	1.50
16	Overhead display for T1 e-gates	Terminal	1.50
17	**Miscellaneous requirements (below 1 Cr) (refer Table 256)**		**17.91**
	Total		**73.75**

Table 256: Miscellaneous Sustaining CAPEX Assets proposed for Customer Service by BIAL for the Fourth Control Period (value less than 1 Cr.)

S.No.	Capex Item Description	Location
1	Dual frame FIDS display at Boarding Gates-Silent Airport Concept-T2	Terminal
2	Ground Master Toro (1 Nos)	Airside
3	Smoking Room (Quad kerb)	Terminal
4	Water ATMs	Landside
5	Centralized clocks	Terminal
6	Feedback mechanism system for taking passenger feedback at various passenger touch point	Terminal
7	New cleaning Machineries	Airside
8	Normal and PRM friendly CUSS kiosk	Terminal
9	Digital communication displays units - A1 size	Terminal
10	Signage and Fascia replacement. LED strip	Terminal
11	Overhaul way finding for pulse & TOPS operations	Terminal
12	Smoking Lounge at T2	Terminal
13	Odor Control Units and beautification of STP area	Landside
14	VestibuleGatesFloorMat-T2L3andL0.	landside
15	Parking area enhancement work	Landside
16	Increase in Road & SWDN	Landside
17	Happy Feet expansion works for Separate Infant room	Landside
18	Design and Build of PRM Zone-Departure Hall	Terminal
19	Fogging climate comfort systems	Landside
20	Feedback mechanism system for taking passenger feedback at various passenger touch point	Terminal
21	Floor mounted Digital signage next to escalator	Terminal
22	Installation of E gate & fixed partition at D8-D9, D10-D11 & D12-D13 - work in progress	Terminal
23	Vendor Management Facilities (Attendance, Dining, Briefing and storage space)	Terminal
24	Terminal 1 identifier	Terminal'
25	AREA FROM MANIPAL HOSPITAL TO EAST ENTRY GATE - LANDSCAPE DEVELOPMENT WORKS - 23 Lacs LEFT OVER POCKETS: LANDSCAPE \DEVELOPMENT WORKS - Rs.44 lacs	Landside
26	Powered Baggage unloader	Airside
27	RECD (Emission Control Device) for DGs	Airside
28	Moss Wall Installation - T2 International Arrival	Landside
29	Construction of MRS Dump Yard	Airside
30	Major Spillage Treatment Kart	Airside
31	New Buggy (Baby Carrier)	Terminal
32	Grow lights for T2 Green Walls and exotic plants	Landside
33	Charging points under T2 rotunda	Airside
34	SS Railing at BMTC & App Taxi Zone MMTH	landside
35	Eagle Hoist passenger lift	Terminal
36	ClosedDrainAlpha1toAlpha3(Concrete)	landside
37	Civil Crossing + Irrigation systems for landscape area (where there is no provision of systems as on date) 1. T1 Volvo Bus Entry area landscape 2. P4 Exit Triangle	Landside

S.No.	Capex Item Description	Location
	3. P4 Landscape near to bridge 4. Airside landscape near gate-1 5. New APHO office 6. Railway Station	
38	New Pumping Systems for Trumpet Circle	Landside
39	Zone9,10 & Ramp Canteen Restroom upgrade	landside
40	Cleaning Machineries replacement	Airside
41	Terminal 1 identifier	Terminal
42	Shelter for Day-to-Day Patient Transfer outside RV Point No 1 (It has to be near ARFF Gate).	Landside
43	T1CDANewTubewell-Connectingpipeline	landside
44	Terminal 1 & Terminal 2 identifier	Terminal
45	Tubs	Terminal
46	Providing & Fixing of the MIGUAS`S	landside
47	Meeting room Renovation, Overhead projector & Flooring	Landside
48	Drainage Spouts & Grated Surface – MMTH L0	landside
49	New Signage Installation at MMTH	landside
50	BCM Chairs	Terminal
51	Decibel Monitoring Equipment	Terminal
52	T1 East Gate – Opp. Manipal	landside
53	Façade Glass – New Auto Door at T2	landside
54	SS Wall Cladding at T2 Baggage	landside
55	Tray Trolleys – Staff Frisking Points	Terminal
56	Q-Top SS 304 Make – A3 (Fork Heads)	Terminal
57	Trolley for Shifting Milk / Water Bottles / Consumables / Uniforms and Cafeteria Food (Mild Steel Industrial Platform Trolley, Load Capacity: 400 kg)	Landside
58	Golden Beruru Pots – Small and Medium Size (50 Nos.)	Landside
59	Jet Pressure Machine with Hot Water	Airside
60	Self-Run Electric Wheelchairs for Emergency Evacuation	Landside
61	Access Ladders Installation	landside
62	Walk-Behind Scrubber Dryer	Airside
63	QR Code for Trees and Palms at FOA	Landside
64	Irrigation System for Nursery Potted Plants	Landside
65	Hubless CI Drain Lines	landside
66	PRM Signage Structure with Charging Point for Passenger Seating	Terminal
67	Stainless Steel Trolley – 4(L) × 2(W) × 1(H) feet (12 Nos.)	Landside
68	Water Cart – Battery Operated, In-built Drum along with Pump and Spray Gun (4 Nos.)	Landside
69	Portable Generator – 5.5 KVA	Airside
70	Pan Carriers / Cambro Boxes for ARFF South/North and AOCC (Insulated Pan Carrier – Brown, with CT06 6-Compartment Tray, Green, and Lid for 6-Compartment Tray)	Airside
71	Blowers – 4 Nos.	Landside
72	Wet & Dry Vacuum Cleaner – Heavy Duty	Airside
73	Brush Cutters (Maruyama) – 6 Nos.	Landside
74	Single Disk Walk-Behind Scrubbing Machine	Airside
75	Portable Jet Pressure Machine	Airside
76	Partitions between X-Ray and DFMD (Gap Filling – Similar to Changi)	Terminal
77	Hydraulic Pallet Lift	Landside
78	Chain-Link Fencing at Nursery	Landside
79	Digital Screen for L&F Office	Terminal
80	Digital (Soft Board) Screen – Similar to T1, at T2 TM Office (L3), for Staff Communication (to be used as Soft Board)	Terminal
81	View Cutters (Foldable, with Wheels)	Terminal
82	Self-Propelled Lawn Mowers (2 Nos.) – Honda HRC 216	Landside
83	Steam Cleaner	Airside
84	Walk-Behind Manual Sweeper Machine	Airside

16. APPENDICES:

16.1 Appendix -1 Capex Evaluation Report submitted by MECON Limited for the Fourth Control Period