फा. सं. ऐरा/20010/एमवाईटीपी/ एएआई-श्रीनगर/सीपी-IV/2026-31
F.N. AERA/20010/MYTP/AAI-Srinagar/CP-IV/2026-31

परामर्श पत्र संख्या 04/2026-27
Consultation Paper No. 04/2026-27

सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

श्रीनगर अंतर्राष्ट्रीय हवाईअड्डा, श्रीनगर 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 TARIFF FOR SRINAGAR INTERNATIONAL AIRPORT, SRINAGAR (SXR) FOR THE FOURTH CONTROL PERIOD (01.04.2026 - 31.03.2031)

जारी करने की तिथि: 02.09.2026
Date of Issue: 02.09.2026

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

STAKEHOLDERS' CONSULTATION

Sheikh Ul-Alam International Airport ('Srinagar International Airport' or 'Srinagar Airport') was declared a "Major Airport" under Section 2(i) of the AERA Act, 2008, vide Order No. 17/2015-16 dated June 5, 2015. Consequent to the enactment of the AERA (Amendment) Act, 2019, which increased the threshold limit for considering any airport as a Major Airport, from 1.5 MPPA to 3.5 million passengers per annum (MPPA), Srinagar airport transitioned to non-Major status. Subsequently, MoCA notified Srinagar Airport as a 'Major Airport' vide Gazette Order No. S.O. 4606(E) Notification dated November 05, 2021. Srinagar airport handled an actual passenger traffic of 3.38 million passengers during FY 2025-26 (as per data published on AAI's website) and has continued to witness steady growth in air traffic, reaffirming its strategic significance within India's civil aviation network.

At Srinagar airport, the Indian Air Force (IAF) owns and operates the core airport infrastructure & facilities including Runway, Air Traffic Control (ATC), Fire Station etc., while AAI operates Civilian portion of the airport (Civil Enclave), having full administrative and operational responsibility for the design, expansion, development, and maintenance of the Passenger Terminal Building and Civil Apron and allied facilities.

In accordance with the provisions of the AERA Act, 2008 and AERA Tariff guidelines, 2011, AAI submitted its Multi-Year Tariff Proposal (MYTP) for the 4th Control Period (FY 2026-27 to FY 2030-31) in respect of Srinagar International Airport (Civil Enclave) to the Authority for determination of aeronautical tariff. The MYTP comprises of:

(i) True-up of the Third Control Period based on the audited financial statements for FY 2021-22 to FY 2024-25 and the unaudited actuals for FY 2025-26;

(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.

During the preparation of this Consultation Paper, the Authority undertook a comprehensive examination of the MYTP submissions and the supporting documents furnished by AAI. The assessment included scrutiny of the audited financial statements pertaining to the Third Control Period up to FY 2024-25 and actuals (unaudited) for FY 2025-26 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 Sheikh Ul-Alam International Airport, Srinagar. 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 like to emphasize that the timelines prescribed for the consultation process cannot be altered and needs to be strictly adhered to. 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 04/ 2026-27 dated 02.09.2026** are invited from stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)
Airports Economic Regulatory Authority of India,
3rd Floor, Udaan Bhawan,
Safdarjung Airport,
New Delhi - 110003

Email: director-ps@aera.gov.in; dirps-2@aera.gov.in; satish.kr@aera.gov.in; lakshmi.2025@aera.gov.in; vikas.rai@govcontractor.nic.in with a copy to secretary@aera.gov.in

Stakeholder's consultation meeting	17.09.2026
Last Date for submission of comments	01.10.2026
Last Date for submission of counter comments	11.10.2026

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

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LIST OF ABBREVIATIONS

Abbreviation	Expansion
AAI	Airports Authority of India
ABD	Assisted Bag Drop
ACI	Airports Council International
ADFG	Advance Development Fund Grant
AEP	Airport Entry Pass
AERA	Airports Economic Regulatory Authority of India
AGL	Airfield Ground Lighting
AMC	Annual Maintenance Contract
AOCC	Airport Operations Control Center
AODB	Airport Operational Database
AOL	Airport Operator Liability
ARFF	Aircraft Rescue & Fire Fighting
ARR	Aggregate Revenue Requirement
ASF	Aviation Security Fee
ASQ	Airport Service Quality
ATC	Air Traffic Control
ATM	Air Traffic Movement
AUCC	Airport Users Consultative Committee
BCAS	Bureau Of Civil Aviation Security
BHS	Baggage Handling System
BRS	Baggage Reconciliation System
CAGR	Compounded Annual Growth Rate
CAM	Common Area Maintenance
CAPEX	Capital Expenditure
CAPM	Capital Asset Pricing Model
CGF	Cargo, Ground handling and Fuel
CISF	Central Industrial Security Force
CNS	Communication, Navigation and Surveillance
COD	Commercial Operations Date
COE	Cost of Equity
COVID	Coronavirus Disease
CPD	Commercial Property Development
CSB	Cargo Satellite Building
CSR	Corporate Social Responsibility
CUPPS	Common Use Passenger Processing System
CTB	Cargo Terminal Building
CUSS	Common Use Self Service
CUTE	Common User Terminal Equipment
CWIP	Capital Works in Progress
DGCA	Directorate General of Civil Aviation
DIAL	Delhi International Airport Limited
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
ECB	External Commercial Borrowing
ECT	Eastern Cross Taxiway
ESG	Environmental, Social & Governance
FAR	Fixed Asset Register
FEGP	Fixed Electrical Ground Power
FIA	Federation of Indian Airlines

Abbreviation	Expansion
FIDS	Flight Information Display System
FRoR	Fair Rate of Return
GDP	Gross Domestic Product
GOI	Government of India
GPU	Ground Power Unit
GSE	Ground Support Equipment
HVAC	Heating, ventilation, and air conditioning
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICT	Information and Communications Technology
IDAT	Integrated Domestic Arrival Terminal
IDC	Interest During Construction
IFL	Interest Free Loan
IIDT	Integrated International Departure Terminal
IIM	Indian Institute of Management
IMC	Instrument Meteorological Conditions
INR	Indian Rupee
MAG	Minimum Annual Guarantee
MAR	Main Access Road
MARS	Multi-Aircraft Ramp System
MAT	Minimum Alternate Tax
MLCP	Multi-Level Car Parking
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers Per Annum
MYTP	Multi Year Tariff Proposal
NAR	Non-Aeronautical Revenue
NATS	National Air Traffic Services UK
NOB	New Office Building
NPTB	Northern Precinct Terminal Building
OMDA	Operations, Maintenance and Development Agreement
PAPI	Precision Approach Path Indicator
PAT	Profit After Tax
PBT	Profit Before Tax
PCA	Pre-Conditioned Air
PCPE	Pre-Control Period Entitlement
PESC	Pre-Embarkation Security Check
PMC	Project Management Cost
PPP	Public Private Partnership
PRM	Persons with Reduced Mobility
PSF	Passenger Service Fee
PSU	Public Sector Units
PTC	Passenger Transport Center
PUC	Pollution Under Control
RAB	Regulated Asset Base
RBI	Reserve Bank of India
RET	Rapid Exit Taxiway
ROI	Return on Investment
RTL	Rupee Term Loan
SBD	Self-Baggage Drop
SFIS	Served From India Scheme
SHA	Security Hold Area
SITC	Supply, Installation, Testing & Commissioning

Abbreviation	Expansion
SLP	Special Leave Petitions
SOB	Site Office Building
SOCC	Security Operations Control Centre
SOP	Standard Operating Procedure
SPP	Spend Per Pax
SPS	Sewage Pumping Station
SSA	State Support Agreement
STP	Sewage Treatment Plant
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
TRA	Trust and Retention Account
UDF	User Development Fees
USD	US Dollar
UT	Union Territory
VDGS	Visual Docking Guidance System
VTP	Variable Tariff Plan
WACC	Weighted Average Cost of Capital
WDV	Written Down Value
WIP	Work in Progress
WPI	Wholesale Price Index
XBIS	X-Ray Baggage Inspection System
YOY	Year on Year
YPP	Yield Per Passenger

1. BACKGROUND

1.1. Introduction

1.1.1. Sheikh Ul-Alam International Airport (hereinafter referred to as "Srinagar Airport" or "the Airport") is a 'Major Airport' as per the provisions of the Airports Economic Regulatory Authority of India Act, 2008. The Airport is situated in Budgam district of UT of Jammu & Kashmir, approximately 12 km from Srinagar city. The Airport is owned by the Indian Air Force and the Airports Authority of India (hereinafter referred to as "AAI") operates the Civil Enclave for civilian air transport operations. AAI, in its capacity as the Operator of Civil Enclave, is responsible for the development, upgradation, operation, and maintenance of the civil aviation infrastructure at the Airport.

1.1.2. The Civil Enclave at Srinagar Airport was established by AAI in 1979. Prior to that, the Airport was predominantly used for Defence and strategic purposes, consistent with its origin as a Defence Airfield. In March 2005, the airport was granted the status of International Airport by the Government of India.

1.1.3. The total land area of Srinagar Civil Enclave is 67.10 acres. The Civil Enclave has an Integrated Terminal Building with built-up area of about 23,217 sqm. and passenger handling capacity of 2.5 million passengers per annum. There is one Apron for civilian use, having 9 aircraft parking stands, and is linked to runway through two taxiways. The Union Cabinet has approved major CAPEX (including New Integrated Terminal Building Project) at Srinagar Airport with an estimated investment of approximately ₹ 1,667 Crores. The new terminal building, to be developed over 71,500 sqm is being designed to handle approximately 2,900 passengers during peak hours, raising the Airport's annual passenger handling capacity to 10 million passengers per annum, and expanding aircraft parking capacity from 9 to 15 aircraft at a time.

1.2. Profile of Srinagar Airport

1.2.1. Srinagar Airport serves as an important gateway to Srinagar city and the wider Kashmir Valley. Srinagar Airport recorded significant growth in passenger traffic since the Civil Enclave became operational. Annual passenger traffic grew from 2.04 million in 2014-15 to 4.47 million in 2024-25, before declining to 3.38 million in 2025-26 in the aftermath of the Pahalgam incident of April 2025. during FY 2025-26 the Airport handled 21,190 Aircraft Movement. The Airport presently provides connectivity to a number of domestic destinations, with international operations limited to seasonal Hajj charter flights.

1.2.2. The Airport has an Integrated Passenger Terminal Building with supporting airside infrastructure to cater to Domestic and International Air Traffic. The terminal and technical characteristics of Srinagar Airport, as submitted by AAI, are summarized in the table below:

Table 1: Terminal Building and Technical Details of Srinagar Airport

Terminal Building	
Terminal Building Area (sqm)	23,217
Designed Passenger Handling Capacity (MPPA)	2.5
Proposed Designed Passenger Handling Capacity (NITB) (MPPA)	7.5
No. of Check-in counters	16
No. of Parking Bays	9
No. of Aerobridges	5

Terminal Building	
No. of Arrival Reclaim Belts	2
Car Parking Area (sqm)	4,700
Details of Airside Infrastructure	
Number of Runways	1
Runway Orientation	13/31
Runway Dimension	Dimension 3,568m x 45m
Number of Taxiways	2 (D & D1)
Taxiway Area (sqm) (D+D1)	9,717
Traffic handled in FY 2025-26	
Passenger Traffic Handled (in Mn)	3.38
Civilian Aircraft Traffic Movements (nos.)	21,190
Average Pax/Day	9,205
Average ATM/Day	59

1.3. Tariff Setting Principles for Srinagar Airport

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 functions of AERA, in respect of Major Airports, are specified in section 13(1) of The Airports Economic Regulatory Authority of India Act, 2008 ('AERA Act' or 'the Act') 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 on 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, under the Ministry of Civil Aviation, Government of India, is the sole service provider for Air Navigation Services (ANS) across the country. The Tariff for ANS is presently determined and regulated by the Ministry of Civil Aviation (MoCA) at National level to ensure uniformity in tariff pertaining to ANS across Airports. All assets, expenses and revenues are accordingly excluded from the tariff determination exercise for airport services, as the same is considered separately by the MoCA while determining the tariff for ANS provided by AAI.

1.4. Authority's Orders applied in Tariff Proposals in this Consultation Paper

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. Tariff Determination History of Srinagar Airport

1.5.1. A brief chronology of the tariff determination exercise undertaken and order issued for respective Control Periods by the Authority is set out below:

First Control Period (FY 2015-16) and Second Control Period (FY 2016-17 to FY 2020-21)

i. The Tariff for the First Control Period was not determined, due to availability of less than one year's time for completion of First Control Period (i.e., March 31, 2016), after its declaration as a Major Airport.

ii. AAI submitted its Multi-Year Tariff Proposal (MYTP) for revising aeronautical charges at civil enclave Srinagar for the Second Control Period on 27th March, 2017.

iii. Following examination of AAI's submissions, the views expressed by stakeholders - namely Business Aircraft Operators Association ("BAOA"), Air Travelers Association ("ATA"), Indian Oil Corporation Limited ("IOCL"), and Hindustan Petroleum Corporation Limited ("HPCL") - and true-up of the First Control Period on a single-till basis, the Authority determined the aeronautical tariff for Srinagar Airport for the Second Control Period vide Order No. 14/2017-18 dated 30th October, 2017.

Third Control Period (FY 2021-22 to FY 2025-26)

i. AAI submitted its Multi-Year Tariff Proposal for the Third Control Period (FY 2021-22 to FY 2025-26) for Srinagar Airport on 1st June, 2022 after a gap of approximately six months from the date MoCA notified Srinagar as a Major Airport.

ii. Following examination of the submissions and stakeholder comments on the various tariff building blocks - including true-up of traffic, capital expenditure, depreciation, Regulatory Asset Base, Fair Rate of Return, non-aeronautical revenue, Operation & Maintenance expenses, and taxation for the Second Control Period - the Authority determined the aeronautical tariff for Srinagar Airport for the Third Control Period vide Order No. 16/2023-24 dated 16th September, 2023, made effective from 1st October, 2023.

1.6. AAI's TDSAT Appeal (Appeal No. 05 of 2023: AAI vs. AERA)

1.6.1. AAI has filed an appeal before the Hon'ble TDSAT [Appeal No. 05/2023-24 - AAI vs AERA]. In the abovesaid appeal, AAI has challenged the Authority's decision regarding following building blocks as considered by the Authority in the Tariff Order for the Third Control Period:

i. CAPEX- Capital Addition, Aeronautical Depreciation and RAB: True up of Second Control Period and Third Control Period

ii. O&M Expenses: True up of Second Control Period and Third Control Period

iii. ARR: True up of Second Control Period and Third Control Period

iv. FRoR: True up of Second Control Period and Third Control Period

v. Non- Aeronautical Revenue for Third Control Period

vi. Aeronautical Revenue: True up of Second Control Period and Third Control Period

1.6.2. In this regard, the Authority notes that AAI's appeal no. 05/2023-24 is still pending before the Hon'ble TDSAT and the Appellate Authority has not pronounced any order/judgement in the matter. Thus, this matter is currently sub-judice before the Appellate Authority. Accordingly, the Authority at this stage has not considered the financial implications of AAI's appeal before the TDSAT.

1.7. MYTP of Srinagar Airport for the Fourth Control Period

1.7.1. AAI submitted its Multi-Year Tariff Proposal (MYTP) for the Fourth Control Period on October 27, 2025 in respect of the aeronautical services provided at Srinagar Airport. The MYTP submission of AAI encompasses truing-up of the Third Control Period and projections for the Fourth Control Period, spanning from April 1, 2026, to March 31, 2031.

1.7.2. The Airport Operator (AAI) in its MYTP submission has also considered certain elements of tariff determination pertaining to the previous control periods (Second Control Period & Third Control Period). The aforesaid items which were not considered in previous Tariff Orders include Financing Allowance and its consequential impact on Depreciation and return on RAB, capping of R&M expenses to 6% of opening RAB (net block) and non-consideration of under-recovery of FY 2020-21 (when the Airport transitioned to non-major status).

1.7.3. It is noted that the Airport Operator, while truing-up the ARR of Srinagar Airport for the Third Control Period and projection for the Fourth Control Period's ARR, has factored in the financial implications of AAI's appeal filed before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal ("TDSAT") vide *Appeal No. 05/2023-24 (AAI vs. AERA)*. As indicated in Para 1.6 above, this matter is sub-judice before Appellate Authority (TDSAT), accordingly, the various adjustments proposed by the Airport Operator based on its aforesaid appeal no. 05/2023-24 have not been considered in the current tariff determination exercise.

1.7.4. The Authority notes that, at the time of initial MYTP submission, audited financial statements of AAI were available only up to FY 2024-25, and accordingly the audited figures, including Trial Balance, were provided by AAI for Srinagar airport up to FY 2024-25 (4th Tariff Year of Third Control Period) only.

1.7.5. Further, AAI, vide email dated 16.07.2026, furnished actual operational and financial data for FY 2025-26 along with other corrections as informed by the Authority's Independent Consultant, including information relating to passenger and aircraft traffic, operating expenditure, non-aeronautical revenues, and Regulatory Asset Base (RAB). The aforesaid information was submitted to facilitate the Authority's examination of the true-up exercise of Third Control Period and Tariff determination for the Fourth Control Period.

1.7.6. As part of the tariff determination process for the Fourth Control Period, the Authority has engaged M/s Grant Thornton Bharat LLP (GTBL) as an Independent Consultant to assist AERA in detailed review & analysis of MYTP submitted by AAI for tariff determination of Srinagar Airport for the Fourth Control Period, in context of AERA's regulatory framework including Tariff Guidelines, 2011. The Independent Consultant has validated the data and various supporting documents submitted by AAI as part of its MYTP submission, including audited financial statements, Fixed Asset Register (FAR), and assisted in the assessment of various cost estimates considered by AAI, traffic and financial information for projection of Fourth Control Period.

1.7.7. The Authority, through the Independent Consultant, has sought from AAI requisite additional information, supporting documents, and necessary clarifications, etc. relating to the true-up exercise for the Third Control Period as well as the assumptions & details of cost estimates underpinning projections for the Fourth Control Period, to ensure that the regulatory treatment accorded to various building blocks is supported by adequate justification, documentary evidence, and prudent forecasting assumptions. The timelines of various submissions made by AAI with regard to the MYTP for the Fourth Control Period are as below:

Table 2: Sequence of events with respect to MYTP submission by AAI for the 4th Control Period.

	Date
Submission of MYTP	27th October 2025
Preliminary queries regarding True up of Third Control Period sent to AAI	19th February 2026
Follow-up sent to AAI on preliminary queries	20th February 2026
Preliminary queries regarding Tariff Determination for Fourth Control Period sent to AAI	27th February 2026
Preliminary queries regarding Tariff of Fourth Control Period forwarded to station (SXR) by AAI CHQ	28th February 2026
Reply received from AAI on payroll expenses, allocation ratios, NITB work progress, traffic projections etc.	02nd March 2026
Consolidated list of pending queries shared with AAI	05th March 2026
Reply received from AAI regarding Work orders, Agreements pertaining to CAPEX and O&M expenses	09th March 2026
Reply received from AAI with details of CAPEX items such as ETD and TCV, cost breakup and timelines for NITB, O&M agreements (MESS, ESS, MIHU etc.)	18th March 2026
Consolidated list of pending queries shared with AAI	19th March 2026
GLs for Third Control Period received from AAI	23rd March 2026
Reply from AAI received with details regarding basis of PAX growth and cost estimation sheets for 4 major capital projects proposed for Fourth Control Period	24th March 2026
Reply received from AAI with details of status of CAPEX items proposed to be capitalized in Fourth Control Period.	25th March 2026
GLs received from AAI along with ERP extracted copy of Trial balance for FY 2021-22 to FY 2024-25 for verification	02nd April 2026
Reply received from AAI copy of remaining Work Orders pertaining to CAPEX of Third Control Period	07th April 2026
Additional queries shared with AAI along with escalation on pending queries	09th April 2026
Discussion at AAI office followed by resolution of a number of pending queries. Remaining GLs and other pending documents were received from AAI, and consolidated pending list queries was shared with AAI	13th April 2026
Additional queries regarding CAPEX items were shared with AAI	15th April 2026
AAI shared Details of 2 CAPEX items whose value were inadvertently not included in MYTP	17th April 2026
Rationale for unplanned CAPEX items was shared by AAI	20th April 2026

	Date
AAI shared details of Digi Yatra Asset capitalization along with Bills	21st April 2026
Discussion with Engineering team of AAI at CHQ regarding validation of CPWD rates in the cost estimation of 4 major capital projects proposed for Fourth Control Period	23rd April 2026
AAI shared the L1 price of two of the 4 major capital projects i.e. Construction of Residential Quarters and Construction of CISF Barracks	27th April 2026
AAI shared the details of Assets capitalized in FY 2025-26 along with required documents such as Workorders and Completion certificates. AAI shared the Project Investment file (PIF) for 4 major Capital Projects	30th April 2026
ERP Extracted copy of FAR was shared by AAI for CAPEX verification	07th May 2026
List of queries including- reasoning for unplanned CAPEX, documentation required for CAPEX verification etc. were shared with AAI ahead of Site visit planned for 18th May 2026 to 20th May 2026	10th May 2026
Consultant visited Srinagar Airport for an onsite visit to physically verify the CAPEX executed and to obtain the supporting document for validation of CAPEX and OPEX, etc.	18th May 2026- 20th May 2026
Queries pending after site visit document verification were shared with AAI	25th May 2026
AAI's response regarding usage of CPWD quarters was received	26th May 2026
Queries regarding NITB area were shared with AAI	27th May 2026
AAI's response on the delay and consequent deferral of extension of Apron work is received	04th June 2026
Updated MYTP was shared by AAI	16th July 2026
AA&ES and WO regarding additional CAPEX and O&M expenses proposed by AAI for the Fourth Control Period	20th July 2026
Queries regarding the Status of Additional CAPEX proposed to be capitalized in FY 2026-27 and Amount mismatched between WO and AAI's Claim were shared with AAI	21st July 2026

1.8. Cargo Facility, Ground Handling and supply of Fuel to Aircraft

Cargo Handling

1.8.1. M/s AAI Cargo Logistics and Allied Services (AAICLAS) is a 100% subsidiary company of Airports Authority of India (AAI) providing Cargo Handling Services at Srinagar Airport. AAI has considered a revenue share of 30% from AAICLAS as part of the Aeronautical revenues as per AAI's agreement with AAICLAS. The tariff determination for AAICLAS is separately undertaken by AERA. Accordingly, the Capex, Opex, etc. pertaining to AAICLAS have not been considered in the tariff determination exercise for Srinagar airport.

Ground Handling

1.8.2. AI Airport Services Limited (AIASL), the Independent Service Provider (ISP) is providing Ground Handling services at Srinagar Airport. AERA separately determines tariff for services rendered by ISPs at Major Airports, including Ground Handling Services.

Supply of Fuel to Aircraft

1.8.3. Oil Marketing Companies (OMCs) such as M/s IOCL, M/s BPCL, and M/s HPCL are providing Aviation Turbine Fuel (ATF) and allied facilities at Srinagar Airport. M/s HPCL has set up its fuel storage facility with 97 KL, M/s BPCL has fuel storage capacity of 60 KL and M/s IOCL has a fuel storage capacity of 1000 KL.

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 Srinagar Airport for the Fourth Control Period. The sequence of Chapters is as follows:

i. **Chapter 1** provides the introduction, profile of Srinagar Airport (SXR), broad contours of services and service providers at the airport, tariff setting principles, brief of past tariff determination for Srinagar airport, etc.

ii. **Chapter 2** covers the submissions of AAI relating to the true-up of the Third Control Period for Srinagar Airport. 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, operation and maintenance expenditure, aeronautical revenue, non-aeronautical revenue, aeronautical taxes and other related matters.

iii. **Chapter 3 to 10** present the submissions of AAI on the key Regulatory Building Blocks for the Fourth Control Period for Srinagar Airport i.e. Traffic projections; Capital Expenditure; Depreciation; 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 the Authority's proposals on each of the respective Regulatory Building Blocks post analysis and examination.

iv. **Chapter 11** 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.

v. **Chapter 12** relating to Summary of the Authority's Proposals summarizes the proposals put forward by the Authority for stakeholder consultation.

vi. **Chapter 13** relating to Stakeholder Consultation process, inviting comments/views of all stakeholders on the proposals put forward by the Authority in this Consultation Paper for tariff determination for Srinagar Airport for the Fourth Control Period.

1.9.2. After the detailed review & analysis of MYTP submission of AAI in context of AERA's Tariff Guidelines, 2011 and taking cognizance of subsequent submissions, additional details & clarifications etc. pertaining to various aspects of MYTP submitted by airport operator, the Authority is issuing this Consultation Paper putting forward its various proposals regarding tariff determination of Srinagar airport for the Fourth Control Period.

2. TRUE UP FOR THE THIRD CONTROL PERIOD

2.1. Background

2.1.1. The Authority issued Tariff Order No. 16/2023-24 on September 16, 2023, for the Third Control Period spanning from April 1, 2021, to March 31, 2026, based on the detailed review and analysis of MYTP submitted by AAI, in accordance with AERA's Tariff Guidelines, 2011 and taking into account the views and comments of the stakeholders on the Consultation Paper issued by the Authority.

2.1.2. AAI subsequently challenged some of the decisions of the Authority, given in the Tariff Order for the Third Control Period, before the Hon'ble Telecom Disputes Settlement and Appellate Tribunal (TDSAT) vide Appeal No. 05/2023-24. The Authority's view in this regard has been discussed in the paragraph 1.6 of Chapter 1.

2.1.3. In accordance with AERA's regulatory framework including Tariff Guidelines, 2011 and considering the past consistent approach of AERA on various aspects of Tariff determination for Aeronautical Services, the Authority has reviewed the true-up submission of AAI for the Third control Period, in conjunction with AERA's various decisions contained in the Tariff Order for the Third Control Period.

2.1.4. AAI, vide its MYTP submission dated 27.10.2025, submitted projections for FY 2025-26 for the purpose of the True-up of the Third Control Period and tariff determination for the Fourth Control Period (FY 2026-27 to FY 2030-31). Subsequently, vide email dated 16 July 2026, AAI submitted a revised MYTP incorporating the actual figures for FY 2025-26, being the last tariff year of the Third Control Period, along with certain corrections identified by the Authority during its review of the initial MYTP submission. The Authority has considered the revised MYTP and other submissions by AAI for the purpose of its analysis and assessment of True up for the Third Control Period.

The Authority's review of various building blocks for true-up of Third Control period based on MYTP submission of AAI as detailed below:

2.2. True up of Traffic

AAI's submissions regarding True up of Traffic for the Third Control Period

2.2.1. AAI submitted revised actual traffic for the last tariff year (FY26) of the Third Control Period. The updated Traffic Figures are presented in the Table Below:

Table 3: AAI's submission for True up of Traffic of the Third Control Period

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Passenger (In millions)						
Domestic	3.15	4.40	4.18	4.46	3.37	19.56
International	0.01	0.01	0.02	0.01	0.01	0.06
Total	**3.16**	**4.41**	**4.21**	**4.47**	**3.38**	**19.62**
ATM ('000)						
Domestic	24.37	29.82	25.65	28.41	21.15	129.40
International	0.08	0.16	0.15	0.09	0.03	0.50
Total	**24.44**	**29.97**	**25.80**	**28.49**	**21.19**	**129.89**

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

2.2.2. Following decision(s) were taken by the Authority regarding Traffic for the Third Control Period:

a. Decision no 5.6.1: "*The Authority decides to consider the ATM and passenger traffic for the Third Control Period for Srinagar Airport as per Table 31.*"

b. Decision no 5.6.2: "*The Authority decides to true up the traffic volume (ATM and passengers) on the basis of actual traffic in the Third Control Period while determining tariff for the Fourth Control Period*"

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

Table 4: Traffic as decided by the Authority in the Tariff Order of the Third Control Period

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Passenger (In millions)						
Domestic	3.15	4.40	4.40	4.93	5.52	22.39
International	0.01	0.01	0.01	0.01	0.02	0.06
Total	**3.16**	**4.41**	**4.41**	**4.94**	**5.53**	**22.45**
ATM ('000)						
Domestic	24.37	29.82	29.82	33.40	37.40	154.80
International	0.08	0.16	0.16	0.17	0.19	0.75
Total	**24.44**	**29.97**	**29.97**	**33.57**	**37.59**	**155.55**

Authority's examination regarding True Up of Traffic for the Third Control Period

2.2.4. The Authority has examined passenger traffic and ATM submitted by AAI for the true-up of the Third Control Period, as part of its MYTP submission.

2.2.5. The Authority verified Passenger Traffic and ATM figures provided by AAI with the figures published on AAI's website and no variation was observed between the two. The Passenger Traffic and ATM data as available on the AAI website is presented in the table below:

Table 5: Passenger and ATM figures from AAI's website for True up of traffic of the Third Control Period

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Passenger (In millions)						
Domestic	3.15	4.40	4.18	4.46	3.37	19.56
International	0.01	0.01	0.02	0.01	0.01	0.06
Total	**3.16**	**4.41**	**4.21**	**4.47**	**3.38**	**19.62**
ATM ('000)						
Domestic	24.37	29.82	25.65	28.41	21.15	129.40
International	0.08	0.16	0.15	0.09	0.03	0.50
Total	**24.44**	**29.97**	**25.80**	**28.49**	**21.19**	**129.89**

2.2.6. A comparison between Passenger Traffic and ATM projected by the Authority in the Tariff Order for the Third Control Period and actual Passenger Traffic and ATM reported by AAI is presented below:

Table 6: Passengers traffic and ATM as per Tariff Order of Third Control Period compared to actuals

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
PAX (in Mn)						
Total PAX Traffic projected by the Authority in the tariff order (A)	3.16	4.41	4.41	4.94	5.53	22.45
Total PAX Traffic as per actuals submitted by AO (B)	3.16	4.41	4.21	4.47	3.38	19.62
Variation (B-A)	-	-	(0.20)	(0.47)	(2.16)	(2.83)
Variation (%) - Increase/(Decrease)	*0%*	*0%*	*(5%)*	*(9%)*	*(39%)*	*(13%)*
ATM ('000)						
Total ATM projected by the Authority in the Tariff order (A)	24.44	29.97	29.97	33.57	37.59	155.55
Total ATM as per actuals submitted by AO (B)	24.44	29.97	25.80	28.49	21.19	129.89
Variation (B-A)	-	-	(4.17)	(5.08)	(16.41)	(25.66)
Variation (%) - Increase/(Decrease)	*0%*	*0%*	*(14%)*	*(15%)*	*(44%)*	*(16%)*

2.2.7. It is observed that the Passenger Traffic and ATM data for the first two tariff years of the Third Control Period (as per Table 4) is based on actual numbers.

2.2.8. For FY 2023-24, there is slight variation in actual Passenger Traffic (4.21 Mn) vis-à-vis projections for Passenger Traffic considered in the Traffic Order for the Third Control Period (4.41 Mn). In the subsequent year, the Airport recorded 6% increase in Passenger Traffic.

2.2.9. The Authority notes that there is a substantial variance in the Passenger Traffic and ATM for FY 2025-26 between the actual traffic and the projections approved in the Tariff Order for the Third Control Period, which is attributable to the adverse impact of the Pahalgam incident that occurred at the beginning of the FY (April 2025). After the incident, there was a sharp decline in the number of tourists visiting Srinagar.

2.2.10. The Authority observes that during the latter half of Third Control Period, the actual passenger throughput at Srinagar Airport consistently trailed the traffic targets determined by the Authority in Tariff Order No. 16/2023-24. This variance from the approved figures is primarily driven by the unique geopolitical and security sensitivities of the region, which introduce unforeseen volatility in consumer demand and passenger traffic despite the Kashmir Valley's well-established profile as a premier tourist destination.

2.2.11. The Authority, for the purpose of true-up of Passenger and Aircraft Traffic for the Third Control Period, proposes to consider actual Passenger and Aircraft Traffic statistics as available on AAI website as shown in Table 5.

2.3. True up of Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base (RAB) for the Third Control Period

CAPEX (Capitalization) submitted by AAI for True up of the Third Control Period

2.3.1. AAI, vide email dated 16th July 2026 submitted the updated true up submission for the Third Control Period, after considering the actual CAPEX of the last tariff year (FY26) of the Third Control Period. The updated CAPEX Figures are presented in the Table Below:

Table 7: Asset Category-wise true-up of CAPEX (Capitalization) for the Third Control Period as submitted by AAI with actuals for FY 2025-26

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total CAPEX
Runways	-	-	2.04	0.26	-	**2.31**
Building- Terminal	0.15	-	-	0.61	0.96	**1.71**
Building - Temporary	-	-	1.14	-	-	**1.14**
Building - Residential	-	-	1.21	-	-	**1.21**
Computer & Peripherals: End User	0.02	0.04	-	0.34	1.34	**1.74**
Plant & Machinery	0.93	0.51	3.00	3.66	0.72	**8.82**
Tools & Equipment	0.24	2.53	2.16	4.45	0.53	**9.91**
Office Furniture	0.68	0.20	0.45	-	1.61	**2.94**
Other Vehicles	0.32	0.13	0.00	0.25	-	**0.70**
Solar Plant	-	-	-	-	0.65	**0.65**
Other Office Equipment	0.01	0.01	0.00	-	0.01	**0.03**
X Ray Baggage System	0.20	-	-	-	-	**0.20**
CFT/Fire Fighting Equipment	-	-	0.90	-	-	**0.90**
Total	**2.54**	**3.43**	**10.91**	**9.56**	**5.81**	**32.25**

2.3.2. On the basis of the updated MYTP submission, AAI claimed a total CAPEX of ₹ 32.25 Crores for True up of Third Control Period at Srinagar Airport. Bifurcation of the CAPEX into planned and unplanned CAPEX is as follows:

Table 8: Planned/Unplanned CAPEX submitted by AAI for the Third Control Period as part of updated MYTP

(₹ Crores)

S. No.	Particulars of asset category	Total CAPEX
A	**Planned CAPEX**	
1	Runways / Taxiway / Aprons	1.00
2	Tools & Equipment	0.68
3	Electrical Installations	-
4	Other Office Equipment	0.01
5	Computer & Peripherals	0.29
6	Office Furniture	0.68
7	Other Vehicles	0.12
8	Building – Terminals	-
9	CFT/ Fire Fighting Equipment	-
10	Building – Temporary	-
11	Building – Residential	-
12	X ray baggage System	0.20

S. No.	Particulars of asset category	Total CAPEX
13	Other Building- unclassified	0.15
14	Plant & Machinery	4.09
	Sub-total (A)	**7.22**
B	**Unplanned CAPEX**	
1	Runways / Taxiway / Aprons	1.30
2	Tools & Equipment	9.22
3	Electrical Installations	-
4	Other Office Equipment	0.02
5	Computer & Peripherals	1.44
6	Office Furniture	2.26
7	Other Vehicles	0.58
8	Building – Terminals	-
9	CFT/ Fire Fighting Equipment	0.90
10	Building – Temporary	1.14
11	Building – Residential	1.21
12	X ray baggage System	-
13	Other Building- unclassified	1.57
14	Plant & Machinery	5.38
	Sub-total (B)	**25.03**
	TOTAL (A+B)	**32.25**

AAI's submission on allocation of assets between Aeronautical and Non-Aeronautical

2.3.3. For common assets that are used for both aeronautical and non-aeronautical services/ facilities, AAI has considered following allocation ratios:

i. **Terminal Building Ratio (TBR):** The Terminal Building Ratio (TBR) is applied to apportion the capital cost of common assets within the Terminal Building into Aero and Non-Aero assets. The TB ratio submitted by AAI as part of its updated True-up submission vide email dated 16th July 2026for Authority's evaluation is detailed below:

Table 9: Terminal Ratio as submitted by AAI for True up of Third Control Period

Particulars	Classification	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total Space Rented (A) (sqm)	Non-Aero	962.24	907.16	922.16	1768.74	1749.98
Space to Airlines (B) (Sqm)	Considered as non-Aero	532.80	479.34	494.34	469.30	469.30
Capacity (D)	TB Area	23,217	23,217	23,217	23,217	23,217
Non-Aero (%) (E)		**4.14%**	**3.91%**	**3.97%**	**7.62%**	**7.54%**
Aero (%) (100-E)		**95.86%**	**96.09%**	**96.03%**	**92.38%**	**92.46%**

ii. **Employee Ratio**: AAI, in its updated True-up submission vide email dated 16th July 2026, submitted the following details of Employee ratio for the Third Control Period:

Table 10: Employee Ratio as submitted by AAI for True up of Third Control Period

Operational Segment	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
ANS : AERO : Non-Aero					

Operational Segment	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
ANS	13.21%	12.24%	8.89%	5.77%	0.00%
Aero	83.02%	83.67%	84.44%	84.62%	92.00%
Non-Aero	3.77%	4.08%	6.67%	9.62%	8.00%
AERO : Non-Aero					
Aero	95.65%	95.35%	92.68%	89.80%	92.00%
Non-Aero	4.35%	4.65%	7.32%	10.20%	8.00%
AERO : ANS					
Aero	46.15%	45.45%	50.00%	50.00%	0.00%
ANS	53.85%	54.55%	50.00%	50.00%	0.00%

2.3.4. **Quarter Ratio**: AAI in its updated True-up submission vide email dated 16th July 2026, submitted the following details of Quarter Ratio for the Third Control Period:

Table 11: Quarter Ratio as submitted by AAI for True up of Third Control Period

Residential Usage Segment	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Aero	86%	89%	89%	91%	95%
ANS	12%	9%	9%	7%	0%
Non-Aero	2%	2%	2%	2%	5%

2.3.5. Based on the above considerations, AAI has submitted the year-wise total Aeronautical CAPEX for True up of the Third Control Period as shown in the table below:

Table 12: Aeronautical CAPEX (Capitalization) submitted by AAI for true-up of the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
CAPEX (Capitalization)	2.54	3.43	10.91	9.56	5.81	32.25

Recap of CAPEX (capitalization) approved in the Third Control Period Tariff Order

2.3.6. Following decision(s) were taken by the Authority regarding CAPEX (Capitalization) for the Third Control Period:

i. Decision No. 6.9.2: "*To adopt the capitalization of Aeronautical Expenditure for the Third Control Period in accordance with Table 46*"

ii. Decision No. 6.9.3: "*To True up the Capital Expenditure based on actuals, cost efficiency and reasonableness, at the time of determination of Tariff for the Fourth Control Period* "

Table 13: CAPEX (Capitalization) considered by the Authority in the Tariff Order of the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Runways / taxiway / Aprons	-	0.43	-	-	47.13	**47.56**
Building- Terminal	-	-	-	-	-	**-**
Building - Temporary	-	-	-	-	-	**-**
Building - Residential	-	-	-	-	-	**-**
Other Buildings-Unclassified	0.24	-	-	-	-	**0.24**
Computer & Peripherals: End User	-	-	-	-	-	**-**
Plant & Machinery	-	-	-	-	0.01	**0.01**
Tools & Equipment	0.54	-	21.02	0.10	0.37	**22.03**
Office Furniture	0.89	-	-	-	-	**0.89**
Other Vehicles	0.12	-	-	-	-	**0.12**
Electrical Installations	0.27	-	4.00	-	0.33	**4.60**
Other Office Equipment	0.06	-	0.21	0.11	0.09	**0.47**
X Ray Baggage System	-	-	3.52	-	-	**3.52**
CFT/Fire Fighting Equipment	-	-	-	-	-	**-**
TOTAL	**2.12**	**0.43**	**28.75**	**0.21**	**47.93**	**79.44**

2.3.7. In addition to the above, following CAPEX items were approved by the Authority for Third Control Period on actual incurrence basis, subject to cost efficiency and reasonableness:

i. Construction of CISF Barracks

ii. Densification of AAI Residential Colony

<u>Authority's Examination regarding True-up of the Capital Expenditure for the Third Control Period</u>

2.3.8. As part of due diligence for CAPEX executed by the Airport Operator for the Third Control Period, the Authority, through its Independent Consultant has undertaken a detailed review of AAI's MYTP submission, including review of following supporting documents:

i. Fixed Asset Register

ii. Documents relating to procurement and tendering

iii. Supporting documents for project implementation- capitalization dates, work orders, final invoices, completion certificates etc.

iv. Documents relating AA&ES of CAPEX, internal approvals etc.

2.3.9. Further, as part of the due diligence exercise for unplanned CAPEX, the Independent Consultant has also reviewed the essentiality and prudence of the capital expenditure incurred.

2.3.10. The Authority notes that AAI has claimed Total CAPEX (Capitalization) ₹32.25 Crores for true up of Third Control Period.

2.3.11. The Authority further notes that AAI, in their original submission had mis-classified certain CAPEX items into different asset class than what was approved by the Authority in the tariff order for the Third Control Period. The Authority has re-classified these assets amounting to ₹5.25 Crores in line with the approach followed at the time of issuance of tariff order as detailed below:

Table 14: True-up of Asset categories as re-classified for the Third Control Period

(₹ Crores)

Asset category as per AAI	Updated Category	Amount
Other Office Equipment	Electrical Installations	0.01
Plant & Machinery	Tools & Equipment	1.76
Plant & Machinery	Electrical Installations	0.84
Plant & Machinery	Office Furniture	0.24
Tools & Equipment	Electrical Installations	0.12
Plant & Machinery	X ray baggage System	1.72
Plant & Machinery	Computer & Peripherals: End User	0.01
Tools & Equipment	Plant & Machinery	0.03
Office Furniture	Plant & Machinery	0.51
Total		**5.25**

2.3.12. The Authority during its examination of CAPEX claimed by AAI for true up of Third Control Period notes the following:

i. It is noted that AAI has executed a CAPEX of ₹ 7.22 Crores during Third Control Period against total approved CAPEX of ₹ 79.44 Crores, resulting in a variance of ₹72.22 Crores (approximately 91%).

ii. Further, the Authority notes AAI has deferred ₹69.98 Crores of CAPEX out of the total approved CAPEX of ₹ 79.44 Crores for the Third Control Period. AAI has submitted that the deferrals were majorly on account of delay in statutory approvals and centralized procurement. It is noted that such instances are common across AAI airports, wherein CAPEX items, though duly approved, are not capitalized within the stipulated timeframe, leading to their spillover and subsequent consideration in ensuing control periods.

iii. The details of the deferred CAPEX items are as follows:

Table 15: Details of CAPEX deferred by AAI to the Fourth Control Period

(₹ Crores)

S. No.	Particulars	Amount
1	Extension of Apron at Srinagar Airport	47.13
2	Body Scanner (QTY-2/4)	9.00
3	TCV (QTY-1)	10.00
4	Entertainment TV	0.33
5	Replacement of existing chillers with reversible chillers (Chillers with heat pump) & associated works at Srinagar Airport	3.52
	Total	**69.98**

iv. The Authority further observes that AAI has also dropped CAPEX amounting to ₹1.67 Crores approved in the Third Control Period. The details of the CAPEX are tabulated below:

Table 16: Details of CAPEX (Capitalization) dropped by AAI during the Third Control Period

(₹ Crores)

S. No.	Particulars	Amount
1	Provision of Electrostatic air filters etc. in AHUs as COVID-19 protective measures at Srinagar Int'l Airport, Srinagar, including Interest During Construction (IDC)	1.67

2.3.13. Additionally, the Authority observes that AAI has claimed an unplanned CAPEX of ₹ 25.03 Crores which was not approved in the Tariff order for Third Control Period.

2.3.14. The Asset Category wise comparison of the Planned and unplanned CAPEX as claimed by AAI for True up of Third Control Period vis-à-vis the CAPEX as per the Third Control Period Tariff Order is shown in the table below:

Table 17: Variance in the CAPEX (Capitalization) for true up of the Third Control Period

(₹ Crores)

S. No.	Particulars	CAPEX as Approved by the Authority in Tariff Order (A)	CAPEX claimed by AO for True up (B)	Variance (B-A)
A	**Planned CAPEX**			
A1	Runways / Taxiway / Aprons	47.56	1.00	-46.56
A2	Tools & Equipment	22.04	2.29	-19.75
A3	Electrical Installations	4.60	0.63	-3.97
A4	Other Office Equipment	-	-	
A5	Computer & Peripherals	0.47	0.29	-0.18
A6	Office Furniture	0.89	0.92	0.03
A7	Other Vehicles	0.12	0.12	0
A8	Building - Terminals	-	-	
A9	CFT/ Fire Fighting Equipment	-	-	
A10	Building - Temporary	-	-	
A11	Building - Residential	-	-	
A12	X ray baggage System	3.52	1.80	-1.72
A13	Other Building- unclassified	0.24	0.15	-0.09
A14	Plant & Machinery	0.01	0.03	0.02
	Sub-total (A)	**79.44**	**7.22**	**-72.22**
B	**Unplanned CAPEX**			
B1	Runways / Taxiway / Aprons	-	1.30	1.30
B2	Tools & Equipment	-	9.22	9.22
B3	Electrical Installations	-	0.34	0.34
B4	Other Office Equipment	-	0.02	0.02
B5	Computer & Peripherals	-	1.46	1.46
B6	Office Furniture	-	1.74	1.74
B7	Other Vehicles	-	0.58	0.58
B8	Building - Terminals	-	0.61	0.61
B9	CFT/ Fire Fighting Equipment	-	0.90	0.90
B10	Building - Temporary	-	1.14	1.14

S. No.	Particulars	CAPEX as Approved by the Authority in Tariff Order (A)	CAPEX claimed by AO for True up (B)	Variance (B-A)
B11	Building - Residential	-	1.21	1.21
B12	X ray baggage System	-	0.13	0.13
B13	Other Building- unclassified	-	0.96	0.96
B14	Plant & Machinery	-	5.41	5.41
	Sub-total (B)	**-**	**25.03**	**25.03**
	TOTAL (A+B)	**79.44**	**32.25**	**-47.19**

Authority's consideration on various allocation ratios submitted by AAI for True up for Third Control Period

2.3.15. The Authority in line with the available guidelines and norms took following decisions on all of the Allocation ratios as submitted by AAI for consideration for True up of Third Control Period:

i. **Terminal Building Ratio**: The Authority proposes to consider the standard Terminal Building Ratio of 90:10 (Aeronautical: Non-Aeronautical) for the capitalization of CAPEX as part of the true-up exercise for the Third Control Period, in line with IMG norms.

ii. **Employee Ratio and Quarter Ratio**: Authority, through independent consultant, verified the baseline operational manpower metrics submitted by AAI during the Consultant's site visit and found them to be appropriate. Accordingly, the Authority proposes to adopt employee ratio and quarter ratio as submitted by AAI.

2.3.16. The Authority's review of actual Capex executed by AAI for the Third Control Period vis-à-vis the approved CAPEX (as per the Tariff Order for the Third Control Period) shows that AAI has not executed around 91% of approved CAPEX. The major variances have been presented as under:

A. The Authority's examination of the Planned CAPEX incurred for the Third Control Period:

2.3.17. The Authority, as part of its due diligence of True up submission of AAI in respect of CAPEX incurred during Third Control Period, has reviewed major capital items (planned CAPEX), as discussed in the following paragraphs:

A1: Taxiway/Apron

2.3.18. The Authority notes that AAI has claimed a CAPEX of ₹ 1.00 Crores incurred under the asset category-Taxiway/Apron against the approved amount of ₹ 47.56 Crores, as shown below:

(i) Strengthening and re-construction of Taxi Track D&D1 (₹ 1.00 Crore)

2.3.19. The Authority notes that cost variation in the capital expenditure for the work titled "Strengthening and Reconstruction of Taxi Track D & D1" wherein AAI has claimed capitalization of ₹1.00 Crore against an approved amount of ₹ 0.42 Crore. This represents a cost escalation of 138% over the approved cost.

In justification of this cost variance, AAI clarified that the tender for the said works was cancelled due to unforeseen administrative issues leading to re-tendering. During the subsequent re-tendering process, the technical scope of the project was expanded to include a detailed mandatory engineering survey to be executed directly by the contractor leading to increase in final commercial bid value. The Authority observes that the execution of the work was undertaken through a Competitive Bidding process. The

Authority's Consultant has verified the documents relating to bidding process and the amount claimed for True up is also reflecting in the FAR of Srinagar Airport.

Recognizing that airside taxiway integrity is crucial for aircraft safety and operational efficiency, the Authority proposes to consider CAPEX on the above work amounting to ₹ 1.00 Crore with capitalization in FY 2023-24.

A2: Tools & Equipment

2.3.20. The Authority notes that AAI claimed a CAPEX of ₹ 2.29 Crores incurred for Tools and Equipment against the approved amount of ₹ 22.04 Crores. The CAPEX on the following items have been claimed by AAI under this asset category:

(i) Self-Service Baggage Drop (SBD) System (₹ 0.93 Crore)

2.3.21. AAI claimed an amount of ₹0.93 Crore as against the approved amount of ₹0.80 Crore. In justification of the variance, AAI submitted that the procurement was executed through a competitive bidding process on the Government e-Marketplace (GeM) portal, thereby guaranteeing transparent price discovery. The Authority observes that the procurement was centralized and managed at the Corporate Headquarters (CHQ) level.

Considering that the CAPEX on the above project has been incurred by AAI through a competitive bidding process on GeM portal, and taking note of the essentiality of the automated baggage processing installations for improving terminal throughput and minimizing passenger wait times, the Authority proposes to consider the CAPEX amounting to ₹ 0.92 Crore with capitalization in FY 2024-25.

(ii) Digital EPABX system (₹ 0.34 Crore)

2.3.22. AAI claimed capitalization of ₹0.34 Crores under the true-up of the Third Control Period for the Digital EPABX system against an approved amount of ₹ 0.10 Crore. As regards the cost escalation, the Airport Operator submitted that the entire procurement cycle for the Digital EPABX system was routed through the Government e-Marketplace (GeM) portal via an open competitive tendering framework to ensure strict administrative transparency and market-driven price discovery.

Considering crucial role of EPABX system in Airport Operations and given that the asset was acquired through a transparent, competitive, bidding process on a public portal, the Authority proposes to consider capitalization of ₹0.34 Crore in FY 2024-25.

A3: Electrical Installations

2.3.23. AAI claimed a CAPEX of ₹ 0.63 Crore incurred on various Electrical Installations as against the total approved amount of ₹ 4.60 Crore considered by the Authority in the Third Control Period. Following capital items have been claimed by AAI under this asset category:

(i) Replacement of conventional apron high mast lights and faulty terminal building lights with LED lighting (₹ 0.35 Crore)

2.3.24. In its true-up submission for the Third Control Period, AAI has claimed an actual capital expenditure of ₹0.35 Crore for the said capital work against an amount of ₹ 0.70 Crore as approved in the Tariff Order. Further, Authority's independent consultant thoroughly scrutinized the underlying work orders and physical completion certificates submitted by AAI and also vouched related entries in the FAR of Srinagar Airport.

Considering the above, the Authority proposes to consider the CAPEX of ₹0.35 Crore on the above work with capitalization in FY2023-24.

(ii) Replacement of existing Taxiway and Apron Edge Lights with LED (₹ 0.15 Crore)

2.3.25. AAI claimed capital expenditure of ₹0.15 Crore for the "replacement of existing Taxiway and Apron Edge Lights with LED". An amount of ₹0.14 Crore was approved by the Authority for said item in the Tariff Order for the Third Control Period. Authority through its Independent Consultant conducted a verification of original work order, completion certificate and final invoices to validate the amount claimed. Based on the Independent Consultant's examination of relevant supporting documents, the Authority proposes to consider the capital expenditure of ₹ 0.14 Crore as appearing in the FAR (FY 2021-22) of the Airport.

A5: Computer and Peripherals

2.3.26. AAI claimed an amount of ₹0.29 Crore against the approved CAPEX of ₹0.47 Crore for procurement of various computers and related office equipment. Considering that the expenditure pertains to creation of IT and Office infrastructure required for day-to-day airport operations, the Authority proposes to consider CAPEX of ₹0.29 Crore. However, the Authority notes that AAI has classified the entire CAPEX as Aeronautical. Considering that the IT equipment has been deployed across various departments of the Srinagar Airport, the Authority, therefore, has applied Employee Ratio to compute the Aeronautical portion of the above referred CAPEX. Accordingly, the Authority proposes to consider an amount of ₹ 0.25 Crore in FY 2024-25.

A12: XBIS

2.3.27. The Authority had approved a total capital outlay of ₹3.52 Crores under the asset category- XBIS, for the Third Control Period, for procurement of seven (7) Registered Baggage (RB) machines and four (4) Hand Baggage (HB) machines. Against this approval, AAI has claimed an amount of ₹ 1.80 Crores. It is noted that the actual CAPEX claimed against the approved amount is lower due to reduction in number of XBIS machines.

The Authority considers that these XBIS systems are fundamental to maintaining mandatory aviation security protocols, and the amount claimed by AAI is within the CAPEX approved by The Authority. Further, AAI has incurred the abovesaid CAPEX through competitive bidding process. Based on the actual CAPEX incurred by AAI as reflected in the FAR of Srinagar Airport, the Authority proposes to consider the capital expenditure of ₹ 1.80 Crores in FY 2021-22 (HB- XBIS, 1 No. of value ₹ 0.20 Crores) and FY 2023-24 for remaining items.

A13: Other Building- unclassified

2.3.28. The Authority observes that an amount of ₹0.09 Crore, for the "Provision of tactile flooring and miscellaneous allied civil works for visually impaired (Divyang) passengers" was not capitalized by AAI. Instead, it was charged off as O&M under Repairs and Maintenance (R&M) civil expenditures. In its justification for this, AAI submitted that these structural modifications do not constitute the creation of a new standalone asset. Rather, the work represents minor upgrade and operational enhancements within the existing terminal to improve passenger accessibility.

Considering the specific functional nature and modest scale of this work, the Authority finds the accounting treatment adopted by the Airport Operator to be appropriate and proposes considering the classification of this expenditure under R&M costs for true-up for the Third Control Period.

B. The Authority's examination of the Unplanned CAPEX incurred for the Third Control Period

The Authority has sought clarification/ justification from AAI on the unplanned CAPEX as discussed below:

B1: Runway/Taxiway/Apron:

2.3.29. The Authority notes that the capital expenditure of ₹ 1.30 Crores incurred for Runway/Taxiway/Apron included the following:

(i) Construction of Flexible ATF road (₹ 0.26 Crore)

2.3.30. The Authority notes that AAI has claimed an amount of ₹ 0.26 Crore for construction of Flexible ATF road. AAI submitted that the surface and base layers of the operational ATF route had suffered extensive structural damage and pavement degradation driven primarily by the continuous, high-load movement of heavy ATF refueling tankers servicing the airfield leading to the requirement of this work. It is noted that AAI has executed this work through competitive bidding process.

Recognizing the operational necessity of this work, the Authority proposes to consider cost incurred by AAI on this work amounting to ₹ 0.26 Crore with capitalization in FY2024-25.

(ii) Provision of vehicular lane for movement of airside traffic amounting to ₹ 1.04 Crore

2.3.31. The Authority notes that AAI has claimed an amount of ₹ 1.04 Crore for this item to be trued-up for the Third Control Period. According to AAI, this unplanned expenditure was urgently necessitated by the severe structural degradation and surface damage observed on the active paved/tarmac surface near Aircraft Parking Bay No. 8, situated directly adjacent to the cargo handling bay at Srinagar Airport. Accordingly, Authority through its Independent Consultant undertook a detailed analysis of the work order and completion certificate and tendering mechanism for the said work and found them to be in order and also found necessary entries in the FAR.

Recognizing the operational requirement of this work to maintain functionality of airside pavements in proper condition, the Authority proposes to consider CAPEX of ₹ 1.04 Crores with capitalization in FY 2023-24.

B8, B10, B11, B13: Building (Other Building Unclassified, Building-Terminal, Building-Residential & Building Temporary):

2.3.32. The Authority noted that the capital expenditure of ₹ 3.92 Crores has been incurred by AAI under the major asset category- Building included the following:

(i) Construction of Garage/Shed for positioning of MFT at Srinagar airport (₹ 0.96 Crore)

2.3.33. The Authority notes that the construction of a dedicated facility for housing the Multi Fire Tender vehicle at Srinagar Airport was undertaken by the Airport Operator to safeguard Multi Fire Tender Vehicle. Given the extreme weather conditions prevalent at Srinagar, which includes heavy seasonal snowfall and intense rainfall, constructing a weather-resilient housing facility is essential to protect MFT from environmental degradation, thereby ensuring constant readiness.

Recognizing that proper housing of Fire Tender is essential for ensuring emergency preparedness and maintaining Fire Tenders in operational condition to mitigate airfield risks, the Authority proposes to consider CAPEX on this infrastructure amounting to ₹ 0.96 Crore with capitalization in FY 2025-26.

(ii) CPWD STAFF QUARTERS claimed by AAI (₹ 1.21 Crores)

2.3.34. The Authority has examined the claim of ₹ 1.21 Crore towards the payment of depreciated value of CPWD staff quarters, made by AAI to CPWD to facilitate vacation of quarters, which were constructed by CPWD on AAI land. The above payment was released by AAI to CPWD pursuant to the decision taken in the meeting between AAI officials and the Secretary, MoCA on 15.09.2022.

AAI has clarified that the said quarters are currently being utilized for the storage of dismantled materials, archival records, transit accommodation, and other ancillary purposes. While these functions do not have a direct relation with core aeronautical operations at Srinagar Airport, the Authority recognizes that using the space for keeping documents and dismantled items may partially and indirectly support ongoing aeronautical activities. Accordingly, given the details provided by AAI regarding the utilization of the said asset, the Authority proposes to allow 50% of the claimed amount, thereby proposes to consider ₹ 0.61 Crore towards CPWD staff quarters with Capitalization in FY 2023-24.

(iii) Construction of 03 nos. Security Screening Rooms at Drop Gate (₹ 1.14 Crore)

2.3.35. AAI submitted a CAPEX of ₹1.14 Crore toward the construction of three (3) security screening rooms at the terminal drop gate area. Regarding requirement of these screening rooms AAI has submitted that given the hypersensitive nature of Srinagar Airport, security screening operations represent a core aeronautical function and the deployment of these dedicated screening rooms directly assists AAI in maintaining statutory regulatory compliance, mitigating perimeter security risks, and facilitating the efficient, orderly movement of passengers prior to entering the main terminal building. Authority's Independent Consultant has examined the relevant work orders and completion certificates submitted by the Airport Operator, and observed that the same are in order.

Recognizing that essentiality of CAPEX of this work from the perspective of passenger and Airport Security, the Authority proposes to consider capitalization amounting to ₹1.14 Crore in FY 2023-24.

(iv) Construction of 02 nos. Borewell & Water Bank at Srinagar (₹ 0.61 Crore)

2.3.36. AAI claimed a capital expenditure of ₹0.61 Crore towards the construction of two (2) borewells and a centralized water bank at Srinagar Airport. AAI further submitted that the absence of a dedicated water pipeline network at Srinagar Airport necessitated the installation of Borewells and water bank for maintaining passenger amenities at Terminal Building, essential airport sanitation, airfield firefighting support capabilities, and the overall operational reliability of the station. It is noted that AAI has incurred the aforesaid CAPEX through competitive bidding process.

Considering the importance of water supply for airport operations and safety compliance, the Authority proposes to consider expenditure of ₹0.55 Crore as admissible CAPEX, after applying Terminal Building Ratio (90:10) to determine Aeronautical component of the asset with capitalization on FY 2024-25 as appearing in the FAR.

B6: Furniture and Fixtures:

2.3.37. AAI claimed a total actual capital expenditure of ₹1.74 Crores under the "Furniture and Fixtures" asset category for the true-up of the Third Control Period. They included the following:

a. SITC OF 409 NOS 03-seater chairs at Srinagar airport: ₹ 0.87 Crore
b. Passenger baggage trolleys at Srinagar airport 200: ₹ 0.43 Crore
c. Durian 3-seater sofa with leather cover at Srinagar airport: ₹ 0.22 Crore
d. Other Furniture and fixtures: Comprising of 21 assets amounts to ₹ 0.22 Crore

The Authority considers that the provision of furniture comprising of 3-seater chairs, 3-seater sofa and Passenger baggage trolleys etc. is an operational requirement to provide core passenger facilitation, ground processing efficiency, and the overall terminal experience. It is noted that AAI procured these Furniture items through competitive bidding process and the Authority's Independent Consultant also vouched related entries in the FAR of Srinagar Airport.

It is also noted that AAI has also procured a number of small value furniture items with a combined value of ₹ 0.22 Crore, These items were mainly used by the Airport staff for day-to-day operational activities- considering that these items were procured to support daily Airport operations- these were also proposed to be considered by the Authority for true up of Third Control Period.

Considering that these assets are directly utilized for passenger facilitation and play an integral role in improving terminal service quality, the Authority proposes to consider the capital expenditure of ₹1.74 Crores as reflected in FAR of FY 2023-24 and 2024-25.

B5: Computer & Peripherals:

2.3.38. It is noted that AAI had incurred a capital expenditure of ₹ 1.46 Crores on Computer & Peripherals included the following:

(i) SITC of IT network infrastructure for Wi-Fi service at Srinagar airport (₹ 1.32 Crore)

2.3.39. It is noted that AAI has incurred a CAPEX of ₹1.32 Crore for the "Supply, Installation, Testing, and Commissioning (SITC) of IT Network Infrastructure for Wi-Fi Services". In its submission regarding this unplanned addition, AAI stated that the above CAPEX was executed as per the administrative directions from the CHQ, AAI regarding the Wi-Fi services at the Airport. Authority's consultant reviewed the relevant work orders and final invoices to ensure the cost reasonableness.

The Authority finds the project necessary for meeting evolving consumer expectations related to Wi-Fi connectivity and improving overall passenger experience. Accordingly, the expenditure is considered as prudent and justified, and the Authority proposes to consider an amount of ₹1.32 Crore for true-up of CAPEX with capitalization in FY 2025-26.

(ii) Miscellaneous Computer and peripherals (₹0.14 Crore)

2.3.40. AAI has claimed other CAPEX items under this asset category with total claim amounting to ₹ 0.14 Crore. This includes items such as Aadhar Biometrics machine, Printers, VCS etc. These items were mainly used by AAI staff and Security personnel at the Airport. The Authority's Independent Consultant has verified that these items were procured through transparent bidding process and are reflecting in the FAR of

Srinagar Airport. Considering the above, the Authority proposes to consider a capitalization of CAPEX amounting to ₹0.14 crores as per capitalization claimed by AAI.

B14: Plant & Machinery

2.3.41. The Authority notes that AAI has claimed a capital expenditure of ₹ 5.41 Crores under the asset category- Plant and Machinery. The claim included the following:

(i) Replacement of existing signages with illuminated signages at Srinagar airport (₹ 0.51 Crore)

2.3.42. AAI has incurred a capital expenditure of ₹0.51 Crore for replacement of existing signage with illuminated signage systems at Srinagar Airport. AAI submitted that the pre-existing signages had been in continuous service for approximately 10-12 years. This long operational period has led to upgradation of signages at the Airport.

Recognizing that clear and legible signages are fundamental to terminal navigation and overall passenger convenience, the Authority finds the abovesaid capital expenditure prudent and therefore proposes to consider an amount of ₹0.51 Crore with capitalization in FY 2025-26.

(ii) DG Set at Srinagar Airport (₹0.85 Crore)

2.3.43. AAI has claimed a capital expenditure amounting to ₹ 0.85 Crores for installation of Diesel Generator (DG) set. AAI further submitted that requirement of the abovesaid CAPEX arose due to increase in power demand of the Terminal building owing to extension of operational hours and increase in number of concessionaires.

The Authority's Independent Consultant undertook a detailed assessment of FAR, work orders and Completion certificates shared by AAI and observed the following:

a. the initial vendor (M/s Vijaya Power) could not finish the entire scope and the remaining work was continued via two other vendors (M/s Cummins and M/s Novarteure)
b. AAI had actually incurred a cumulative physical expenditure of ₹0.73 Crore up to the end of FY 2025-26 as reflected in FAR.
c. AAI has claimed borrowing interest of ₹0.05 Crore as part of amount claimed for this asset whereas AAI has claimed that no debt has been taken by AAI for Srinagar Airport. Hence, the Authority has not considered this amount as part of CAPEX

Based on the above reasons and the importance of DG set in providing uninterrupted power to ensure smooth airport operations, the Authority proposes to consider actual capitalization of ₹0.73 Crore as reflected in the FAR for FY 2024-25.

(iii) SITC of Tyre Killer, Bollards, Boom Barrier at SXR (₹0.66 Crore)

2.3.44. The Authority notes that AAI has claimed a CAPEX amounting to ₹ 0.66 Crores for procurement and installation of tyre killers, bollards, and boom barriers. This capital expenditure was executed as per security requirements and threat-mitigation protocols raised by the Central Reserve Police Force (CRPF) personnel. It was noted that the CAPEX was done through competitive bidding and the corresponding amount was reflecting in the FAR.

Considering the importance of maintaining perimeter security at the Srinagar Airport, the Authority finds the procurement prudent and proposes to consider capitalization of ₹ 0.66 Crore in FY 2024-25.

(iv) Design, SITC of Solar Power Plant (₹0.65 Crore)

2.3.45. AAI in its MYTP has claimed a CAPEX of ₹ 0.65 Crores towards the installation of a solar power plant at Srinagar Airport. As regards the requirement of the CAPEX, AAI submitted that the expenditure was undertaken as per the administrative directives issued by AAI CHQ under the national PM Surya Ghar scheme. Further, it was noted that in this CAPEX, the selection of EPC contractor was done through bidding process and the above-mentioned amount was reflecting in the FAR as well.

Considering the project's role in meeting National green energy mandates, and the optimization of long-term utility costs, the Authority considers the CAPEX as prudent. Accordingly, the Authority proposes to consider a capitalization of ₹ 0.65 Crore in FY 2025-26.

(v) Modification of ILBHS System (₹0.60 Crore):

2.3.46. It is noted that AAI has claimed a CAPEX ₹0.60 Crore for extension of the baggage conveyor belt system at Srinagar Airport. This CAPEX was executed per the technical requirements raised by AAI's Engineering team to optimize the baggage handling system within the terminal. The primary objective of this work was to increase the inline image processing time for automated baggage screening systems. The Authority through its Independent Consultant undertook a detailed analysis of the work order and completion certificate and tendering mechanism for the said work and found them to be in order and also found necessary entries in the FAR.

Recognizing that efficient and secure baggage handling is the requirement to provide seamless terminal operations, the Authority considers the CAPEX as prudent and accordingly proposes to consider the an amount of ₹ 0.60 Crore with capitalization in FY 2023-24.

(vi) Modification/ Extension of BHS SYSTEM LEVEL05 (₹ 0.41 Crore)

2.3.47. The Authority notes that AAI has claimed a CAPEX of ₹ 0.41 Crore for automation and capacity expansion of the terminal Baggage Handling System (BHS) at Srinagar Airport. AAI also submitted that the existing screening system requires human intervention to transport suspected baggage to the TCV for further action.

Considering that the reduction of manual intervention from threat-baggage logistics is important for airport safety, the Authority finds the CAPEX prudent and accordingly proposes to consider an amount of ₹ 0.41 Crore with capitalization in FY 2023-24.

(vii) SITC of RECD of DG sets at Srinagar airport (₹ 0.38 Crore)

2.3.48. The Authority notes that AAI claimed a CAPEX of ₹0.38 Crore for SITC of Retrofit Emission Control Devices (RECD) for the Diesel Generator (DG) sets at Srinagar Airport. The requirement for this expenditure emerged from a mandate issued by AAI CHQ, circulated to ensure compliance with Central Pollution Control Board (CPCB) and National Green Tribunal (NGT) directives. During due diligence of the work order and final invoices and FAR the Authority’s Independent Consultant observed payments of ₹ 0.37 Crores were reflecting in the FAR.

2.3.49. Considering the importance of environmental compliance projects to adhere to national clean air mandates, the Authority proposes to consider an amount of ₹0.37 Crore as reflecting in the FAR of FY 2025-26.

(viii) Provision 05 nos. of Submersible Motor Pump sets (₹ 0.31 Crore)

2.3.50. The Authority notes that AAI has claimed a CAPEX of ₹0.31 Crore for the provision of five (5) numbers of submersible motor pump sets. The requirement of this CAPEX originated due to the lack of municipal water connection at Srinagar Airport. The Authority's Independent Consultant during due diligence of work order, completion certificates and FAR, observes that the actual expense as reflecting in the FAR was ₹0.27 Crore.

Recognizing that secure water infrastructure is vital to terminal operations, the Authority considers an amount of ₹0.24 Crore as admissible CAPEX, after applying Terminal Building Ratio (90:10) to determine Aeronautical component of the asset with capitalization in FY 2024-25 as appearing in the FAR.

(ix) SITC SVDGS at Srinagar airport (₹ 0.24 Crore)

2.3.51. AAI has claimed a capital expenditure of ₹0.24 Crore towards the SITC of Visual Docking Guidance System (VDGS) at Srinagar Airport. This capital expenditure was executed under the umbrella of AAI's corporate Startup Initiatives, where the above-mentioned solution was procured based on the on-site demonstration of its operational capabilities by the technology partner.

Considering the role of the said item to airside operational precision, the Authority finds the procurement prudent and proposes to consider an amount of ₹0.24 Crore with capitalization in FY 2024-25.

(x) Integration of Baggage Handling System BHS (₹ 0.21 Crore)

2.3.52. In its MYTP, AAI has claimed a CAPEX of ₹0.21 Crore for integration of the terminal Baggage Handling System (BHS). The requirement of this CAPEX emerged from the improvements done by AAI to the existing baggage handling system at Srinagar Airport.

The Authority notes that a well-integrated BHS infrastructure directly improves overall terminal service quality for Passengers. Accordingly, the Authority proposes to consider the capitalization amounting to ₹0.21 Crore in FY 2024-25.

(xi) Other Plant & Machinery items (₹0.59 Crore)

2.3.53. AAI has claimed CAPEX on minor items under this asset category with total claim amounting to ₹ 0.59 Crore. These items were mainly used by AAI staff in operational activities at the Airport. The Authority's Independent Consultant has verified that these items were procured through transparent bidding process and are reflecting in the FAR of Srinagar Airport. Considering the above, the Authority proposes to consider a capitalization of CAPEX amounting to ₹0.59 crores as per capitalization dates claimed by AAI.

B2: Tools & Equipment:

2.3.54. The Authority notes that AAI has claimed capital expenditure of ₹ 9.21 Crores under the Asset Category-Tools & Equipment includes the following:

(i) DIGI YATRI BIO GATE 8 PODS 8 TABLET at Srinagar airport (₹ 3.64 Crore)

2.3.55. The Authority notes that AAI has claimed a CAPEX amounting to ₹ 3.64 Crores for implementation of Digi Yatra biometric processing facilities at Srinagar Airport. This infrastructure implementation was deployed in compliance with safety and passenger-processing directives issued by the Bureau of Civil Aviation Security (BCAS).

In its MYTP, AAI had projected a CAPEX of ₹2.43 Crore to be capitalized in FY 2025-26. However, based on the subsequent email communication by AAI, the total capital expenditure claimed by AAI stands at ₹ 3.64 Crore. The Authority's Independent Consultant undertook detailed assessment of work orders, completion certificates and the FAR notes that AAI has capitalized the assets valued at ₹2.43 Crore during FY 2024-25, while the remaining balance of ₹1.21 Crore was capitalized in FY 2025-26.

Recognizing that installation of Digi yatra at the Airport will ensure compliance to BCAS requirement and enhance passenger comfort and convenience, the Authority proposes to consider the CAPEX of ₹ 3.64 Crores with capitalization in FY 2024-25 and 2025-26.

(ii) SITC of SCCTV at Cargo of Srinagar airport (₹ 1.80 Crore)

2.3.56. AAI has submitted a CAPEX claim of ₹1.80 Crore for the SITC of SCCTV system at the Srinagar Airport. The requirement of this CAPEX was as per the instructions from the AAI CHQ. considering that the existing SCCTV system had completed its useful life. The Authority's Independent Consultant reviewed work order and completion certificates pertaining to the abovesaid CAPEX and notes that item was capitalized in FY 2022-23 by AAI whereas the same was reflecting in FY 2023-24 in the FAR. It is noted that the abovesaid procurement was done centrally through GeM Portal and the claimed amount is also reflecting in the FAR of Srinagar Airport

Considering the role of terminal surveillance in airport operations and safety, the Authority considers this expenditure as prudent and therefore proposes to consider the an amount of ₹1.80 Crore with capitalization in FY 2023-24.

(iii) SAT of CCTV System - 207 Cameras (₹0.78 Crore)

2.3.57. The Authority notes that AAI has claimed a CAPEX of ₹0.78 Crore for installation of CCTV system comprising 207 high-definition security cameras. As regards the requirement, AAI submitted that the CAPEX was executed as per requirement raised by CHQ to phase out end-of-life cameras. It is noted that the abovesaid procurement was done centrally through GeM Portal and the claimed amount is also reflecting in the FAR of Srinagar Airport.

Considering that CCTV installation is necessary for security of airport. Accordingly, the Authority proposes to consider an amount of ₹0.78 Crore with capitalization in FY 2023-24.

(iv) Procurement of BR Jackets - AAI (₹ 1.03 Crore)

2.3.58. The Authority notes that AAI has claimed a CAPEX of ₹ 1.03 Crores for procurement of BR jackets through GeM Portal. The BR jackets are required to support field security detachments at Srinagar Airport and same was established through official communications received from the Commandant and Senior Commandant of the Central Industrial Security Force (CISF).

Considering the role of BR jackets in ensuring the safety of security personnel at Srinagar Airport, the Authority proposes to consider a sum of ₹1.03 Crore with capitalization in FY 2023-24 and 2025-26.

(v) Replacement of CIDS-Check in Counter Display system (₹ 0.41 Crore)

2.3.59. The Authority notes that AAI has submitted a capital expenditure of ₹0.41 Crore for the replacement of the terminal's Check-in Counter Display System (CIDS). As regards to the requirement of abovesaid item, AAI stated that the existing CIDS were damaged and beyond their useful life, requiring a replacement.

The Authority's Independent Consultant reviewed work orders and final invoices and observed that the actual expenditure incurred by AAI for this item was ₹0.40 Crore and the same was also reflecting in the FAR of Srinagar Airport.

The Authority is also cognizant of the fact the CAPEX incurred for the abovesaid item is essential for passenger facilitation and ensuring operational check-in efficiency. Accordingly, the Authority proposes to consider a capitalization of ₹0.40 Crore as reflected in the FAR of FY 2022-23.

(vi) SITC OF 02 nos. of ETD (₹ 0.26 Crore)

2.3.60. The Authority notes that AAI has claimed a CAPEX of ₹0.26 Crore for the SITC of two (2) numbers of Explosive Trace Detectors (ETD) at Srinagar Airport. This procurement was required to execute security protocols raised directly by senior CISF officials.

As the provision of Explosive Trace Detection hardware constitutes a critical requirement for maintaining Aviation Safety and Airport Security. The Authority finds the procurement prudent and essential operational requirement; accordingly, it is proposed to consider an amount of ₹0.26 Crore with capitalization in FY 2024-25.

(vii)Supply of Passenger Baggage Trolleys (PBTs) (₹ 0.24 Crore)

2.3.61. In its MYTP, AAI has claimed a capital expenditure of ₹0.24 Crore towards the procurement of PBTs equipped with specialized braking mechanisms for the Srinagar Airport. The Authority notes that these specialized transport assets are deployed within the passenger terminal building and associated area to facilitate orderly, safe, and efficient passenger movement.

Based on the above it is noted that the abovesaid item improves terminal operational efficiency and passenger handling capabilities. Accordingly, the Authority proposes to consider the capitalization of ₹0.24 Crore in FY 2021-22.

(viii) Other Tools and Equipment items (₹1.07 Crore)

2.3.62. AAI has claimed CAPEX on minor items under this asset category with total claim amounting to ₹ 1.07 Crore. These items were mainly used by AAI staff in operational activities at the Airport and Airport safety and security. The Authority's Independent Consultant has verified that these items were procured through transparent bidding process and are reflecting in the FAR of Srinagar Airport. Considering the above, the Authority proposes to consider a capitalization of CAPEX amounting to ₹1.07 crores as per capitalization dates claimed by AAI.

B3: Electrical Installations:

2.3.63. AAI has claimed a capital expenditure of ₹ 0.34 Crore under this asset category including the following:

(i) Electrical installation in Various offices of CISF (₹ 0.34 Crore)

2.3.64. The Authority notes that AAI has claimed CAPEX of ₹ 0.34 Crores towards the relocation and associated electrification works required to enable the operationalization of Sector-6 within the Security Hold Area (SHA) at Srinagar Airport. This structural work was undertaken due to substantial increase in passenger traffic. The work entailed clearing the terminal area for this passenger traffic, by vacating a 612 sq mtr area previously occupied by the CISF and commercial airline offices and transitioning it to an alternate designated site on the west side of the terminal building.

Recognizing that the expansion of the Security Hold Area was done for managing increasing passenger volumes, the Authority finds the capital expenditure prudent and proposes to consider the CAPEX amounting to ₹0.34 Crore with capitalization in FY 2025-26.

B7 & B9: Vehicles- Freehold and Fire:

2.3.65. AAI has claimed a capital expenditure of ₹ 1.47 Crores under the asset category- Vehicles including the following:

(i) Purchase of 7 nos. Battery operated passenger golf carts at Srinagar Airport (₹ 0.25 Crore)

2.3.66. The Authority notes that AAI has claimed CAPEX of ₹0.25 Crore towards the purchase of seven (7) numbers of battery-operated passenger golf carts at Srinagar Airport. According to AAI's submission, these vehicles were required to facilitate passenger movement from the Airport drop gates to the main terminal building entrance.

The provision of golf carts enhances passenger convenience and increases terminal accessibility for elderly, infirm, or pregnant passengers. Accordingly, the Authority proposes to consider an amount of ₹0.25 Crore with Capitalization in FY 2024-25.

(ii) Purchase of 1 no. of Multi Fire Tender Vehicle (₹ 0.89 Crore)

2.3.67. AAI has submitted a CAPEX amounting to ₹0.89 Crore for the procurement of one (1) Multi Fire Tender (MFT) Vehicle at Srinagar Airport. The procurement of this MFT was executed in compliance with a corporate safety circular issued by AAI CHQ regarding mandatory precautionary measures and fire safety compliance frameworks its Airports.

Recognizing the emergency crash fire tenders constitute non-discretionary operational requirement, the Authority proposes to consider capital expenditure on the above procurement amounting to ₹0.89 Crore with capitalization in FY 2023-24.

(iii) Miscellaneous Vehicles (₹0.33 Crore)

2.3.68. The above head include 1 ambulance, 1 golf cart and 1 AC bus, which have been transferred from other AAI Airports to Srinagar Airport during the Third Control Period at book value appearing in Old station. Considering the above Vehicles are used for operational purposes at Srinagar Airport, the Authority proposes to consider CAPEX of ₹0.33 crore with capitalization in FY 2022-23/2021-22/2023-24.

2.3.69. The summary of asset category wise true up of the CAPEX proposed by the Authority for the Third Control Period is shown below

Table 18: Asset Category-wise True up of CAPEX (Capitalization) proposed by the Authority for the Third Control Period

(₹ Crores)

S. No.	Particulars	CAPEX as Approved by The Authority in TO (A)	CAPEX claimed by AO (B)	CAPEX proposed by The Authority
A	**Planned CAPEX**			
1	Runways / Taxiway / Aprons	47.56	1.00	1.00
2	Tools & Equipment	22.04	2.29	2.29
3	Electrical Installations	4.60	0.63	0.63
4	Other Office Equipment	-	-	-
5	Computer & Peripherals	0.47	0.29	0.25
6	Office Furniture	0.89	0.92	0.89
7	Other Vehicles	0.12	0.12	0.12
8	Building - Terminals	-	-	-
9	CFT/ Fire Fighting Equipment	-	-	-
10	Building - Temporary	-	-	-
11	Building - Residential	-	-	-
12	X ray baggage System	3.52	1.80	1.80
13	Other Building- unclassified	0.24	0.15	0.14
14	Plant & Machinery	0.01	0.03	0.03
	Sub-Total (A)	**79.44**	**7.22**	**7.14**
B	**Unplanned CAPEX**			
1	Runways / Taxiway / Aprons	-	1.30	1.30
2	Tools & Equipment	-	9.22	9.21
3	Electrical Installations	-	0.34	0.34
4	Other Office Equipment	-	0.02	0.02
5	Computer & Peripherals	-	1.46	1.46
6	Office Furniture	-	1.74	1.74
7	Other Vehicles	-	0.58	0.58
8	Building - Terminals	-	0.61	0.55
9	CFT/ Fire Fighting Equipment	-	0.90	0.90
10	Building - Temporary	-	1.14	1.14
11	Building - Residential	-	1.21	0.61
12	X ray baggage System	-	0.13	0.13
13	Other Building- unclassified	-	0.96	0.96
14	Plant & Machinery	-	5.41	5.20
	Sub-Total (B)	**-**	**25.03**	**24.14**
	TOTAL (A+B)	**79.44**	**32.25**	**31.28**

2.3.70. Details of project wise CAPEX proposed by the Authority for the Third Control Period is presented in the table below:

Table 19: True up of CAPEX (Project wise) proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	Capitalization Year	CAPEX Claimed by AO	CAPEX Proposed by the Authority	Variance
Planned CAPEX				
Computer & Peripherals: END User		**0.29**	**0.25**	**(0.05)**
24HP COMP,30UPS, LAPTOP04, HP laser15, HPMFP PRT.03	2024-25	0.29	0.25	(0.05)
Electrical Installations		**0.63**	**0.63**	**(0.01)**
6 Nos Hamam Tank for CISF at BSF Barrack	2021-22	0.01	0.01	-
7 Nos of DFMD- Rapiscan System Pvt System	2022-23	0.12	0.12	-
R/o Existing Taxiway & Apron Edge Light with LED	2021-22	0.15	0.14	(0.01)
Replacement of Conventional lights with LED (Apron & TB)	2022-23	0.35	0.35	-
Office Furniture		**0.92**	**0.89**	**(0.02)**
Airport Terminal Chairs-102	2021-22	0.68	0.68	-
Provision of Ultra Violet Germicidal Irradiation (UVGI) Sri	2021-22	0.24	0.21	(0.02)
Other Building- Unclassified		**0.15**	**0.14**	**-**
Provision of Toilet Block, Septic Tank At CRPF Barrack	2021-22	0.15	0.14	-
Other Vehicles		**0.12**	**0.12**	**-**
BDDS Vehicle from VSI Airport-1 No. transferred to Srinagar	2021-22	0.12	0.12	-
Plant & Machinery		**0.03**	**0.03**	**-**
Supply Of Contactless Electronic Stethoscope	2024-25	0.03	0.03	-
Runways / Taxiway / Aprons		**1.00**	**1.00**	**-**
Strengthening and Re-Construction Of Taxi Track D&D1	2023-24	1.00	1.00	-
Tools & Equipment		**2.29**	**2.29**	**-**
5 Nos Of ETD-M S TECH- (124ETD)	2021-22	0.54	0.54	-
Liquid Explosive Detector(Led)	2024-25	0.36	0.36	-
SITC Of EPABX At Srinagar Airport	2024-25	0.29	0.29	-
SITC Of Self Service Baggage Drop System	2024-25	0.93	0.93	-
Miscellaneous		0.17	0.17	-
X Ray Baggage System		**1.80**	**1.80**	**-**
Rb XBIS-AAI Airports Vt/Kritiscan/100100/22/1029	2023-24	0.34	0.34	-
Rb XBIS - AAI Airports Vt/Kritiscan/100100/22/1032	2023-24	0.34	0.34	-
Rb XBIS - AAI Airports Vt/Kritiscan/100100/22/1038	2023-24	0.34	0.34	-
(Make-Vehant, Model-Kritiscan 100100 Dv) Xbis	2023-24	0.35	0.35	-
Hand Baggage XBIS – Nuctech	2021-22	0.20	0.20	-
SITC Of 219 Nos. Of DV HB And RB XBIS-AAI Airports	2023-24	0.21	0.21	-
Subtotal		**7.22**	**7.15**	**(0.08)**
Unplanned CAPEX				
Building – Residential		**1.21**	**0.61**	**(0.61)**
CPWD STAFF QUARTERS	2023-24	1.21	0.61	(0.61)
Building – Temporary		**1.14**	**1.14**	**-**
Construction of 03 Security Screening Rooms Drop Gate	2023-24	1.14	1.14	-
Building – Terminal		**0.61**	**0.55**	**(0.06)**
Construction of 02no. Borewell & Water bank at Srinagar	2024-25	0.61	0.55	(0.06)
CFT/ Fire Fighting Equipment		**0.90**	**0.90**	**-**
Multi Fire Tender Vehicle	2023-24	0.90	0.90	-
Computer & Peripherals: End User		**1.46**	**1.45**	**(0.01)**
SITC Of IT Network Infrastructure For Wifi Service	2025-26	1.32	1.32	-
Miscellaneous		0.13	0.13	-
Electrical Installations		**0.34**	**0.34**	**-**

Particulars	Capitalization Year	CAPEX Claimed by AO	CAPEX Proposed by the Authority	Variance
Electrical installation in Various offices of CIS	2025-26	0.34	0.34	-
Land lease		**0.00**	**0.00**	**-**
land measuring 20.50 Acres (14.5 Acres taken over)	2024-25	0.00	0.00	-
Office Furniture		**1.74**	**1.74**	**-**
Durian 3 Seater Sofa With Leather Cover	2025-26	0.22	0.22	-
Passenger Baggage Trolleys At Airports 200	2023-24	0.43	0.43	-
SITC Of 409 Nos 03 Seater Chairs at Srinagar Airport	2025-26	0.87	0.87	-
Miscellaneous		0.22	0.22	-
Other Building- Unclassified		**0.96**	**0.96**	**-**
Construction of Garage/Shed For Positioning Of MFT at Airport	2025-26	0.96	0.96	-
Miscellaneous		0.02	0.02	(0.00)
Other Vehicles		**0.58**	**0.58**	**-**
Purchase Of 7 Nos. Battery Operated Passenger Golf Carts	2024-25	0.25	0.25	-
Miscellaneous		0.33	0.33	-
Plant & Machinery		**5.41**	**5.20**	**(0.21)**
Modification Of ILBHS System at Srinagar Airport	2023-24	0.60	0.60	-
05 No PROVISION OF SUBMERSIBILE MOTOR PUMP SETS, C	2024-25	0.31	0.24	(0.07)
Design, SITC Solar Power Plan	2025-26	0.65	0.65	-
DG Set For Master Concessionaries 750kva	2024-25	0.85	0.73	(0.13)
Integration Of Baggage Handling System (Bhs)	2024-25	0.21	0.21	-
Modification/ Extension Of BHS SYSTEM LEVEL05	2023-24	0.41	0.41	-
Provision Of Illuminated Signages At Sia	2025-26	0.51	0.51	-
SITC Of RECD Of DG Sets At Srinagar Airport	2025-26	0.38	0.37	(0.01)
SITC Of Tyre Killer, Bollards, Boom Barrier At SXR	2024-25	0.66	0.66	-
SITC of SVDGS At Srinagar Airport	2024-25	0.24	0.24	-
Miscellaneous		0.59	0.59	-
Runways / Taxiway / Aprons		**1.30**	**1.30**	**-**
Constructions Of Flexible ATF Road	2024-25	0.26	0.26	-
Provision Of Vehicular Lane For Movement Of Airside	2023-24	1.04	1.04	-
Tools & Equipment		**9.22**	**9.21**	**(0.01)**
CIDS-Check In Counter Display System	2022-23	0.41	0.40	(0.01)
Digi Yatra Bio Gate 8, Pods 8 Tablet 8	2024-25 & 2025-26	3.64	3.64	-
Procurement Of B R Jackets (AAI)	2023-24	0.58	0.58	-
Procurement Of Br Jackets 100 Nos CISF	2025-26	0.45	0.45	-
SAT Of CCTV System 207 Cameras	2023-24	0.78	0.78	-
SITC OF 02nos ETD	2024-25	0.26	0.26	-
SITC of SCCTV	2023-24	1.80	1.81	-
Supply Of PBTS (With Brakes) for Various AAI Airport	2021-22	0.24	0.24	-
Miscellaneous		1.07	1.07	-
Subtotal		**25.03**	**24.14**	**(0.89)**
Grand Total		**32.25**	**31.28**	**(0.96)**

2.3.71. Summary of Asset category-wise and year-wise capitalization proposed to be considered by the Authority is presented in the table below:

Table 20: Asset category-wise True up of CAPEX (Capitalization) proposed to be considered by the Authority for the Third Control Period

(₹ Crores)

Asset Category	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Building - Residential	-	-	0.61	-	-	**0.61**
CFT & Fire Fighting Equip.	-	-	0.90	-	-	**0.90**
Computer & Peripherals: End User	0.02	0.04	-	0.31	1.35	**1.71**
Electrical Installations	0.15	0.47	-	-	0.34	**0.97**
Land lease	-	-	-	0.00	-	**0.00**
Office Furniture	0.89	0.20	0.45	-	1.09	**2.64**
Other Building- unclassified	0.14	-	-	-	0.96	**1.10**
Other Office Equipment	-	0.01	0.00	-	-	**0.02**
Other Vehicles	0.32	0.13	0.00	0.25	-	**0.70**
Plant & Machinery	-	0.16	1.28	2.26	1.53	**5.23**
Runways / Taxiway / Aprons	-	-	2.04	0.26	-	**2.31**
Tools & Equipment	0.78	0.59	3.97	4.42	1.74	**11.50**
X ray baggage System	0.20	-	1.72	-	-	**1.93**
Building - Terminal	-	-	-	0.55	-	**0.55**
Building - Temporary	-	-	1.14	-	-	**1.14**
Grand Total	**2.51**	**1.61**	**12.11**	**8.04**	**7.01**	**31.28**

2.3.72. The Authority proposes to consider True up of CAPEX of ₹31.28 Crores as against CAPEX proposed by AAI amounting to ₹ 32.25 Crores. Major Reasons for the variances are as follows:

a. Rationalization of compensation cost paid to CPWD by AAI in respect of CPWD Quarters taken over by AAI, based on current usage of the quarters by AAI, this led to reduction in CAPEX amount by ₹ 0.61 Crore.

b. Rationalization of CAPEX under Asset Category- Computer peripheral: End user based on change in allocation ratio from 100% Aeronautical to Employee ratio resulting in reduction of CAPEX amount by ₹ 0.05 Crore.

c. Application of Terminal Building ratio of 90:10 on CAPEX undertaken for “Provision of Borewell” and “Installation of Submersible Pumps” at Srinagar Airport resulted in a reduction amounting to ₹ 0.13 Crore in the abovesaid CAPEX.

d. Rationalization of cost for CAPEX claimed by AAI for “DG set” based on non-consideration of interest cost claimed by AAI on the asset and the actual amount paid by AAI, as reflecting in the books of Account of Srinagar Airport. This resulted in reduction of CAPEX by ₹ 0.13 Crore.

e. Rationalization of Costs due to application of Terminal Building Ratio of 90:10.

2.3.73. Based on the above, the Authority proposes to consider the total CAPEX of ₹ 31.28 Crores for True up of Third Control Period.

True up of Depreciation for the Third Control Period

2.3.74. AAI follows useful life of assets and depreciation rates thereof as approved by the Authority vide Order No. 35 dated January 12, 2018, read with Amendment No. 01 to Order No. 35 on 'Determination of Useful Life on Airport Assets'. The True up of the Depreciation for the Third Control Period for Srinagar Airport submitted by AAI is given below:

Table 21: True up of the Depreciation claimed by AAI for the Third Control Period

(₹ Crores)

Asset Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Runways	0.00	0.00	0.03	0.07	0.08	**0.18**
Runways / taxiway / Aprons	0.80	0.80	0.80	0.80	0.79	**4.01**
Building- Terminal	2.00	2.00	2.00	2.01	2.04	**10.06**
Building – Temporary	-	-	0.19	0.38	0.38	**0.95**
Building – Residential	0.14	0.14	0.16	0.18	0.18	**0.81**
Security Fencing – Temporary	0.00	0.00	0.00	0.00	0.00	**0.00**
Other Buildings-Unclassified	0.05	0.05	0.05	0.05	0.05	**0.23**
Computer & Peripherals: END User	0.04	0.04	0.02	0.07	0.34	**0.51**
Computer & Peripherals: Server & Net	0.00	0.00	0.00	-	-	**0.00**
Intangible Assets- Software	0.00	0.00	0.00	0.00	-	**0.02**
Plant & Machinery	1.74	1.71	1.83	1.99	2.10	**9.37**
Tools & Equipment	0.22	0.31	0.46	0.68	0.85	**2.52**
Office Furniture	0.05	0.11	0.16	0.19	0.30	**0.81**
Other Vehicles	0.14	0.17	0.18	0.19	0.16	**0.84**
Electrical Installations	0.90	0.90	0.90	0.90	0.77	**4.37**
Other Office Equipment	0.43	0.42	0.42	0.39	0.01	**1.67**
Furniture & Fixtures-Other than Trolley	0.10	0.10	0.09	0.09	0.01	**0.39**
Furniture & Fixtures-Trolley	0.00	-	-	-	-	**0.00**
X Ray Baggage System	0.45	0.46	0.07	0.07	0.07	**1.12**
CFT/Fire Fighting Equipment	-	-	0.03	0.06	0.06	**0.15**
Total	**7.06**	**7.22**	**7.40**	**8.14**	**8.19**	**38.00**

Recap of decisions taken by the Authority for Depreciation as per Tariff Order for the Third Control Period

2.3.75. Following decision(s) were taken by the Authority regarding Depreciation for the Third Control Period:

f. Decision 6.9.5: "*The Authority decides to consider Depreciation as per table 47 for the Third Control Period*"

g. Decision 6.9.6: "*The Authority decides to True up Depreciation of the Third Control Period based on the actual asset additions and actual date of capitalization during the Tariff determination of the Fourth Control Period*"

2.3.76. The aeronautical depreciation as decided by the Authority in the Tariff Order for the Third Control Period is given in the table below:

Table 22: Aeronautical Depreciation decided by the Authority in Tariff order for the Third Control Period

(₹ Crores)

Particular	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Runways / taxiway / Aprons	0.80	0.81	0.82	0.82	1.60	**4.85**
Building- Terminal	2.00	2.00	2.00	2.00	2.00	**9.99**
Building – Residential	0.14	0.14	0.14	0.14	0.14	**0.71**
Other Buildings-Unclassified	0.05	0.05	0.05	0.05	0.05	**0.26**
Computer & Peripherals: END User	0.03	0.03	0.00	0.00	0.00	**0.06**
Intangible Assets- Software	0.00	0.00	0.00	0.00	0.00	**0.02**
Plant & Machinery	1.71	1.63	1.63	1.57	1.51	**8.06**
Tools & Equipment	0.23	0.24	0.95	1.65	1.67	**4.73**
Office Furniture	0.06	0.13	0.13	0.13	0.13	**0.58**
Other Vehicles	0.13	0.13	0.13	0.13	0.09	**0.62**
Electrical Installations	0.91	0.93	1.13	1.33	1.22	**5.52**
Other Office Equipment	0.44	0.43	0.45	0.45	0.08	**1.84**
Furniture & Fixtures-Other than Trolley	0.10	0.10	0.09	0.09	0.01	**0.39**
X Ray Baggage System	0.45	0.45	0.17	0.29	0.29	**1.64**
Total	**7.05**	**7.08**	**7.69**	**8.65**	**8.78**	**39.26**

<u>Authority's examination regarding True up of Depreciation for the Third Control Period</u>

2.3.77. Authority notes that AAI has computed Depreciation for the Assets based on the useful life of Assets and Depreciation rates, consistent with Order No. 35/2017-18 read with amendment no. 1 thereof. The Asset category-wise useful life and Depreciation rates thereof considered by AAI and as proposed to be considered by the Authority for the Third Control Period are as follows:

Table 23: Useful Life considered by AAI and proposed to be considered by the Authority

Asset Category	Depreciation Rates	Useful Life considered by AAI	Useful Life proposed by the Authority
Buildings	3.33% (30 years)	30	30
Electrical Installations	10.00% (10 years)	10	10
Furniture & Fixtures	14.29% (7 years)	7	7
IT Systems	33.33% (3 years)	3	3
Office Equipment	20.00% (5 years)	5	5
Plant & Machinery	6.67% (15 years)	15	15
Runways	3.33% (30 years)	30	30
Software	16.67% (6 years)	6	6
Vehicles	12.50% (8 years)	8	8
Other Roads	10.00% (10 years)	10	10

2.3.78. It is noted that AAI has depreciated assets @ 50% of applicable depreciation rates in the year of capitalization of assets, followed by 100% of applicable depreciation rates in subsequent years. However, the Authority proposes to consider the depreciation based on the actual date of capitalization of the asset and compute the depreciation charge accordingly.

2.3.79. The Authority, through its Independent Consultant, has examined the depreciation submitted by AAI for the Third Control Period based on the Fixed Asset Register. The Authority reclassified the asset categories in line with the categorization followed at the time of the Tariff Order for the Third Control Period and has recomputed the Depreciation after carrying out a detailed review of the assets capitalized during the Third Control Period.

2.3.80. In the Amendment No. 01 to Order No. 35/2017-18, the Authority notified rates of Depreciation for all the assets. The Authority notes that AAI has followed the said rates of Depreciation for assets capitalized after FY18 and depreciated the assets capitalized before FY18 on the basis of remaining life method. The Authority considers the said rate of depreciation for all the assets.

2.3.81. The Authority has recomputed the Depreciation, on the assets added to RAB during the Third Control Period and assets forming part of opening RAB for the Third Control Period (01st April 2021) for their remaining useful life, based on Order No. 35/2017-18 (read Amendment 01 to the above Order) and considering the Depreciation during the year of Capitalization on pro-rata basis from the actual date of Capitalization.

2.3.82. Depreciation computed by the Authority for the Third Control Period is shown in the Table given below:

Table 24: True up of Depreciation proposed to be considered by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Boundary Wall- Operational	-	-	-	-	-	-
Building - Residential	0.14	0.14	0.15	0.16	0.16	0.77
Building- Terminal	2.42	2.41	2.40	2.39	2.39	12.01
CFT & Fire Fighting Equip.	-	-	0.00	0.06	0.06	0.12
Computer & Peripherals: END User	0.04	0.04	0.02	0.09	0.21	0.40
Computer & Peripherals: Server & Network	0.00	0.00	0.00	-	-	0.00
Electrical Installations	0.89	0.93	0.94	0.94	0.85	4.56
Furniture & fixture-Other Than Trolley	0.10	0.10	0.09	0.09	0.01	0.39
Furniture & Fixtures- Trolley	0.00	-	-	-	-	0.00
intangible assets- Software	0.00	0.00	0.00	0.00	-	0.02
Office Furniture	0.09	0.15	0.18	0.22	0.29	0.92
Other Building- unclassified	0.05	0.05	0.05	0.05	0.07	0.27
Other Office Equipment	0.43	0.42	0.42	0.39	0.00	1.66
Other Vehicles	0.13	0.16	0.17	0.19	0.17	0.82
Plant & Machinery	1.70	1.62	1.65	1.73	1.77	8.48
Runways / Taxiway / Aprons	1.05	1.05	1.08	1.05	1.05	5.30
Security Fencing- Temporary	0.00	-	-	-	-	0.00
Tools & Equipment	0.25	0.27	0.44	0.74	0.89	2.59
X ray baggage System	0.56	0.35	0.13	0.18	0.18	1.40
Grand Total	7.85	7.70	7.74	8.30	8.10	39.70

True up of Regulatory Asset Base (RAB) for the Third Control Period

AAI's submission regarding True up of RAB for the Third Control Period

2.3.83. The Regulatory Asset Base for the Third Control Period as submitted by AAI in its updated MYTP is given in the table below:

Table 25: AAI's submission regarding True up of Aeronautical RAB for the Third Control Period

(₹ Crores)

Particulars	Ref	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB	A	85.60	81.08	77.29	80.81	82.23	
Capital Additions	B	2.54	3.43	10.91	9.56	5.81	**32.25**
Deletions / Disposals	C	-	-	-	-	-	**-**
Depreciation	D	7.06	7.22	7.40	8.14	8.19	**38.00**
Closing RAB	E = A + B - C-D	81.08	77.29	80.81	82.23	79.85	
Average RAB	**F = (A + E) / 2**	**83.34**	**79.19**	**79.05**	**81.52**	**81.04**	

2.3.84. AAI submitted the total Capital Additions to RAB of ₹32.25 Crores and Aeronautical Depreciation for the Third Control Period amounting to ₹ 38.00 Crores.

Recap of decisions taken by the Authority for Regulatory Asset Base for the Third Control Period

2.3.85. Following decision(s) were taken by the Authority regarding Average RAB for the Third Control Period:

a. Decision 6.9.7: "*The Authority decides to consider Average RAB for Third Control Period as per Table 48* "

b. Decision 6.9.8: "*The Authority decides to true up the RAB based on actuals at the time of Tariff determination for the Fourth Control Period*"

2.3.86. The Regulatory Asset Base as decided by the Authority for the Third Control Period in the table below:

Table 26: Aeronautical RAB decided by The Authority in the Tariff Order for the Third Control Period

(₹ Crores)

Particulars	Ref	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB	A	85.52	80.59	73.94	95.00	86.56	
Capital Additions	B	2.13	0.43	28.75	0.21	47.93	**79.45**
Deletions / Disposals	C	-	-	-	-	-	**-**
Depreciation	D	7.05	7.08	7.69	8.65	8.79	**39.26**
Closing RAB	E = A + B - C-D	80.59	73.94	95.00	86.56	125.7	
Average RAB	**F = (A + E) / 2**	**83.05**	**77.26**	**84.47**	**90.78**	**106.13**	

Authority's Examination regarding True up of Regulatory Asset Base for the Third Control Period

2.3.87. Based on the True up of CAPEX and Depreciation proposed by the Authority for the Third Control Period, the Authority proposes to consider the RAB for the Third Control Period as shown in the table below:

Table 27: True up of RAB as proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	Ref	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Opening RAB	A	85.52	80.17	74.09	78.46	78.20	
Capital Additions	B	2.51	1.61	12.11	8.04	7.01	**31.28**
Deletions / Disposals	C	-	-	-	-	-	**-**
Depreciation	D	7.85	7.70	7.74	8.30	8.10	**39.70**
Closing RAB	E = A + B - C-D	80.17	74.09	78.46	78.20	77.11	
Average RAB	**F = (A + E) / 2**	**82.85**	**77.13**	**76.27**	**78.33**	**77.65**	

2.4. True up of Fair Rate of Return (FRoR)

AAI's submission regarding FRoR towards true up of the Third Control Period

2.4.1. AAI has claimed 14% Fair Rate of Return, as part of its True up submission for the Third Control Period and the AO has not availed any debt during the Third Control Period.

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

2.4.2. Following decision(s) were taken by the Authority regarding FRoR for the Third Control Period:

a. Decision 7.6.1: "*The Authority decides to consider Cost of Debt at 6.21% as proposed by AAI*"

b. Decision 7.6.2: "*The Authority decides to consider Cost of Equity at 14*%"

c. Decision 7.6.3: "*The Authority decides to consider FRoR of 12.89% for Srinagar Airport for the Third Control Period as per Table 55*"

d. Decision 7.6.4: "*The Authority decides to true up the FRoR while determining tariff for the next Control Period on the basis of actual weighted average gearing ratio*"

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

2.4.3. The Authority notes from AAI's submission that it has not availed any debt for undertaking CAPEX during the Third Control Period. AAI, has therefore had zero gearing ratio for the entire Control Period, which would mathematically result in an FRoR of 14%. The AAI has attributed the absence of debt financing in its CAPEX funding to its status as a government entity, which necessitates utilization of internal funds as the first recourse before taking any debt.

2.4.4. It is pertinent to mention that the Authority, based on past Tariff Determinations for various AAI Airports noted that the capital structure of AAI is not efficient due to heavy reliance on equity component, and accordingly advised AAI to gradually move towards adopting efficient capital structure by raising debt funds for its airport CAPEX projects.

2.4.5. It is further noted that generally, at AAI Airports, the equity portion is significant higher (above 90%) and the debt portion is quite nominal (below 10%). Therefore, allowing a return on equity @ 14% on this high equity portion does not bring in efficiency, as compared to the option of funding the project through an optimal mix of debt: equity, as per the normative gearing ratio for the airport projects. Accordingly, in the 3rd Control Period Tariff Order, the Authority had re-computed the FRoR as illustrated at Table 55 under Para 7.5.2 of the Tariff Order.

2.4.6. Considering the above, the Authority proposes to retain the FRoR @ 12.89% as was considered in the Tariff Order for the Third Control Period.

2.5. True up of Aeronautical Operation and Maintenance (O&M) expenses

AAI's submission regarding True up of O&M Expenses for the Third Control Period

2.5.1. AAI has submitted O&M expenses of ₹ 350.19 Crores as part of its updated MYTP after considering the actuals for FY 2025-26 vide email dated 16th July 2026. The break-up of O&M expenses claimed by AAI for true up of the Third Control Period is as follows:

Table 28: True-up of O&M Expenses submitted by AAI for the Third Control Period

(₹ Crores)

S.No.	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
1	Payroll Costs	9.56	10.92	11.80	13.67	14.72	**60.68**
2	Retirement benefits	0.30	0.27	0.75	0.68	0.69	**2.69**
A	**Total Payroll Expenses (1+2)**	**9.86**	**11.19**	**12.55**	**14.35**	**15.41**	**63.36**
B	Repair & Maintenance	7.30	9.35	11.06	11.38	14.38	**53.46**
C	Utilities & Outsourcing Expenses	5.05	5.98	6.03	6.91	11.22	**35.18**
D	Upkeep Expenses	2.17	2.77	2.89	4.19	3.98	**15.99**
3	Admin. & Other Expenses: other than CHQ/RHQ	3.95	6.20	7.93	8.10	9.03	**35.22**
4	Admin. & Other Expenses: CHQ/RHQ	29.91	33.82	25.42	26.69	28.03	**143.87**
E	**Total Administration and General Expenses (3+4)**	**33.86**	**40.02**	**33.35**	**34.79**	**37.06**	**179.08**
F	Other Outflows	0.10	0.54	1.02	0.59	0.86	**3.11**
	Total O&M Expenditure	**58.33**	**69.85**	**66.90**	**72.21**	**82.90**	**350.19**

Recap of Decisions taken by the Authority regarding Aeronautical O&M Expenses for the Third Control Period

2.5.2. Following decision(s) were taken by the Authority regarding Aeronautical O&M expenses for the Third Control Period:

i. Decision no. 9.6.1: *"The Authority decides to consider O&M expenses for the Third Control Period for Srinagar Airport as per Table 64"*

ii. Decision no. 9.6.2: *"The Authority decides to consider the O&M expenses incurred by AAI during the Third Control Period subject to reasonableness and efficiency, at the time of tariff determination for the next Control Period"*

2.5.3. The O&M expenses approved by the Authority in the Tariff Order for Third Control Period amounted to ₹ 297.58 Crores. Component wise details of the O&M expenses approved by the Authority in the Tariff Order for the Third Control Period are as follows:

Table 29: Aeronautical O&M expenses as decided by the Authority in the Tariff Order of the Third Control Period

(₹ Crores)

S. No.	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	TOTAL
1	Payroll Costs	10.06	10.72	11.36	12.05	12.75	**56.94**
2	Retirement benefits	0.29	0.31	0.32	0.34	0.36	**1.62**
A	**Total Payroll Expenses (1+2)**	**10.35**	**11.03**	**11.68**	**12.39**	**13.11**	**58.56**
B	Repair & Maintenance	6.34	5.92	5.52	6.78	6.28	**30.84**
C	Utilities & Outsourcing Expenses	5.04	5.20	5.36	5.53	5.70	**26.83**
D	Upkeep Expenses	1.99	2.18	2.18	2.27	2.36	**10.98**
3	Admin. & Other Expenses: other than CHQ/RHQ	1.84	2.48	2.68	2.90	2.69	**12.59**
4	Admin. & Other Expenses: CHQ/RHQ	28.43	29.85	31.35	32.91	34.56	**157.1**
E	**Total Administration and General Expenses (3+4)**	**30.27**	**32.33**	**34.03**	**35.81**	**37.25**	**169.69**
F	Other Outflows	0.10	0.13	0.13	0.15	0.17	**0.68**
	Total O&M Expenditure	**54.09**	**56.79**	**58.90**	**62.93**	**64.87**	**297.58**

Authority's examination of True up submission of AAI in respect of O&M expenses for the Third Control Period

2.5.4. The Authority notes a variance ₹ 52.61 Crores (~18%) between the updated O&M expenses proposed for True Up by AAI for Srinagar Airport and that approved by the Authority in the Tariff Order for the Third Control Period. The Authority has examined the variances and the same has been explained below:

Payroll Expenses

2.5.5. Major portion of the increase in payroll expenses claimed by AAI vis-à-vis payroll expenses as approved in the Tariff Order of the Third Control Period is owing to the following reasons:

i. Overtime expenses witnessed significant escalation during the Third Control Period- rising ~2.5x from FY 2021-22 to FY 2022-23 and ~2x from FY 2023-24 to FY 2024-25, primarily attributable to the extension of airport operational hours from 4 PM to 10 PM and operational activities due to increased passenger numbers.

ii. Another reason for increase in payroll expenses is inter-airport staff transfers within AAI, with Srinagar Airport being a short-tenure/rotation-based posting location.

iii. Payment of Leave encashment to staff post covid in FY 2022-23 after unfreezing of the leave encashment policy resulted in higher-than-anticipated leave encashment payouts, contributing to the overall increase in payroll expenses.

2.5.6. The Authority further noted that three employees presently working at Srinagar Airport were transferred from Joint Venture airports, comprising two employees from Trivandrum Airport and one employee from Jaipur Airport. In this regard, AAI submitted that the employee costs pertaining to these personnel continue to be booked at their respective source stations and being borne by the Private Airport Operator. Accordingly, the payroll costs of these employees are not being loaded to Srinagar Airport.

2.5.7. The Authority observes that the overall increase in payroll expenses is around 8% as against the approved cost is largely operational in nature (increase in number of operational hours requiring corresponding increase in number of employees), and accordingly, the payroll expenses as claimed by AAI are proposed to be considered for true-up of the Third Control Period.

Repair and Maintenance

2.5.8. Repairs and Maintenance expenses include civil, electrical and mechanical maintenance works relating to the airport, including terminal, runways, taxiways, parking bays, aprons, aerobridges, power substations, IT systems, plant and machinery.

2.5.9. The aeronautical R&M expenses approved by the Authority for the Third Control Period and submitted by AAI for True up are given in the table below:

Table 30: Comparison of R&M Expenses as submitted by AAI for True up and as approved by the Authority in the Third Control Period

(₹ Crores)

FY ending March	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Aeronautical R&M Expenses approved by the Authority in TCP order (A)	6.34	5.92	5.52	6.78	6.28	**30.84**
Aeronautical R&M Expenses incurred by the Airport Operator for True up (B)	7.30	9.35	11.06	11.38	14.38	**53.46**
Variation (B-A)	0.96	3.43	5.54	4.60	8.10	**22.62**

2.5.10. The Authority notes that R&M expenses for the Third Control Period were approved on normative basis at 6% of the opening RAB (Net block), along with additional allowance for snow clearance expenses, considering the unique operational requirements of Srinagar Airport during winter months. Accordingly, the total approved R&M expenditure (including snow clearance) stands at ₹30.84 Crore. However, AAI has claimed ₹53.46 Crore towards R&M expenses (excluding snow clearance expenses), and ₹58.63

Crore including snow clearance expenses of ₹5.17 Crore. This represents an increase of ~90% over the approved levels, highlighting a significant variation between approved and actual claims.

2.5.11. Considering that the matter related to capping of R&M expenditure at 6% of opening RAB is currently under litigation before the Hon'ble TDSAT in Appeal No. 05/2023-24 (AAI vs. AERA), the Authority at this stage has continued its present approach regarding capping of the R&M Expenses for the purpose of true-up of R&M expenses for the Third Control Period at Srinagar Airport. Accordingly, the R&M expenditure claimed by AAI have been examined in detail for assessing its essentiality, reasonability of cost etc., subject to capping of 6% of opening RAB (Net block) as per existing approach in this regard.

2.5.12. It is observed that AAI in their MYTP had considered the expenses pertaining to Snow Clearance under A&G Expenses whereas the same were approved by The Authority under R&M. Given the nature of the expenses i.e. work being done to ensure continuity of operations at the Airport Terminal, the Authority has decided to consider the Snow Clearance Expenses under R&M for the purpose of True up of Third Control Period.

2.5.13. **Snow Clearance Expenses**: The Authority notes that the AAI has claimed an actual operational expenditure of ₹5.17 Crore towards snow clearance services at Srinagar Airport for true-up of the Third Control Period. The claimed expense of ₹5.17 Crore is within the amount of ₹5.54 Crore originally approved by the Authority in the Tariff Order for the Third Control Period.

2.5.14. The Authority through its Independent Consultant has verified the work orders for snow clearance work and reviewed the associated accounting entries for the Third Control Period and found the expense to be prudent. Accordingly, the Authority proposes to consider True up of Snow Clearance expenses amounting to ₹ 5.17 Crores for the Third Control Period.

2.5.15. Based on the above discussion, details of the claim and approval are as follows:

Table 31: R&M and Snow Clearance Expenses claimed by AAI for True up of Third Control Period vs expenses decided in Tariff Order for the Third Control period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	TOTAL
R&M expenses excluding snow clearing expenses						
Claimed by AAI for True up	7.30	9.35	11.06	11.38	14.38	**53.47**
Opening RAB	85.52	80.17	74.09	78.46	78.20	
R&M expenses excluding snow clearing exp. proposed by the Authority (6% of Opening RAB)	5.13	4.81	4.45	4.71	4.69	**23.79**
Snow clearing expenses						
Approved by the Authority in Tariff order	1.21	1.08	1.08	1.08	1.08	**5.54**
Claimed by AAI for True Up	1.21	1.08	0.93	0.98	0.96	**5.16**
Snow clearing expenses proposed by the Authority	1.21	1.08	0.93	0.98	0.96	**5.16**
True up of R&M and snow clearing expenses proposed by the Authority	**6.34**	**5.89**	**5.38**	**5.69**	**5.65**	**28.95**

Upkeep Expenses

2.5.16. The Authority's examination of Upkeep Expenses shows a substantial increase of ₹ 5.01 crores (from ₹ 10.98 crores approved in the Tariff order to ₹ 15.99 crores claimed in the True up submission) for the Third Control Period. The primary reason for variance in Upkeep expense is increase in MESS contract value.

2.5.17. The Authority observes a cost overrun in the MESS contract value which expanded significantly from ₹3.00 Crore to ₹11.00 Crore. Based on submissions made by AAI, this increase is attributed to a policy shift introduced via an administrative circular issued by AAI Corporate Headquarters (CHQ). This directive revised the underlying contracting framework for both MESS and "May I Help You" (MIHY) passenger service blocks. The suggested changes are as follows:

i. Implementation of mandatory statutory wage revisions for field contractor personnel

ii. Structural extension of operational watch hours at the station from 4:00 PM to 10:00 PM, requiring extended shift rotations

iii. Localized requirement for deploying additional heavy upkeep machinery and increased technical manpower to manage escalating terminal footprints

iv. Non-discretionary integration of mandatory statutory components within the contractor pricing model, including Provident Fund (PF) contributions, employee bonuses, and other government-mandated welfare benefits

Acknowledging that terminal upkeep is fundamental to maintaining prescribed service quality metrics and noting that the cost increases are driven by corporate policy revisions and statutory labor compliance, the Authority finds the expenditure prudent. Further, considering the Upkeep expenses are pertaining to the Terminal Building and the Authority proposes to apply TB ratio of 90:10 on the said expense resulting in an amount of ₹ 15.35 Crores. Accordingly, the Authority proposes to consider actual Upkeep expenses amounting to ₹ 15.35 Crores for True-up of the Third Control Period

Administration and General (A&G) Expenses

2.5.18. The Authority notes that there is an increase of ~₹ 23 Crores in the A&G Expenses (other than CHQ/RHQ expenses) from an approved value of ₹ 12.59 Crores in the Tariff Order of Third Control Period to ₹ 35.22 Crores as claimed by AAI for True Up.

2.5.19. Following are the key reasons for the variation between the expenses claimed for True Up and approved A&G expenses (other than CHQ/RHQ):

i. **Solid Waste Management:** The Authority notes that an amount of ₹1.29 Cr has been incurred towards Solid Waste Management at Srinagar Airport, in line with policy directions issued by AAI CHQ for implementation of structured waste management systems across all AAI airports. Considering that such initiatives are essential for maintaining hygiene, ensuring environmental compliance, and enhancing overall passenger experience within the terminal premises. Accordingly, the Authority proposes to consider the expenses on Solid Waste Management for the True up of the Third Control Period.

ii. **In-Line Baggage Manpower:** The Authority notes that expenditure amounting to ₹13.27 Cr has been incurred towards deployment of Manpower for In-Line Baggage system which was out sourced centrally by AAI for multiple airports to support operation and monitoring of in-line baggage handling systems across AAI Airports, including Srinagar Airport. The actual amount claimed by AAI is in line with the books of account for FY 2021-22 to FY 2024-25. Considering the increasing adoption of In-Line Baggage Screening Systems integrated with security requirements, dedicated manpower is essential at Srinagar Airport to ensure continuous baggage flow, real-time screening coordination with security agencies, and compliance with aviation security protocols. Given the criticality of such manpower in maintaining operational efficiency, reducing processing bottlenecks, and ensuring seamless passenger handling, the Authority finds the expenditure to be necessary and prudent, and has accordingly proposes to consider the same for true up of the Third Control Period.

iii. **Watch & Ward:** It is noted that AAI has incurred Watch & Ward expenses amounting to ₹2.88 Cr, primarily towards engagement of ex-servicemen through DGR (Directorate General of Resettlement) for supporting activities across operations, commercial, and other departments at Srinagar Airport. Considering that such manpower is essential for ensuring security support, monitoring, and smooth functioning of airport operations, the Authority finds the expenditure to be reasonable and necessary for maintaining operational efficiency at the Airport. Accordingly, the Authority proposes to be considered Watch and Ward Expenses amounting to ₹ 2.88 Crores.

iv. **Increase in Travelling expenses:** AAI has claimed an expenditure of ₹2.99 Crores as travelling expenses as against the approved amount of ₹1.78 Crore. The Authority observes that the projections for the Third Control Period were based on the travelling expenses of FY 2021-22, which were relatively lower due to the impact of COVID-19-induced travel restrictions. With the resumption of normal operations from FY 2022-23 onwards, including both inland travel and employee transfers, there has been a corresponding increase in travelling expenses. Considering the operational nature of these expenses, the Authority finds the justification reasonable and proposes to consider the amount claimed by AAI for true-up of the Third Control Period.

v. The Authority has observed that AAI has claimed ₹1.37 Crore towards interest on loan apportioned to Srinagar Airport from the total borrowing costs incurred at the AAI level. Further, the Authority notes that AAI has taken this loan as a Working Capital loan and the amount was utilized towards supporting day to day activities, especially during the years succeeding Covid-19 times. Considering the operational nature of the abovesaid expenses the Authority proposes to consider the expense under Interest on Loan amounting to ₹ 1.37 Crore for the Third Control Period.

vi. **Removal of Snow-clearing expenses amounting to ₹5.17 Crore:** The Authority notes that snow clearing expenses were charged under Administration & General (A&G) expenses by AAI instead of being classified under Repairs & Maintenance (R&M), as was approved by the Authority in the Tariff Order. The Authority proposes to re-classify snow clearing expenses as part of R&M expenses for the Third Control Period. The total admin and general expenses (other than CHQ/RHQ) proposed by the Authority for true-up of the Third Control Period amounts to Rs. 29.97 crores.

Apportionment of Administrative and General Expenses- CHQ/RHQ to Srinagar Airport for Third Control Period

2.5.20. The Authority observes that the CHQ/RHQ expenses claimed by AAI for true-up of the Third Control Period (TCP) of Srinagar Airport is ₹ 143.87 Crores out of the total O&M expenditure of ₹ 350.19 Crores which constitutes approximately 41% of the total O&M expenses. Such a significant amount allocated under Corporate and Regional overheads, particularly for an airport of the size, scale and operational profile of Srinagar Airport looks totally one sided and unreasonable on part of AAI which has more than

140 Airports under its direct operations. Hence, CHQ/RHQ expenses claimed by AAI for Srinagar Airport warrants a detailed prudence review, and the Authority considers it necessary to examine the same from the perspective of need, cost causation, reasonableness, proportionality and demonstrable benefit to the regulated aeronautical activities at Srinagar Airport. Such allocation of Headquarter and Regional Expenses is particularly important in the case of smaller airports, where excessive allocation of common overheads can have a disproportionately high impact on airport charges due to the limited traffic and revenue base.

In this context, the Authority has considered the following airport-specific factors:

i. **Nature of Srinagar Airport as a Civil Enclave**: Srinagar Airport operates as a Civil Enclave, where a substantial part of the critical airside infrastructure, including the Runway, taxiways, Air Traffic Control and other air-side operational infrastructure is developed, maintained and operated by the Indian Air Force (IAF). Consequently, the scope of infrastructure development, maintenance and operational responsibility of AAI at Srinagar Airport is comparatively limited vis-à-vis a conventional airport.

   Accordingly, the extent of CHQ/RHQ support attributable to Srinagar Airport needs to be assessed having regard to the actual nature and extent of additional and new infrastructure requiring time, efforts and resources of CHQ/RHQ of AAI rather than merely on the basis of a common allocation methodology in a mechanical way.

ii. **Limited CAPEX undertaken during the Third Control Period**: The Authority further observes that against the planned Capital Expenditure of ₹79.44 crores allowed for execution during the Third Control Period, AAI could execute/capitalize only ₹7.22 crores, thus 90% of the planned CAPEX did not happen in Srinagar and a mere 10% could be executed and capitalized.

   The significantly lower level of actual capitalization/ development during the Control Period indicates that the requirement for centralized technical, engineering, project-management, procurement, financial and managerial support associated with implementation of the planned CAPEX would also have been substantially lower than originally envisaged.

   The Authority is of the view that the extent of common corporate and regional overheads attributable to an airport should bear a reasonable relationship with the actual scale and nature of infrastructural development activities undertaken at that airport, including the extent of capitalization/ development actually executed during the relevant period.

iii. **Requirement of demonstrable cost causation and proportionality**: While the Authority recognizes that an airport may require certain corporate, administrative, technical and regional support for efficient functioning, such costs must have a demonstrable link with the operations of the concerned airport and must be reasonable in relation to the services and support actually provided. Srinagar Airport, like other airports, functions as an operationally independent airport unit and is required to carry out its day-to-day functions for the safe, secure and efficient conduct of airport operations. However, unlike other AAI Airports, Srinagar has a distinctive feature of being a Civil Enclave where the entire Airside including Runways/Taxiways are planned, designed, constructed, renovated and upgraded by the Defence Ministry and the role of CHQ/RHQ of AAI is very limited. Therefore, the Authority is of the view that allocation of common CHQ/RHQ expenses merely based on an internal allocation methodology, without adequately demonstrating cost causation and proportionality, cannot by itself justify the recovery of such costs from airport users.

Authority's Consideration and Proposal

Based on the above, the Authority considers that the CHQ/RHQ expenses claimed for Srinagar Airport need to be rationalized having regard to the specific operational characteristics of the airport as a Civil Enclave, the comparatively limited extent of infrastructure and operational responsibilities discharged by AAI, the actual activities undertaken during the Control Period and the absence of adequate airport-specific substantiation of the level of common overheads allocated.

At the same time, the Authority recognizes that Srinagar Airport would necessarily have availed a certain level of centralised administrative, managerial, technical, financial and regional support from CHQ/RHQ during the Third Control Period. Therefore, complete disallowance of the apportioned CHQ/RHQ expenditure may not appropriately recognize the common support services available to the airport.

In determining a reasonable allowance, the Authority has also taken note of the extent of actual capital expenditure for development of airport infrastructure & facilities towards aeronautical services at Srinagar Civil Enclave was undertaken by AAI during the Third Control Period. It is noted that against the planned CAPEX of ₹79.44 crores, only ₹7.22 crores, i.e. approximately 10% was actually executed/capitalized. This substantially lower level of capital activity is a relevant indicator of the correspondingly limited requirement for centralised technical, project-management and associated corporate/regional support during the control period.

Accordingly, after considering the specific characteristics of Srinagar Airport as a Civil Enclave, the limited scope of airside infrastructure and operational responsibilities undertaken by AAI, the lack of adequate demonstration of direct cost causation for the level of CHQ/RHQ expenses claimed, the disproportionate impact of such allocation on airport users, and taking into account that the actual CAPEX execution/capitalization of about 10% of the planned CAPEX, the Authority considers it reasonable to allow only 10% of the CHQ/RHQ expenses claimed by AAI for the true-up of the Third Control Period. The proposed allocation represents a calibrated and balanced cost apportionment on regulatory principles.

Utilities and Other Outflows

2.5.21. These expenses include power charges, fees paid to outsiders, consumption of stores & spares and POL. AAI has incurred actual utilities & outsourcing expenses of ₹ 35.18 crore during Third Control Period as against the expense of ₹ 26.82 crore approved in the Tariff Order for the Third Control Period. Component wise breakup is discussed below:

i. Power Cost

2.5.22. AAI has incurred actual power charges of ₹ 29.38 crore during the Third Control Period (after netting off the recovery from commercial concessionaires) against a sum of ₹ 26.30 Crores as approved in the Tariff Order of Third Control Period. Power Cost makes up ~84% of expenses claimed under Utilities and Other outflows.

2.5.23. AAI has made available trial balance for the period from FY 2021-22 to FY 2024-25 in their initial MYTP submission and subsequently shared the same for FY 2025-26 vide email dated 16th July 2026. Accordingly, the details of Power Cost recovered from Concessionaires during the Third Control Period is shown in the table below:

Table 32: Details of Power Cost incurred by AAI in the Third Control Period

(₹ Crores)

Parameter/Item	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Total Power Cost	5.31	6.12	6.32	7.30	7.09	**32.14**
Recoveries of Concessionaire	0.36	0.37	0.51	0.67	0.85	**2.75**
Recoveries (%)	6.78%	6.05%	8.07%	9.18%	11.64%	**8.56%**
Net Power Cost	4.95	5.74	5.82	6.64	6.24	**29.39**

2.5.24. AAI has claimed Power Cost amounting to ₹29.39 for the True up of Third Control Period. This represents an increase of approximately 12% over the approved amount of ₹26.30 Crore. The Authority, through its independent consultant got the claimed figures verified against the available Trial Balance and corresponding General Ledger entries, and found it to be in line with the submissions made by AAI. Accordingly, considering the operational nature of the expense, the Authority considers the claim of ₹29.39 Crore for Power expenses for the Third Control Period.

2.5.25. Based on the above factors, the Authority proposes to consider the power costs as submitted by AAI for Srinagar Airport for true up of the Third Control Period.

ii. Fee Paid to Outsiders

2.5.26. The Authority observes that AAI has claimed an expenditure of ₹ 5.51 Crore against ₹24.16 Lakh approved in the Tariff Order for the Third Control Period.

2.5.27. As submitted by AAI, the additional expenditure of ₹ 0.76 Crore pertains to engagement of a consultancy agency- Airports Council International (ACI) by AAI for Airport Service Quality Assessment at all AAI airports having traffic volumes higher than 1.5 MPPA. Additionally, AAI, in its updated MYTP dated 16 July 2026, has claimed an amount of ₹4.75 Crores under "Fee Paid to Outsiders" for FY 2025-26. In support of this claim, AAI submitted that the expenditure pertains to the payment made to the contractor towards the foreclosure of the PMC contract with M/s RITES Ltd. for services related to the completion, modification, and extension of the existing terminal building. AAI regarding the foreclosure submitted that the services relating to execution phase were not utilized by AAI given overall project scheme underwent repeated reviews and was subject to changes in the concept design. The Authority's Independent Consultant reviewed the payment proofs and detailed break-up of the expenditure and found the documents to be in order. Accordingly, the Authority proposes to consider an amount of ₹ 5.51 Crores as part of the true-up of the Third Control Period. The Authority proposes to consider the total expenses under the head fees paid to outsiders amounting to Rs. 5.79 crores for the Third Control Period.

2.5.28. In addition to the two expenses specified above, AAI has also claimed an amount of ₹ 0.28 Crore against expenses namely 'Consumption of Stores and Spares' and 'POL'. Considering the role of these expenses in maintaining uninterrupted operations of the Airport, the Authority proposes to consider ₹ 0.28 Crore for True up of Third Control Period.

2.5.29. Further, the Authority observes that the unplanned O&M expenditure claimed by AAI during the True-up of the Third Control Period, including expenditure towards new contracts such as Solid Waste Management and In-line Baggage manpower, as well as increases in existing expense heads such as Upkeep, Administration & General (A&G), and Watch & Ward, were incurred to meet the operational and security requirements of the Airport. Accordingly, the Authority proposes to consider the same for the Third Control Period.

2.5.30. Based on the above discussion, the Authority proposes to consider True up of the O&M expenses for the Third Control Period as per the table below:

Table 33: True up of the O&M Expenses proposed by the Authority for the Third Control Period

(₹ Crore)

S. No	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
1	Payroll Costs	9.56	10.92	11.80	13.67	14.72	**60.67**
2	Retirement benefits	0.30	0.27	0.75	0.68	0.69	**2.69**
A	**Total Payroll Expenses (1+2)**	9.86	11.19	12.55	14.35	15.41	**63.36**
B	Repair & Maintenance	6.34	5.89	5.38	5.69	5.65	**28.95**
C	Utilities & Outsourcing Expenses	5.05	5.98	6.03	6.91	11.22	**35.19**
D	Upkeep Expenses	2.07	2.63	2.72	4.03	3.90	**15.35**
3	Admin. & Other Expenses: other than CHQ/RHQ	2.64	5.16	6.99	7.12	8.06	**29.97**
4	Admin. & Other Expenses: CHQ/RHQ	2.99	3.38	2.54	2.67	2.80	**14.38**
E	**Total Administration and General Expenses (3+4)**	5.63	8.54	9.53	9.79	10.86	**44.35**
F	Other Outflows	0.10	0.54	1.02	0.59	0.86	**3.11**
	Total O&M Expenditure	**29.05**	**34.77**	**37.23**	**41.36**	**47.90**	**190.31**

2.5.31. The Authority proposes to consider True up of O&M amounting to ₹190.31 Crores as against CAPEX proposed by AAI amounting to ₹ 350.19 Crores. Major Reasons for the variances are as follows:

a. Rationalization of Admin. & other expenses: CHQ/RHQ by ₹ 129.49 Crores on account of reasons such as Civil Enclave nature of Srinagar Airport, non-execution of significant proportion of Planned CAPEX, etc.

b. Rationalization of R&M expenses due to its capping at 6% of opening RAB (Net Block), amounting to ₹ 24.51 Crores

c. Rationalization of Upkeep expenses by ₹ 0.64 Crores due to change of Terminal building Allocation Ratio to 90:10.

2.6. True up of Non-Aeronautical Revenue (NAR)

AAI's Submission regarding True up of Non-Aeronautical Revenue for the Third Control Period

2.6.1. The true-up of the non-aeronautical revenue submitted by AAI for Srinagar Airport for the Third Control Period amounts to ₹ 101.82 Crores. The details of NAR submitted by AAI for true up of the Third Control Period are as follows:

Table 34: Non-aeronautical revenue for the Third Control Period submitted by AAI

(₹ Crores)

S. No.	Revenue categories	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
A. Passenger related revenues							
1	Restaurant/ Snack Bars	1.29	4.61	6.54	12.08	11.21	**35.73**
2	T.R. Stall	1.26	3.13	3.86	4.97	7.36	**20.57**
3	Hoarding & Display	1.49	2.79	3.33	3.96	4.72	**16.29**
4	Car Parking	0.28	0.44	1.40	2.51	1.63	**6.26**
5	Car Rental	-	-	0.49	0.52	0.61	**1.62**
6	Admission Tickets	0.03	0.03	0.04	0.08	0.14	**0.32**
7	Space Rent from Airlines	0.84	0.78	0.88	1.13	1.14	**4.78**
8	Other Misc. Income	1.38	2.46	3.33	1.44	1.20	**9.80**
B. Other revenues							
9	Land Lease	-	0.09	0.12	0.07	0.11	**0.39**
10	Building	1.12	1.48	1.44	1.05	0.97	**6.06**
	Total	**7.68**	**15.81**	**21.43**	**27.81**	**29.09**	**101.82**

Recap of decisions taken by the Authority regarding Non-Aeronautical Revenue for Third Control Period

2.6.2. Following decision(s) were taken by the Authority regarding non-aeronautical revenue for the Third Control Period:

a. Decision No. 10.6.1: "*Authority decides to consider non-aeronautical revenues for the Third Control Period for Srinagar Airport in accordance with Table 70*"

b. Decision No. 10.6.2: "*Authority decides to consider actual non-aeronautical revenues for the Third Control Period for Srinagar Airport, while determining tariff for the Fourth Control Period*"

2.6.3. The non-aeronautical revenue approved by the Authority in the Tariff Order for Third Control Period was ₹ 70.11 Crores. Component wise details of the non-aeronautical revenue approved by the Authority in the Tariff Order for the Third Control Period is as follows:

Table 35: Non-Aeronautical Revenue decided by the Authority in the Tariff Order for the Third Control Period

(₹ Crores)

S. No.	Revenue categories	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
A. Passenger related revenue							
1	Restaurant/ snack bars	1.29	4.44	4.44	5.11	5.87	**21.15**
2	T.R. stall	1.26	2.94	2.94	3.38	3.89	**14.41**
3	Car parking	0.28	0.55	0.55	0.63	0.73	**2.74**
4	Car Rental	-	-	-	-	-	**-**
5	Admission tickets	0.03	0.01	0.01	0.01	0.01	**0.07**

S. No.	Revenue categories	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
6	Space rent for Airlines	-	-	-	-	-	**-**
7	Other Misc. Income	1.05	1.02	1.02	1.17	1.35	**5.61**
B. Other revenue							
8	Hoarding & display	1.49	2.78	2.78	3.20	3.68	**13.92**
9	Building (non-residential)	2.21	2.23	2.40	2.58	2.77	**12.20**
	Total	**7.61**	**13.97**	**14.14**	**16.08**	**18.30**	**70.11**

Authority's examination and proposal regarding true up of non-aeronautical revenues for the Third Control Period:

2.6.4. The Authority notes that a Non-Aeronautical Revenue (NAR) of ₹70.11 Crore was approved in the Tariff Order for the Third Control Period. At the true-up stage, AAI has submitted actual NAR of ₹101.82 Crore, representing increase of approximately 45% over the approved value. The Authority has verified the Non-Aeronautical Revenue figures for Srinagar Airport from the station's Trial Balance for the period FY 2021-22 to FY 2025-26.

2.6.5. The upward trajectory in non-aeronautical revenue is primarily driven by the post-pandemic normalization of passenger traffic and terminal economic activity, alongside the operationalization of key master concessionaire agreements as stated below:

i. A master concessionaire agreement executed with M/s Devyani International to optimize food and beverage operations within the terminal premise

ii. A master retail outlet agreement finalized with M/s Refex to streamline terminal shopping facilities

2.6.6. The Authority notes in AAI's submission, the AO has considered Revenue from the Airline Space Rent under the Non-Aeronautical Revenue, which AERA, as per its consistent approach, considers as part of the Aeronautical Revenue. Accordingly, the Authority proposes to shift the Airline Space Rent Revenue amounting to ₹ 4.78 Crores to Aeronautical Revenue.

2.6.7. Based on the above analysis, the true up of Non-Aeronautical Revenue for the Third Control Period proposed by the Authority amounting to ₹97.06 Crores is shown in the table given below:

Table 36: True up of the Non-Aeronautical Revenue proposed by the Authority for the Third Control Period

(₹ Crores)

S. No.	Revenue categories	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
A. Passenger related revenue							
1	Restaurant/ snack bars	1.29	4.61	6.54	12.08	11.21	**35.73**
2	T.R. stall	1.26	3.13	3.86	4.97	7.36	**20.58**
3	Car parking	0.28	0.44	1.40	2.51	1.63	**6.26**
4	Car Rental	-	-	0.49	0.52	0.61	**1.62**
5	Admission tickets	0.03	0.03	0.04	0.08	0.14	**0.32**
6	***Less:*** Space rent for Airlines						**-**
7	Other Misc. Income	1.38	2.46	3.33	1.44	1.20	**9.81**

S. No.	Revenue categories	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
B. Other revenue							
8	Land Lease (other than airlines & oil companies)	-	0.09	0.12	0.07	0.11	**0.39**
9	Hoarding & display	1.49	2.79	3.33	3.96	4.72	**16.29**
10	Building	1.12	1.48	1.44	1.05	0.97	**6.06**
	Total	**6.85**	**15.03**	**20.55**	**26.68**	**27.95**	**97.06**

2.7. True up of Aeronautical Revenue

AAI's Submission regarding True Up of Aeronautical Revenues for the Third Control Period

2.7.1. AAI, as part of its updated MYTP submission for the Fourth Control Period which contains the revised True up submission for the Third Control Period, submitted the actual Aeronautical Revenues for True up of the Third Control Period. The updated Aeronautical Revenue is presented in the Table Below:

Table 37: True-up of Aeronautical Revenue for the Third Control Period submitted by AAI

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Parking Charges (A)	0.08	0.10	0.11	0.22	0.67	**1.17**
Land Lease - Oil Companies & Others (B)	0.26	0.28	0.34	0.37	0.42	**1.66**
Royalty from Handling charges (C)	0.39	0.27	1.18	0.42	0.31	**2.56**
CUTE charges (D)	2.80	4.21	5.51	5.39	4.06	**21.97**
Royalty from AAICLAS (E)	0.81	0.65	1.12	1.32	1.21	**5.11**
Extension of Watch Hours (F)	0.01	0.08	0.12	0.18	0.17	**0.56**
UDF Domestic	61.45	85.33	115.01	204.10	165.81	**631.71**
UDF International	0.57	2.24	5.39	7.73	6.93	**22.87**
Total UDF (G)	62.02	87.57	120.40	211.83	172.75	**654.58**
Total (Sum A:G)	**66.37**	**93.15**	**128.78**	**219.73**	**179.58**	**687.61**

Recap of decisions taken by the Authority regarding Aeronautical Revenue for the Third Control Period

2.7.2. Following decision(s) were taken by the Authority regarding Aeronautical Revenue for the Third Control Period:

i. Decision No. 14.6.1 "*The Authority decides to consider Aeronautical revenue for the Third Control Period for Srinagar Airport as per Table 83*"

ii. Decision No. 14.6.2 "*The Authority decides to true up Aeronautical revenue based on actual numbers for the Third Control Period at the time of determination of tariff for the Fourth Control Period* "

2.7.3. The Authority, in the Tariff Order for the Third Control Period, decided the Aeronautical revenue as per the table below:

Table 38: Aeronautical Revenue decided by the Authority for the Third Control Period in the Tariff Order

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
UDF Domestic	62.05	86.64	136.78	236.44	289.64	**811.55**
CUTE charges	3.00	4.19	6.19	6.93	7.76	**28.07**
Royalty from AAICLAS	0.66	0.82	0.91	1.00	1.10	**4.49**
UDF International	0.34	0.46	0.55	0.71	0.80	**2.86**
Land Lease - Oil Companies	0.26	0.28	0.3	0.32	0.35	**1.51**
Royalty from Ground Handling charges	0.46	0.14	0.14	0.16	0.16	**1.06**
Parking Charges	0.08	0.10	0.13	0.19	0.23	**0.73**
Extension of Watch Hours	0.04	0.05	0.05	0.07	0.08	**0.29**
Space Rent from Airlines	-	-	-	-	-	**-**
Total	**66.90**	**92.68**	**145.04**	**245.82**	**300.14**	**850.58**

2.7.4. The Authority conducted a detailed evaluation of the actual aeronautical Revenues accrued to the Airport Operator (AAI) at Srinagar Airport against the projections approved in the Tariff Order for the Third Control Period.

Traffic-Linked Reductions in Aeronautical Revenue

2.7.5. The Authority observed a reduction across passenger volume dependent Revenue Components in FY 2025-26 during the Third Control period. The drop in Revenue is mainly attributable to Pahalgam incident in Kashmir happened in April 2025.

2.7.6. Further, the reduction in Passenger and Air Traffic related Revenues (UDF, CUTE, & Parking Charges etc.) are following trends similar to the trends observed in the Actual Passenger and ATM numbers during the Third Control period.

2.7.7. Further, the Authority observed two increases in the Parking Charges at Srinagar Airport, the details of the said increases are as follows:

i. In FY 2024-25, the Parking Charges doubled from ₹ 0.11 Crore to ₹ 0.22 Crore due to Assembly elections in the state- resulting in increased Air traffic and Aircraft parking at the Station.

ii. During FY 2025-26, multiple instances of Aircraft on Ground (AOG) involving aircraft operated by Air India, IndiGo, SpiceJet and other airlines resulted in prolonged parking of aircraft were observed at Srinagar Airport. Consequently, the Airport earned additional aeronautical revenue of approximately ₹0.50 Crore during the year.

2.7.8. The Authority observes that the Airport Operator (AO) classified the revenues generated from "Space Rent from Airlines" under the non-aeronautical revenue. However, the Authority emphasizes that operational space let-out to Airlines within the terminal building are utilized for carrying out Airlines' core functions like ticketing, check-in, and administrative functions. Therefore, considering the nature of utilization of TB space by Airlines, the Authority as per its consistent approach in this regard has considered this revenue stream as Aeronautical Revenue for the True up of Third Control period.

2.7.9. Considering that actual Aeronautical Revenue proposed by AAI for True up of the Third Control Period is consistent with actual traffic statistics for the Third Control Period and same is in line with actual figures reflecting the Trial Balance of Srinagar Airport, the Authority proposes to consider the True up of the Aeronautical Revenue for the Third Control period as submitted by AAI with adjustment for Revenue received from Airlines Space Rent as shown in the Table below:

Table 39: True-up of the Aeronautical revenue proposed by the Authority for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Parking Charges	0.08	0.10	0.11	0.22	0.67	**1.17**
Land Lease - Oil Companies	0.26	0.28	0.34	0.37	0.42	**1.66**
Royalty from Ground Handling charges	0.39	0.27	1.18	0.42	0.31	**2.56**
Land Lease from Ground Handling Agencies	-	-	0.02	0.05	0.05	**0.13**
CUTE charges	2.80	4.21	5.51	5.39	4.06	**21.97**
Royalty from AAICLAS	0.81	0.65	1.12	1.32	1.21	**5.11**
Extension of Watch Hours	0.01	0.08	0.12	0.18	0.17	**0.56**
UDF Domestic	61.45	85.33	115.01	204.10	165.81	**631.71**
UDF International	0.57	2.24	5.39	7.73	6.93	**22.87**
UDF Total	62.02	87.57	120.4	211.83	172.74	**654.58**
Add: Space Rent from Airlines	0.84	0.78	0.88	1.13	1.14	**4.77**
Total	**67.21**	**93.93**	**129.68**	**220.91**	**180.77**	**692.51**

2.8. True up of the Aeronautical Taxes

AAI's Submission regarding True up of Aeronautical Taxes for the Third Control Period

2.8.1. AAI, in its submission for true up for the Third Control Period (as part of MYTP for the Fourth Control) recalculated Aeronautical Taxes, after considering Aeronautical Revenue, 30% of Non-Aeronautical Revenue, Operation and Maintenance expenditure, concession fee, depreciation and interest expenses with Actuals for FY 2025-26 and other changes. The updated Aeronautical Taxes claimed by AAI are shown in the table below:

Table 40: AAI's submission regarding True up of Aeronautical Taxes for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Revenue (A)						
Aeronautical Revenue	66.37	93.15	128.78	219.73	179.58	**687.61**
Non-Aero Rev @30%	2.30	4.74	6.43	8.34	8.73	**30.55**
Total (A)	**68.68**	**97.90**	**135.21**	**228.07**	**188.31**	**718.16**
Expenses (B)						
O&M expenses	58.33	69.85	66.90	72.21	82.90	**350.19**
Depreciation	8.05	7.42	7.78	8.06	7.72	**39.03**
Total (B)	**66.39**	**77.28**	**74.68**	**80.27**	**90.62**	**389.23**
Profit Before Tax	2.29	20.62	60.53	147.80	97.69	**328.93**
Set-off of prior period tax losses	(2.29)	(20.62)	(29.73)	0.00	0.00	**(52.64)**
PBT after set-off of prior period tax losses	0.00	0.00	30.80	147.80	97.69	**276.29**
Tax Rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	**0.00**	**0.00**	**7.75**	**37.20**	**24.59**	**69.54**

Recap of decisions taken by the Authority regarding Aeronautical Taxes for the Third Control Period

2.8.2. Following decision(s) were taken by the Authority regarding Aeronautical Taxes for the Third Control Period:

a) Decision No. 11.5.1: "*The Authority decides to consider the Taxation for the Third Control Period for Srinagar Airport as per Table 74*"

b) Decision No. 11.5.1: "*The Authority decides to true up the aeronautical tax amount appropriately, taking into consideration all relevant facts at the time of tariff determination for the Fourth Control Period*"

2.8.3. The Aeronautical Tax decided by the Authority in the Tariff Order for the Third Control Period is as shown in the table below:

Table 41: Aeronautical Tax decided by the Authority at the time of tariff determination for the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Revenue (A)						
Aeronautical Revenue	66.90	92.68	145.04	245.82	300.14	**850.58**
Expenses (B)						
O&M expenses	54.09	56.79	58.90	62.93	64.87	**297.58**
Depreciation	8.28	7.32	8.53	9.53	11.81	**45.47**
Total (B)	62.37	64.11	67.43	72.46	76.68	**343.05**
Profit Before Tax	4.53	28.57	77.61	173.36	223.46	**507.53**

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Set-off of prior period tax losses	(4.53)	(28.57)	(34.54)	-	-	**(67.64)**
PBT after set-off of prior period tax losses	-	-	43.07	173.36	223.46	**439.89**
Tax Rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	**-**	**-**	**10.84**	**43.63**	**56.24**	**110.72**

Authority's examination and proposals regarding Aeronautical Taxes for the Third Control Period

2.8.4. The Authority notes that in estimating the Aeronautical Profit Before Tax (PBT), AAI has included 30% NAR as part of Airport Revenues. The Authority as per its consistent approach for computation of Aeronautical Tax, excludes the Non-Aeronautical Revenue while computing Aeronautical Tax. Accordingly, the Authority proposes to maintains its present methodology for computing Aeronautical Taxes and therefore has not considered the impact of 30% NAR in Aeronautical Tax.

2.8.5. It is noted that AAI has considered ₹52.64 crore as losses brought forward from Second Control Period, whereas, the Authority in the Tariff Order for the Third Control Period had decided prior period losses totaling to ₹67.64. In view of the above, the Authority proposes to consider prior period losses up to Second Control Period amounting to ₹67.64 crore for set off, while calculating Aeronautical Tax for the Third Control Period.

2.8.6. The depreciation for Aeronautical tax purposes is calculated based on the Income Tax Act (IT Act). The Authority notes that AAI has considered 50% depreciation rate for the first year of all the CAPEX additions. In contrast, as per IT Act the depreciation on an asset addition is put to use for less than 180 days in the financial year it is acquired, the Assesses can claim 50% of the normal depreciation rate for that year, otherwise 100% of the normal depreciation rate. Based on the aforesaid, the depreciation for tax purposes is calculated as per the IT Act.

2.8.7. Considering the above adjustments, the Authority proposes to consider the Aeronautical Tax at ₹99.15 Crores, as opposed to the ₹69.54 Crores claimed by AAI. The details of Regulatory Tax presented below:

Table 42: Aeronautical Taxation as proposed by the Authority for true up of the Third Control Period

(₹ Crores)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Revenue (A)						
Aeronautical Revenue	67.21	93.93	129.68	220.91	180.77	**692.51**
Expenses (B)						
O&M expenses	29.05	34.77	37.23	41.36	47.90	**190.31**
Depreciation	8.35	7.43	8.79	8.19	7.86	**40.63**
Total (B)	**37.40**	**42.20**	**46.02**	**49.55**	**55.76**	**230.94**
Profit Before Tax	29.81	51.73	83.67	171.37	125.01	**461.58**
Set-off of prior period tax losses	(29.81)	(37.83)	-	-	-	**(67.64)**
PBT after set-off of prior period tax losses	-	13.90	83.67	171.37	125.01	**393.94**
Tax Rate (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	**-**	**3.50**	**21.06**	**43.13**	**31.46**	**99.15**

2.9. True up of the Aggregate Revenue Requirement (ARR) for the Third Control Period

AAI's Submission regarding True up of Aggregate Revenue Requirement for the Third Control Period

2.9.1. True-up of the ARR submitted by AAI for the Third Control Period is shown in table given below:

Table 43: True up of the ARR for the Third Control Period as submitted by AAI

(₹ Crores)

Particulars	Formula	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB	(a)	83.34	79.19	79.05	81.52	81.04	
FRoR	(b)	14.00%	14.00%	14.00%	14.00%	14.00%	
Return on Average RAB	(c)=(a*b)	11.67	11.09	11.07	11.41	11.35	**56.58**
Depreciation	(d)	7.06	7.22	7.40	8.14	8.19	**38.00**
O&M expenses	(e)	58.33	69.85	66.90	72.21	82.90	**350.19**
Tax expenses	(f)	-	-	7.75	37.20	24.59	**69.54**
ARR per year	Sum (c:f)	77.06	88.16	93.11	128.96	127.02	**514.31**
Add: Under recovery of Second Control Period	(g1)	401.17					**401.17**
Compounding impact of TDSAT case	(g2)	168.68	-	-	-	-	**168.68**
Dep and Average RAB of FA of CP2	(g3)	0.11	0.10	0.10	0.09	0.09	**0.49**
Compounding of return on Dep and Average RAB on FA of 1st CP -up to March 2021	(g4)	0.87	-	-	-	-	**0.87**
Dep and Average RAB of FA of 1st CP	(g5)	0.04	0.04	0.04	0.04	0.03	**0.19**
Gross ARR	(h) = (c+ d+e+f+g)	647.93	88.30	93.25	129.09	127.14	**1,085.71**
NAR	(i)	7.68	15.81	21.43	27.81	29.09	**101.82**
Less 30% NAR	(j = 30% i)	2.30	4.74	6.43	8.34	8.73	**30.55**
Net ARR	(k) = (h - j)	645.63	83.56	86.82	120.75	118.42	**1,055.17**
Aero Revenue	(l)	66.37	93.15	128.78	219.73	179.58	**687.61**
Discount Factor (@14.00%)	(m)	1.93	1.69	1.48	1.30	1.14	
PV of ARR	(n)	1,243.10	141.13	128.63	156.92	134.99	**1,804.78**
PV of Arero Revenue	(o)	127.80	157.33	190.79	285.56	204.72	**966.20**
Shortfall/(surplus)	(n-o)	1,115.31	(16.20)	(62.16)	(128.64)	(69.73)	**838.58**
True up of Under Recovery of Third Control Period	(p)	838.58					

Recap of the Authority's decision regarding Aggregate Revenue Requirement for the Third Control Period

2.9.2. Following decision(s) were taken by the Authority regarding ARR for the Third Control Period:

a) Decision No. 13.6.1: "*The Authority decides to consider the ARR and Yield for the Third Control Period for Srinagar Airport in accordance with Table 78*"

2.9.3. The Aggregate Revenue Requirement decided by the Authority at the time of tariff determination for the Third Control Period is as per the table below:

Table 44: Aggregate Revenue Requirement decided by the Authority in the Tariff Order for the Third Control Period

(₹ Crores)

Particulars	Formula	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB	(a)	83.06	77.28	84.48	90.79	106.14	
FRoR	(b)	12.89%	12.89%	12.89%	12.89%	12.89%	
Return on Average RAB	(c = a*b)	10.71	9.96	10.89	11.71	13.69	**56.96**
Depreciation	(d)	7.05	7.08	7.69	8.65	8.79	**39.26**
O&M expenses	(e)	54.09	56.79	58.90	62.93	64.87	**297.58**
Tax expenses	(f)	-	-	10.84	43.63	56.24	**110.72**
Add: Under recovery of Second Control Period	(g)	401.17					**401.17**
Gross ARR	(h = c+ d+e+f+g)	473.02	73.83	88.32	126.92	143.59	**905.69**
NAR		7.61	13.97	14.14	16.08	18.30	**70.10**
Less: 30% NAR	(i)	2.28	4.19	4.24	4.82	5.49	**21.03**
Net ARR	(j = h- i)	470.74	69.64	84.08	122.10	138.10	**884.66**
Aeronautical Revenue	(k)	66.90	92.68	145.04	245.82	300.14	**850.58**
Discount Factor (@12.89%)	(l)	1.00	0.89	0.78	0.69	0.62	
PV of ARR	(m)	470.74	61.69	65.97	84.86	85.02	**768.27**
PV of Aeronautical revenue	(n)	66.90	82.09	113.80	170.84	184.77	**618.41**
Under/ (Over) recovery of Third Control Period	(m-n)	403.84	(20.41)	(47.83)	(85.99)	(99.75)	**149.86**
Under Recovery of Third Control Period carried forward to next Control period	**149.86**						

Authority's Examination and Proposals regarding True up of Aggregate Revenue Requirement for the Third Control Period

2.9.4. The Authority has analyzed the submissions made by AAI regarding True up of Aggregate Revenue Requirement for the Third Control Period and has rationalized various building blocks as discussed in the previous sections.

Considering the above, the Authority proposes to consider the true-up of ARR for the Third Control Period as per the Computation shown in the table below:

Table 45: True up of the ARR proposed to be considered by the Authority for the Third Control Period

(₹ Crores)

Particulars	Formula	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Average RAB (*refer Table 27)*	(a)	82.85	77.13	76.27	78.33	77.65	
FRoR	(b)	12.89%	12.89%	12.89%	12.89%	12.89%	
Return on Average RAB	(c = a*b)	10.68	9.94	9.83	10.10	10.01	**50.56**
Depreciation (*refer Table 24*)	(d)	7.85	7.70	7.74	8.30	8.10	**39.70**
O&M expenses (*refer Table 33*)	(e)	29.05	34.77	37.23	41.36	47.90	**190.31**
Tax expenses (*refer Table 42*)	(f)	-	3.50	21.06	43.13	31.46	**99.15**
ARR per year	Sum (c:f)	47.58	55.91	75.85	102.89	97.48	**379.72**
Add: Under recovery of Second Control Period	(g)	401.17					**401.17**
Gross ARR	(h = c+ d+e+f+g)	448.75	55.91	75.85	102.89	97.48	**780.89**
NAR (*refer Table 36*)	(i)	6.85	15.03	20.55	26.68	27.95	**97.06**
Less 30% NAR	(j = 30% i)	2.06	4.51	6.17	8.00	8.39	**29.12**
Net ARR	(k = h- j)	446.70	51.40	69.69	94.89	89.09	**751.77**
Actual Aeronautical Revenue (*refer Table 39*)	(l)	67.21	93.93	129.68	220.91	180.77	**692.51**
Compounding Factor (@12.89%)	(m)	1.83	1.62	1.44	1.27	1.13	**12.89%**
Compounded Value ARR (31.03.2026)	(n)	819.02	83.49	100.26	120.93	100.58	**1,224.26**
Compounded Aeronautical Revenue (31.03.2026)	(o)	123.24	152.56	186.57	281.54	204.07	**947.97**
Under/ (Over) recovery for Third Control Period	(n-o)	695.78	(69.07)	(86.32)	(160.61)	(103.49)	**276.29**
Under Recovery of Third Control Period proposed to be carried forward to the Fourth Control Period	**276.29**						

2.9.5. As can be seen from the above table, the ARR as per the Authority for the True up of Third Control Period has been worked out at ₹ 751.77 crores (Compounded Value as on 31st March 2026: ₹1,224.26 crores) as against the ARR of ₹1,055.17 crores (compounded value as on 31st March 2026: ₹1,804.78 crores), as submitted by AAI. There is a variance of ₹303.40 crores (₹580.52 Crores compounded value) between the ARR submitted by AAI and the ARR as computed by the Authority. This difference is mainly attributable to the following reasons:

i. Non-consideration of disallowed Financing Allowance of the First Control Period and the Second Control Period [AAI's Appeal is pending before TDSAT] amounting to ₹170.23 crores (compounded value ₹311.21 crores) re-claimed by AAI.
ii. Rationalization of O&M expenses amounting to ₹159.88
iii. Rationalization of Return on RAB by ₹ 6.02 crores due to consideration of FRoR @ 12.89% as against the FRoR of 14.00% proposed by AAI

iv. Increase in Taxation by ₹ 29.61 crores, due to rationalization of O&M expenses, based on the ARR proposed by the Authority.

2.10. Authority's proposal regarding True up of the Third Control Period

Based on the material before it and its analysis, the Authority with respect to true up of various building blocks for the Third Control Period proposes:

2.10.1. To consider Passenger & ATM as per Table 5 for the Third Control Period.

2.10.2. To consider Capital Additions as detailed in Table 19 for the Third Control Period.

2.10.3. To consider Aeronautical Depreciation as mentioned in Table 24 for the Third Control Period.

2.10.4. To consider RAB as per Table 27 for the Third Control period

2.10.5. To consider Fair Rate of Return (FRoR) as 12.89% for the Third Control Period.

2.10.6. To consider the O&M Expenses as detailed in Table 33 for the Third Control Period.

2.10.7. To consider the Non-Aeronautical Revenue as presented in Table 36 for the Third Control Period.

2.10.8. To consider Actual Aeronautical Revenue as per Table 39 for the Third Control Period.

2.10.9. To consider Aeronautical Taxation as detailed in Table 42 for the Third Control Period.

2.10.10. To consider ARR and Under-Recovery as detailed in Table 45 for the Third Control Period and to adjust this shortfall in the Fourth Control Period.

EVALUATION OF MYTP FOR FOURTH CONTROL PERIOD FY 2026-27 TO FY 2030-31

3. TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD

3.1. AAI's submission regarding Traffic projections for the Fourth Control Period

3.1.1. AAI vide their email dated 16th July 2026, submitted the following traffic projections for the Fourth Control Period:

Table 46: Traffic proposed by AAI for Fourth Control Period

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Passenger Traffic (in Mn)						
Domestic	3.50	3.85	4.24	4.66	5.10	21.36
Domestic YoY Growth	*4%*	*10%*	*10%*	*10%*	*9%*	
International	0.01	0.01	0.01	0.01	0.01	0.03
International YoY Growth	*0%*	*0%*	*0%*	*0%*	*0%*	
Total	3.51	3.86	4.24	4.67	5.11	21.38
Air Traffic Movement (Nos.)						
Domestic	21,788	23,748	25,886	28,216	30,614	1,30,252
Domestic YoY Growth	*3%*	*9%*	*9%*	*9%*	*8%*	
International	33	33	33	33	33	165
International YoY Growth	*0%*	*0%*	*0%*	*0%*	*0%*	
Total	21,821	23,781	25,919	28,249	30,647	1,30,417

3.1.2. AAI submitted that the passenger traffic and aircraft movement projections are based on past trends, econometric and regression analysis, and various economic factors including policy framework.

3.2. Authority's examination of Srinagar Airport's submission of Traffic for the Fourth Control Period

3.2.1. The historical Passenger Traffic and ATM at the Srinagar Airport (as per data published on AAI's website) has been shown in the table below:

Table 47: Historic Passenger Traffic and ATM at Srinagar Airport

Year	Passenger (in Mn)			ATM ('000)		
	Domestic	International	Combined	Domestic	International	Combined
2017-18	2.42	0.02	2.44	17.83	0.08	17.92
2018-19	2.72	0.01	2.74	18.62	0.13	18.75
2019-20	2.80	0.02	2.82	19.37	0.29	19.66
2020-21	1.80	0.00	1.80	13.05	0.02	13.07
2021-22	3.15	0.01	3.16	24.37	0.08	24.44
2022-23	4.40	0.01	4.41	29.82	0.16	29.97
2023-24	4.18	0.02	4.20	25.65	0.15	25.8
2024-25	4.46	0.01	4.47	28.41	0.09	28.49
2025-26	3.37	0.01	3.38	21.15	0.03	21.19

3.2.2. AAI has projected growth of ~4-12% annually in passenger traffic and ~3-9% in ATM for the Fourth Control Period, considering FY 2025-26 as the base year.

3.2.3. It was observed that AAI has projected 4% and 3% y-o-y growth in Passenger Traffic and ATM respectively for FY 2026-27 considering FY 2025-26 as base year. However, the base year itself reflects an abnormal decline (~25%) in both passenger traffic and ATM, primarily attributable to the Pahalgam incident, which has resulted in a suppressed base.

3.2.4. As part of its examination of AAI's forecast of traffic at Srinagar Airport, the Authority calculated Compounded Annual Growth Rate, or CAGR, for passenger traffic and ATM from FY 2021-22 to FY 2024-25 (4-year CAGR) and FY 2022-23 to FY 2024-25 (3-year CAGR). In CAGR for the above-mentioned periods, Passenger Traffic and ATM numbers for FY 2025-26 have been excluded owing to the sharp decline in Passenger Traffic and ATM in FY 2025-26 due to Pahalgam incident.

Table 48: CAGR of Passenger Traffic and ATM during the Third Control Period

Particulars	4-year CAGR (FY 2021-22 to FY 2024-25)	3-year CAGR (FY 2022-23 to FY 2024-25)
Passengers		
Domestic	12.29%	0.68%
International	0.00%	0.00%
ATM		
Domestic	5.25%	-2.39%
International	4.00%	-25.00%

3.2.5. The Authority notes that the 4-year CAGR for domestic passenger traffic stands at 12.29%, which appears elevated primarily due to the low base of FY 2021-22 impacted by COVID-19; however, the 3-year CAGR is marginal at 0.68%, indicating limited growth in passenger traffic in the post-normalization period. International passenger traffic demonstrates nil growth (0% CAGR) over both 4-year and 3-year periods, reflecting the absence of regular international operations at Srinagar Airport, with traffic largely limited to specific/seasonal movements.

3.2.6. On the ATM front, the 4-year CAGR for domestic ATMs at 5.25% indicates moderate recovery-driven growth; however, the 3-year CAGR turns negative at (-2.39%), suggesting rationalization and consolidation of flight operations, despite stable passenger demand. International ATMs show a 4-year CAGR of 4.00% but sharply decline to (-25.00%) over the 3-year period owing to very low base and highlighting significant reduction in international flight movements in recent years.

3.2.7. Overall, the Authority observes that while the CAGR figures over the 4-year period suggest strong growth, these are largely distorted by the COVID-impacted base year, and the underlying trend based on 3-year CAGR indicates stagnation in passenger growth and decline in ATM movement, which needs to be considered while assessing traffic projections and capacity utilization for the airport.

3.2.8. Additionally, the Authority observes that in last decade, Passenger traffic and ATM has seen an average annual growth of ~9% and ~7% respectively.

3.2.9. The Authority has also taken cognizance of the International Air Transport Association (IATA) report dated on the Air Passenger Market Analysis for the month of April 2026.

The Key highlights of the IATA report are as follows:

i. *Total global passenger demand, measured in revenue passenger kilometers (RPK), declined by 3.4% in April 2026 compared to April 2025, while total capacity (ASK) decreased by 2.9% YoY. The overall passenger load factor stood at 83.1%, reflecting a marginal decline of 0.4 percentage points YoY*

ii. *International passenger demand declined by 5.3% YoY, with capacity down by 5.1%, resulting in a load factor of 83.9%. The contraction was largely driven by sharp declines in Middle East traffic; excluding Middle East, international demand grew by 1.9% YoY*

iii. *Domestic passenger demand remained flat YoY, while domestic capacity increased by 0.8%, leading to a domestic load factor of 81.9% (decline of 0.7 percentage points YoY)*

iv. *Regionally, performance was mixed-while overall global demand contracted, Asia-Pacific carriers recorded ~3.0% YoY growth, European carriers ~0.9% growth, and Latin America ~5-9% growth, partly offset by a ~46.6% decline in Middle East demand, which materially dragged global performance.*

v. *Asia-Pacific airlines continued to demonstrate resilience, with ~3.0% YoY growth in demand, moderate capacity expansion, and among the highest load factors globally (~87%+), indicating sustained strength in intra-regional and long-haul travel demand despite global headwinds*

vi. *According to IATA, geopolitical disruptions (notably Middle East conflict) and elevated jet fuel prices significantly impacted traffic and capacity, leading to the first contraction in global passenger demand since the post-COVID recovery phase and continued uncertainty in near-term demand outlook*

vii. *Overall, global air travel demand exhibited a temporary correction in April 2026, with underlying demand remaining positive outside impacted regions; capacity discipline and supply-side constraints continue to support relatively high load factors despite demand volatility*

3.2.10. AAI submitted specific justifications regarding the growth rates projected for Fourth Control Period and highlighted the following assumptions for growth rates considered:

i. Slow recovery post Pahalgam incident: The station has not yet achieved full volume recovery following the sharp decline in passenger throughput due to the Pahalgam incident that took place in Srinagar in April, 2025.

ii. Commencement of Train Service to Srinagar: The Government of India (GoI) has officially commissioned a direct train service from Delhi to Srinagar, significantly upgrading the connectivity to Srinagar beyond the initial rail links previously operating from Jammu. The launch of this direct, high-capacity rail corridor establishes a highly competitive surface transport alternative within the Kashmiri valley, further delaying the traffic recovery of Srinagar Airport.

3.2.11. The Authority considers that the moderated growth trend assumed by AAI for the domestic segment, along with a conservative baseline for the international segment, reflects a balanced, risk-aware, and reasonable approach to traffic estimation.

3.2.12. The Authority further observes that the revised growth assumptions of 4% for Domestic Passenger Traffic and 3% for Domestic ATM for FY 2026-27, as considered by AAI in its updated projections, appear conservative, particularly given that the traffic levels recorded in FY 2025-26 were significantly impacted by the Pahalgam incident and do not represent normal operating conditions. The Authority notes that Srinagar Airport has historically witnessed passenger traffic growth in the range of 9-10%, and with the expected normalization of travel demand, a stronger recovery in traffic is foreseeable. Accordingly, considering the abnormal suppression of traffic in FY 2025-26, the Authority proposes to adopt the projected Traffic of 22.88 Mn Passengers (Domestic: 22.81 Mn and International: 0.07 Mn) for the Fourth Control Period as submitted by AAI in its initial MYTP filing.

3.2.13. It is further noted that AAI in its revised MYTP submission has assumed 0% year-on-year growth in International Passenger Traffic and ATM during the Fourth Control Period, which appears reasonable given the absence of dedicated international operations at Srinagar Airport. However, AAI has retained the FY 2025-26 International Passenger Traffic and ATM levels throughout the Fourth Control Period. The Authority observes that the international traffic recorded in FY 2025-26 was also adversely impacted by the Pahalgam incident and, therefore, does not represent normal operating conditions on mid to long term basis. Accordingly, the Authority proposes to consider the International Passenger Traffic and ATM projections as submitted by AAI in its initial MYTP filing.

3.2.14. Based on the above analysis, the Authority proposes to consider Passenger Traffic and ATM numbers for the Fourth Control Period as submitted by AAI as per the table below:

Table 49: Traffic proposed to be considered by the Authority for the Fourth Control Period

Particulars (FY ending March)	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Passenger Traffic (Mn)						
Domestic Pax submitted by Operator	3.50	3.85	4.24	4.66	5.10	**21.36**
Domestic Pax Proposed by the Authority	3.74	4.12	4.53	4.98	5.43	**22.81**
Domestic YoY Growth submitted by Operator	*4%*	*10%*	*10%*	*10%*	*9%*	
Domestic YoY Growth Proposed by the Authority	*11%*	*10%*	*10%*	*10%*	*9%*	
International Pax submitted by Operator	0.01	0.01	0.01	0.01	0.01	**0.03**
International Pax proposed by the Authority	0.01	0.01	0.01	0.01	0.01	**0.07**
International YoY Growth submitted by Operator	*0%*	*0%*	*0%*	*0%*	*0%*	
International YoY Growth proposed by the Authority	*165%*	*0%*	*0%*	*0%*	*0%*	
Total Pax volume submitted by Operator	**3.51**	**3.86**	**4.24**	**4.67**	**5.11**	**21.38**
Total Pax volume proposed by Authority	**3.76**	**4.13**	**4.54**	**5.00**	**5.45**	**22.88**
Total Pax YoY Growth submitted by Operator	*4%*	*10%*	*10%*	*10%*	*9%*	
Total Pax YoY Growth proposed by the Authority	*11%*	*10%*	*10%*	*10%*	*9%*	
Air Traffic Movements (‘000)						
Domestic ATM submitted by Operator	21.79	23.75	25.89	28.22	30.61	**130.25**
Domestic ATM Proposed by the Authority	23.26	25.13	27.14	29.31	31.65	**136.48**
Domestic ATM YoY Growth submitted by Operator	*3%*	*9%*	*9%*	*9%*	*9%*	
Domestic ATM YoY Growth Proposed by the Authority	*10%*	*8%*	*8%*	*8%*	*8%*	

Particulars (FY ending March)	**FY 2026-27**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**FY 2030-31**	**Total**
International ATM submitted by Operator	0.03	0.03	0.03	0.03	0.03	**0.15**
International ATM proposed by the Authority	0.09	0.09	0.09	0.09	0.09	**0.45**
International ATM YoY Growth submitted by Operator	*0%*	*0%*	*0%*	*0%*	*0%*	
International ATM YoY Growth proposed by the Authority	*158%*	*0%*	*0%*	*0%*	*0%*	
Total ATM submitted by Operator	**21.82**	**23.78**	**25.92**	**28.25**	**30.65**	**130.42**
Total ATM proposed by the Authority	**23.35**	**25.21**	**27.22**	**29.39**	**31.74**	**136.91**
Total ATM YoY Growth submitted by Operator	*3%*	*9%*	*9%*	*9%*	*9%*	
Total ATM YoY Growth proposed by the Authority	*10%*	*8%*	*8%*	*8%*	*8%*	

3.3. Authority's Proposals regarding Traffic for the Fourth Control Period

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

3.3.1. To consider the ATM and Passenger Traffic for the Fourth Control Period for Srinagar Airport as per Table 49.

3.3.2. To True-up the Traffic Volume (ATM and Passengers) on the basis of actual traffic for the Fourth Control Period while determining Tariff for the Fifth Control Period.

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

4.1. Background

4.1.1. The Regulatory Asset Base (RAB) constitutes a core element in the framework of tariff determination, with the return on RAB forming a significant component of the Aggregate Revenue Requirement (ARR) for an airport operator. In order to incentivize continued investment in airport infrastructure and operational efficiency, it is essential that the airport operator is reasonably remunerated for prudent capital expenditure incurred. At the same time, the Authority must ensure that such capital additions are necessary, efficiently incurred, and duly justified. Further, the return is to be allowed only on assets that are directly attributable to the provision of aeronautical services, thereby safeguarding user interests.

4.1.2. The Authority, while examining the aeronautical expenditure proposed by AAI for the relevant Control Period, has undertaken a detailed prudence check of the proposed capital expenditure, duly considering the essentiality and necessity of such investments to address existing capacity constraints and to cater to anticipated traffic growth, thereby ensuring smooth and efficient airport operations, as elaborated in the subsequent paragraphs.

4.1.3. The Independent Consultant, along with its aviation expert engaged by the Authority, has carried out a comprehensive review of the submissions made by AAI for Srinagar Airport in respect of Aeronautical Capital Additions, Depreciation and RAB. In this regard, the scope of review undertaken by the Independent Consultant included, inter alia:

i. Examination of the CAPEX plan submitted by AAI in light of technical justifications, airport master planning documents, Letters of Award, work orders and other supporting documentation for proposed projects, along with consideration of clarifications and responses furnished by AAI from time to time;

ii. Verification of documentary evidence pertaining to capital expenditure, including review of various cost estimates and approval mechanisms, and processes followed for award of works & contracts, wherever applicable;

iii. Undertaking a site visit to Srinagar Airport to assess the existing infrastructure, operational conditions, and to evaluate the necessity and preparedness for proposed development works.

4.1.4. Based on the above, the Authority, through its Independent Consultant, has carefully scrutinized and rationalized the proposed CAPEX, ensuring that only those investments which are essential, justified and prudently incurred are considered for inclusion in the RAB for the current Control Period. In doing so, the Authority has examined project scope, capacity requirements and timelines of capitalization, with a view to strike an appropriate balance between enabling sustainable airport development and safeguarding user interests through reasonable aeronautical tariffs.

4.1.5. The Authority has presented its analysis on CAPEX in the following order:

- Allocation of Gross block of Assets into Aeronautical and Non-aeronautical.
- Capital Expenditure proposed for Fourth Control Period
- Depreciation for the Fourth Control Period
- Regulatory Asset Base for the Fourth Control Period

Allocation of Gross Block of Assets into Aeronautical and Non-aeronautical

4.2. AAI's submission regarding allocation of Opening Gross Block for the Fourth Control Period

4.2.1. AAI, for Srinagar Airport, in their email dated 16th July 2026, submitted the following allocation of Gross Block of Assets as on April 1, 2026, between Aeronautical and Non-aeronautical:

Table 50: Allocation of opening Gross Block of Assets as on April 1, 2026, between Aeronautical and Non-aeronautical as per AAI

(₹ Crores)

Particular	Total Assets	ANS assets	Non-Aero assets	Pure Aero	Common Assets	Common Assets		Total Aero	% Aeronautical
						Aero	Non-Aero		
Land freehold	0.00	-	-	0.00	-	-	-	0.00	100.0%
Runway, Taxi Way & Apron	33.91	-	-	33.91	-	-	-	33.91	100.0%
Road, Bridge & Culverts.	0.72	-	-	0.72	-	-	-	0.72	100.0%
Terminal Building	85.09	-	5.37	10.33	69.39	62.45	6.94	72.78	85.5%
Buildings - Temporary	3.74	-	0.05	3.69	-	-	-	3.69	98.7%
Buildings - Residential	5.65	-	-	2.40	3.25	3.15	0.10	5.55	98.2%
Security Fencing	3.25	-	-	3.25	-	-	-	3.25	100.0%
Buildings - Others	3.24	-	0.06	3.18	-	-	-	3.18	98.2%
Computers & Peripherals	3.31	-	-	3.31	-	-	-	3.31	100.0%
Computer Software	0.15	-	-	0.15	-	-	-	0.15	100.0%
Plant & Machinery	41.98	2.43	-	36.95	2.60	2.43	0.16	39.37	93.8%
Tools & Equipment	15.26	0.01	-	15.25	-	-	-	15.25	99.9%
Office Furniture	2.28	-	-	2.28	-	-	-	2.28	100.0%
Vehicles	2.01	-	-	1.95	0.06	0.05	0.01	2.00	99.5%
Electrical Installations	40.33	-	0.33	37.96	2.04	1.84	0.20	39.80	98.7%
Office Equipment	2.61	-	-	2.55	0.07	0.07	0.00	2.61	100.0%
Furniture & Fixtures-Freehold	2.08	-	-	2.04	0.04	0.04	-	2.08	100.0%
Furniture & Fixtures	3.01	0.01	-	2.92	0.08	0.01	0.06	2.94	97.6%
Trolleys	0.34	-	-	0.34	-	-	-	0.34	100.0%
X-Ray Equipment	15.59	-	-	15.59	-	-	-	15.59	100.0%
CFT & Firefighting equipment	0.93	-	-	0.93	-	-	-	0.93	100.0%
Total	**265.47**	**2.45**	**5.81**	**179.69**	**77.53**	**70.04**	**7.48**	**249.72**	**94.1%**

4.3. Authority's examination of allocation of Gross Block of Assets into Aeronautical and Non-Aeronautical

4.3.1. The common assets within the Terminal Building have been apportioned to Aeronautical and Non-aeronautical activities, by the Authority for Srinagar Airport in the Terminal Building ratio of 90%:10% for the Third Control Period (as approved by the Authority in the Order No. 16/ 2023-24 dated September

16, 2023). Accordingly, the Authority proposes to consider the same Terminal Building Ratio (90:10) for allocation of common assets within the Terminal Building for the Fourth Control Period.

4.3.2. Based on the above Asset Allocation Ratio, the Authority proposes to consider the allocation of Gross Block of Assets as on April 1, 2026, between Aeronautical and Non-aeronautical as per table below:

Table 51: Allocation of Opening Gross Block of Assets as on April 1, 2026 between Aeronautical and Non-aeronautical proposed by the Authority

(₹ Crores)

Particular	Total Assets	ANS assets	Non-Aero assets	Pure Aero	Common Assets	Common Assets		Total Aero	% Aeronautical
						Aero	Non-Aero		
Land freehold	0.00	-	-	0.00	-	-	-	0.00	100.0%
Runway, Taxi Way & Apron	33.91	-	-	33.91	-	-	-	33.91	100.0%
Road, Bridge & Culverts	0.72	-	-	0.72	-	-	-	0.72	100.0%
Terminal Building	85.70	-	5.37	10.33	70.00	63.00	7.00	73.33	85.6%
Buildings - Temporary	3.74	-	0.05	3.69	-	-	-	3.69	98.7%
Buildings - Residential	5.65	-	-	1.19	4.46	3.76	0.71	4.95	87.5%
Security Fencing	3.25	-	-	3.25	-	-	-	3.25	100.0%
Buildings - Others	2.63	-	0.06	2.57	-	-	-	2.57	97.7%
Computers & Peripherals	3.32	0.03	-	3.03	0.29	0.25	0.02	3.28	98.6%
Computer Software	0.15	-	-	0.15	-	-	-	0.15	100.0%
Plant & Machinery	37.71	2.43	-	33.61	1.67	1.53	0.14	35.13	93.2%
Tools & Equipment	16.91	0.04	0.02	16.84	-	-	-	16.84	99.6%
Office Furniture	2.28	-	-	2.28	-	-	-	2.28	100.0%
Vehicles	2.01	-	-	1.95	0.06	0.05	0.01	2.00	99.5%
Electrical Installations	41.30	-	0.33	38.93	2.04	1.84	0.20	40.77	98.7%
Office Equipment	2.60	-	-	2.54	0.06	0.06	-	2.60	100.0%
Furniture & Fixtures-Freehold	2.08	-	-	2.04	0.04	0.04	-	2.08	100.0%
Furniture & Fixtures	2.71	0.01	-	2.63	0.08	0.01	0.06	2.64	97.4%
Trolleys	0.34	-	-	0.34	-	-	-	0.34	100.0%
X-Ray Equipment	17.32	-	-	17.32	-	-	-	17.32	100.0%
CFT & Firefighting equipment	0.93	-	-	0.93	-	-	-	0.93	100.0%
Total	**265.24**	**2.52**	**5.84**	**178.21**	**78.71**	**70.53**	**8.14**	**248.74**	**93.8%**

4.3.3. The total Gross block of Aeronautical Assets, as on April 1, 2026 is ₹ 248.74 Crores.

Capital Expenditure (CAPEX) for the Fourth Control Period

4.4. AAI's submission regarding CAPEX for the Fourth Control Period

4.4.1. AAI, vide email dated 16th July 2026, submitted an updated MYTP considering the Actuals for FY 2025-26 (last tariff year of the TCP) and revised CAPEX projections amounting to ₹ 1681.76 Crores for the Fourth Control Period. The said CAPEX is summarized in the table below:

Table 52: Asset Category wise CAPEX (Capitalization) proposed by AAI for Srinagar Airport for the Fourth Control Period

(₹ Crores)

No.	Asset Category	Amount (excluding FA)	Finance Allowance	Total Amount
1	Building- Terminal	751.98	69.64	821.62
2	Runways, Taxiway & Aprons	64.55	5.90	70.45
3	Other Building	140.56	10.18	150.74
4	Tools and Equipment	38.53		38.53
5	Electrical Installation	542.36	48.87	591.23
6	Plant and Machinery	3.73		3.73
7	XBIS	5.35		5.35
8	Solar plant	-		-
9	Computers	0.10		0.10
	Total	1,547.17	134.59	1,681.76

4.4.2. AAI has submitted that the Capital Expenditure proposed in respect of Srinagar Airport for the Fourth Control Period comprises of following broad categories:

i. Construction New Integrated Passenger Terminal Building,

ii. Construction of CISF Barracks at Srinagar Airport,

iii. Extension of Apron at Srinagar Airport,

iv. Construction of various types of Residential quarters for AAI Staff

v. General CAPEX

4.4.3. With respect to the above-mentioned projects, AAI has also submitted the following:

i. AAI conducted an Airport Users Consultative Committee (AUCC) meeting with relevant stakeholders to deliberate upon the proposed capital expenditure at Srinagar Airport, aimed at addressing future traffic growth and enhancing passenger facilitation. AAI has submitted the Minutes of the AUCC discussion along with the "Project Investment File" for Authority's review.

ii. Subsequent to the AUCC approval, AAI submitted that it has obtained approval from the Public Investment Board (PIB) vide note no. 27(06)/PFC-1/2024 dated July 01, 2024, covering the aforesaid major capital projects. AAI has submitted the Minutes of the PIB discussion for Authority's review.

iii. Based on the PIB approval, AAI further obtained approval from the Cabinet Committee on Economic Affairs (CCEA) in February 2026, in respect of the proposed capital works

4.4.4. AAI in its MYTP submission stated that the costing of civil components for the aforementioned capital works has been compiled in strict alignment with the applicable Central Public Works Department (CPWD) Schedule of Rates. Further, as part of their submission, AAI has also shared the detailed cost estimates for all of the Major Capital items.

4.4.5. Item wise aeronautical cost of proposed Capital works/Capital Procurements as submitted by AAI for Fourth Control Period is presented in the table below:

Table 53: Item wise CAPEX proposed for the Fourth Control Period by AAI

(₹ Crores)

Particulars of CAPEX	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Construction of New Integrated Passenger Terminal Building at Srinagar Airport	-	-	-	-	751.98	**751.98**
Construction New Integrated Passenger Terminal Building at Srinagar Airport-Finance allowance	-	-	-	-	69.64	**69.64**
Construction of New Integrated Passenger Terminal Building at Srinagar Airport (electrical work)	-	-	-	-	527.70	**527.70**
Construction New Integrated Passenger Terminal Building at Srinagar Airport (electrical work)- Finance allowance	-	-	-	-	48.87	**48.87**
Extension of Apron at Srinagar Airport.	-	-	64.55	-	-	**64.55**
Extension of Apron at Srinagar Airport-finance allowance	-	-	5.90	-	-	**5.90**
Construction of CISF Barracks at Srinagar Airport	-	-	65.61	-	-	**65.61**
Construction of CISF Barracks at Srinagar Airport- Finance allowance	-	-	6.00	-	-	**6.00**
Construction of Various type of Residential quarter for AAI Staff at Srinagar Airport	-	-	45.77	-	-	**45.77**
Construction of Various type of Residential quarter for AAI Staff at Srinagar Airport-Finance allowance	-	-	4.18	-	-	**4.18**
Construction of Cooling Off Pit and GSE area	0.98	-	-	-	-	**0.98**
Installation of View cutters on Boundary Wall from Drop Gate to Terminal building	3.20	-	-	-	-	**3.20**
Construction of Safety Bunkers	-	25.00	-	-	-	**25.00**
Body Scanner (Qty-4 Nos.)	-	18.40	-	-	-	**18.40**
Entertainment TVs	0.33	-	-	-	-	**0.33**
CCTV	1.19	-	-	-	-	**1.19**
FIDS	2.57	-	-	-	-	**2.57**
BDDS EQUIPMENT	5.30	-	-	-	-	**5.30**
TCV (Qty-1 Nos.)	10.00	-	-	-	-	**10.00**
5 nos of ETD-M S TECH- (69ETD)	0.75	-	-	-	-	**0.75**
DFMD (QTY-61 Nos.)	1.83	-	-	-	-	**1.83**
Provision of Inset type Taxiway light fittings	1.94	-	-	-	-	**1.94**
Augmentation of Power Supply system	5.12	-	-	-	-	**5.12**

Particulars of CAPEX	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Replacement of existing Chillers with Reversible Chillers (Chillers with Heat Pump) & associated works at Srinagar Airport	5.58	-	-	-	-	**5.58**
Provision of ventilation ducts and exhaust fans in toilets inside terminal building	0.19	-	-	-	-	**0.19**
Modernization of Existing 4 Nos. (Johnson Make) Escalators	1.02	-	-	-	-	**1.02**
Water Cooler	0.38	-	-	-	-	**0.38**
SITC of Smart Visual Docking Guidance System (SVDGS)	0.72	-	-	-	-	**0.72**
Provision of VRF System in Passenger Boarding Bridge	0.19	-	-	-	-	**0.19**
Design & SITC of Apron Trolley Gate	-	1.42	-	-	-	**1.42**
XBIS (5 HB, 9 RB) against replacement of 2 HB	5.35	-	-	-	-	**5.35**
Computer	0.10	-	-	-	-	**0.10**
Total CAPEX	**46.74**	**44.82**	**192.01**	**-**	**1,398.20**	**1,681.76**

Note: Total proposed CAPEX includes Financing Allowance amounting to ₹ 134.59 Crores.

4.5. Authority's examination of Capital Expenditure (CAPEX) for the Fourth Control Period

4.5.1. The Authority, while analyzing the Aeronautical CAPEX proposed by AAI for the Fourth Control Period, has appropriately rationalized the projected CAPEX taking into account of the essentiality, scheduling and reasonability of cost estimates of proposed CAPEX.

4.5.2. The Independent Consultant appointed by the Authority has performed an in-depth analysis of the submissions made by AAI for Srinagar Airport towards Aeronautical Capital Additions, Depreciation and RAB. In this respect, the Independent Consultant has performed the following functions:

i. Reviewed detailed cost breakdown for major construction items submitted by AAI for Srinagar Airport, including various technical details, BOQs, etc. The Independent Consultant also considered the responses of AAI to the clarifications sought in relation with CAPEX plan etc. from time to time.

ii. Sought supporting documents towards the process of approval of capital addition projects, including process for award of various work orders to the contractors, wherever applicable.

iii. Sought details and status of procurement of various CAPEX Items- proposed to be procured by AAI during the first year of Fourth Control Period (FY 2026-27)

iv. Undertook detailed review of Minutes of the meetings submitted by AAI regarding CAPEX approvals.

v. The consultants also visited Srinagar Airport for a site visit from 18th to 21st May, 2026, focusing specifically on review of current airport operations and proposed airport development plans, and costing & capitalization schedule of proposed CAPEX projects.

4.5.3. The Authority's consultant also reviewed the rates of civil works as provided in the cost breakup files submitted by AAI as part of its MYTP submission and observed that the rates were broadly in line with the relevant CPWD rates, as claimed by AAI.

4.5.4. A detailed account of the AUCC and PIB minutes is presented in the following paragraphs:

Airport User Consultation Committee ("AUCC")

4.5.5. The Authority notes that AAI convened the Airport Users Consultative Committee (AUCC) meeting for Srinagar Airport to deliberate upon the proposed capital expenditure and development plans for the Fourth Control Period. The meeting was attended by key stakeholders comprising representatives from airline operators, aviation industry associations, cargo operators, oil companies, regulatory bodies, and other airport users. The consultation was undertaken to present the proposed plan for the construction of New Integrated Terminal Building (NITB) and associated infrastructure works, including apron expansion and allied facilities.

4.5.6. As per the minutes of the AUCC meeting, the Authority observes that AAI presented the current operational profile of Srinagar Airport, highlighting that the existing terminal building, with designed capacity of 2.5 MPPA, is handling traffic in excess of 4.2 million passengers, resulting in congestion and reduced level of service. In this context, AAI proposed development of a new terminal building of ~71,500 sqm with a design capacity of ~2,900 PHP and ~7.5 MPPA, along with associated infrastructure such as apron expansion and residential and security facilities.

4.5.7. During the AUCC meeting, AAI also presented traffic projections and emphasized the need for timely capacity augmentation. Stakeholders, including airline representatives and association members, raised concerns regarding the reasonableness of traffic projections and phasing of capital expenditure, recommending that infrastructure expansion should be aligned with actual traffic growth rather than upfront capacity creation. AAI responded that traffic projections have been derived based on past growth trends and expected demand from tourism and regional development, and that the expansion plan is structured to cater to long-term demand.

4.5.8. The Authority observes that stakeholders raised queries regarding terminal integration, passenger movement efficiency, and adequacy of passenger facilitation infrastructure, including circulation areas and congestion points. AAI clarified that the proposed NITB design incorporates improved passenger flow, enhanced processing capacity, and additional commercial space, thereby addressing existing constraints and improving overall service levels.

4.5.9. The Authority notes that discussions also covered aspects of phased implementation, cost estimates, and funding approach. Stakeholders sought clarity on the sequencing of capex and its tariff impact. AAI submitted that the capital expenditure has been planned in a phased manner and will be executed in line with regulatory approvals and demand conditions.

4.5.10. AAI also shared "Project Investment File" with the stakeholders- providing ample clarity on the planning of the projects discussed in the AUCC with details such as component of each project along with the expected costing.

4.5.11. Post AUCC, AAI presented the major capex items for approval of the PIB (Public Investment Board). Minutes of the discussion are as follows:

Public Investment Board ("PIB")

4.5.12. The Authority notes that the proposal for "Construction of New Integrated Terminal Building and Allied Works at Srinagar Airport" was appraised by the Public Investment Board (PIB) in its meeting held on June 6, 2024 under the Chairmanship of Secretary (Expenditure), Ministry of Finance. The meeting was attended by senior representatives from Ministry of Civil Aviation, Department of Expenditure, Department of Economic Affairs, NITI Aayog, Ministry of Defence, Ministry of Environment and Forests, and Airports Authority of India.

4.5.13. AAI presented detailed project information, stating that at Srinagar Airport, AAI operates Civil Enclave within an Indian Air Force base, having a total land area of ~73.18 acres, including Civil Apron having 9 aircraft parking bays. The existing terminal, with a peak capacity of 950 PHP, is handling ~3.38 million Passengers (as on FY 2025-26), significantly exceeding its designed capacity. To address this, AAI proposed development of a new terminal building of 71,500 sqm with 2,900 PHP capacity and ~7.5 MPPA, along with 6 additional apron bays, residential quarters, CISF barracks, and associated infrastructure, at a total project cost of ₹1,667 Crore (including GST).

4.5.14. The Authority notes that stakeholders during PIB appraisal given observations on project cost, financing structure, and tariff implications. The Chief Adviser (Cost), Department of Expenditure, highlighted the need for rationalization of project cost components, including reduction of PMC charges and appropriate treatment of contingency costs. Further, it was suggested that 20-30% debt component should be incorporated in the project financing structure instead of relying entirely on internal resources.

4.5.15. The Authority further observes that the Senior Advisor, NITI Aayog, raised concerns regarding the implications of cost-plus tariff methodology, particularly its impact on increasing user charges (UDF), and emphasized the need for rationalization of capex and improved efficiency in terminal design. It was suggested that technology interventions such as self-check-in and DigiYatra should be leveraged to optimize terminal sizing and cost. Additionally, NITI Aayog recommended adoption of a normative gearing ratio for tariff determination and enhancement of non-aeronautical revenue to at least ~15% of ARR.

4.5.16. The Authority notes that stakeholders also raised broader issues such as high user charges, efficiency of design parameters (PHP vs Terminal Area), and variation across airports, and emphasized the need to benchmark costs and improve financial sustainability. In response, AAI submitted that terminal design is based on IMG/IATA norms and airport-specific constraints such as operational hours, land availability, and traffic characteristics.

4.5.17. It is noted that the PIB, after detailed deliberations, recommended the project subject to key conditions including cost rationalization, adherence to PMC cost limits (3-5%), improvement in Non-Aeronautical Revenue share, and alignment of tariff determination with user interest. The Authority has duly taken cognizance of these observations-particularly those relating to cost prudence, financing structure, and tariff impact-while evaluating the capital expenditure and its admissibility in the present tariff determination exercise.

4.5.18. For its due diligence, the capital additions proposed by AAI for the Fourth Control Period have been categorized as follows:

i. Capital addition projects carried forward from the previous Control Period.

ii. New Capital Addition Projects proposed by AAI for Srinagar Airport during the Control Period

4.5.19. The capital additions stated have been explained project-wise in the table below:

Table 54: Project wise CAPEX (Capitalization) submitted by AAI for Srinagar Airport for the Fourth Control Period

(₹ Crores)

S.No.	Capital Expenditure Project	Year of Commissioning	Total CAPEX (incl. FA)
A. Capital Additions projects Shifted from the Third Control Period			
A1	**Runways / Taxiway / Aprons**		-
	Extension of Apron at Srinagar Airport.	2028-29	64.55
	Extension of Apron at Srinagar Airport- finance allowance	2028-29	5.90
A2	**Other Building- unclassified**		-
	Construction of CISF Barracks at Srinagar Airport	2028-29	65.61
	Construction of CISF Barracks at Srinagar Airport- Finance allowance	2028-29	6.00
	Construction of Various type of Residential quarter for AAI Staff at Srinagar Airport	2028-29	45.77
	Construction of Various type of Residential quarter for AAI Staff at Srinagar Airport- Finance allowance	2028-29	4.18
A3	**Tools & Equipment**		-
	Body Scanner (Qty-2)	2027-28	18.40
	Entertainment TV	2026-27	0.33
	TCV (Qty-1)	2026-27	10.00
A4	**Electrical Installations**		-
	Replacement of existing Chillers with Reversible Chillers (Chillers with Heat Pump) & associated works at Srinagar Airport	2026-27	5.58
	Subtotal		**226.32**
B. New Capital Additions proposed by AAI for Fourth Control period			
B1	**Building - Terminal**		
	Construction New Integrated Passenger Terminal Building at Srinagar Airport (electrical work)	2030-31	527.70
	Construction New Integrated Passenger Terminal Building at Srinagar Airport (electrical work) - Finance allowance	2030-31	48.87
	Construction New Integrated Passenger Terminal Building at Srinagar Airport (Civil Works)	2030-31	751.98
	Construction New Integrated Passenger Terminal Building at Srinagar Airport (Civil Works) - Finance allowance	2030-31	69.64
B2	**Other Building- unclassified**		
	Construction of Cooling Off Pit and GSE area	2026-27	0.98
	Installation of View cutters on Boundary Wall from Drop Gate to Terminal building	2026-27	3.20
	Construction of Safety Bunkers	2027-28	25.00
B3	**Plant & Machinery**		
	Design & SITC of Apron Trolley Gate	2027-28	1.42
	Modernization of Existing 4 Nos. (Johnson Make) Escalators	2026-27	1.02
	Provision of VRF System in Passenger Boarding Bridge	2026-27	0.19
	SITC of Smart Visual Docking Guidance System (SVDGS)	2026-27	0.72
	Water Cooler	2026-27	0.38
B4	**Tools & Equipment**		
	5 nos of ETD-M S TECH- (69ETD)	2026-27	0.75
	BDDS EQUIPMENT	2026-27	5.30
	CCTV	2026-27	1.19
	FIDS	2026-27	2.57
B5	**Electrical Installations**		
	Augmentation of Power Supply system	2026-27	5.12

S.No.	Capital Expenditure Project	Year of Commissioning	Total CAPEX (incl. FA)
	DFMD (QTY-61)	2026-27	1.83
	Provision of Inset type Taxiway light fittings	2026-27	1.94
	Provision of ventilation ducts and exhaust fans in toilets inside terminal building	2026-27	0.19
B6	**Computer & Peripherals: END User**		
	Computer	2026-27	0.10
B7	**X ray baggage System**		
	XBIS (5 HB, 9 RB) against replacement of 2 HB	2026-27	5.35
	Subtotal		**1,455.44**
	Grand Total		**1,681.76**

Capital Addition Projects shifted from the Third Control Period to the Fourth Control Period

A1 - Taxiways & Apron: Expansion of existing Apron

4.5.20. The Authority notes that the capital expenditure pertaining to the Extension of Apron project, approved in the previous Control Period at a cost of ₹ 47.13 Crore (including IDC), was not completed within the stipulated timeline by AAI. AAI submitted that the delay in execution was primarily on account of the time taken in obtaining requisite approvals from the Public Investment Board (PIB) and the Cabinet Committee on Economic Affairs (CCEA). Accordingly, AAI has proposed to shift the said CAPEX from the third Control Period to the Fourth Control Period.

4.5.21. The layout map of the projected work, submitted by AAI is as follows (area enclosed in red dotted lines):

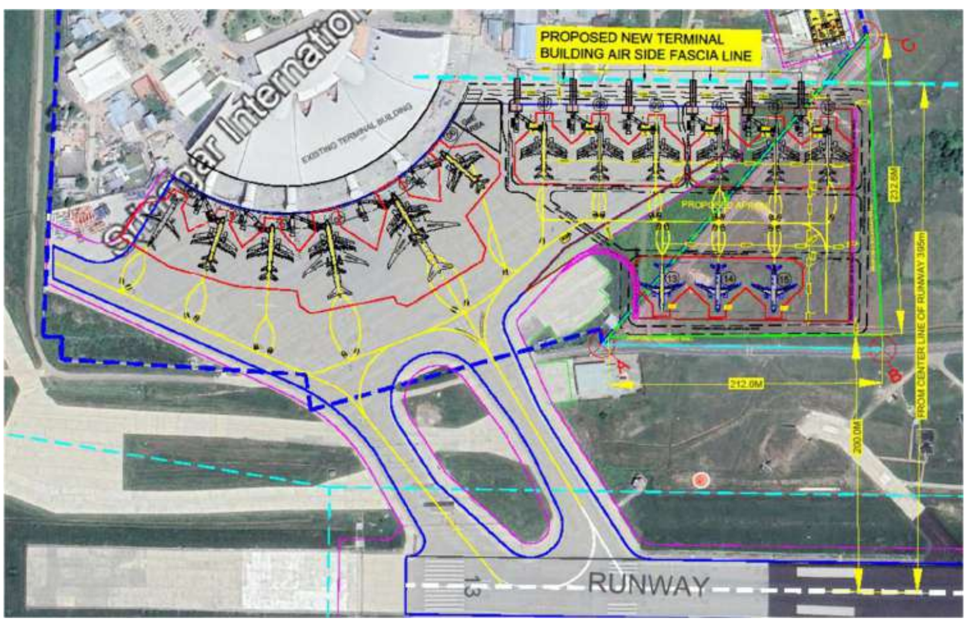

Figure 1: Layout Map of Apron Extension work at Srinagar Airport

4.5.22. The Authority notes that the existing Apron at Srinagar Airport comprises 9 parking bays, accommodating 02 Code E, 02 Code D and 05 Code C category aircraft, along with two link taxi tracks connecting the runway to the apron. AAI has proposed the extension of the Apron to facilitate parking of 6 additional A-321-200 type aircraft under power-in and push-back configuration, with a targeted commissioning timeline of FY 2028-29.

4.5.23. As per the Project Investment Document, the scope of work includes the following:

i. Construction of Apron for parking of additional 06 Nos. (AB321) aircrafts, reconfigured to a total no. of 15 bays in power in - push back configuration

ii. Box culvert over drain / nallah across apron and earth filling.

iii. Boundary wall and retaining wall around apron extension on land parcel of 6 acres.

iv. Shifting of IAF perimeter road, services, structures etc. fouling in the proposed layout

Background

4.5.24. The Authority notes that AAI had proposed expansion of existing Apron at Srinagar Airport for ₹ 66.02 crores (including IDC) for capitalization in FY 2024-25 as part of their MYTP for Tariff determination for Third Control Period. The Authority examined the justification for initiating the above project in third Control Period and noted that adding parking bays at the airport is an essential requirement due to the following factors:

i. Traffic at Srinagar Airport has been growing in the recent past, primarily due to the unprecedented growth in tourism and travel.

ii. There was a proposal to procure more aircrafts in India (as reported in the recent public news) and for parking of these aircrafts, the parking bays at the airports have to be designated.

4.5.25. Based on these factors, the Authority was of the view that the addition of parking bays at Srinagar Airport was justified. Accordingly, the Authority proposed consideration of the said CAPEX for tariff determination in the Third Control Period vide Order No. 16/2023-24 dated 16 September 2023.

4.5.26. Further, during its due diligence, the Authority proposed an amount of ₹47.13 Crores towards the apron extension project, based on the benchmarking exercise undertaken during the tariff determination process for the Third Control Period.

Resubmission of Cost Estimates

4.5.27. The Authority notes that AAI has re-submitted a detailed cost estimate for this project enumerating Civil works such as Pavement, a Box Culvert of 250 m, Boundary wall of 430m, Electrical and other miscellaneous works including shifting of IAF Road.

4.5.28. The Authority also notes that, in its revised submission, AAI has proposed an amount of ₹70.45 Crores (including soft cost of ₹ 14.69 Crores) for the Apron Extension work.

4.5.29. The Authority has examined the reasonableness of the cost of the above-mentioned works based on the Normative Cost Benchmarks considered by the Authority and the same has been explained in the following paragraphs

Inflation adjusted normative cost for capital projects

4.5.30. The Authority, vide Order No. 07/2016-17 dated June 6, 2016 (Normative Order), specified a benchmark normative cost for airside pavement works (including apron, taxiway and runway). The normative cost for Apron construction was ₹4,700 per sqm (excluding earthwork and subgrade development) covers construction of pavement infrastructure for Code E aircraft, including concrete works, pavement layers, lighting systems, and associated operational requirements. However, the normative benchmark excludes certain preparatory and ancillary components such as earth filling, soil stabilization and site development, which are required to be assessed separately depending on site-specific requirements.

4.5.31. In subsequent tariff determinations, of other Airports, the normative benchmark for Apron Works has been revised to ₹6,198 per sqm (till FY 2022-23), after factoring in escalation in construction costs, updated specifications and prevailing market conditions. Accordingly, the Authority has considered ₹6,198 per sqm (FY 2022-23) as the baseline benchmark rate (duly adjusted for inflation, where applicable) for evaluation of the capital cost proposed by AAI for Apron Extension works at Srinagar Airport.

4.5.32. The Authority has derived the inflation adjusted normative rates for the proposed capex in the current Control Period by considering the rate of inflation (based on WPI) as follows:

i. **FY 2022-23 -** 9.42% (considered as per the data published by the Office of the Economic Advisor, Department for Promotion of Industry and Internal Trade)

ii. **FY 2023-24 -** (-0.72%) (considered as per the data published by the Office of the Economic Advisor)

iii. **FY 2024-25 -** 2.31% (considered as per the data published by the Office of the Economic Advisor)

iv. **FY 2025-26 -** 0.40% (considered as per the data published by the Office of the Economic Advisor)

v. **FY 2026-27 -** The Authority observes that the projected inflation rate for FY 2026-27 is 7.80%. However, the Authority notes that the actual inflation rates for the preceding two years, namely FY 2024-25 and FY 2025-26, were significantly lower at 2.31% and 0.40%, respectively. In the Authority's view, adopting the projected inflation rate of 7.80% in isolation would not appropriately reflect the recent inflationary trend. Accordingly, to arrive at a more balanced and reasonable estimate, the Authority proposes to rationalize the inflation assumption by considering the average of the actual inflation rate for FY 2025-26 (0.40%) and the projected inflation rate for FY 2026-27 (7.80%), which works out to 4.10%.

vi. **FY 2027-28** to **FY 2030-31 -** 3.40% (considered as per RBI's Survey of Professional Forecasters on macroeconomic indicators, 100th Edition)

4.5.33. In Order No.07/2016-17 dated 13th June 2016 on "In the matter of Normative Approach to Building blocks in Economic Regulation of Major Airports - Capital costs Regarding" the ceiling cost mentioned is inclusive of service taxes applicable at that time i.e. 12%. Subsequently, GST was introduced wherein the applicable GST rate is 18%. Hence, the inflation adjusted normative cost was worked out below by adding another 6% to ensure the total GST rate of 18% is considered in the cost. Considering the above, the inflated adjusted normative cost for Apron Work is as follows

Table 55: WPI Inflation adjusted Normative rate (per Sqm) derived by the Authority for Apron Work

Financial Year	Inflation rate*	Inflation adjusted normative rates (in ₹ per sqm)	Inflation adjusted normative cost @18% GST (in ₹ per sqm)
2022-23	9.42%	6198.00	6530.03
2023-24	-0.72%	6153.29	6482.93
2024-25	2.31%	6295.54	6632.79
2025-26	0.40%	6320.72	6659.33
2026-27	4.10%**	6579.87	6932.36

Financial Year	Inflation rate*	Inflation adjusted normative rates (in ₹ per sqm)	Inflation adjusted normative cost @18% GST (in ₹ per sqm)
2027-28	3.40%	6803.59	7168.06
2028-29	3.40%	7034.91	7411.77

** Source: Office of The Economic Adviser, Government of India (https://eaindustry.nic.in) and Results of the Survey of Professional Forecasters on Macroeconomic Indicators - Round 100, published by RBI*

***derived as an average of inflation rates of FY 2025-26 (0.40%) and projected forecast for FY 2026-27 (7.80%)*

Note: In the Order No.7/2016-17 dated June 13, 2016 on "*In the matter of Normative Approach to Building blocks in Economic Regulation of Major Airports- Capital costs Regarding", the ceiling cost mentioned is inclusive of taxes applicable at that time, which was 12%. Subsequently, GST has been introduced wherein the GST rate is 18%. Hence, the inflation adjusted normative cost has been updated for increase tax rate by 6% (12%+6%= 18%)*

4.5.34. The Authority has computed the allowable costs of this project, based on the normative rates, which is as follows:

Table 56: Cost of Apron works proposed by the Authority for the Fourth Control Period

(₹ Crores)

Work	Cost submitted by AAI	Cost based on Normative Approach	Cost considered by the Authority
A. Pavements			
Civil Works (24,000 sqm)	23.22	18.68**	18.68
Earthwork & Miscellaneous work*	5.57		5.57
Sub Total (A)	**28.79**		**24.25**
B. Other costs			
Box Culvert	20.04		20.04
Boundary Wall	1.29		1.29
Electrical Work	5.64		5.64
Sub Total (B)	**26.97**		**26.97**
C. Total Hard cost	**55.76**		**51.22**
Finance Allowance (FA)	5.90		-
Other soft cost (incl. statutory fees, contingencies & anticipatory cost)	8.79		3.31
D. Total Soft Cost (FA+ other soft costs)	**14.69**		**3.31**
E. Total cost proposed to be considered	**70.45**		**54.53**

** Earthwork & Miscellaneous - It includes Earthwork in cutting, Earth disposed, Earth filling, dismantling of existing pavements, dismantling of boundary wall and shifting/ construction of IAF road.*

*** Srinagar Airport being a Hard Station Airport, the Authority proposes to allow 5% over and above the Normative Cost and the Total Base cost based on Normative Benchmarks comes to ₹ 18.68 Crores (24,000 sqm X ₹ 7,411.77 X 1.05)*

Based on the normative rates derived for pavement works as discussed above, the Authority proposes to consider capitalization of Apron extension work for ₹54.53 Crore in FY 2028-29.

A2 - Other Building

(a) **Construction of CISF Barracks at BSF Campus**

4.5.35. The Authority notes that AAI had proposed construction of CISF Barracks at Srinagar Airport to cater to the accommodation requirements of security personnel deployed at the airport. Given the strategic importance of the airport and the heightened security requirements, provisioning of adequate residential and operational infrastructure for CISF personnel is considered essential.

4.5.36. AAI had proposed the construction of CISF barracks at the BSF campus during the Third Control Period. The Authority notes that CISF was deployed at Srinagar Airport on February 26, 2020, in view of the airport's hypersensitive nature arising from its strategic location. AAI further submitted that prior to this, airport security was managed by the Central Reserve Police Force (CRPF), which had its own accommodation arrangements. Layout map of the proposed position is as follows:

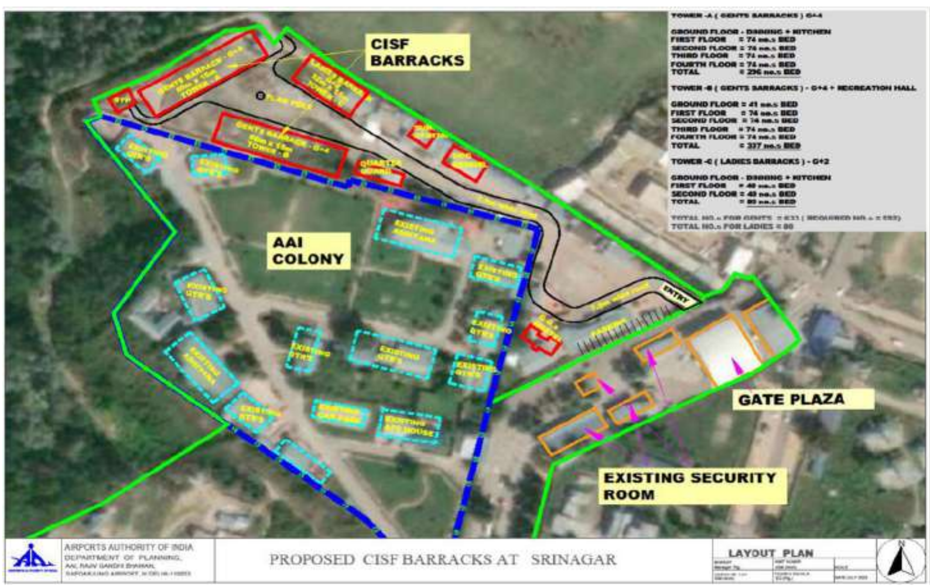

Figure 2: Proposed CISF Barracks at Srinagar Airport

4.5.37. The Authority notes that regarding the Construction of CISF Barracks at Srinagar Airport, AAI had earlier submitted a cost estimate amounting to ₹47.73 Crore (including IDC of ₹ 3.35 Crores) for the said project as part of their MYTP for tariff determination for Third Control Period. However, no specific capitalization was approved by the Authority in the previous tariff order, and it was decided that the expenditure would be considered on an actual incurrence basis.

4.5.38. The Authority further notes that the implementation of the project was not undertaken within the earlier Control Period. AAI submitted that the delay in execution was primarily attributable to the time taken in obtaining requisite approvals from the Public Investment Board (PIB) and the Cabinet Committee on Economic Affairs (CCEA). Accordingly, AAI has proposed to shift the said CAPEX from the Third Control Period to the Fourth Control Period.

4.5.39. As per the Scope of Work (Project Investment File), the following works have been included:

i. 02 nos. block (G+4) for Gents to house 633 male personnel
ii. 01 no. block (G+2) for Ladies to house 80 female personnel
iii. 01 no. Hostel Block (G+2) for Senior Officers

iv. Misc. works like Dog Kennel for 08 dogs, Kote etc.
v. ESS Block
vi. Sewage Treatment Plant

Re-computed cost

4.5.40. AAI had re-computed and re-submitted the estimated cost of ₹ 71.61 Crore (including soft cost of ₹ 13.03 Crores) for this Project in the MYTP for the Fourth Control Period.

4.5.41. **Current Status**: As submitted by AAI, the L1 rates for the subject work have been discovered through a competitive bidding process. The Discovered price is ₹ 81.23 Crore (incl. GST and soft cost etc.). The Authority observes that the discovered price is ~14% higher compared to recomputed cost submitted in MYTP. The Authority notes that the selection of the contractor has been undertaken through a transparent procurement process in line with applicable guidelines.

Authority's Proposal

4.5.42. Given the critical nature of the expenditure, particularly in the context of airport security at Srinagar, which is classified as a hypersensitive airport, the Authority agrees with the necessity of the said works. The Authority further observes that the selection of the contractor has been undertaken through a transparent competitive bidding process, including a reverse auction mechanism. Accordingly, the Authority proposes to consider capitalization of Construction of CISF barracks work for ₹81.23 Crore (L1 discovered price) in FY 2028-29.

(b) **Densification of Residential Colony**

4.5.43. The Authority notes that AAI has proposed construction of residential quarters at Srinagar Airport to address the accommodation requirements of operational and technical staff. The availability of on-site or proximate residential infrastructure is considered critical for ensuring operational continuity, particularly in airports with unique geographical and climatic conditions such as Srinagar.

4.5.44. The proposed development includes construction of multiple categories of residential units along with supporting infrastructure such as internal roads, utilities, water supply, and allied services. The project is aimed at improving staff availability, reducing response times, and strengthening operational reliability of airport functions. The layout map of proposed Residential Quarters is as follows:

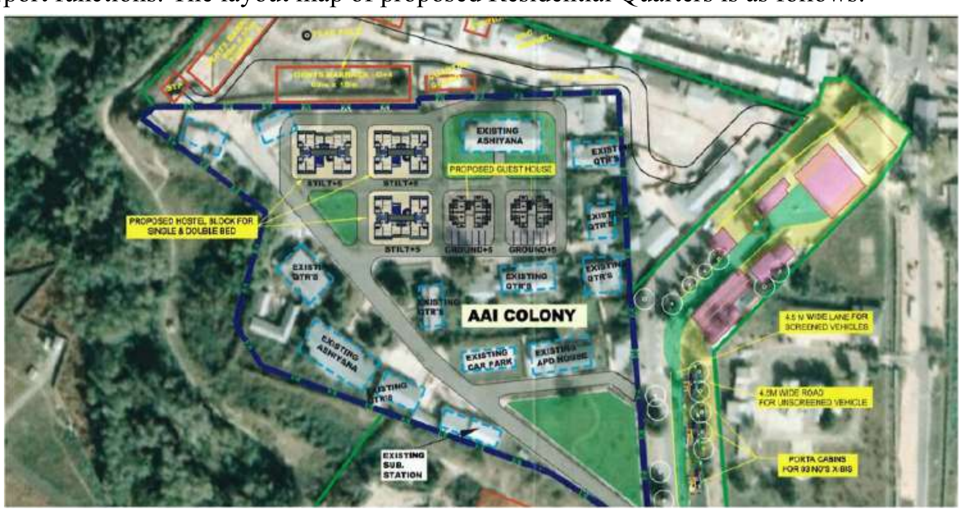

Figure 3: Layout map of proposed Residential Quarters at Srinagar Airport

4.5.45. The Authority examined the capital expenditure pertaining to the Construction of Residential Colony at Srinagar Airport. AAI had initially proposed an expenditure of ₹62.66 Crore (including IDC) for the said project, with capitalization proposed in FY 2024-25 as part of their MYTP for tariff determination of Third Control Period. However, no specific year of capitalization was approved by the Authority in the previous tariff order, and it was decided that the expenditure would be considered on an actual incurrence basis.

4.5.46. The Authority notes that the implementation of the project was not completed within the earlier Control Period. AAI has submitted that the delay in execution was primarily attributable to the time taken in obtaining requisite approvals from the Public Investment Board (PIB) and the Cabinet Committee on Economic Affairs (CCEA). Accordingly, AAI has proposed to shift the said CAPEX from the earlier Control Period to the Fourth Control Period.

4.5.47. AAI has decided to go for multistorey blocks and has prepared a concept plan to construct following quarters (as per Project Investment Document):

i. 03 nos. Hostel Block (Stilt+5) of 30 no. single rooms and 30 no. double rooms.

ii. 02 nos. Guest House Block (G+5) to accommodate 40 nos. guest.

AAI has re-computed and submitted cost estimate of ₹ 49.96 Crore (including soft cost of ₹ 7.35 Crore) for this project in the MYTP submitted for Determination of tariff for Fourth Control Period.

As informed by AAI, the L1 rates for the subject work have been discovered through a competitive bidding process. The Discovered price is ₹ 56.67 Crore (~14% higher compared to estimated cost submitted in MYTP). The Authority notes that the selection of the contractor has been undertaken through a transparent procurement process in line with applicable guidelines.

The Authority notes that the capital expenditure proposed by AAI for construction of residential quarters is aimed at supporting operational staff requirements at Srinagar Airport and already contractor has been selected through a transparent competitive bidding process, including a reverse auction mechanism, and the L1 cost discovered is found to be acceptable.

4.5.48. However, the Authority notes that the said asset is intended for residential use by AAI employees belonging to different departments and, accordingly, for the purpose of tariff determination, the Authority has applied the applicable apportionment ratio (Quarter Ratio) of 95.00% to derive the aeronautical component of the project cost. Based on the same, the Authority proposes to consider capitalization of Construction of Residential Quarter at Srinagar Airport for ₹53.83 Crore in FY 2028-29.

A3 - Tools and Equipment

4.5.49. The Authority notes that a total capital expenditure of ₹19 Crore towards procurement of tools and equipment has been proposed by AO which includes following items:

(a) **Body Scanner (4 Qty for ₹ 18.4 Crore)**

4.5.50. The Authority notes that, as per BCAS guidelines, all hypersensitive airports are required to install Body Scanners, and Srinagar Airport falls under this category. The Authority further notes that, as per BCAS guidelines, installation of one Body Scanner each for the domestic and international sections of the terminal building is mandated. The Authority at this stage, considered procurement of two Body Scanners during the Fourth Control Period. However, based on benchmarking of costs observed across other AAI airports, the Authority finds that the cost claimed by AAI is on the higher side. Therefore, considering the costs allowed in comparable cases, the Authority proposes to consider capitalization of 2 Body Scanners for ₹5.25 Crore in FY 2027-28.

(b) Entertainment TV (₹ 0.33 Crore)

4.5.51. The Authority notes that a capital expenditure of ₹ 0.33 Crore towards procurement of Entertainment TVs had been approved in the Third Control Period. AAI has confirmed, through email communication, that the said procurement is planned to be undertaken in FY 2026-27. Accordingly, the Authority proposes to consider capitalization of Entertainment TV for ₹0.33 Crore in FY 2026-27.

(c) **Threat Containment Vehicle (1 Qty for ₹ 10.00 Crore)**

4.5.52. As per BCAS circular (AVSEC Circular No. 13/2017), procurement of a Threat Containment Vessel (TCV) is recommended for airports where Inline Baggage Systems (ILBS) have been installed and the said item was approved in the tariff order of Third Control Period. However, the Authority notes that the procurement could not be completed within the Third Control Period, as AAI had informed that such procurements are undertaken at the CHQ level and were not finalized within the stipulated timelines. Accordingly, the procurement was deferred to the Fourth Control Period.

AAI submitted that presently, the procurement of the above item is at the stage of approval of Financial Bid. Based on the submissions, the Authority proposes to consider capitalization of TCV for ₹10 Crore in FY 2026-27.

A4 - Electrical Installation-

(a) Replacement of Chillers with reversible Chiller (AAI claimed ₹ 5.58 Crore)

4.5.53. The Authority notes that a capital expenditure of ₹2.00 Crore towards replacement of existing chillers with reversible chillers (along with pumps), had been approved in the Tariff order of Third Control Period. However, the replacement could not be completed within the stipulated timeline, owing to cancellation of initial tender due to certain inadvertent issues in the tender document. The subsequent re-tendering process resulted in delays in execution of the project and cost inflation. The Authority further notes that the procurement process is currently underway and is expected to be completed within Q1 of FY2026-27.

Considering that AAI has selected the contractor through a transparent competitive bidding process and that the project is expected to be completed within FY 2026-27, the Authority proposes to consider the awarded cost of the work with capitalization of Chiller replacement for ₹ 5.58 Crores in FY 2026-27.

In view of the above examination, the Authority proposes to consider the capital expenditure (excluding FA) in respect of the projects deferred from Third Control Period to the Fourth Control Period, as per the table below:

Table 57: Project wise CAPEX (Capitalization) proposed to be considered by the Authority in respect of the Projects shifted from the Third Control Period to the Fourth Control Period

(₹ Crores)

S.No.	Capital Expenditure Project	Financial Year of Commissioning		Capitalization		
		Submitted by AAI	Proposed by Authority	Submitted by AAI	Proposed by Authority	Difference
A. Capital Additions projects Shifted from the Third Control Period						
A1	**Runways / Taxiway / Aprons**			-	-	-
	Extension of Apron at Srinagar Airport.	2028-29	2028-29	70.45*	54.53	(15.92)
A2	**Other Building- unclassified**			-	-	-
	Construction of CISF Barracks at Srinagar Airport	2028-29	2028-29	71.61*	81.23	9.63
	Construction of Various type of Residential quarter for AAI Staff at Srinagar Airport	2028-29	2028-29	49.96*	53.83	3.88
A3	**Tools & Equipment**			-	-	-
	Body Scanner (Qty-2)	2027-28	2027-28	18.40	5.25	(13.15)
	Entertainment TV	2026-27	2027-28	0.33	0.33	-
	TCV (Qty-1)	2026-27	2026-27	10.00	10.00	-
A4	**Electrical Installations**			-		-
	Replacement of existing Chillers with Reversible Chillers (Chillers with Heat Pump) & associated works at Srinagar Airport	2026-27	2026-27	5.58	5.58	-
	Subtotal			**226.32**	**210.76**	**(15.56)**

**Submission by AAI includes FA of ₹5.90 crores, ₹ 6.00 crores and ₹ 4.18 crores respectively which has not been considered by the Authority in its proposed CAPEX.*

<u>**New Capital Additions proposed by AAI for Fourth Control Period**</u>

B1- Terminal Building- New Integrated Terminal Building

4.5.54. The Authority notes that, as per the documents shared by AAI, the requirement for development of a New Integrated Passenger Terminal Building at Srinagar Airport arises from sustained and significant growth in passenger traffic, coupled with capacity constraints of the existing infrastructure.

4.5.55. The Authority observes that the existing terminal building, having a built-up area of 23,217 sqm with a design capacity of 950 peak hour passengers (PHP) and 2.5 million passengers per annum (MPPA), had already reached saturation levels as early as FY 2018-19. Further, as per the available data, the airport handled 4.47 million passengers in FY 2024-25, which is significantly higher than its designed capacity thereby resulting in acute congestion and passenger inconvenience during peak hours. Details of the Passenger throughput witnessed at Srinagar Airport is shown in the table below:

Table 58: Passenger Throughput trend at Srinagar Airport in FY 18 to FY 26

Year	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26
Domestic PAX (in Mn)	2.42	2.72	2.80	1.80	3.15	4.40	4.18	4.46	3.37
International PAX (in Mn)	0.02	0.01	0.02	0.00	0.01	0.01	0.02	0.01	0.01
Total PAX (in Mn)	**2.44**	**2.74**	**2.82**	**1.80**	**3.16**	**4.41**	**4.20**	**4.47**	**3.38**

4.5.56. As seen in the table above, between FY 18 and FY 26, the total passenger throughput at Srinagar Airport has reached or breached the designed capacity of 2.5 MPPA in all the years barring FY 21 (due to Covid-19 restrictions).

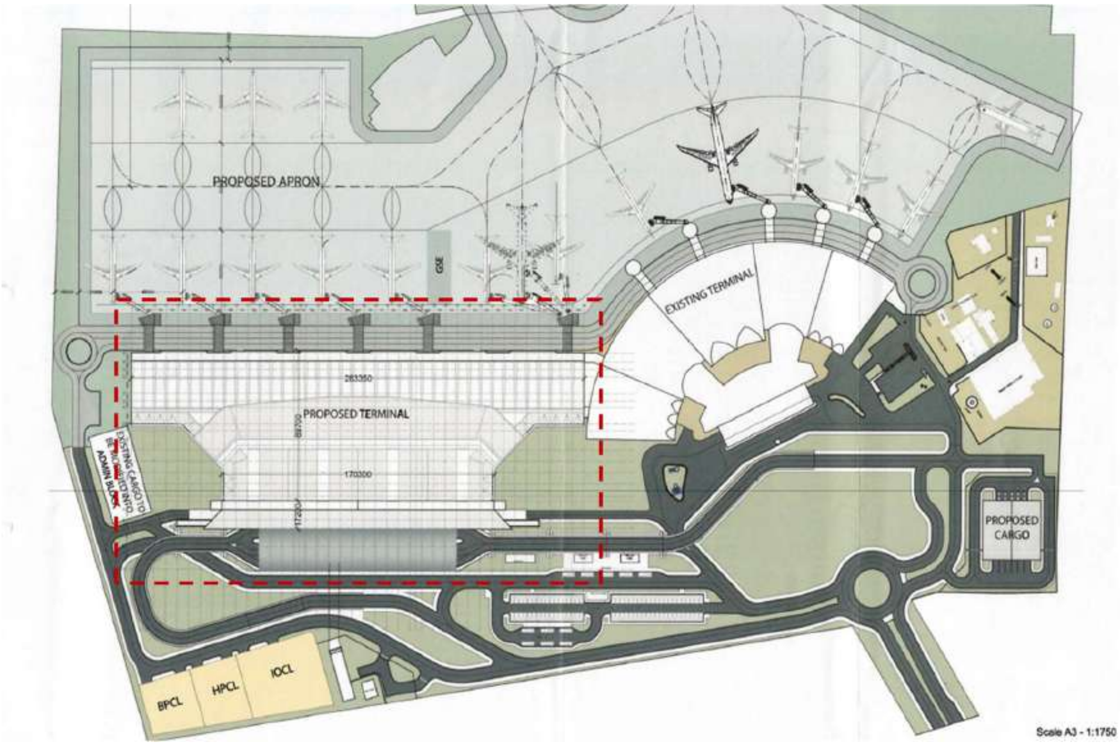

Figure 4: Proposed Terminal Building for Srinagar Airport

4.5.57. The Authority also notes that the airport had witnessed substantial growth in traffic, with passenger traffic increasing by approximately 40% in FY 2022-23 alone, and similar upward trends observed in aircraft movements.

4.5.58. The Authority observes that the current terminal infrastructure is inadequate to handle both existing and projected demand. Accordingly, AAI has proposed construction of a New Integrated Passenger Terminal Building with a capacity of 7.5 MPPA and design peak capacity of 2,900 PHP, which would significantly augment the passenger handling capability and address congestion issues at the airport.

4.5.59. From the above, it is clear that the requirement for development of a New Integrated Passenger Terminal Building at Srinagar Airport is fully justified and is driven by the well demonstrated demand-supply mismatch, sustained traffic growth, and the need to maintain acceptable service levels and operational efficiency at a major airport under AERA jurisdiction.

4.5.60. **Current Status:** The Authority notes that preliminary works are currently under progress. During the site visit, the Independent Consultant observed that the preliminary survey of the site was underway with prospective bidders which will be followed by tendering process. The Authority further notes AAI's submission that the process for selection of contractor is envisaged to be completed within FY 2026-27.

Assessment of Terminal Area compared to IMG/IATA Norms for Srinagar Airport NITB

4.5.61. The Authority through its consultant has undertaken a detailed assessment of the sizing of the proposed New Integrated Terminal Building (NITB) at Srinagar Airport with reference to the normative frameworks prescribed under IMG and IATA for terminal planning, particularly the unit area requirement expressed in terms of square meters per Peak Hour Passenger (sqm/PHP).

Normative Framework under IMG/IATA

4.5.62. As per the Inter-Ministerial Group (IMG) report on terminal capacity planning, the sizing of an airport terminal is fundamentally driven by peak hour passenger traffic (PHP) and the desired Level of Service (LOS), which represents a balance between passenger comfort and cost efficiency. Under this framework:

- Integrated terminals (handling both domestic and international traffic) are normatively required to provide approximately 25 sqm per PHP.

4.5.63. These norms inherently include circulation space, processing areas (check-in, security, immigration), commercial areas, and service back-of-house functions.

4.5.64. Further, the IMG framework recognizes that terminal sizing is not merely a function of current demand but must reflect a forward-looking design philosophy, wherein capacity is created for a defined design horizon (generally 7-10 years), thereby ensuring long-term operational efficiency and avoiding frequent capacity augmentation.

Srinagar Airport NITB- Calculated Unit Area Analysis

4.5.65. AAI submitted the following parameters for the proposed NITB at Srinagar Airport:

- Total terminal area: 71,500 sqm
- Designed Peak Hour Capacity: 2,900 PHP
- Projected passengers in FY 2030-31 (commissioning year): 5.43 million passengers
- Total passenger traffic during Fourth Control Period: 22.88 million passengers

4.5.66. Based on the above, the unit area works out as:

- Area per PHP = 71,500 sqm / 2,900 PHP = ~24.65 sqm/PHP.

4.5.67. The Authority notes that this derived unit area is:

- Fully consistent with AAI planning norms (24-25 sqm/PHP)
- Compliant with IMG recommendations of ~25 sqm/PHP for integrated terminals

4.5.68. The Authority further notes that the computed value is within a narrow tolerance band of normative standards, indicating that the proposed terminal has been designed with optimal space utilization and does not exhibit signs of over-design or excessive specification.

Inflation adjusted normative cost for capital projects

4.5.69. The Authority notes that, vide Order No. 07/2016-17 dated June 6, 2016 (Normative Order), a baseline normative cost of ₹65,000 per sqm was specified for terminal building development. The Authority observes that the said normative cost broadly encompasses major components of terminal infrastructure, including structural works, HVAC systems, fire-fighting systems, water supply and sanitation, electrical substations with standby systems, passenger facilitation systems such as FIDS, furniture, signage and surveillance systems, as well as airline operational facilities including check-in systems (CUTE/CUSS), baggage handling and reconciliation systems, inline and standalone security screening systems, and vertical transportation systems such as escalators, elevators, travelators and passenger boarding bridges.

4.5.70. The Authority further notes that certain external or ancillary components associated with terminal development, such as elevated access infrastructure and related connectivity works, are not covered within the normative framework and are required to be assessed separately and added to the overall project cost.

4.5.71. The Authority also observes that, in more recent tariff determinations for airports such as Ahmedabad, Lucknow and Patna, a revised normative cost of ₹1,00,000 per sqm (at FY 2020-21 price level) has been considered taking into account enhanced specifications, improved construction practices, and the architectural and technological features characteristic of modern terminal buildings. In view of the same, the Authority has considered the revised normative benchmark of ₹1,00,000 per sqm (base year FY 2020-21) for assessment of terminal building costs.

4.5.72. The Authority has derived the inflation adjusted normative rates for the proposed capex in the current Control Period by considering the rate of inflation as follows:

a. **FY 2021-22 -** The Authority observes that FY 2021-22 was an exceptional year due to COVID-19 pandemic, wherein the inflation rate was 12.97%. However, during the period FY 2016-17 to FY 2020-21, the rate of inflation was in the range of 1.31% to 4.26%. Considering this extraordinary situation, the Authority felt that the inflation rate of FY 2021-22 needs to be rationalized. Hence, instead of considering the inflation rate of 12.97% for FY 2021-22, the Authority had considered the average rate of inflation of FY 2020-21 (1.29%) and FY 2021-22 (12.97%), which works out to 7.14%. The Authority has considered this average rate of inflation for FY 2021-22, in order to smoothen out the volatility in commodity price caused by COVID-19 pandemic and the supply side disruptions.

b. **FY 2022-23 -** 9.42% (considered as per the data published by the Office of the Economic Advisor, Department for Promotion of Industry and Internal Trade)

c. **FY 2023-24 -** (-0.72%) (considered as per the data published by the Office of the Economic Advisor)

d. **FY 2024-25 -** 2.31% (considered as per the data published by the Office of the Economic Advisor)

e. **FY 2025-26 -** 0.40% (considered as per the data published by the Office of the Economic Advisor)

f. **FY 2026-27 -** The Authority observes that the projected inflation rate for FY 2026-27 is 7.80%. However, the Authority notes that the actual inflation rates for the preceding two years, namely FY 2024-25 and FY 2025-26, were significantly lower at 2.31% and 0.40%, respectively. In the Authority's view, adopting the projected inflation rate of 7.80% in isolation would not appropriately reflect the recent inflationary trend. Accordingly, to arrive at a more balanced and reasonable estimate, the Authority proposes to rationalize the inflation assumption by considering the average of the actual inflation rate for FY 2025-26 (0.40%) and the projected inflation rate for FY 2026-27 (7.80%), which works out to 4.10%.

g. **FY 2027-28 to FY 2030-31 -** 3.40% (considered as per RBI's Survey of Professional Forecasters on macroeconomic indicators, 100th Edition)

Considering the above, the inflated adjusted normative cost for NITB is as follows:

Table 59: Inflated adjusted normative cost of NITB at Srinagar Airport

Financial Year	Inflation rate*	Inflation adjusted normative rates (in ₹ per sqm)	Inflation adjusted normative cost with 18% GST (in ₹ per sqm)
2020-21		100,000.00	105,357.00
2021-22	7.14%	107,140.00	112,879.49
2022-23	9.42%	117,232.59	123,512.74
2023-24	-0.72%	116,386.98	122,621.83
2024-25	2.31%	119,077.56	125,456.54
2025-26	0.40%	119,553.87	125,958.37
2026-27	4.10%**	124,455.58	131,122.66
2027-28	3.40%	128,687.07	135,580.83
2028-29	3.40%	133,062.43	140,190.58
2029-30	3.40%	137,586.55	144,957.06
2030-31	3.40%	142,264.49	149,885.60

* *Source: Office of The Economic Adviser, Government of India (https://eaindustry.nic.in) and Results of the Survey of Professional Forecasters on Macroeconomic Indicators - Round 100, published by RBI*

***derived as an average of inflation rates of FY 2025-26 (0.40%) and projected forecast for FY 2026-27 (7.80%)*

Note: In the Order No.7/2016-17 dated June 13, 2016 on "*In the matter of Normative Approach to Building blocks in Economic Regulation of Major Airports- Capital costs Regarding", the ceiling cost mentioned is inclusive of taxes applicable at that time, which was 12%. Subsequently, GST has been introduced wherein the GST rate is 18%. Hence, the inflation adjusted normative cost has been updated for increase tax rate by 6% (12%+6%= 18%)*

4.5.73. As shown in the above table the normative rate (inclusive of GST) for FY 2030-31 is ₹ 1,49,885.60 per Sqm. Given the geo location constraints at Srinagar Airport- the Authority considers additional 5%, over and above the normative cost calculated above. This resulted in increase of normative cost to ₹1,57,379.88 per sqm (for FY 2030-31) which, considering the NITB area of 71,500 sqm, comes out to be ₹ 1,125.27 Crores.

Comparison of cost of Terminal Building submitted by AAI and Normative cost derived by the Authority

Table 60: Cost Comparison of NITB cost submitted by AAI and Normative cost

Particular	Formula	Estimated Cost as per AAI for Capitalization in FY31	Normative Rate as per the Authority
Terminal Building Area (sqm.)	A	71,500	₹ 1125.27** Crores (base cost of NITB as per
Total Cost estimate excluding MLCP (₹ Crores)	B	1,316.60	
Less: Additional works (not part of normative benchmark cost)	C		
Anticipatory cost (3% p.a. for 4 years)		141.35	
Solar System and Heated Gutters		5.97	
Elevated Road		33.88	
Artwork		3.93	

Particular	Formula	Estimated Cost as per AAI for Capitalization in FY31	Normative Rate as per the Authority
Boilers		1.19	Normative Benchmarks)
PMC cost @ 3.78%		30.16	
Integration Of Old & New Terminal		25.00	
Estimated TB cost excluding additional works (₹ Crores)	D=B-C	1,075.13	
Cost of TB (per sqm.) incl. GST	E=D/A	1,50,368	1,57,380

** *Srinagar Airport being a Hard Station Airport, the Authority proposes to allow 5% over and above the Normative Cost.*

4.5.74. As can be seen from the above table, that the proposed estimated base cost for the New Integrated Terminal Building (NITB) proposed by AAI is well within the limits of the inflation-adjusted normative cost. Accordingly, the Authority proposes to consider estimated base cost of the New Integrated Terminal Building (NITB) i.e., ₹ 1,075.13 crores as proposed by AAI.

4.5.75. Further, as noted earlier, the Authority, through its Independent Consultant, has also examined the cost estimates and ensured that the underlying rates are in alignment with the applicable CPWD schedule of rates, thereby reinforcing the prudence of the proposed capital expenditure.

4.5.76. The Authority notes that above normative cost, included cost of civil works electrical work, airport system, IT system etc. However, basis decisions from other airports, the Authority notes that there are certain other exclusions to normative costs such as Artwork, PMC etc. The Authority has assessed the reasonableness of requirements for each of these costs for them to be allowed in the Tariff:

a. **Solar System and Heated Gutters (₹5.97 Crore)**: The Authority notes that the provision of solar power systems and heated gutter arrangements is integral to ensuring energy efficiency and operational continuity of the terminal building, particularly considering the climatic conditions at Srinagar that necessitate snow and ice management. These systems directly support aeronautical operations by maintaining uninterrupted terminal functionality. Accordingly, the authority proposes to consider the same as a part of NITB cost.

b. **Elevated Road (₹33.88 Crore):** The Authority notes that the elevated road is an integral component of terminal access infrastructure, facilitating streamlined passenger and vehicular movement at the departure level. Given its direct linkage to passenger processing and terminal operations, the cost of the elevated road is considered necessary for efficient aeronautical service delivery. Accordingly, the authority proposes to consider the same as a part of NITB cost.

c. **Artwork (₹3.93 Crore):** The Authority observes that the proposed artwork forms part of the overall terminal building design, contributing to passenger experience and aligning with AAI's objective of incorporating regional identity into airport infrastructure. Considering that such components are embedded within the terminal development cost and form part of the integrated passenger facility, the authority propose to consider the same as a part of NITB cost.

d. **Boilers (₹1.19 Crore):** The Authority notes that boilers are essential for providing heating systems within the terminal building, which is critical in the climatic conditions of Srinagar. These systems are necessary to ensure passenger comfort, operational continuity, and proper functioning of terminal utilities, and are therefore considered an integral part of aeronautical infrastructure. Accordingly, the authority proposes to consider the same as a part of NITB cost.

e. **PMC Cost (₹30.16 Crore):** The Authority observes that engagement of a Project Management Consultant (PMC) is a standard industry practice for execution and monitoring of large-scale infrastructure projects, ensuring adherence to quality, timelines, and cost efficiency. Further, the Authority observes that the PMC cost was rationalized by AAI post recommendation received in the AUCC meeting held at Srinagar in 2023 and the submitted PMC cost is well within the range of PMC cost allowed during the PIB meeting. Accordingly, the authority proposes to consider the same as a part of NITB cost.

f. **Integration of Old & New Terminal (₹25.00 Crore):** The Authority notes that integration works between the existing and new terminal buildings are critical to ensure seamless passenger flow, operational continuity, and optimal utilization of airport infrastructure. Such integration is necessary for unified terminal operations and efficient service delivery. Accordingly, the authority proposes to consider the same as a part of NITB cost

Table 61: Cost of NITB as proposed by AAI and as considered by the Authority for Srinagar Airport

Particular	Cost of NITB as proposed by AAI	Cost of NITB as considered by the Authority
Terminal Building Area (sqm.)	71,500	71,500
Estimated TB Cost for benchmarking (₹ Crore)	1,075.13	1,075.13
Add (₹ Crore):		
Solar System and Heated Gutters	5.97	5.97
Elevated Road	33.88	33.88
Artwork	3.93	3.93
Boilers	1.19	1.19
PMC cost @ 3.78%	30.16	30.16
Integration of Old & New Terminal	25.00	25.00
Terminal Building base cost (₹ Crore)	1,175.24	1,175.24
Anticipatory/Contingency cost (₹ Crore)	141.35	35.26*
Total NITB cost (₹ Crores)	1,316.60	1,210.50
Aeronautical component of the NITB cost (₹ Crore)	**1,279.68**	**1,089.45**

**Anticipatory/Contingency cost of ₹ 35.26 crores considered on the Terminal Building base cost @3% (i.e., 3% of ₹ 1175.24 crores)*

B3 - Electrical Installation

The Authority notes that AAI has proposed an amount of ₹ 9.08 Crore under this asset category. The Authority's detailed assessment of each item proposed under this asset category is presented below

(a) Augmentation of power System (AAI claimed ₹ 5.12 Crore)

4.5.77. The Authority notes that AAI has proposed CAPEX of ₹ 5.12 Crores for augmentation of the power system at Srinagar Airport to cater to the increasing electrical load arising from capacity expansion, enhanced passenger facilities, and deployment of additional security and operational infrastructure. The Authority observes that a robust and reliable power supply system is critical for ensuring uninterrupted airport operations.

It is further noted that as part of augmentation of the power system, AAI have shared the a detailed list of activities including replacement of 11KV HT panel with new panel (to be installed with 02 nos. of 11 KV incomer with 04 nos. of outgoing with provision of Bus coupler, Provision (SITC) of additional 01 no. of 1600 KVA oil transformer, Provision (SITC) of 750 KVA -01 no. & 500KVA -01 no. DG sets replacing the existing 500 KVA-02 nos. DG set as it has completed it usable life, provision (SITC) of Main DG Synchronizing/LT Panel, Hybrid Panel, Provision (SITC) of SCADA System etc.

Additionally, AAI has shared the AA&ES as also the Work Order for the work. AAI also informed the Authority that the work is under process and will be completed in FY 2026-27 (the proposed year of capitalization).

In view of the above, the proposed CAPEX seems to be justified and the Authority proposes to consider capitalization of Augmentation of power system work for ₹ 5.12 Crores in FY 2026-27.

(b) Door Frame Metal Detector (AAI claimed ₹ 1.83 Crore)

4.5.78. The Authority notes that procurement of Door Frame Metal Detectors (DFMDs) forms a critical component of the airport's security infrastructure, particularly at security check points and access control areas, and is essential for compliance with BCAS-mandated security protocols. Given the hypersensitive nature of Srinagar Airport, deployment of such equipment is indispensable to ensure robust screening, threat detection, and passenger safety. The procurement includes replacement of old DFMDs as also installation of DFMDs in new locations across the Airport campus.

The Authority further notes that the procurement has progressed to an advanced stage with rate contract being issued. In view of the criticality of the asset and the advanced stage of procurement, the Authority proposes to consider capitalization of 61 Nos. of DFMDs for ₹ 1.83 Crores in FY 2026-27.

(c) Provision of Inset Type Taxiway Light Fittings (AAI claimed ₹ 1.94 Crore)

4.5.79. AAI has claimed ₹1.94 Crores towards the replacement of existing elevated taxiway light fittings with inset type taxiway light fittings at Srinagar Airport. As per AAI's submission, the requirement for the project arose pursuant to observations made in the SCARS report and subsequent coordination with the Indian Air Force (IAF) for integration of Stop Bar/Guard Lights and Airfield Lighting Control and Monitoring System (ALCMS) within the IAF-controlled airside area. AAI has submitted the relevant approvals, cost estimates and procurement documents, which were reviewed by the Authority's Consultant and found to be in order. AAI further submitted that the abovesaid work has reached 90% completion status with expected completion by end of August 2026.

4.5.80. The Authority further observes that the proposed expenditure is prudent and accordingly, the Authority proposes to consider capitalization of Inset Type Taxiway Light Fittings for ₹1.94 Crores in FY 2026-27.

(d) Provision of Ventilation ducts and exhaust fans in Toilets inside TB (AAI claimed ₹ 0.19 Crore)

4.5.81. It was observed that AAI has claimed ₹0.19 Crores towards the provision of ventilation ducts and exhaust fans in toilets inside the terminal building at Srinagar Airport. As per the submissions, the work has been proposed to improve ventilation and air circulation within the terminal toilets, thereby enhancing hygiene standards, passenger comfort, and overall terminal upkeep. The Authority's Independent Consultant reviewed the Work Order and observed that the work was awarded through tendering process and the claimed amount is in line with the awarded contract value. AAI submitted that the about 80% of the said work has been completed as on date.

The Authority further observes that the proposed ventilation ducts would be useful not only by passengers but also for airport employees, concessionaires, and other terminal users. Accordingly, the Authority proposes to apply the Terminal Building ratio (90:10) and consider capitalization of said asset for ₹0.17 Crores in FY 2026-27

B4 Other Building- unclassified

The Authority notes that AAI has proposed an amount of ₹ 4.18 Crores under this asset category. The Authority undertook a detailed assessment of each item in the following paragraphs:

(a) Construction of Cooling off Pit and GSE Area (AAI claimed ₹ 0.98 Crore)

4.5.82. AAI has claimed ₹0.98 Crores towards the construction of a Cooling-off Pit and GSE Area at Srinagar Airport. As per the submissions made by AAI, the project is intended to create dedicated infrastructure for parking and servicing of Ground Support Equipment (GSE) and to facilitate the cooling-off requirements of airside operational equipment, thereby improving operational efficiency and airside asset management at the Airport.

AAI submitted the relevant approvals and work order documents, which were reviewed by the Authority's Consultant and found to be in order. The Consultant further observed that the awarded work order value is ₹0.71 Crores (including 18% GST) against the claim of ₹0.98 Crores made by AAI. In response AAI submitted that the work has reached advanced stage of completions and the tentative completion cost will be ₹ 0.73 (excl GST).

Considering that importance of said CAPEX towards enhancing the readiness of Ground Support Equipment as also Airside operational equipment, the Authority proposes to consider capitalization of Cooling-off Pit and GSE Area for ₹0.86 Crores (incl 18% GST) in FY 2026-27.

(b) Installation of View Cutter on the Boundary Wall from Drop Gate to TB (AAI claimed ₹ 3.20 Crore)

4.5.83. It was observed that AAI claimed ₹3.20 Crores towards the procurement and installation of View Cutters at Srinagar Airport. As per the submissions, the proposed asset is intended to enhance security and operational segregation by restricting direct visual access to sensitive operational areas of the Airport and supporting compliance with security requirements specific to the Civil Enclave environment. The Authority's Independent Consultant reviewed the supporting documents and observed that the awarded Work Order value is ₹1.79 Crores (including 18% GST), which is lower than the amount claimed by AAI. Further, AAI submitted that the work will be completed at a tentative cost of ₹ 1.82 Crore (excl GST)

Considering the importance of view cutters to ensure Passenger and personnel safety from Drop Gate to Terminal Building for a hypersensitive Airport like Srinagar, the Authority proposes to consider capitalization of View Cutters for ₹2.15 Crores (incl. 18% GST) in FY 2026-27.

B5 Plant and Machinery

The Authority notes that AAI has proposed an amount of ₹ 3.73 Crore under this asset category. The Authority's detailed assessment of each item proposed under this asset category is presented below

(a) Design and SITC of Apron Trolley Gate (AAI claimed ₹ 1.42 Crore)

4.5.84. AAI has claimed ₹1.42 Crores towards the Design, Fabrication, Supply, Installation, Testing and Commissioning (SITC) of Motorized Trolley Gates at Srinagar Airport. As per the submissions, the existing trolley gates separating the civil apron area from the Air Force operational zone have exceeded their service life and have been experiencing frequent failures due to structural deterioration, corrosion, motor failures, and wear of mechanical components. The Indian Air Force had also highlighted that the deteriorated condition of the existing gates poses a significant security risk due to the possibility of unauthorized access between Civil and Defense areas. The Authority's Independent Consultant reviewed the AA&ES submitted by AAI and found the same to be in order. The current status of the work as shared by AAI is at AA&ES stage only.

4.5.85. The Authority further observes that the proposed expenditure is prudent from both operational and security perspectives. Accordingly, the Authority proposes to consider capitalization of Motorized Trolley Gates for ₹1.42 Crores in FY 2027-28.

(b) Modernization of Existing 4 Nos. (Johnson Make) escalators (AAI claimed ₹ 1.02 Crore)

4.5.86. The Authority notes that AAI has proposed modernization of four Johnson-make escalators at Srinagar Airport at a total cost of ₹1.02 Crore. It was shared by AAI that there are 4 escalators installed at Srinagar Airport. These escalators have been in operation since 2008 and have been maintained under a Comprehensive Maintenance Contract (CMC) by the Original Equipment Manufacturer (OEM) - M/s Johnson Lifts Pvt Ltd. The current CMC is valid until 30.09.2025, provisionally extended up to 31.12.2025 and the escalators have received regular preventive maintenance as per schedule, with the most recent service conducted in September 2025.

Despite regular maintenance, the escalators are over 17 years old, and the wear and tear of critical components has started impacting their performance. This resulted in increased downtime (especially during peak hours), passenger inconvenience (particularly to senior citizens, children, and passengers with reduced mobility), frequent minor faults requiring repeated service calls etc.

The Authority further notes that as part of modernization, AAI plans to undertake activities such as replacement of existing controller and electrical wiring to align with modern safety and control protocols, replacement of step chains to ensure smooth and reliable movement, installation of 13 new steps where damage/wear is observed, repair/refurbishing of landing plates for better user safety and finish, replacement of safety switches to comply with updated safety norms, installation of new radar sensors for efficient motion detection and energy savings etc.

AAI has informed that the work is under progress and has achieved 75% completion. AAI also shared the AA&ES along with the Work Order of the said work for the Authority's reference. Considering the documents shared as also the status shared by AAI, the Authority is of the opinion that the cost and the timelines proposed by AAI appears to be justified.

Accordingly, the Authority proposes to consider the capitalization of Modernization of 4 nos. escalators for ₹1.02 Crore in FY 2026-27.

(c) Provision of VRF System in Passenger Boarding Bridge (AAI claimed ₹ 0.19 Crore)

4.5.87. It was observed that AAI has claimed ₹0.19 Crores towards the provision of VRF Systems in Passenger Boarding Bridges (PBBs) at Srinagar Airport. As per the submissions, the project has been undertaken to improve passenger comfort by providing adequate air-conditioning within the PBBs, particularly during extreme weather conditions prevalent at Srinagar Airport. The Authority's Independent Consultant reviewed the Work Order and observed that work has been awarded through a competitive tendering process and the claimed amount is consistent with the awarded contract value. Regarding status of the said work, AAI submitted that the capital work has achieved 100% completion and a completion certificate will be issued post inspection.

The Authority further observes that the proposed expenditure is prudent for improving passenger facilitation and service quality. Accordingly, the Authority proposes to consider capitalization of VRF System in Passenger Boarding Bridges for ₹0.19 Crores in FY 2026-27.

(d) SITC of Smart Visual Docking Guidance System (SVDGS) (AAI claimed ₹ 0.72 Crore)

4.5.88. The Authority observed that AAI has claimed ₹0.72 Crores towards the procurement and installation of Smart Visual Docking Guidance Systems (SVDGS) for Srinagar Airport as part of a centralized procurement undertaken by AAI. The proposed system is intended to provide visual guidance to pilots during aircraft docking and parking operations, thereby enhancing operational efficiency, safety, and apron management. The Authority's Consultant reviewed the relevant Work Order and AA&ES documents and found them to be in order. AAI's submitted that the abovesaid work has achieved 90% completion with capitalization to be completed in FY 2026-27.

The Authority further observes that the proposed expenditure is prudent for safe and efficient aircraft stand operations. Accordingly, the Authority proposes to consider capitalization of Smart Visual Docking Guidance System (SVDGS) for ₹0.72 Crores in FY 2026-27.

(e) SITC of Water Cooler (AAI claimed ₹ 0.38 Crore)

4.5.89. AAI has claimed ₹0.38 Crores towards the procurement and installation of Water Coolers at Srinagar Airport. As per the submissions, the proposed asset is intended to improve passenger amenities and provide potable drinking water facilities across the terminal premises. The Authority's Independent Consultant reviewed the AA&ES submitted by AAI and found the claimed amount to be in order. As per AAI, currently the work is under tendering process and is expected to be completed within FY 2026-27.

The Authority further observes that the proposed water coolers would be utilized not only by passengers but also by airport employees, concessionaires, and other terminal users. Accordingly, the Authority proposes to apply the Terminal Building ratio (90:10) and consider capitalization of Water Coolers for ₹0.34 Crores in FY 2026-27.

B6 Tools and Equipment

The Authority notes that AAI has proposed an amount of ₹ 9.81 Crore under this asset category. The Authority's detailed assessment of each item proposed under this asset category is presented below

(a) ETD- MS Tech (5 Qty) (AAI claimed ₹ 0.75 Crore)

4.5.90. AAI has claimed ₹0.75 Crores towards the procurement of 5 Explosive Trace Detectors (ETDs) for Srinagar Airport as part of the centralized procurement of 69 ETDs for 20 AAI airports. The proposed procurement is aimed at strengthening the airport's security infrastructure through enhanced screening and detection capabilities in line with prevailing aviation security requirements. The procurement was undertaken through transparent bidding process and the relevant workorders were shared by AAI for Authority's perusal. Regarding the status of procurement, AAI submitted that the items have been received at the station and are in process of being capitalized (put to use).

The Authority further observes that the proposed procurement is necessary to meet the security requirements of Srinagar Airport and accordingly, the Authority proposes to consider capitalization of ETDs for ₹0.75 Crores in FY 2026-27.

(b) Bomb Detection and Disposal System (AAI claimed ₹ 5.30 Crore)

4.5.91. The Authority notes that AAI has proposed procurement of one Bomb Detection and Disposal System (BDDS) at Srinagar Airport. While the Authority recognizes that provisioning of BDDS is aligned with BCAS-mandated aviation security requirements, particularly for hypersensitive airports, it observes that AAI has not provided adequate documentary evidence substantiating timely execution of the procurement.

The Authority further notes that the current status of the procurement is at an initial internal stage (AA&ES), indicating likely delays in implementation beyond the earlier proposed timeline of FY 2026-27, with execution now expected only by FY 2027-28.

In view of the above uncertainties, given the nature and importance of BDDS in overall security of the Airport- the Authority at this stage proposes to consider the capitalization of BDDS for ₹ 5.30 Crores in FY 2027-28.

(c) SITC of CCTV (AAI claimed ₹ 1.19 Crore)

4.5.92. It was observed that AAI has claimed ₹1.19 Crores towards the Supply, Installation, Testing and Commissioning (SITC) of Additional CCTV Cameras, integration with the existing CCTV system, and associated works at Srinagar Airport. The project has been proposed to strengthen surveillance coverage and enhance the airport's security infrastructure in line with operational and aviation security requirements. The Authority notes that the awarded Work Order value is ₹0.93 Crores (excluding GST). Regarding current status of procurement, AAI submitted that work is awarded and is expected to be completed within FY 2026-27.

The Authority further observes that, this is primarily a supply-based procurement and is crucial for ensure Airport Security. Accordingly, the Authority proposes to consider capitalization of CCTV System for ₹0.93 Crores in FY 2026-27.

(d) FIDS (AAI claimed ₹ 2.57 Crore)

4.5.93. The Authority notes that AAI has claimed ₹2.57 Crores towards the Supply, Installation, Testing and Commissioning (SITC) of Flight Information Display System (FIDS) at Srinagar Airport. The proposed system is intended to provide real-time flight information to passengers, thereby improving passenger facilitation, information dissemination, and overall terminal service quality. AAI submitted the relevant AA&ES, which was reviewed by the Authority's Independent Consultant and found to be in order and the cost claimed by AAI is consistent with the amount approved under the same. AAI further submitted that procurement is at Tendering stage and is expected to be completed within FY 2026-27.

Considering that the proposed expenditure is necessary for efficient passenger processing and terminal operations. Accordingly, the Authority proposes to consider capitalization of Flight Information Display System (FIDS) for ₹2.57 Crores in FY 2026-27.

B7 X-Ray Baggage System

XBIS (5 HB, 9 RB) against replacement of 2 HB (AAI Claimed ₹ 5.35 Crores)

4.5.94. It was observed that AAI has claimed ₹5.35 Crores towards the procurement of the aforesaid assets to meet the security and operational requirements of Srinagar Airport. AAI has also submitted the Board approval for the centralized procurement of 768 XBIS machines across AAI airports. The Authority's Consultant reviewed the approval letter and cost estimates for the proposed assets and found them to be in order. AAI further submitted that the abovesaid procurement has been delayed from FY 2025-26 owing to cancellation of initial Tender and the procurement will be completed within FY 2026-27.

The Authority further observes that, since the procurement is being undertaken centrally by CHQ through an open tendering process, the proposed cost appears reasonable and broadly aligned with costs observed at other airports. Accordingly, the Authority proposes to consider a CAPEX of ₹5.34 Crores towards the procurement of 5 HB and 9 RB in FY 2026-27.

Authority's Views and Proposals

4.5.95. The Authority proposes to readjust (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 AAI or its contracting agency and is found justified by the Authority, the same would be considered while truing up the actual cost at the time of determination of tariff for the Fifth Control Period. The readjustment in the ARR/ Target Revenue is to protect the interest of the stakeholders who are paying for services provided by Srinagar Airport and is also encouragement for AAI to commission/ capitalize the proposed assets as per the approved CAPEX plan/schedule.

4.5.96. The Authority notes that AAI has submitted the TBR of 92.46%: 7.54% (aeronautical: non-aeronautical) for apportionment of common assets within the terminal building at Srinagar International Airport for the Control Period. The Authority proposes to consider the TBR of 90%:10% (aeronautical: non-aeronautical) as reasonable. The above ratio of 90%:10% is in line with the optimum non-aeronautical area allocation of 8% to 12% as recommended by IMG norms (for airports having passenger traffic of less than 10 MPPA) and the approach followed by the Authority for other similar airports like Tiruchirappalli and Varanasi International Airports.

4.5.97. The Authority is aware that AAI would be eligible to claim GST input credit on procurement of certain movable property. Therefore, the Authority expects airport operator to properly account for such credit, in accordance with Chapter V of Central Goods and Services Tax, 2017 and capitalize assets net of GST ITC, wherever applicable. The Authority may examine the accounting of ITC and make necessary adjustments in this regard, at the time of determination of tariffs for the Third Control Period.

4.5.98. The Authority notes that AAI in its Capex Projection for the Fourth Control Period has considered Financing Allowance (FA) for some of the Projects. The Authority, in general, considers financing allowance only in case of greenfield airports, as developments at greenfield airports inherently take longer durations to commission and operationalize. Thus, airport operators of such greenfield airports would have to wait for a considerable duration before getting returns on large upfront capital projects. Accordingly, the Authority proposes not to consider the FA claimed by AAI for Srinagar Airport.

4.5.99. Detailed CAPEX (excluding FA) as proposed to be considered by the Authority for Fourth Control Period is shown below:

Table 62: CAPEX as proposed by the Authority for the Fourth Control Period for Srinagar Airport

(₹ Crores)

S.No.	Capital Expenditure Project	Financial Year of Commissioning		Capitalization		
		Submitted by AAI	Proposed by the Authority	Submitted by AAI	Proposed by the Authority	Difference
A. Capital Additions projects Shifted from the Third Control Period						
A1	**Runways / Taxiway / Aprons**					
	Extension of Apron at Srinagar Airport.	2028-29	2028-29	64.55	54.53	(10.02)
	Extension of Apron at Srinagar Airport- finance allowance	2028-29	2028-29	5.90	-	(5.90)
A2	**Other Building- unclassified**			-	-	-
	Construction of CISF Barracks at Srinagar Airport	2028-29	2028-29	65.61	81.23	15.62
	Construction of CISF Barracks at Srinagar Airport- Finance allowance	2028-29	2028-29	6.00	-	(6.00)
	Construction of Various type of Residential quarter for AAI Staff at Srinagar Airport	2028-29	2028-29	45.77	53.83	8.06
	Construction of Various type of Residential quarter for AAI Staff at Srinagar Airport- Finance allowance	2028-29	2028-29	4.18	-	(4.18)
A3	**Tools & Equipment**			-	-	-
	Body Scanner (Qty-2)	2027-28	2027-28	18.40	5.25	(13.15)
	Entertainment TV	2026-27	2027-28	0.33	0.33	-
	TCV (Qty-1)	2026-27	2026-27	10.00	10.00	-
A4	**Electrical Installations**			-		-
	Replacement of existing Chillers with Reversible Chillers (Chillers with Heat Pump) & associated works at Srinagar Airport	2026-27	2026-27	5.58	5.58	-
	Subtotal			226.32	210.75	(15.57)
B. New Capital Additions proposed by AAI for Fourth Control period						
B1	**Building - Terminal**					
	Construction New Integrated Passenger Terminal Building at Srinagar Airport (electrical work)	2030-31	2030-31	527.70	435.78	(91.93)
	Construction New Integrated Passenger Terminal Building at Srinagar Airport (electrical work)- Finance allowance	2030-31	2030-31	48.87	-	(48.87)
	Construction New Integrated Passenger Terminal Building at Srinagar Airport	2030-31	2030-31	751.98	653.67	(98.31)
	Construction New Integrated Passenger Terminal Building at Srinagar Airport- Finance allowance	2030-31	2030-31	69.64	-	(69.64)
B2	**Other Building- unclassified**				-	-
	Construction of Cooling Off Pit and GSE area	2026-27	2026-27	0.98	0.86	(0.12)
	Installation of View cutters on Boundary Wall from Drop Gate to Terminal building	2026-27	2026-27	3.20	2.15	(1.05)
	Construction of Safety Bunkers	2027-28	2027-28	25.00	25.00	-
B3	**Plant & Machinery**				-	-
	Design & SITC of Apron Trolley Gate	2027-28	2027-28	1.42	1.42	-
	Modernization of Existing 4 Nos. (Johnson Make) Escalators	2026-27	2026-27	1.02	1.02	-
	Provision of VRF System in Passenger Boarding Bridge	2026-27	2026-27	0.19	0.19	-

S.No.	Capital Expenditure Project	Financial Year of Commissioning		Capitalization		
		Submitted by AAI	Proposed by the Authority	Submitted by AAI	Proposed by the Authority	Difference
	SITC of Smart Visual Docking Guidance System (SVDGS)	2026-27	2026-27	0.72	0.72	-
	Water Cooler	2026-27	2026-27	0.38	0.35	(0.04)
B4	**Tools & Equipment**				-	-
	5 nos. of ETD-M S TECH- (69ETD)	2026-27	2026-27	0.75	0.75	-
	BDDS EQUIPMENT	2026-27	2027-28	5.30	5.30	-
	CCTV	2026-27	2026-27	1.19	0.93	(0.26)
	FIDS	2026-27	2026-27	2.57	2.57	-
B5	**Electrical Installations**				-	-
	Augmentation of Power Supply system	2026-27	2026-27	5.12	5.12	-
	DFMD (QTY-61)	2026-27	2026-27	1.83	1.83	-
	Provision of Inset type Taxiway light fittings	2026-27	2026-27	1.94	1.94	-
	Provision of ventilation ducts and exhaust fans in toilets inside terminal building	2026-27	2026-27	0.19	0.17	(0.02)
B6	**Computer & Peripherals: END User**				-	-
	Computer	2026-27	2026-27	0.10	0.10	-
B7	**X ray baggage System**				-	-
	XBIS (5 HB, 9 RB) against replacement of 2 HB	2026-27	2026-27	5.35	5.35	-
	Subtotal			**1,455.44**	**1,145.20**	**(310.24)**
	Grand Total			**1,681.76**	**1,355.96**	**(325.81)**

4.5.100. The Authority proposes to consider a total Capital Addition of ₹ 1,355.96 Crores for Fourth Control Period as against the total CAPEX proposed by AAI amounting to ₹ 1,681.76 Crores. Major reasons for variances are as follows:

a. Rationalization of NITB's estimated cost by ₹ 190.24 Crores based on application of TB ratio (90:10) and consideration of Anticipatory cost (Contingency amount) @ 3% of the total base cost of NITB.

b. Application of Terminal Building Ratio to 90:10 for common assets (used both for aeronautical & non-aeronautical purposes).

c. Non-consideration of Financing Allowance (FA) of ₹134.59 Crores proposed by AAI for Srinagar Airport which is a brownfield Airport. Whereas, the Authority considers FA for Greenfield Airports.

d. Rationalization of the estimated cost of Apron Extension Work amounting to ₹10.02 Crores based on Normative cost for Pavement work.

e. Rationalization of cost of body scanners by ₹ 13.00 crores based on Cost estimates approved by Authority for other AAI Airports.

f. Considering actual L1 cost for two CAPEX items namely- CISF Barracks and Employee Quarters, resulting in increase of CAPEX by ₹ 24.20 Crores

g. Rationalization of cost for "Installation of view cutter" (by 1.05 Crore), "SITC of CCTV" (by 0.26 Crore) and "Construction of Cooling off pit and GSE" (by 0.12 Crore)

Depreciation for the Fourth Control Period

4.6. AAI's submission regarding Depreciation for the Fourth Control Period

4.6.1. The depreciation amount as submitted by AAI vide their email dated 16th July 2026 for the Fourth Control Period has been presented in the table below:

Table 63: Depreciation proposed by AAI for Srinagar Airport for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Land Freehold	-	-	-	-	-	**-**
Runways	0.08	0.08	0.08	0.08	0.10	**0.41**
Runways / taxiway / Aprons	0.79	0.79	1.97	3.14	3.14	**9.84**
Road, Bridges & Culverts	-	-	-	-	-	**-**
Building- Terminal	2.06	2.06	2.06	2.06	15.74	**23.96**
Building - Temporary	0.19	-	-	-	-	**0.19**
Building - Residential	0.18	0.18	0.18	0.18	0.18	**0.91**
Security Fencing - Temporary	-	-	-	-	-	**-**
Boundary Wall -Operational	-	-	-	-	-	**-**
Other Buildings-Unclassified	0.12	0.60	3.04	5.07	4.64	**13.46**
Computer & Peripherals: END User	0.56	0.50	0.22	-	-	**1.29**
Computer & Peripherals: Server & Net	-	-	-	-	-	**-**
Intangible Assets- Software	-	-	-	-	-	**-**
Plant & Machinery	2.10	2.15	2.19	2.09	2.04	**10.57**
Tools & Equipment	1.54	2.82	3.44	3.44	2.80	**14.05**
Office Furniture	0.42	0.42	0.37	0.31	0.26	**1.78**
Other Vehicles	0.15	0.15	0.09	0.07	0.04	**0.49**
Vehicle- Cars & Jeeps	-	-	-	-	-	**-**
Electrical Installations	1.40	1.80	1.47	1.47	30.29	**36.43**
SOLAR PLANT	-	-	-	-	-	**-**
Other Office Equipment	0.01	0.00	0.00	0.00	0.00	**0.01**
Furniture & Fixtures-Other than Trolley	0.01	-	-	-	-	**0.01**
Furniture & Fixtures-Trolley	-	-	-	-	-	**-**
X Ray Baggage System	0.25	0.42	0.37	0.37	0.37	**1.78**
CFT/Fire Fighting Equipment	0.06	0.06	0.06	0.06	0.06	**0.30**
Grand Total	**9.90**	**12.04**	**15.53**	**18.33**	**59.67**	**115.47**

4.7. Authority's examination of Depreciation for the Fourth Control Period

4.7.1. The Authority notes that AAI follows useful life of Assets and Depreciation rates for assets in line with the Order No. 35 dated January 12, 2018, and Amendment No. 01 to Order No. 35 on 'Determination of Useful Life on Airport Assets'.

4.7.2. The Authority has examined the depreciation computation submitted by AAI with reference to the Fixed Asset Register and the actual asset class-wise data submitted by AAI. The Authority notes that the useful life considered by AAI for various asset classes is broadly in line with the useful life considered by the

Authority. The asset class-wise useful life considered by AAI and proposed to be considered by the Authority is shown in the table below:

Table 64: Useful Life considered for Depreciation

Asset Class	Useful Life considered by AAI (Years)	Useful Life proposed to be considered by the Authority (Years)
Buildings	30	30
Building on Freehold Land	30	30
Electrical Installation	10	10
Runways, Taxiways and Apron	30	30
Plant and Machinery	15	15
Other Office Equipment	5	5
IT Systems	3	3
Furniture & Fittings	7	7
Vehicles	8	8

4.7.3. Based on the Capital Additions proposed by the Authority for the Fourth Control Period, and considering the depreciation rates as prescribed in the Order no. 35/2017-18 dated 12.01.2018(read with Amendment no. 01 thereto), the Authority proposes the following Depreciation for the Fourth Control Period:

Table 65: Depreciation proposed to be considered by the Authority for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Building – Residential	0.16	0.16	0.16	0.16	0.15	**0.81**
Building - Terminal	2.40	2.40	2.40	2.37	20.42	**30.00**
Computer & Peripherals: END User	0.56	0.51	0.37	0.02	-	**1.46**
Electrical Installations	1.51	1.97	1.80	1.80	1.56	**8.64**
Furniture & fixture-Other Than Trolley	0.38	0.38	0.29	0.23	0.20	**1.48**
Other Building- unclassified	0.13	0.60	3.26	5.51	5.51	**15.02**
Other Office Equipment	0.00	0.00	0.00	0.00	0.00	**0.01**
Other Vehicles	0.15	0.15	0.09	0.07	0.05	**0.50**
Plant & Machinery	1.87	1.89	1.91	1.81	1.81	**9.29**
Runways / Taxiway / Aprons	1.05	1.05	1.96	2.87	2.87	**9.81**
Tools & Equipment	1.45	2.29	2.65	2.65	2.65	**11.69**
X ray baggage System	0.36	0.54	0.54	0.54	0.54	**2.51**
Building – Temporary	0.09	-	-	-	-	**0.09**
CFT & Fire Fighting Equipment	0.06	0.06	0.06	0.06	0.06	**0.30**
Total	**10.20**	**12.01**	**15.48**	**18.09**	**35.83**	**91.61**

Regulatory Asset Base (RAB) for the Fourth Control Period

4.8. AAI's submission regarding RAB for the Fourth Control Period

4.8.1. AAI's submission regarding RAB vide their email dated 16th July 2026 for the Fourth Control Period is as follows:

Table 66: RAB submitted by AAI for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Opening RAB (1)	79.85	116.69	149.46	325.95	307.62	
Additions (2)	46.74	44.82	192.01	-	1,398.20	**1,681.76**
Disposal/Transfers (3)	-	-	-	-	-	**-**
Depreciation (4)	9.90	12.04	15.53	18.33	59.67	**115.47**
Closing RAB (5) = [(1) +(2) - (3) - (4)]	116.69	149.46	325.95	307.62	1,646.15	
Average RAB = [(1) + (5)]/2	**98.27**	**133.08**	**237.71**	**316.78**	**976.88**	

4.9. Authority's examination regarding RAB for the Fourth Control Period

4.9.1. The Authority proposes to consider the Capital additions in accordance with the Table 62 and depreciation in accordance with Table 65.

4.9.2. Considering the above, the RAB proposed to be considered by the Authority for the Fourth Control Period is shown below:

Table 67: RAB proposed to be considered by the Authority for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Opening RAB (1)	77.11	106.53	131.82	305.93	287.84	
Additions (2)	39.62	37.30	189.60	-	1,089.45	**1,355.96**
Disposal/Transfers (3)	-	-	-	-	-	**-**
Depreciation (4)	10.20	12.01	15.48	18.09	35.83	**91.61**
Closing RAB (5) = [(1) +(2) - (3) - (4)]	106.53	131.82	305.93	287.84	1,341.46	
Average RAB = [(1) + (5)]/2	**91.82**	**119.17**	**218.87**	**296.88**	**814.65**	

4.10. Authority's proposal regarding Capital Expenditure (CAPEX), Depreciation and Regulatory Asset Base for the Fourth Control Period

Based on the material before it and based on its analysis with regard to Capital Expenditure, Depreciation and Regulatory Asset Base for the Fourth Control Period the Authority proposes:

4.10.1. To consider allocation of Gross Block of Assets as on April 1, 2026, between Aeronautical and Non-Aeronautical Assets as detailed in Table 51.

4.10.2. To consider the capitalization of Aeronautical Capital Expenditure for the Fourth Control Period in accordance with Table 62.

4.10.3. To true up the Capital Expenditure based on actuals, subject to cost efficiency and reasonableness, at the time of determination of tariff for Fifth Control Period.

4.10.4. 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. Further, if the delay in completion of the project is due to any reason beyond the control of AAI or its contracting agency and is found justified by the Authority, the same would be considered while truing up the actual cost at the time of determination of tariff for the Fifth Control Period.

4.10.5. To consider Depreciation as per Table 65 for the Fourth Control Period.

4.10.6. To true up Depreciation of the Fourth Control Period based on the actual asset additions and actual date of capitalization during the tariff determination of the Fifth Control Period.

4.10.7. To consider average RAB for the Fourth Control Period for Srinagar Airport as per Table 67.

4.10.8. To true up the RAB based on actuals at the time of tariff determination for the Fifth Control Period.

5. FAIR RATE OF RETURN (FRoR) FOR THE FOURTH CONTROL PERIOD

5.1. AAI's submission of Fair Rate of Return for the Fourth Control Period

5.1.1. AAI has submitted that it would primarily utilize internally accrued funds to fund the capital expenditure that has been projected for the Fourth Control Period.

5.1.2. AAI has proposed a Fair Rate of Return (FRoR) of 14% based on **zero gearing ratio.**

5.2. Authority's examination regarding FRoR for the Fourth Control Period

5.2.1. The Authority notes that AAI has submitted that the capital expenditure proposed for the Fourth Control Period will be funded through internal accruals and hence no debts have been proposed by AAI in its MYTP submitted for the Fourth Control Period.

5.2.2. The Authority noted that the capital structure of AAI is not efficient due to heavy reliance on equity component and accordingly advised AAI to gradually move towards adopting efficient capital structure by raising debt funds for its airport projects.

5.2.3. The Authority, during the tariff determination for AAI airports observed that the equity portion is significantly higher and the debt portion is quite nominal. Therefore, allowing a return on equity @ 14% on this high equity portion does not bring in efficiency, as compared to the option of funding the project through an optimal mix of debt: equity, as per the normative gearing ratio for the airport projects.

5.2.4. The Authority also notes the recommendations made by the Public Investment Board (PIB) in their Minutes of Meeting during the appraisal of Varanasi Airport dated February 20, 2024 (No. 27 (03)/ PFC-I/ 2024), wherein, the PIB has stated that "the Authority would also consider other factors while assessing fair rate of return in cases where there is a low level of gearing with the underlying objective of protecting the reasonable interests of Users". The above recommendation emphasizes the need to balance financial considerations, with a view to protect the Airport Users' interests.

5.2.5. Considering the above, particularly the observations of PIB regarding funding of AAI Airport projects, mainly through equity with nominal debt, the Authority had taken a considered decision (while finalizing the tariffs for Indore and Varanasi Airports) that, in future, it will consider application of Normative Gearing Ratio of 48:52 (Debt: Equity) for determining the FRoR for AAI Airports in cases where Debt component is nominal or absent.

Further, the Chief Adviser (Cost), Department of Expenditure and NITI Aayog, in context of Srinagar Airport, have also highlighted the need for incorporation of a normative debt component (20-30%) in the capital structure, even where actual funding is entirely through equity. Also, adopting a normative gearing ratio is consistent with regulatory practices across infrastructure sectors, ensuring that the cost of capital considered for tariff determination reflects an efficient financing structure rather than actual funding choices.

5.2.6. The Authority, taking cognizance of the above observations/views of the stakeholders regarding the need to consider efficient funding of Airport Projects by AAI, to balance the user interest and particularly noting that the capital structure of AAI is sub-optimal and proposes to use the notional Debt-Equity ratio for AAI Airports as being adopted consistently for all Airports including AAI Airports.

5.2.7. Accordingly, the Authority has considered FRoR for the Srinagar Airport based on notional gearing ratio of 48:52 (Debt:Equity). The Cost of Debt, Cost of Equity proposed to be considered by the Authority for determination of FRoR have been explained as follows:

Cost of Debt

5.2.8. The Authority proposes to consider the notional Cost of Debt for the Fourth Control Period based on the one-year Marginal Cost of Funds based Lending Rate (MCLR) of the State Bank of India (SBI) as on April 15, 2026, which stands at 8.70%. In view of the above, and to ensure a reasonable and forward-looking estimation of borrowing costs, the Authority proposes to consider an average Cost of Debt of 8.70% for the Fourth Control Period.

Cost of Equity

5.2.9. The Authority proposes to consider the Cost of Equity for Srinagar Airport at 15.18%, as being considered by AERA for PPP Airports and all AAI Airports, i.e., the average Cost of Equity determined based on the independent studies, commissioned by the Authority, for the evaluation of cost of capital separately, through a premier institute, namely IIM Bangalore.

5.2.10. The above independent study reports have used the Capital Asset Pricing Model (CAPM) and a notional gearing (Debt: Equity) ratio of 48:52 to determine the levered Equity beta and accordingly, derive the Cost of Equity.

5.2.11. The above study report applies a methodology that factors in sovereign and business risks through components like the risk-free rate and business volatility, establishing a fair cost of equity within the FRoR calculation. This provides a relevant benchmark for estimating Srinagar Airport's cost of equity in the Fourth Control Period, given the similar business environment, risk profile and policy framework applicable for major airports, including Srinagar Airport.

5.2.12. Based on the above reports mentioned, the Authority proposes to consider the Cost of Equity as 15.18% for Srinagar Airport for the Fourth Control Period.

Fair Rate of Return (FRoR)

5.2.13. Based on the above, the Authority proposes to consider FRoR as per table below for Srinagar Airport for the Fourth Control Period.

Table 68: Fair Rate of Return as proposed to be considered by the Authority for the Fourth Control Period

Particulars	Formula	%
Weighted Average Gearing of Equity	A	52.00%
Weighted Average Gearing of Debt	B	48.00%
Cost of Equity	C	15.18%
Cost of Debt	D	8.70%
Fair Rate of Return (FRoR)	E= A*C+B*D	12.07%

5.2.14. The Authority notes that since the debt-equity mix has been considered based on notional gearing of 48%:52%, the Authority proposes not to true up the debt-equity ratio based on actual gearing during the tariff determination for the next Control Period.

5.2.15. The Authority further proposes to true up the Cost of Debt for the Fourth Control Period based on actuals at the time of tariff determination for the Fifth Control Period, subject to reasonableness and efficiency.

5.3. Authority's proposal regarding Fair Rate of Return (FRoR) for Fourth Control Period

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

5.3.1. To consider FRoR of 12.07 % for Srinagar Airport for the Fourth Control Period as per Table 68.

5.3.2. To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR (whichever is lower) at the time of tariff determination for the Fifth Control Period.

6. INFLATION FOR THE FOURTH CONTROL PERIOD

6.1. AAI's submission regarding Inflation for the Fourth Control Period

6.1.1. AAI has not made any submission related to inflation as part of its MYTP submission for Srinagar Airport for the Fourth Control Period.

6.2. Authority's examination regarding inflation for the Fourth Control Period

6.2.1. The Authority reviewed the recent "*Results of the Survey of Professional Forecasters on Macroeconomic Indicators - Round 100*" released on June 05, 2026 published by the Reserve Bank of India (RBI). As per the report, the Authority observes that the projected inflation rate for FY 2026-27 is 7.80%. However, the Authority notes that the actual inflation rates for the preceding two years, namely FY 2024-25 and FY 2025-26, were significantly lower at 2.31% and 0.40%, respectively. In the Authority's view, adopting the projected inflation rate of 7.80% in isolation would not appropriately reflect the recent inflationary trend. Accordingly, to arrive at a more balanced and reasonable estimate, the Authority proposes to rationalize the inflation assumption by considering the average of the actual inflation rate for FY 2025-26 (0.40%) and the projected inflation rate for FY 2026-27 (7.80%), which works out to 4.10%.

6.2.2. Further, the Authority assumes that the inflation rate would remain stable and constant from FY2027-2028 till FY 2030-31, in line with the RBI report mentioned above. Accordingly, the following table presents the inflation rates proposed to be considered by the Authority for the Fourth Control Period.

Table 69: Inflation rates proposed to be considered by the Authority for the Fourth Control Period

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Inflation rate	4.10%	3.40%	3.40%	3.40%	3.40%

6.3. 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 regard to Inflation for the Fourth Control Period.

6.3.1. To consider Inflation for the Fourth Control Period for Srinagar Airport as detailed *in Table 69*.

7. AERONAUTICAL OPERATION AND MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

7.1. AAI's submission of Aeronautical Operation and Maintenance expenses for the Fourth Control Period for Srinagar Airport

7.1.1. Operation and Maintenance (O&M) expenses submitted by AAI are segregated into the following:

i. Payroll Expenses,

ii. Admin and General Expenditure,

iii. Repair and Maintenance Expenditure,

iv. Utilities and Outsourcing Expenditure, and

v. Other outflows, i.e., Collection Charges on UDF

7.1.2. The expenses related to AAICLAS, ANS, and CISF Security, have not been considered by AAI.

7.1.3. AAI has segregated the expenses into Aeronautical expenses, non-aeronautical expenses, and Common Expenses. The Common Expenses have been further segregated into Aeronautical and Non-aeronautical based on the relevant Ratios- Terminal Building Ratio, Employee Ratio and Quarter Ratio.

7.1.4. AAI vide their email dated 16th July 2026 has submitted following ratios as part of their updated MYTP to be considered for expense allocation into Aeronautical and non-Aeronautical for Fourth Control Period:

Table 70: Allocation Ratios submitted by AAI for allocation of expenses in MYTP for the Fourth Control Period

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Terminal Building Ratio					
Aeronautical	92.46%	92.46%	92.46%	92.46%	92.46%
Non-Aeronautical	7.54%	7.54%	7.54%	7.54%	7.54%
Quarter Ratio					
ANS	0.00%	0.00%	0.00%	0.00%	0.00%
Aeronautical	95.00%	95.00%	95.00%	95.00%	95.00%
Non-Aeronautical	5.00%	5.00%	5.00%	5.00%	5.00%
Employee Ratio					
Aeronautical	92.00%	92.00%	92.00%	92.00%	92.00%
Non-Aeronautical	8.00%	8.00%	8.00%	8.00%	8.00%

7.1.5. In their MYTP, AAI has claimed only the Aeronautical component of the O&M expenses.

7.1.6. AAI vide their email dated 16th July 2026, submitted an updated MYTP with corrections and actuals for FY 2025-26 along with updated O&M projections for the Fourth Control Period. The O&M expenses are presented in the table below:

Table 71: Aeronautical Operation and Maintenance (O&M) expenditure submitted by AAI for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Payroll Costs	15.75	19.69	21.07	22.55	25.93	**104.99**
Retirement benefits	0.74	0.92	0.99	1.06	1.21	**4.92**
Repair & Maintenance (excl. Snow clearing expenses)	16.38	18.03	19.80	21.72	24.70	**100.63**
Utilities & Outsourcing Expenses	6.51	6.57	6.64	6.71	7.43	**33.87**
Upkeep Expenses	4.37	4.81	5.29	5.82	7.57	**27.86**
Admin. & Other Expenses - Excl. CHQ/RHQ	9.78	10.62	11.55	12.59	13.73	**58.27**
Admin. & Other Expenses - CHQ /RHQ	29.43	30.90	32.44	34.07	35.77	**162.61**
Other Outflows	0.89	0.98	1.08	1.19	1.30	**5.44**
Total O&M Expenditure	**83.85**	**92.53**	**98.86**	**105.71**	**117.64**	**498.59**

7.2. Authority's Examination of Aeronautical Operation and Maintenance expenses for the Fourth Control Period

7.2.1. AAI as part of their submission has proposed ₹ 498.59 Crores towards aeronautical Operation and Maintenance expenses for the Fourth Control Period.

7.2.2. The Authority assessed head wise growth rate for the Aeronautical O&M expenses submitted by AAI for the Fourth Control Period.

7.2.3. The growth rate for each sub-head in the O&M has been different, the Y-o-Y approximate summary of growth rates assumed by AAI for the O&M heads has been presented in the table below:

Table 72: Growth rates in Aeronautical O&M expenditure submitted by AAI for Fourth Control Period

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Payroll Costs	7%	25%	7%	7%	15%
Retirement benefits	7%	24%	8%	7%	14%
Repair & Maintenance (excl. Snow clearing exp)	21%	15%	13%	7%	8%
Utilities & Outsourcing Expenses	1%	1%	1%	1%	11%
Upkeep Expenses	10%	10%	10%	10%	30%
Admin. & Other Expenses - Excl. CHQ/RHQ	8%	9%	9%	9%	9%
Admin. & Other Expenses - CHQ/RHQ	5%	5%	5%	5%	5%
Other Outflows	4%	10%	10%	10%	10%

7.2.4. AAI has submitted the following justifications/ basis for growth rates assumed for various components of O&M expenses:

Table 73: Assumptions/ Basis for growth rates considered by AAI for O&M Expenses for the Fourth Control Period

S No	Expense Head	Growth Factor considered by AAI	Basis of Projection as per AAI
1	Payroll Costs	• 7% y-o-y increase • 18% additional increase in FY 2027-28 • 8% additional increase in FY 2030-31	• Basis the internal appraisal data- AAI observed that the overall annual increase is ~7% • Increase in FY 2027-28 is projected considering next wage revision w.e.f. 01st April 2027 • Increase in FY 2030-31 is projected considering NITB operationalization
2	Retirement benefits		
3	Repair & Maintenance (incl. Snow clearing expenses)	• 10% y-o-y increase • 5% additional increase in FY 2030-31	• 10% y-o-y increase is based on AAI's historic expenditure in R&M head and their previous proposals • Increase in FY 2030-31 is considering NITB • Additionally, AAI is expecting AMC costs for 2 assets: Solar Plant (FY 2028-29) and Escalators (FY 2027-28)
4	Utilities & Outsourcing Expenses	• 1% y-o-y increase	• In line with previous proposals • Further, Power cost is the highest cost (~90%) in the head and it was being increase @ 3% per annum but with commissioning of Solar Plant- that cost has gone down by ~2% per year resulting in an overall y-o-y increase of ~1%
5	Upkeep Expenses	• 10% y-o-y increase • 20% additional increase in FY 2030-31	• 10% y-o-y increase is based on AAI's historic expenditure in R&M head and their previous proposals • Increase in FY 2030-31 is considering NITB
6	Admin. & Other Expenses - Excl. CHQ/RHQ	• 10% y-o-y increase	• In line with previous proposals
7	Admin. & Other Expenses - CHQ/RHQ	• 5% y-o-y increase	• Baseline figure for the increase is coming from an independent study undertaken by ICMAI

Authority's treatment of additional Aeronautical O&M expenses

7.2.5. The Authority, through its Independent Consultant, has undertaken a detailed assessment of O&M Expenses projected for the FCP, including the analysis of historical costs for key head expenses, examination of their nature, timing of incurrence, and relevance to airport operations. Based on such evaluation and application of prudence checks in line with established regulatory framework/ Tariff Determination Methodology, the Authority has assumed the O&M Expenses at appropriate level to capture only the efficient cost of running the Airport.

Allocation ratios considered by Authority for examination of O&M expenses

7.2.6. The Authority further notes that AAI has submitted that certain employees were inadvertently misclassified in its MYTP submission. Upon review of the submission, the Authority has incorporated the necessary corrections in its proposal while determining the relevant costs and allocations for the Fourth Control Period.

7.2.7. The Authority notes the allocation ratios submitted by AAI and proposes to adopt the allocation methodology in line with the approach followed in its tariff determinations for other airports. Accordingly, the Authority proposes to consider the following allocation ratios for apportionment of expenses between Aeronautical and Non-Aeronautical activities during the Fourth Control Period:

Table 74: Allocation ratios proposed to be considered by the Authority for allocation of expenses for the Fourth Control Period

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Terminal Building Ratio					
Aeronautical	90.00%	90.00%	90.00%	90.00%	90.00%
Non-Aeronautical	10.00%	10.00%	10.00%	10.00%	10.00%
Quarter Ratio					
ANS	0.00%	0.00%	0.00%	0.00%	0.00%
Aeronautical	95.00%	95.00%	95.00%	95.00%	95.00%
Non-Aeronautical	5.00%	5.00%	5.00%	5.00%	5.00%
Employee Ratio					
Aeronautical	92.00%	92.00%	92.00%	92.00%	92.00%
Non-Aeronautical	8.00%	8.00%	8.00%	8.00%	8.00%

7.2.8. Based on the above, the Authority has undertaken detailed due diligence of each O&M expense head, examining the submissions made by AAI with respect to their nature, past trends, justification and alignment with operational requirements. The Authority, through its Independent Consultant, has applied appropriate prudence checks and benchmarking with past tariff orders to determine the admissible O&M costs to be considered for the Fourth Control Period.

Payroll expenses

7.2.9. The Authority notes that AAI has proposed a year-on-year growth rate of 7% in payroll expenses for Srinagar Airport during the Fourth Control Period. In addition, AAI has factored a further increase of 18% in FY 2027-28 on account of the anticipated implementation of the wage revision and an additional increase of 8% in FY 2030-31 on account of commissioning of NITB.

7.2.10. The Authority, in line with its consistent approach, proposes to consider growth rate of 6% year-on-year, ensuring consistency in tariff determination process.

7.2.11. Further, the Authority proposes to consider the additional increase in payroll expenses on account of wage revision on actual incurrence basis, as at this stage, it would be premature and difficult to estimate the timing, extent and scope of revision of pay scales of CPSUs, and also as of now there is no official announcement by Govt. in this regard.

7.2.12. The Authority notes that AAI had sought an additional increase of 8% in FY 20230-31 on account of expected commissioning of the New Integrated Terminal Building (NITB) in the first quarter of FY 2030-31 (i.e., by June 2030). The Authority proposes to consider the additional allowance i.e., an increase of 6% on pro-rata basis to reflect the partial impact of operationalization of the new terminal in FY 2030-31.

Table 75: The Authority's Treatment of the Additional Aeronautical O&M cost proposed by AAI

Reason for Additional cost	Treatment decided by the Authority
Operationalization of NITB	• The Authority notes that the NITB is significantly larger in scale, with approximately three times the area and passenger handling capacity compared to the existing terminal. In this context, the incremental O&M costs proposed by AAI for the terminal, do not appear disproportionate and are considered reasonable. • However, considering that the terminal is expected to be operational only after first quarter of FY 2030-31, the Authority proposes to rationalize the additional O&M costs by allowing the increase on a pro-rata basis, commensurate with the actual period of operation during the year.
Wage Revision	• In order to safeguard user interest and maintain alignment with the principle of linking cost recovery with actual service delivery, the Authority proposes not to include the additional O&M costs at the time of tariff determination for the Fourth Control Period. The same shall be considered on actual incurrence basis in a subsequent tariff exercise, subject to prudence check and submission of supporting evidence by AAI.

Retirement expenses

7.2.13. The Authority notes that AAI has proposed a year-on-year growth rate of 7% in retirement benefit expenses for Srinagar Airport during the Fourth Control Period. In addition, AAI has factored a further increase of 18% in FY 2027-28 on account of the anticipated implementation of the 8th Pay Commission and an additional increase of 8% in FY 2030-31 on account of commissioning of NITB.

7.2.14. The Authority proposes to consider a standardized growth rate of 6% year-on-year, for the retirement benefits for the Fourth Control Period as per its consistent approach regarding Y-o-Y growth in payroll expenses.

7.2.15. Further, the Authority proposes to consider the additional increase in FY 2027-28 proposed by AAI on account of the Wage revision on actual incurrence basis at the time of determination of Tariff for the Fifth Control Period.

7.2.16. The Authority notes that AAI had sought an additional increase of 8% in FY 20230-31 on account of expected commissioning of the New Integrated Terminal Building (NITB) in the first quarter of FY 2030-31 (i.e. by June 2030). The Authority proposes to consider the additional allowance of increase of 6% on pro-rata basis to reflect partial impact of operationalization of the new terminal in FY 20230-31.

Repairs and Maintenance expenses

7.2.17. The Authority notes that AAI has proposed a year-on-year increase of 10% in Repair and Maintenance (R&M) expenses for Srinagar Airport. The Authority, however, observes that the airport has a mix of existing and newly added infrastructure, including extension of Apron and associated works. Accordingly, the overall maintenance requirement is not expected to increase to the extent proposed by AAI. Further, the Authority notes that the issue of regulatory capping of R&M expenses to 6% of the opening Rab (Net Block) is part of AAI’s appeal before the Hon’ble TDSAT as detailed in Section 1.6 of the Consultation paper.

7.2.18. Additionally, AAI has also proposed an expense amounting to ₹ 0.60 Crore for all the 5 years of the Fourth Control Period for “Special Repair Work of Apron”. AAI submitted that this periodic repair is required owing to the cracking, warping and thermally induced distress experienced by Apron- leading to requirement of repairs to mitigate safety hazards and maintain operational serviceability. AAI has also shared the relevant AA&ES approvals for the said special repair work. The Authority proposes to limit the R&M expenses to 6% of the opening RAB (Net Block) for each year of the Fourth Control Period, and considering the importance of maintaining the Apron in serviceable and safe condition- the Authority also proposes to exclude the cost of "Special Repair Work of Apron" from the capping of R&M expenses to 6% of opening RAB (Net Block).

7.2.19. It is noted that AAI has included Snow clearing expense as part of A&G for tariff proposal of Fourth Control Period; whereas, the same was approved by the Authority as R&M expenses in the Tariff Order of Third Control Period. In order to maintain uniformity with its previous orders the Authority, proposes to consider Snow clearing expenses under the R&M expenses.

7.2.20. The Authority notes that AAI has incurred snow clearing expenses in the previous Control Period and that such expenditure is an essential operational requirement considering the specific climatic conditions at Srinagar Airport. The Authority recognizes that snow clearance is a recurring and unavoidable requirement for ensuring uninterrupted airport operations during winter weather. Therefore, the Authority proposes to allow snow clearing expenses over and above 6% of the opening RAB for each year of the Fourth Control Period.

Administration and General expenses - CHQ/ RHQ

7.2.21. AAI in respect of Srinagar Airport has proposed allocation of CHQ/RHQ expenses of ₹29.43 crore for FY 2026-27 (first tariff year of the Fourth Control Period), with a proposed annual escalation @ 5%. On this basis, the cumulative allocation to Srinagar Airport over the five-year Control Period aggregates to ₹162.60 Crores. This represents a significant share of Corporate/Regional HQ overheads in the overall O&M expenditure component which prominently impacts upwards the airport's revenue requirement for the Fourth Control Period.

The Authority further observes that O&M expenses relating to CHQ/RHQ apportionment constitute approximately 46% of the total O&M expenditure trued-up for the Third Control Period and approximately 30% of the O&M expenditure projected for the Fourth Control Period. Such a significant share appears disproportionate for an airport of Srinagar Airport's size and scale of operations, particularly when core operational expense heads such as Payroll and R&M, which are more directly linked to airport operations, comprise a relatively smaller proportion of total O&M expenditure.

AAI has proposed the A&G- CHQ/RHQ apportionment to Srinagar Airport based on the cost allocation derived from the ICMAI study, along with a year-on-year growth rate of 5% for the Fourth Control Period. In this regard, the Authority is of the view that, for a more accurate reflection of current operational conditions, AAI should not mechanically apply this cost allocation methodology particularly for Civil Enclave and should update in parallel the cost allocation study basis the actual scale, size and operational profile of the Airport including latest figures till FY 2025-26.

7.2.22. Considering Srinagar Airport operates as a Civil Enclave Airport, wherein a significant portion of the airport infrastructure, particularly the airside area including Runway, Fire Station, ATC, etc. remains under the ownership and operational control of the Indian Air Force (IAF). Consequently, AAI exercises comparatively limited control over planning, design, construction and upgradation/renovation of key operational assets when compared to a conventional standalone airport. Accordingly, the Authority is of the considered view that the full apportionment of CHQ/RHQ expenses as proposed by AAI does not adequately reflect the operational realities of a Civil Enclave airport like Srinagar Airport. The need, cost causation, reasonableness, proportionality and demonstrable benefit to the regulated aeronautical activities at Srinagar Airport have been discussed in detail at Para 2.5.20 of the Consultation paper.

7.2.23. The Authority further notes that, as per the cost-relatedness principle prescribed by the International Civil Aviation Organization (ICAO), airport charges should reflect only those costs that are directly and reasonably attributable to the services provided at the concerned airport. As per the Authority, any corporate overhead allocation recovered through aeronautical tariffs must demonstrate a clear linkage with the operational, managerial and technical support actually availed by the Airport. In the case of Srinagar Airport, which operates as a Civil Enclave, recovery of the entire CHQ/RHQ apportioned expenses from airport users would not be commensurate with the level of centralized support attributable to the Airport. Allowing the full claim would result in loading disproportionate corporate overheads onto passengers, contrary to the principles of cost reflectivity, tariff affordability and protection of user interests. Therefore, the Authority is of the view that only such CHQ/RHQ expenses that can reasonably be linked to and justified for Srinagar Airport should be considered for recovery through airport tariffs.

7.2.24. In light of the operational characteristics of Srinagar Airport as a Civil Enclave, the limited extent of AAI-managed assets, the Authority proposes to consider 50% of the cumulative CHQ/RHQ apportioned expenses projected by AAI for the Fourth Control Period. Accordingly, the Authority has proposed CHQ/RHQ costs apportionment to Srinagar Airport amounting to ₹ 14.71 Crores for FY 2026-27 with 5% increase on Y-o-Y basis totaling to overall ₹ 81.30 Crores for the five-year Control Period (FY 2026-27 to FY 2030-31).

7.2.25. The expenditure so allowed shall be subject to actual prudence check and cost causation and relatedness at the truing up stage based on the actual expenditure incurred, the nature and extent of activities undertaken, the proportion of planned CAPEX actually executed/ capitalised during the Control Period, and appropriate supporting information demonstrating the nature and extent of CHQ/RHQ services actually attributable to Srinagar Airport.

Expenses towards Utilities

7.2.26. The Authority examines the utilities expenses and notes the following:

Power Expenses: The Authority notes that AAI has projected an increase in power expenses @ 3% on a yearly basis, netting off the recoveries made from the Concessionaires (which is assumed to be 3% of the total power costs). AAI has also claimed additional 10% increase in power expenses for FY 2030-31 due to operationalization of new Terminal Building.

7.2.27. The Authority further notes that, owing to the savings in power costs projected by AAI from solar power generation, the effective year-on-year increase in power and energy expenses reduces to approximately 1% for the first four years of the Fourth Control Period. This is primarily due to the solar power system partially offsetting electricity consumption from conventional power sources.

In view of the past trend of power cost escalation across AAI airports and the demonstrated impact of solar generation in optimizing energy expenses, the Authority finds the net increase of ~1% to be reasonable and proposes to consider the same for the Fourth Control Period.

7.2.28. Further, considering the incremental energy requirements arising from the operationalization of the New Integrated Terminal Building (NITB) in FY 2030-31, the Authority proposes power and energy expenses with a base growth rate of approximately 1% year-on-year, along with an additional allowance towards NITB-related energy consumption. While, AAI had sought an overall increase of 10% in FY 2030-31 on account of the NITB, the Authority notes that the NITB is expected to be commissioned by the end of the first quarter of FY 2030-31 (June 2030). Accordingly, to reflect the partial-year operation of the new terminal during the year, the Authority considers a prorated increase of 7.5% in FY 2030-31 towards NITB-related power and energy expenses.

Upkeep expenses

7.2.29. The Authority notes that AAI has proposed a growth rate of 10% year-on-year in upkeep expenses for Srinagar Airport during the Fourth Control Period. In addition to the base growth rate of 10%, AAI has also proposed an incremental increase of 20% in FY 2030-31 on account of operationalization of the New Integrated Terminal Building.

7.2.30. The Authority notes that these are contractual and committed expenses, wherein rates have been finalized for the duration of the contract and include costs towards manpower, materials, equipment, and statutory benefits such as PF, ESI and bonus. The Authority further notes that revisions in minimum wages are reimbursed to contractors on an actual basis in accordance with applicable statutory provisions. Considering that manpower-related costs constitute a significant component of the contract value and are subject to periodic statutory revisions, the Authority considers it reasonable to allow a 5% year-on-year escalation towards Upkeep Expenses during the Fourth Control Period for Srinagar Airport.

7.2.31. Further, the Authority notes that AAI has sought an incremental increase of 20% in upkeep expenses on account of operationalization of NITB. However, considering that the NITB is expected to be commissioned by the end of the first quarter of FY 2030-31 (June 2030), thereby resulting in only partial-year operations during the year, the Authority restricts the additional upkeep expenses to a prorated increase of 15% in FY 2030-31.

Other Outflows- Collection charges on UDF

7.2.32. For other outflows, i.e., Collection Charges on UDF, AAI considered the growth rate to be the same as that of passenger traffic. The Authority proposes to use the same fundamental approach, as it finds the same to be a reasonable driver.

Based on the above examination and rationalization of certain heads of O&M Expenses, the Authority proposes to consider O&M Expenses in the Fourth Control Period as in the table below:

Table 76: Aeronautical Operation and Maintenance (O&M) expenses proposed to be considered by the Authority for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Payroll Costs	15.61	16.54	17.54	18.59	20.82	**89.09**
Retirement benefits	0.73	0.77	0.82	0.87	0.97	**4.17**
Repair & Maintenance (incl. snow clearing expenses)	6.19	7.96	9.47	19.92	18.98	**62.52**
Utilities & Outsourcing Expenses	6.51	6.57	6.64	6.71	7.27	**33.71**
Upkeep Expenses	4.10	4.30	4.52	4.74	5.69	**23.34**

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Admin. & Other Expenses - Excl. CHQ/RHQ	8.26	9.08	9.99	10.99	12.09	**50.40**
Admin. & Other Expenses - CHQ/RHQ	14.71	15.45	16.22	17.03	17.88	**81.30**
Other Outflows	0.96	1.06	1.16	1.28	1.39	**5.85**
Total O&M Expenditure	**57.06**	**61.73**	**66.36**	**80.13**	**85.09**	**350.38**

7.2.33. The Authority proposes the following growth rates in Operation and Maintenance expenses on Y-o-Y basis:

Table 77: Y-o-Y Growth rates in Aeronautical O&M expenses proposed to be considered by the Authority for the Fourth Control Period

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Payroll Costs	6%	6%	6%	6%	12%
Retirement benefits	6%	6%	6%	6%	12%
Repair & Maintenance (incl. Snow clearing expenses)	8%	7%	7%	7%	7%
Utilities & Outsourcing Expenses	1%	1%	1%	1%	8%
Upkeep Expenses	5%	5%	5%	5%	20%
Admin. & Other Expenses - Excl. CHQ/RHQ	2%	10%	10%	10%	10%
Admin. & Other Expenses - CHQ/RHQ excl. retirement benefits	425%	5%	5%	5%	5%
Other Outflows	12%	10%	10%	10%	9%

7.2.34. The Authority proposes to consider O&M amounting to ₹ 350.38 Crores as against O&M proposed by AAI amounting to ₹ 498.59 Crores. Major Reasons for the variances are as follows:

a. R&M expenses (excluding Snow Clearance Expenses and special apron work) capped to 6% of opening RAB (Net Block), resulting in rationalization of expenses amounting to ₹57.55 Crores.

b. Rationalization of cost pertaining to A&G expenses (CHQ/RHQ Apportionment) amounting to ₹81.30 Crores.

c. Considered Payroll Costs with 6% Y-o-Y increase (Payroll expenses and Retirement Benefits) as against an increase of 7% as proposed by AAI, and impact of wage revision on actual incurrence basis, resulting in rationalization of cost amounting to ₹15.90 Crores.

d. Considered increase on Upkeep Expenses annually @ 5% as against an increase of 10% projected by AAI and change in Terminal Building Allocation Ratio to 90:10, resulting in rationalization amounting to ₹4.52 Crores

7.3. Authority's proposal regarding Aeronautical Operation and Maintenance expenses for the Fourth Control Period

Based on the material before it and its analysis, the Authority with regard to O&M Expenses for the Fourth Control Period proposes:

7.3.1. To consider O&M expenses for the Fourth Control Period for Srinagar Airport as per Table 76.

7.3.2. To true up O&M expenses incurred by AAI for Srinagar Airport during the Fourth Control Period subject to its reasonableness and efficiency, at the time of tariff determination for the Fifth Control Period.

8. NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

8.1. AAI's submission regarding Non-Aeronautical Revenue for the Fourth Control Period

8.1.1. AAI has forecasted the Non-Aeronautical Revenues for the Fourth Control Period based on the following key growth drivers:

i. ATM growth rate

ii. Passenger Traffic growth rate

iii. Cargo volume growth rate

iv. Contractual Provisions (Master Concessionaire Agreements) and

v. Operationalization of the NITB by First Quarter of FY 2030-31

8.1.2. AAI, vide their email dated 16th July 2026, submitted revised MYTP, with updated figures for NAR, considering actuals of FY 2025-26:

Table 78: Non-aeronautical revenue projections proposed by AAI for Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
1. Passenger related revenue						
Restaurant/ snack bars	12.22	14.06	16.17	18.59	22.22	83.25
T.R. stall	8.02	9.22	10.61	12.20	14.58	54.63
Hoarding & display	5.66	6.80	8.16	9.79	12.24	42.65
Car parking	2.08	2.28	2.51	2.76	3.18	12.81
Car Rental	0.67	0.74	0.81	0.89	1.03	4.14
Admission tickets	0.15	0.16	0.18	0.20	0.23	0.92
Space Rent from Airlines	1.23	1.32	1.42	1.53	1.64	7.14
Other Misc. Income	1.26	1.32	1.39	1.46	1.53	6.95
2. Other Revenue						
Land Lease	0.11	0.11	0.12	0.12	0.12	0.58
Building (residential)	0.00	0.00	0.00	0.00	0.00	0.01
Building (non-residential)	1.04	1.12	1.20	1.30	1.46	6.12
Total	**32.44**	**37.13**	**42.57**	**48.83**	**58.21**	**219.19**

8.2. Authority's examination of non-aeronautical revenue for the Fourth Control Period

8.2.1. The Authority notes that AAI's projection of non-aeronautical revenues in their updated MYTP for the Fourth Control Period (₹ 219.19 Crores) is 115% higher than the actual revenue reported by Srinagar Airport for true up of the Third Control Period (which is at ₹ 101.81 Crores).

8.2.2. The Authority observed the following growth rates in the Non-Aeronautical Revenue projected by AAI for the Fourth Control Period:

Table 79: Growth rates in the updated Non- Aeronautical Revenue projected by AAI for the Fourth Control Period

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
1. Passenger related revenue					
Restaurant/ snack bars	9%	15%	15%	15%	20%
T.R. stall	9%	15%	15%	15%	20%
Hoarding & display	20%	20%	20%	20%	25%
Car parking	28%	10%	10%	10%	15%
Car Rental	10%	10%	9%	10%	16%
Admission tickets	7%	7%	13%	11%	15%
Space Rent from Airlines	8%	7%	8%	8%	7%
Other Misc. Income	5%	5%	5%	5%	5%
2. Other Revenue					
Land Lease	0%	0%	9%	0%	0%
Building (residential)					
Building (non-residential)	7%	8%	7%	8%	12%

8.2.3. The Authority takes cognizance of the fact that the New Terminal Building is proposed to be commissioned only by the end of the Fourth Control Period. Therefore, the Authority is of the view that the projected NAR submitted by AAI for the Fourth Control Period is commensurate with the traffic growth projected for the Fourth Control Period.

8.2.4. The Authority further notes that Srinagar Airport serves as a key tourist gateway, and with the gradual normalization of travel to Srinagar following the Pahalgam incident, passenger traffic is expected to witness sustained growth. The Authority is of the view that this increase in passenger throughput is likely to have a positive impact on non-aeronautical revenues by enhancing commercial opportunities, increasing passenger footfall within the terminal, further driven by improvements in passenger-facing facilities and services.

8.2.5. Further, it is noted that despite the commissioning of the New Integrated Terminal Building being envisaged in the last year of the Fourth Control Period and having a partial year operation of the same, AAI has projected an additional growth of up to 8% in Non-Aeronautical Revenue in the final tariff year of the Fourth Control Period.

8.2.6. Accordingly, with the commissioning of the new terminal building, which would provide enhanced commercial areas, improved passenger circulation space, and increased dwell time, the Authority considers the projected additional growth of up to 8% in Non-Aeronautical Revenue in the last year of the Control Period to be justified.

Revenue from Passenger-related services

8.2.7. The Authority notes that AAI has projected an average year-on-year growth of 11% to 15% in passenger-related non-aeronautical revenues during the Fourth Control Period. The Authority observes that the projected growth in these revenue streams exceeds the corresponding projected growth in passenger traffic. The Authority notes that Srinagar Airport caters to a predominantly tourist-driven passenger base, which typically provides greater opportunities for commercial spending and non-aeronautical revenue generation. Further, considering the historical growth trends observed at the Airport, the Authority is of the view that the projections are broadly reasonable and align with past performance.

8.2.8. The Authority notes that AAI has classified "Space Rent from Airlines" under Non-Aeronautical Revenue. However, based on the Authority's consistent approach in previous tariff determinations, in this regard, such space within terminal building leased to airlines for activities directly linked to passenger facilitation, including check-in, boarding and related operational functions are accordingly considered as aeronautical.

8.2.9. In view of the above, the Authority is of the considered opinion that "Space Rent from Airlines" is intrinsically linked to aeronautical services and forms an integral part of airport operations. therefore, the Authority proposes to classify "Space Rent from Airlines" under Aeronautical Revenue, instead of Non-Aeronautical Revenue, for the purpose of tariff determination at Srinagar Airport.

8.2.10. The Authority further observes that AAI, in its updated MYTP submission, reduced the year-on-year growth in Passenger-related Non-Aeronautical Revenue (NAR) for FY 2026-27 broadly in line with the revised Passenger Traffic growth projections, resulting in an average reduction of approximately 8% as compared to its initial MYTP projections. However, the Authority notes that the Passenger Traffic recorded in FY 2025-26 was abnormally suppressed owing to the Pahalgam incident and does not reflect the Airport's normal traffic potential. Consequently, the revised NAR projections for FY 2026-27 also appear understated. Accordingly, to ensure that Passenger-related NAR remains commensurate with the passenger traffic growth considered by the Authority for the Fourth Control Period, the Authority proposes to adopt the growth rates of 'Restaurant/Snack bar' and 'TR stall' for FY 2026-27 based on the updated Passenger growth as considered by the Authority for FY 2026-27.

Other revenue - Rent and Services

8.2.11. The Authority notes that AAI has assumed an approximate 8% year-on-year growth in revenue from Buildings (Non-Residential) during the Fourth Control Period and proposes to consider the same for the purpose of determination of non-aeronautical revenue for Srinagar Airport. The Authority is of the view that the projected growth is reasonable, considering the unique geographical conditions of the region and the strategic and sensitive nature of the Airport. Further, the projected growth is broadly in line with historical trends observed at the Airport.

8.2.12. Based on the Authority's examination, the NAR proposed for Srinagar Airport for the Fourth Control Period has been presented in the table below:

Table 80: Non-aeronautical revenues proposed by the Authority to be considered for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
1. Passenger related revenue						
Restaurant/ snack bars	13.03	14.98	17.23	19.81	23.68	**88.73**
T.R. stall	8.55	9.84	11.31	13.01	15.55	**58.26**
Car parking	2.07	2.28	2.51	2.76	3.17	**12.79**
Car Rental	0.67	0.74	0.81	0.89	1.03	**4.14**
Admission tickets	0.15	0.17	0.19	0.20	0.24	**0.95**
Less: Space Rent from Airlines	-	-	-	-	-	**-**

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Other Misc. Income	1.26	1.32	1.39	1.46	1.53	**6.96**
2. Other Revenue						
Land Lease (other than airlines and oil Companies)	0.11	0.11	0.13	0.13	0.13	**0.60**
Hoarding and display	5.66	6.80	8.16	9.79	12.23	**42.64**
Building (Residential + Non-Residential)	1.04	1.12	1.21	1.30	1.46	**6.13**
Total	**32.56**	**37.36**	**42.92**	**49.35**	**59.01**	**221.19**

8.3. Authority's proposal regarding non-aeronautical revenues for the Fourth Control Period

Based on the material before it and based on its analysis, the Authority with regard to non-aeronautical revenue for the Fourth Control Period proposes:

8.3.1. To consider non-aeronautical revenues for the Fourth Control Period for Srinagar Airport in accordance with Table 80.

8.3.2. To true up NAR for the Fourth Control Period, at the time of determination of tariff for the next Control Period, subject to minimum threshold as proposed by the Authority in Table 80.

9. AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

9.1. AAI's submission regarding Aeronautical Taxes for the Fourth Control Period

9.1.1. AAI, for Aeronautical Tax Computation, has included Revenue generated from regulated services and 30% from Non-Aeronautical services. Further AAI has considered Aeronautical operating expenses, interest and financing charges, and depreciation on written down value (WDV) of assets as per income tax. After calculating the Profit Before Tax (PBT), a tax rate of 25.17% has been applied, after setting off prior losses. The Aeronautical Tax submitted by AAI for the Fourth Control Period is shown in the table below:

Table 81: Aeronautical Taxes submitted by AAI for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Aero Revenue	240.44	376.83	473.24	593.03	724.97	**2,408.52**
Non-Aero Revenue @ 30%	9.73	11.14	12.77	14.65	17.46	**65.75**
Total revenue	**250.18**	**387.97**	**486.01**	**607.68**	**742.44**	**2,474.28**
OPEX	83.85	92.53	98.86	105.71	117.64	**498.59**
Depreciation	10.16	14.46	26.57	34.49	100.04	**185.72**
Total Expense	**94.01**	**106.99**	**125.43**	**140.20**	**217.68**	**684.31**
PBT	156.17	280.98	360.58	467.48	524.76	**1,789.97**
Set off of prior period losses	-	-	-	-	-	**-**
PBT after set-off of prior period losses	156.17	280.98	360.58	467.48	524.76	**1,789.97**
Corporate tax @ 25.17%	**39.31**	**70.72**	**90.76**	**117.66**	**132.08**	**450.54**
PAT	**116.86**	**210.26**	**269.82**	**349.81**	**392.68**	**1,339.44**

9.2. Authority's examination of Aeronautical Taxes for the Fourth Control Period

9.2.1. The Authority has re-computed the taxes based on the projected Aeronautical Revenue which is based on the ARR computed by the Authority for the Fourth Control Period.

9.2.2. It is noted that AAI has considered 30% of Non-Aeronautical Revenue for Taxation purposes, based on its appeal (05/2023-24) before the Hon'ble TDSAT. However, considering that AAI's above-mentioned appeal is pending before the TDSAT and the Appellate Authority has not pronounced any judgement in the matter and the above matter is still sub-judice. Accordingly, the Authority has not considered 30% NAR in its Tax Computation.

9.2.3. The following table presents the Aeronautical Tax proposed by the Authority for the Fourth Control Period:

Table 82: Aeronautical Taxes proposed to be considered by the Authority for the Fourth Control Period

(₹ Crores)

Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Aero Revenue	**179.82**	**169.67**	**186.50**	**204.93**	**266.22**	**1,007.14**
OPEX	57.06	61.73	66.36	80.13	85.09	**350.38**
Dep. on WDV	10.17	13.71	24.76	32.39	137.29	**218.32**
Total Expense	**67.24**	**75.45**	**91.12**	**112.52**	**222.38**	**568.70**
PBT	112.58	94.22	95.38	92.40	43.85	**438.44**
Set off of prior period losses	-	-	-	-	-	**-**
PBT after set-off of prior period losses	112.58	94.22	95.38	92.40	43.85	**438.44**
Corporate tax @ 25.17%	25.17%	25.17%	25.17%	25.17%	25.17%	
PAT	**28.34**	**23.72**	**24.01**	**23.26**	**11.04**	**110.35**

9.3. Authority's proposal regarding Aeronautical Taxes for the Fourth Control Period

Based on the material before it and based on its analysis, the Authority proposes with regard to Aeronautical Tax for the Fourth Control Period.

9.3.1. To consider the Taxation for the Fourth Control Period for Srinagar Airport as per Table 82.

9.3.2. To True up the Aeronautical Tax of the Fourth Control Period, taking into consideration all relevant facts, at the time of tariff determination for the Fifth Control Period.

10. QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

10.1. AAI's submission of Quality of Service for the Fourth Control Period for Srinagar Airport

10.1.1. Srinagar Airport has not made any submission related to Quality of Service as part of its MYTP submission. The Authority was informed that the same is available on AAI's website (station-wise).

10.2. Authority's examination regarding Quality of Service for the Fourth Control Period

10.2.1. The Authority notes that:

i. As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall "*monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any The Authority authorized by it in this behalf*."

ii. As per section 13(1)(a)(ii), the Authority is required to determine the tariff for Aeronautical services taking into consideration "*the service provided, its quality and other relevant factors*."

10.2.2. 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 program measuring passenger's satisfaction and experience about an airport with participation from around 350-400 airports across the world.

ii. The passenger experience is measured based on passenger emotions and their impact to arrive at Emotional Score.

iii. 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

10.2.3. The Authority notes from AAI's website that the ACI ASQ survey results for Srinagar Airport for the years 2018 to 2022 have been in the range of 4.30 to 4.83 (overall score), as against the average score of AAI Airports which ranges from 4.57 to 4.72.

Table 83: ASQ rating for Srinagar Airport for the years 2018-2025

Calendar Year (CY)	ASQ rating
2018	4.68
2019	4.36
2020	4.83
2021*	-
2022	4.30
2023	4.52
2024	4.33
2025	4.70
2026 (Q1)	4.83

** ASQ survey was not conducted during the year 2021.*

10.2.4. The Authority notes that the ASQ rating awarded to Srinagar Airport is quite close to the average rating of the AAI airports and it has seen improvement in last 3 reports.

10.2.5. Also, the Authority reviewed the MoU between AAI and MoCA for FY 2024-25 and noted that the ASQ rating target for FY 2024-25 was 4.68. The actual ASQ rating achieved by Srinagar Airport for CY 2025 was 4.70.

10.2.6. The Authority does not propose any adjustment towards tariff determination for the Fourth Control Period on account of quality of service maintained by Srinagar Airport.

10.3. Authority's proposal regarding Quality of Service for the Fourth Control Period

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

10.3.1. Not to consider any adjustment towards tariff determination for the Fourth Control Period with regard to Quality of Service.

11. AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FOURTH CONTROL PERIOD

11.1. AAI's submission of Aggregate Revenue Requirement for the Fourth Control Period for Srinagar Airport

11.1.1. AAI has submitted ARR and Yield per Passenger (YPP) for the Fourth Control Period as per the regulatory building blocks discussed.

11.1.2. The summary of ARR and YPP has been presented in the table below.

Table 84: ARR submitted by AAI to be considered for the Fourth Control Period

(₹ Crores)

Particulars	Ref	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Average RAB	A	98.27	133.08	237.71	316.78	976.88	
Fair Rate of Return	B	14.00%	14.00%	14.00%	14.00%	14.00%	
Return on average RAB	C=A*B	13.76	18.63	33.28	44.35	136.76	**246.78**
Depreciation	D	9.90	12.04	15.53	18.33	59.67	**115.47**
O&M expenses	E	83.85	92.53	98.86	105.71	117.64	**498.59**
Tax expense	F	39.31	70.72	90.76	117.66	132.08	**450.54**
ARR per year	G=C+D+E+F	146.82	193.91	238.42	286.05	446.14	**1,311.33**
Shortfall carried forward from CP3	H	838.58					**838.58**
Dep and Average RAB of FA of 2nd CP	I	0.08	0.08	0.07	0.06	0.06	**0.35**
Dep and Average RAB of FA of 1st CP	J	0.03	0.03	0.03	0.03	0.03	**0.14**
Gross ARR	K=G+H+I+J	985.51	194.02	238.52	286.14	446.23	**2,150.40**
NAR	L	32.44	37.13	42.57	48.83	58.21	**219.19**
Less: 30% NAR	M=30%*L	9.73	11.14	12.77	14.65	17.46	**65.75**
Net ARR	N=K-M	975.75	182.87	225.75	271.48	428.77	**2,084.65**
Discount factor (@FRoR)	O	1.00	0.88	0.77	0.67	0.59	**14.00%**
PV of ARR	P=O*N	975.75	160.42	173.71	183.24	253.87	**1,747.00**
Sum Present value of ARR	**Q**	**1,747.00**					
Total Traffic (million passengers)	**R**	**21.36**					
Yield per passenger on Total Traffic YPP	**S=Q*10/R**	**818.07**					

11.2. Authority's examination of Aggregate Revenue Requirement (ARR) for the Fourth Control Period

11.2.1. The observations and proposals of the Authority across the regulatory building blocks impact the computation of ARR for the given Control Period. With respect to each element of the regulatory building blocks considered by AAI in computation of ARR, the Authority's various proposals have been discussed in previous chapters.

11.2.2. Considering the above, the Authority proposes the ARR for the Fourth Control Period as given in the table below:

Table 85: Conventional ARR computed by the Authority for the Fourth Control Period

(₹ Crores)

Particulars	Ref	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Opening RAB	I	77.11	106.53	131.82	305.93	287.84	
Additions	II	39.62	37.30	189.60	-	1,089.45	**1,355.96**
Depreciation	III	10.20	12.01	15.48	18.09	35.83	**91.61**
Closing RAB	IV=I+II-III	106.53	131.82	305.93	287.84	1,341.46	
Average RAB *(refer Table 67)*	A=(I+II)/2	91.82	119.17	218.87	296.88	814.65	
Fair Rate of Return *(refer Table 68)*	B	12.07%	12.07%	12.07%	12.07%	12.07%	
Return on average RAB	C=A*B	11.08	14.38	26.42	35.83	98.32	**186.04**
Depreciation *(refer Table 65)*	D	10.20	12.01	15.48	18.09	35.83	**91.61**
O&M Expense *(refer Table 76)*	E	57.06	61.73	66.36	80.13	85.09	**350.38**
Tax Expense *(refer Table 82)*	F	28.34	23.72	24.01	23.26	11.04	**110.35**
ARR per year	G=C+D+E+F	106.68	111.85	132.27	157.31	230.28	**738.38**
Shortfall carried forward from CP3	H	276.29					**276.29**
Dep & Average RAB of FA of CP1 & CP2	I						
Gross ARR	J=G+H+I	382.97	111.85	132.27	157.31	230.28	**1,014.67**
NAR *(refer Table 80)*	K	32.56	37.36	42.92	49.35	59.01	**221.19**
Less: 30% NAR	L=30%*K	9.77	11.21	12.88	14.80	17.70	**66.36**
Net ARR	M=J-L	373.21	100.64	119.39	142.51	212.57	**948.31**
Discount factor (@12.07%)	N	1.00	0.89	0.80	0.71	0.63	**12.07%**
PV of ARR (in Cr.)	O=M*N	373.21	89.80	95.06	101.24	134.76	**794.07**
Sum Present value of ARR Cr.	**P**	**794.07**					
Total Traffic (million passengers) ***(refer Table 49)***	**Q**	**22.88**					
Yield per passenger on Total Traffic YPP	**R=P*10/Q**	**347.05**					

11.2.3. As can be seen from the above table, as per the Authority, the ARR for the Fourth Control Period has been worked out at ₹948.39 crores (PV ₹794.07 crores) as against the ARR of ₹2,084.65 crores (PV ₹1,747.00 crores). There is a variance of ₹1,136.33 Crores between the Aggregate Revenue Requirement (ARR) submitted by the Airport Operator (AO) and the ARR computed by the Authority. This difference is mainly attributable to the following reasons:

i. Rationalization of shortfall brought forward from the Third Control Period by ₹562.29 Crores.
ii. Rationalization of Return on RAB by ₹ 60.74 crores due to consideration of FRoR at 12.07% as against 14% FRoR proposed by AAI.
iii. Rationalization of Depreciation, resulting in reduction of ₹ 23.85 crores.
iv. Rationalization of O&M expenses amounting to ₹ 148.21 crores, due to capping of R&M Expenses at 6% of opening RAB (Net Block), rationalization of CHQ/RHQ cost allocation to Srinagar airport by Rs 81.30 crores, rationalization of Y-o-Y increase in payroll expenses to 6%, consideration of impact likely wage revision on actual incurrence basis, etc.
v. Reduction in Taxation by ₹ 340.18 crores, due to rationalization of Aeronautical Revenue & Expenses, based on the ARR proposed by the Authority.
vi. Non-consideration of the impact of Financing Allowance.

11.3. Incremental ARR Approach on User Pay Principle for the identified High-CAPEX Projects

11.3.1. It can be seen from the Table 85 that in the financial year 2030-31, i.e. 5th year of the 4th Control Period, the addition of NITB of 7.5 MPPA capacity and related works is projected to be capitalized with aero CAPEX of ₹ 1089.45 Crores, accounting for almost 80% of the overall capital additions for the Fourth Control Period which is significantly impacting the return on RAB & Depreciation. This asset is getting capitalized and shall be put to use in FY 2030-31, whereas its impact is getting applied on passenger travelling from the 1st year of the 4th Control Period. This is not in consonance with 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 with 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 capitalization 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 materialized, 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.

11.3.2. In the light of the foregoing considerations, the Authority is of the view that in cases where large and significant capex items like New Terminal Building, new Runway and associated airside infrastructure etc. 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 capitalization 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 be capitalized and made available for users.

11.3.3. 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 to ensure regulatory certainty and encourage 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, scheduling assumptions, and incremental ARR shall be given effect through revised aeronautical tariffs as and when each identified project is capitalized and put to operational use.

11.3.4. 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.

Accordingly, in the light of above, the Authority proposes to consider the New Integrated Terminal Building (NITB) for Srinagar Airport for the 4th Control Period with a Capital cost of ₹ 1089.45 Crores constituting about 80% of the total CAPEX for the 4th Control Period under the aforesaid Incremental ARR approach on User Pay Principle.

11.4. Proposed Methodology

11.4.1. The methodology for the incremental ARR Approach on user pays principle for identified high-capex projects shall be as follows:

(a) Identification of Eligible High-Value Capital Expenditure Projects

11.4.2. 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 Baseline ARR

11.4.3. 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 capitalized assets;

iii. Any other component considered appropriate by the Authority.

11.4.4. 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.

11.4.5. Thereafter, the ARR and YPP associated with such identified projects shall be excluded from the overall projected ARR for the purpose of determining the Baseline ARR and Baseline Yield applicable at the commencement of the Control Period.

11.4.6. The Baseline 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 Baseline ARR

11.4.7. The Authority shall determine the aeronautical tariffs applicable at the commencement of the Control Period based on the approved Baseline ARR and corresponding Baseline Yield.

11.4.8. 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.

11.4.9. 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

11.4.10. For the purpose of operationalizing the Incremental ARR framework, the Airport Operator shall be required to intimate the Authority regarding the completion and commencement of operational use of any project identified under this mechanism.

11.4.11. The Airport Operator shall submit the requisite undertaking together with supporting documentation and certifications as may be prescribed by the Authority, after capitalization of Project(s) considered as part of the Incremental ARR approach.

(e) Determination of Incremental Aeronautical Charges Upon Commissioning

11.4.12. 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.

11.4.13. 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.

11.4.14. 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.

11.4.15. 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.

(f) Expected Regulatory Outcomes

11.4.16. The Authority is of the view that the proposed framework would:

i. align tariff recovery more closely with the actual availability of airport infrastructure and services;

ii. protect airport users from premature tariff increases relating to assets that are not yet operational;

iii. strengthen incentives for timely project execution and commissioning;

iv. reduce the likelihood of over-recovery arising from project delays, deferments, or non-execution of forecasted capital expenditure; and

v. preserve the Airport Operator's entitlement to recover prudently incurred costs and earn a reasonable return on investment upon commencement of service delivery.

11.4.17. In the light of the above, for the Srinagar Airport, the CAPEX Item identified for incremental ARR approach on user pay principle is New Integrated Terminal Building (NITB). Details of the Authority's proposal regarding NITB are as follows:

Table 86: CAPEX proposed to be considered by the Authority on Incremental ARR approach

(₹ Crores)

Particulars	CAPEX amount		Aero amount		Date of capitalization	
	As per AAI	Proposed by Authority	As per AAI	Proposed by Authority	As per AAI	Proposed by Authority
Construction of NITB at Srinagar airport	1,437.77	1,210.50	1,398.20	1,089.45	30-Jun-30	30-Jun-30

Table 87: Impact on ARR for NITB being allowed on Incremental ARR approach

(₹ Crores)

Particulars	Ref	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Opening RAB	a	-	-	-	-	-	
Addition of CAPEX during the year	b	-	-	-	-	1,089.45	**1,089.45**
Depreciation	c	-	-	-	-	18.09	**18.09**
Closing RAB	d	-	-	-	-	1,071.36	
Average RAB	A=(a+d)/2	-	-	-	-	535.68	
Fair Rate of Return	B	12.07%	12.07%	12.07%	12.07%	12.07%	
Return on average RAB	C=A*B	-	-	-	-	64.65	**64.65**
Depreciation	D	-	-	-	-	18.09	**18.09**
O&M expenses	E	-	-	-	-	-	**-**
Tax expense	F	-	-	-	-	-	**-**
ARR per year	G=C+D+E+F	-	-	-	-	82.74	**82.74**
Shortfall carried forward from CP3	H	-	-	-	-	-	**-**
Dep & Average RAB of FA of CP1 & 2	I						
Gross ARR	J=G+H+I	-	-	-	-	82.74	**82.74**
NAR	K	-	-	-	-	-	**-**
Less: 30% NAR	L=30%*K	-	-	-	-	-	**-**
Net ARR	M=J-L	-	-	-	-	82.74	**82.74**
Discount factor (@FRoR)	N	1.00	0.89	0.80	0.71	0.63	**12.07%**
PV of ARR (in Cr.)	O=M*N	-	-	-	-	52.45	**52.45**
Sum Present value of ARR Cr.	**P**	52.45					
Total Traffic (million passengers)	**Q**	22.88					
Yield per passenger on Total Traffic YPP# (₹/Pax)	**R=P*10/Q**	**22.92**					

 # for comparison purpose, YPP has been shown based on total passengers. Charges will be determined appropriately considering the balance collection period.

11.4.18. From the above table, it can be observed that under the Incremental ARR approach, capitalization of the New Integrated Terminal Building (NITB) in FY 2030-31 is expected to result in an additional Return on RAB of ₹64.65 Crores and Depreciation of ₹18.09 Crores. The Authority further notes that, the incremental ARR, when distributed across the total projected passenger traffic during the Fourth Control Period, results in an incremental Yield per Passenger (YPP) of ₹22.92 per passenger.

11.4.19. The Airport Operator shall submit to AERA the details of aforementioned capital project that have been completed and put to use, together with requisite supporting information and documentation.

11.4.20. Upon examination of the submissions and satisfaction regarding the completion and operationalization of the reported projects, AERA shall issue an appropriate Addendum to the Tariff Order for the 4th Control Period within 21 days of aforesaid submissions, determining the consequential additions in the applicable aeronautical charges based on the actual capitalization of project considered under the Incremental ARR approach and balance control period.

11.4.21. 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 project from the Regulatory Asset Base (RAB) for the Fourth Control Period.

Table 88: Baseline ARR & YPP proposed by the Authority for the Fourth Control Period

(₹ Crores)

Particulars	Ref	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Average RAB	A	91.82	119.17	218.87	296.88	278.97	
Fair Rate of Return	B	12.07%	12.07%	12.07%	12.07%	12.07%	
Return on average RAB	C=A*B	11.08	14.38	26.42	35.83	33.67	**121.39**
Depreciation	D	10.20	12.01	15.48	18.09	17.74	**73.52**
O&M expenses	E	57.06	61.73	66.36	80.13	85.09	**350.38**
Tax expense	F	28.34	23.72	24.01	23.26	11.04	**110.35**
ARR per year	G=C+D+E+F	106.68	111.85	132.27	157.31	147.53	**655.64**
Shortfall carried forward from CP3	H	276.29					**276.29**
Dep & Average RAB of FA of CP1&2	I						
Gross ARR	J=G+H+I	382.97	111.85	132.27	157.31	147.53	**931.93**
NAR	K	32.56	37.36	42.92	49.35	59.01	**221.19**
Less: 30% NAR	L=30%*K	9.77	11.21	12.88	14.80	17.70	**66.36**
Net ARR	M=J-L	373.21	100.64	119.39	142.51	129.83	**865.57**
Discount factor (@FRoR)	N	1.00	0.89	0.80	0.71	0.63	**12.07%**
PV of ARR (in Cr.)	O=M*N	373.21	89.80	95.06	101.24	82.30	**741.61**
Sum Present value of ARR Cr.	**P**	**741.61**					
Total Traffic (million passengers)	**Q**	**22.88**					
Yield per passenger on Total Traffic YPP	**R=P*10/Q**	**324.12**					

11.4.22. 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 AAI is directed to submit the detailed annual Tariff proposals in line with the Baseline Aggregate Revenue Requirement and Yield arrived at by the Authority in Table 88 within 7 days of issuance of this Consultation Paper.

11.5. Authority's proposal regarding Aggregate Revenue Requirement (ARR) for the Fourth Control Period

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

11.5.1. To consider the baseline ARR and Yield for the Fourth Control Period as per Table 88.

11.5.2. To consider incremental ARR and YPP as per Table 87.

11.5.3. To direct AAI to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for Stakeholders' Consultation.

12. SUMMARY OF THE AUTHORITY'S PROPOSALS PUT FORTH FOR STAKEHOLDERS' CONSULTATION

CHAPTER 2: TRUE UP FOR THE THIRD CONTROL PERIOD

2.10.1 To consider Passenger & ATM as per Table 5 for the Third Control Period.

2.10.2 To consider Capital Additions as detailed in Table 19 for the Third Control Period.

2.10.3 To consider Aeronautical Depreciation as mentioned in Table 24 for the Third Control Period.

2.10.4 To consider RAB as per Table 27 for the Third Control period

2.10.5 To consider Fair Rate of Return (FRoR) as 12.89% for the Third Control Period.

2.10.6 To consider the O&M Expenses as detailed in Table 33 for the Third Control Period.

2.10.7 To consider the Non-Aeronautical Revenue as presented in Table 36 for the Third Control Period.

2.10.8 To consider Actual Aeronautical Revenue as per Table 39 for the Third Control Period.

2.10.9 To consider Aeronautical Taxation as detailed in Table 42 for the Third Control Period.

2.10.10 To consider ARR and Under-Recovery as detailed in Table 45 for the Third Control Period and to adjust this shortfall in the Fourth Control Period.

CHAPTER 3: TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD

3.3.1 To consider the ATM and Passenger Traffic for the Fourth Control Period for Srinagar Airport as per Table 49.

3.3.2 To True-up the Traffic Volume (ATM and Passengers) on the basis of actual traffic for the Fourth Control Period while determining Tariff for the Fifth Control Period.

CHAPTER 4: CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE FOR THE FOURTH CONTROL PERIOD

4.10.1 To consider allocation of Gross Block of Assets as on April 1, 2026, between Aeronautical and Non-Aeronautical Assets as detailed in Table 51.

4.10.2 To consider the capitalization of Aeronautical Capital Expenditure for the Fourth Control Period in accordance with Table 62.

4.10.3 To true up the Capital Expenditure based on actuals, subject to cost efficiency and reasonableness, at the time of determination of tariff for Fifth Control Period.

4.10.4 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. Further, if the delay in completion of the project is due to any reason beyond the control of AAI 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 Fifth Control Period

4.10.5 To consider Depreciation as per Table 65 for the Fourth Control Period.

4.10.6 To true up Depreciation of the Fourth Control Period based on the actual asset additions and actual date of capitalization during the tariff determination of the Fifth Control Period.

4.10.7 To consider average RAB for the Fourth Control Period for Srinagar Airport as per Table 67.

4.10.8 To true up the RAB based on actuals at the time of tariff determination for the Fifth Control Period.

CHAPTER 5: FAIR RATE OF RETURN FOR THE FOURTH CONTROL PERIOD

5.3.1 To consider FRoR of 12.07 % for Srinagar Airport for the Fourth Control Period as per Table 68.

5.3.2 To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR (whichever is lower) at the time of tariff determination for the Fifth Control Period.

CHAPTER 6: INFLATION FOR THE FOURTH CONTROL PERIOD

6.3.1 To consider Inflation for the Fourth Control Period for Srinagar Airport as detailed in Table 69.

CHAPTER 7: AERONAUTICAL OPERATION AND MAINTENANCE EXPENSES FOR THE FOURTH CONTROL PERIOD

7.3.1. To consider O&M expenses for the Fourth Control Period for Srinagar Airport as per Table 76.

7.3.2. To consider the O&M expenses incurred by AAI for Srinagar Airport during the Fourth Control Period subject to reasonableness and efficiency, at the time of tariff determination for the Fifth Control Period.

CHAPTER 8: NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

8.3.1 To consider non-aeronautical revenues for the Fourth Control Period for Srinagar Airport in accordance with Table 80.

8.3.2 To true up NAR for the Fourth Control Period, at the time of determination of tariff for the next Control Period, subject to minimum threshold as proposed by the Authority in Table 80.

CHAPTER 9: AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

9.3.1 To consider the Taxation for the Fourth Control Period for Srinagar Airport as per Table 82.

9.3.2 To True up the Aeronautical Tax of the Fourth Control Period, taking into consideration all relevant facts, at the time of tariff determination for the Fifth Control Period.

CHAPTER 10: QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

10.3.1. Not to consider any adjustment towards tariff determination for the Fourth Control Period with regard to Quality of Service.

CHAPTER 11: AGGREGATE REVENUE REQUIREMENT (ARR) FOR THE FOURTH CONTROL PERIOD

11.5.1 To consider the baseline ARR and Yield for the Fourth Control Period as per Table 88.

11.5.2 To consider incremental ARR and YPP as per Table 87.

11.5.3 To direct AAI to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for Stakeholders' Consultation.

13. STAKEHOLDERS’ CONSULTATION TIMELINE

13.1 In accordance with the provisions of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 12 - Summary of the Authority’s proposals read with the relevant discussion in the other chapters of this Consultation Paper are hereby put forth for Stakeholders’ Consultation.

13.2 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.

13.3 The Authority invites written evidence-based feedback, comments and suggestions from stakeholders on the proposals made in this Consultation Paper, latest by 01.10.2026.

Secretary,
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(Chairperson)