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

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

परामर्श पत्र संख्या 07/2026-27

Consultation Paper No. 07/2026-27

सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

Airports Economic Regulatory Authority of India

कोचीन अंतर्राष्ट्रीय हवाईअड्डा, कोचीन (सीओके) 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 COCHIN INTERNATIONAL AIRPORT, COCHIN (COK) FOR THE FOURTH CONTROL PERIOD (1ST APRIL 2026 TO 31ST MARCH 2031)

जारी करने की तारीख : 12 अक्टूबर, 2026

Date of Issue: 12th October, 2026

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

STAKEHOLDERS' COMMENTS

Cochin International Airport (CIA), Cochin, is a Major Airport as per Section 2(i) of the *Airports Economic Regulatory Authority of India Act, 2008 (AERA Act), read with the AERA (Amendment) Acts of 2019 and 2021*, based on its annual passenger throughput. The Airport handled actual passenger traffic of **11.44 million passengers per annum (MPPA)** during FY 2025-26 and has continued to witness steady growth in air traffic, reaffirming its strategic significance within India's civil aviation network.

CIA holds the distinction of being the first airport in India to be developed under the Public Private Partnership (PPP) model, with equity contributions from the Government of Kerala, various financial institutions, and over 16,000 individual investors, predominantly comprising Non-Resident Keralites (NRKs). The Airport, in its present form, was conceived as an alternative to the erstwhile civil enclave operating out of the Naval Airport at Cochin, in response to the growing aviation demand in the region.

CIAL was incorporated on 30th March 1994 as a public limited company, with an authorized share capital of INR 90 crores. Construction activities at the site commenced in August 1994, and the Airport was formally inaugurated by the Hon'ble President of India on 25th May 1999, with Air India operating the inaugural flight to the Gulf, thereby marking the commencement of commercial operations at the Airport.

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

i. true-up of the Third Control Period based on the audited financial statements for FY 2022–FY 2025 and the unaudited actuals for FY 2026;

ii. projections for the Fourth Control Period commencing from **1 April 2026** and ending on **31 March 2031**.

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

Subsequent to the initial filing, CIAL furnished revised financial models, additional information and updated submissions through various communications up to **06 October 2026**. The analysis and assessment contained in this Consultation Paper are based upon such revised submissions and updated financial calculations furnished by the Airport Operator.

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

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

The Authority would further like to emphasise that the timelines prescribed for the consultation process cannot be altered and need 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. 07/2026-27 dated 12 October 2026** are invited from stakeholders, preferably in electronic form, at the following address:

Director (P&S)

Airports Economic Regulatory Authority of India (the Authority),

3rd Floor, Udaan Bhawan

Safdarjung Airport

New Delhi – 110003

Email: director-ps@aera.gov.in, dirps-2@aera.gov.in, rajan.gupta1@aera.gov.in Copy to: secretary@aera.gov.in

Stakeholders' Consultation Meeting:	27.10 .2026
Last Date for Submission of comments:	10.11.2026
Last Date for Submission of counter comments:	20.11.2026

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
ACFT	Air Crash Fire Tender
ACI	Airports Council International
ADRM	Airport Development Reference Manual
AERA	Airports Economic Regulatory Authority of India
AGL	Airfield Ground Lighting
AI	Artificial Intelligence
ALCMS	Airfield Lighting Control and Monitoring System
ANPR	Automatic Number Plate Recognition
AOCC	Airport Operations Control Centre
APEDA	Agricultural and Processed Food Products Export Development Authority
APHO	Air Port Health Organisation
ARFF	Airport Rescue and Fire Fighting
ARR	Aggregate Revenue Requirement
ASK	Available Seat-Kilometre
ASQ	Airport Service Quality
ATC	Air Traffic Control
ATM	Air Traffic Movement
ATP	Annual Tariff Proposal
ATRS	Automatic Tray Retrieval System
AUCC	Airport Users Consultative Committee
AvSec	Aviation Security
BA	Breathing Apparatus
BCAS	Bureau of Civil Aviation Security
BCBP	Bar Coded Boarding Pass
BDDS	Bomb Detection and Disposal System
BHS	Baggage Handling System
BOQ	Bill of Quantities
BPCL	Bharat Petroleum Corporation Limited
BRS	Baggage Reconciliation System
CAGR	Compound Annual Growth Rate
CAT	Category (Instrument Landing System)
CBR	California Bearing Ratio
CCR	Constant Current Regulator
CCTV	Closed Circuit Television
CDRSL	CIAL Duty Free and Retail Services Limited
CFT	Crash Fire Tender
CGF	Cargo, Ground Handling and Fuel Farm
CIA	Cochin International Airport

Abbreviation	Expansion
CIAL	Cochin International Airport Limited
CISF	Central Industrial Security Force
COK	Cochin International Airport (IATA code)
CP	Control Period
CPC	Centre for Perishable Cargo
CPWD	Central Public Works Department
CSEZ	Cochin Special Economic Zone
CSR	Corporate Social Responsibility
CT	Computed Tomography
CUPPS	Common Use Passenger Processing System
CUSS	Common Use Self Service
CUTE	Common Use Terminal Equipment
CWIP	Capital Work in Progress
CY	Calendar Year
DACS	Decentralised Access Control System
DCIM	Data Centre Infrastructure Management
DFMD	Door Frame Metal Detector
DG	Diesel Generator
DGCA	Directorate General of Civil Aviation
DME	Distance Measuring Equipment
DPR	Detailed Project Report
DSR	Delhi Schedule of Rates
DVOR	Doppler Very High Frequency Omnidirectional Range
ERP	Enterprise Resource Planning
ERV	Emergency Rescue Vehicle
ETD	Explosive Trace Detection
F&B	Food and Beverage
FAR	Fixed Asset Register
FCP	Fourth Control Period
FIDS	Flight Information Display System
FOD	Foreign Object Debris
FRoR	Fair Rate of Return
FTTP	Fast Track Immigration – Trusted Traveller Programme
FTZ	Free Trade Zone
FY	Financial Year
GCC	Gulf Cooperation Council
GCDA	Greater Cochin Development Authority
GDP	Good Distribution Practices
GoK	Government of Kerala
GPU	Ground Power Unit

Abbreviation	Expansion
GSE	Ground Support Equipment
GST	Goods and Services Tax
HCI	Hyper-Converged Infrastructure
HHMD	Hand-Held Metal Detector
HVAC	Heating, Ventilation and Air Conditioning
IAMS	Integrated Airport Management System
IAPP	Isolated Aircraft Parking Position
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
IDC	Interest During Construction
ILCMS	Individual Lamp Control and Monitoring System
ILS	Instrument Landing System
IMG	Inter-Ministerial Group
IPB	Isolation Parking Bay
IT	Information Technology
ITC	Input Tax Credit
KMS	Kerala Migration Survey
KSEB	Kerala State Electricity Board
KSERC	Kerala State Electricity Regulatory Commission
LAN	Local Area Network
LoA	Letter of Award
LoI	Letter of Intent
MAG	Minimum Annual Guarantee
MARS	Multi Aircraft Ramp System
MCLR	Marginal Cost of Funds Based Lending Rate
MEP	Mechanical, Electrical and Plumbing
MI	Medical Inspection
MICE	Meetings, Incentives, Conferences and Exhibitions
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers Per Annum
MRO	Maintenance, Repair and Overhaul
MT	Metric Tonne
MYTP	Multi-Year Tariff Proposal
NAR	Non-Aeronautical Revenue
NATPAC	National Transportation Planning and Research Centre
NCAP	National Civil Aviation Policy
NHAI	National Highways Authority of India
NOC	Network Operations Centre
NRK	Non-Resident Keralite
O&M	Operation and Maintenance

Abbreviation	Expansion
OEM	Original Equipment Manufacturer
OMC	Oil Marketing Company
ORAT	Operational Readiness and Airport Transfer
PA	Public Address
PAPI	Precision Approach Path Indicator
PBT	Profit Before Tax
PCA	Pre-Conditioned Air
PESC	Pre-Embarkation Security Check
PHP	Peak Hour Passengers
PIDS	Perimeter Intrusion Detection System
PLF	Passenger Load Factor
PMC	Project Management Consultancy
POS	Point of Sale
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PV	Present Value
PwC	PricewaterhouseCoopers
RAB	Regulatory Asset Base
RBI	Reserve Bank of India
RCS	Regional Connectivity Scheme
RDE	Radiological Detection Equipment
RPK	Revenue Passenger-Kilometre
SBI	State Bank of India
SITC	Supply, Installation, Testing and Commissioning
SOC	Security Operations Centre
SPF	Survey of Professional Forecasters
SPRH	Service Provider Right Holder
STP	Sewage Treatment Plant
TBLR	Terminal Building Ratio
TCP	Third Control Period
TCSHA	Trans-shipment Cargo for Sea and Air
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
TETRA	Terrestrial Trunked Radio
UDAN	Ude Desh ka Aam Nagarik
UDF	User Development Fee
UPS	Uninterruptible Power Supply
UTV	Utility Task Vehicle
VDGS	Visual Docking Guidance System
VHF	Very High Frequency
VR	Virtual Reality

Abbreviation	Expansion
WACC	Weighted Average Cost of Capital
WHM	Wildlife Hazard Management
WO	Work Order
WPI	Wholesale Price Index
X-BIS	X-ray Baggage Inspection System

1. BACKGROUND

1.1 Introduction

1.1.1 Cochin International Airport (hereinafter referred to as "CIA" or "the Airport"), is a Major Airport as per the provisions of the Airports Economic Regulatory Authority of India Act, 2008, based on the annual passenger throughput criteria prescribed thereunder. CIA holds the distinction of being the first airport in India to be developed under the Public-Private Partnership (PPP) framework, having been incorporated as a public limited company with the objective of developing, financing, constructing, operating and maintaining the greenfield international airport at Cochin.

1.1.2 Cochin International Airport Limited (CIAL) (the Airport Operator) was incorporated on 30th March 1994 as a public limited company with an authorized share capital of INR 90 Crores. Construction activities at the site commenced in August 1994, and the Airport was formally inaugurated by the Hon'ble President of India on 25th May 1999, with Air India operating the inaugural flight to the Gulf. Unlike other Major Airports developed under the PPP framework, CIA was not established pursuant to a Concession Agreement with the Ministry of Civil Aviation (MoCA) or the Airports Authority of India (AAI); rather, the Airport was developed under a unique ownership and institutional structure with the Government of Kerala as the principal promoter, supported by financial institutions, public sector undertakings, and broad-based investor participation.

1.1.3 Under the shareholding structure of CIAL, the Government of Kerala (GoK) holds 33.38% equity in the Company, while the Directors and Key Managerial Personnel collectively hold 18.21%. The remaining equity is held by various public sector undertakings, financial institutions, and other strategic investors, including Bharat Petroleum Corporation Limited (3.43%), Housing and Urban Development Corporation Limited (3.38%), National Aviation Company Limited (3.27%), State Bank of India (2.61%), and Federal Bank Limited (2.02%), with the balance 33.70% held by other shareholders, including over 16,000 individual investors. The institutional and ownership framework of CIAL reflects a unique PPP model, combining state government leadership, institutional investment, and broad-based public participation, thereby ensuring continued public sector oversight along with operational and managerial autonomy.

1.1.4 In order to facilitate implementation of the Airport project and provide requisite state support for infrastructure development, the Government of Kerala extended critical support to CIAL, primarily in the form of equity participation as the principal promoter of the Company and through facilitation of land for the project. The institutional support and active involvement of the Government of Kerala played a pivotal role in mobilizing investor confidence, securing necessary statutory approvals, and ensuring timely implementation of the Airport project.

1.1.5 As part of land support extended to the project, approximately 1,261 acres of land was acquired for development of the Airport at market value, which is distinctive compared to other privately-operated airports in India where land has typically been provided by the State Government on a long-term lease basis at concessional terms. The availability of adequate land enabled CIAL to develop the necessary airport infrastructure, terminal facilities, runway and associated aeronautical and non-aeronautical assets required for efficient airport operations.

1.1.6 At the stage of financial closure and commencement of construction activities, the initial phase of Cochin International Airport was conceived with a designated passenger handling capacity of approximately 4 MPPA (comprising 2 MPPA each for domestic and international operations), with an estimated project cost of approximately Rs. 315 Crores. The said project cost was financed through a paid-up equity capital of Rs. 85 Crores, a term loan of Rs. 218 Crores, with the balance funding requirement tied up through interest-free security deposits from various airport service providers. The management of CIAL adopted a stringent cost-control philosophy during project implementation, resulting in CIAL being developed at one of the lowest capital costs among comparable airports in the country, thereby reinforcing its commitment to affordability and financial sustainability.

1.1.7 The shareholding pattern of CIAL as on 31.03.2026 is provided below:

Table 1 : Shareholding Pattern of Cochin International Airport Limited

Shareholder	Holding (%)
Government of Kerala	33.38%
State PSUs	1.65%
N V George (Directors)	5.93%
Yusuffali M A (Directors)	12.11%
Parambathekandi Mohamad Ali (Directors)	0.17%
Bharat Petroleum Corporation Limited	3.43%
Housing and Urban Development Corporation Limited	3.38%
National Aviation Company Limited	3.27%
State Bank of India	2.61%
Federal Bank Limited	2.02%
Indian Overseas Bank	0.26%
Investor Education and Protection Fund	0.12%
Others Retail Shareholders	31.66%
Total	**100%**

1.2 Profile of Cochin International Airport Limited

1.2.1 Cochin International Airport ("CIA"/ "the Airport"), Cochin, is a greenfield airport developed under the Public-Private Partnership (PPP) framework and was the first airport in India to be commissioned under such a model. The Airport commenced commercial operations on 25th May 1999 and has since evolved into a critical aviation gateway serving the State of Kerala and the adjoining regions, with a significant share of Non-Resident Keralite (NRK) and tourist traffic. In FY 2025-26, CIA was the 7th largest airport in India in terms of total passengers handled and the 5th largest in terms of international passenger throughput, only trailing Delhi, Mumbai, Bengaluru, and Chennai airports.

1.2.2 CIAL has recorded steady growth in passenger and aircraft traffic since the commencement of commercial operations. The Airport presently provides connectivity to approximately 22 domestic destinations and 50 international destinations. In FY 2025-26, the Airport handled 11.44 million passengers and 73,130 ATMs. The actual passenger and ATM traffic observed during the Third Control Period (FY 2021-22 to FY 2025-26) is summarized in the table below.

Table 2 : Actual Traffic in the Third Control Period handled by CIAL

Year	Passenger (in Millions)			ATM (in 000's)		
	Domestic	International	Total	Domestic	International	Total
FY22	2.53	2.23	4.76	25.65	17.55	43.20
FY23	4.72	4.21	8.93	35.49	25.74	61.23
FY24	5.60	4.93	10.53	40.60	29.60	70.20
FY25	5.93	5.27	11.20	44.25	31.82	76.07
FY26	6.04	5.40	11.44	41.63	31.51	73.13
Total	**24.81**	**22.05**	**46.86**	**187.62**	**136.21**	**323.83**

1.2.3 The Airport operates with three passenger terminals, Terminal 1 (T1) catering to domestic scheduled operations, Terminal 2 (T2) functioning as a dedicated General Aviation Terminal for non-scheduled operations and VVIP movements (not open for common public use), and Terminal 3 (T3) catering to international operations, along with supporting airside infrastructure. Terminal 1 (T1) was commissioned as the international terminal in 1999. Following the commissioning of Terminal 3 (T3) in March 2017 for handling international passenger traffic, international operations were shifted from T1 to T3. Thereafter, T1 was upgraded and made operational as the domestic passenger terminal from December 2018. The airside and terminal infrastructure are designed to support increasing traffic volumes while ensuring operational efficiency, safety, and prescribed passenger service quality. The terminal and technical characteristics of CIAL, as submitted by CIAL, are summarized in the table below.

Table 3 : Terminal Building and Technical Details of CIA

Terminal Building Details			
Particulars	**Terminal 1 – Dom**	**Terminal 2 – General Aviation**	**Terminal 3 - Int**
Traffic	Domestic scheduled operations (converted from international post-2017)	General Aviation Terminal – non-scheduled operations and VVIP movements (not open to common public)	International operations
Year of commissioning	1999 (refurbished and reopened as domestic terminal in December 2018)	1999 (refurbished and reopened as General Aviation terminal in 2023)	March 2017
Total Departure entry gates	Bar-Coded Boarding Pass (BCBP): 5 Digiyatra: 5 Staff Gate: 1	-	Bar-Coded Boarding Pass (BCBP): 8 Digiyatra: N/A Staff Gate: 1
Departure entry gates for passengers	10	1	8
No. of traditional check-in counters	56	-	102
No. of self-baggage drops	4	-	0

No of self-check in	10	-	0
No. of security lanes	8	1	8
No. of immigration counters (departure)	N/A	2	36 + 4 (FTTP)
No. of boarding gates	11	2	11
No. of aerobridges	7	1	7
No. of Baggage Delivery Belts	5	-	4
No. of immigration counters (arrival)	NA	2	36 + 4 (FTTP)
Capacity (annual)	7 MPPA	NA (no designated passenger capacity – dedicated to non-scheduled / VVIP movements)	7 MPPA
Area (FY26)	63,217 sqm	6,712 sqm	1,46,529 sqm

Airside Details	
Particulars	**Details**
No. of Runways	1 (single runway)
Dimension of runway	3,400 m × 45 m + 7.5 m shoulder on each side
Orientation of runway	09R/27L
Dimension of parallel taxiway	3,400 m (full-length parallel taxiway)
Approach Lighting System	Runway 27: CAT III; Runway 09: CAT I
PAPI (Precision Approach Path Indication)	Runway 09 & 27: Glide angle 3 degrees
Instrument Landing System	ILS with DME (CAT III on Runway 27; CAT I on Runway 09)
ATC Tower Height	45 m

Key Milestones FY26	
Passenger Traffic Handled (in Mn)	11.44
Average Pax/Day	31,342
Average ATM/Day	200
Cargo Tonnage (in Tonnes)	72,178

Key Concessionaires/ Operators	
Cargo Services	Managed in-house by CIAL
Ground Handling Services	M/s Bird Worldwide Flight Services M/s Air India SATS Airport Services M/s AI Airport Services Limited
Oil Marketing Companies (OMCs)	Hydrant Fuel Filling System: M/s Bharat Petroleum Corporation Limited (BPCL)

Cargo Operations

1.2.4 CIAL, while also being the Airport Cargo Operator at Cochin International Airport, manages and operates the Cargo facility at the Airport.

1.2.5 The Air Cargo Centre at Cochin International Airport has over 1,00,000 sq. ft. of office and warehouse space dedicated to cargo operations. The Airport is positioned strategically within the State of Kerala's economic landscape, benefiting from its proximity to major industrial and infrastructure hubs. The

Airport is located approximately 30 km from the Cochin Sea Port, a significant maritime gateway for international and domestic trade, and approximately 25 km from the Cochin Special Economic Zone (CSEZ), a major hub for manufacturing and export-oriented industries. This strategic positioning enhances the Airport's role as a crucial aviation infrastructure node, facilitating connectivity for cargo, passenger traffic, and business operations linked to the region's industrial and economic activities.

1.2.6 The key features of the Air Cargo Facilities at Cochin International Airport are as follows:

- Total area earmarked for the facility is 50 acres, with over 1,00,000 sq. ft. of warehouse and handling facilities.
- Separate areas are dedicated for the storage and handling of Domestic and International Cargo, including Transhipment Cargo.
- The entire International Air Cargo Centre is designated as a Customs Bonded Area.
- The Cargo Centre accommodates loading of both narrow-body and wide-body aircraft (upper deck and narrow-body belly).

The Cargo Terminal at Cochin International Airport has a total declared annual capacity of 2,30,000 MT for the Third Control Period. This comprises international cargo capacity of 2,05,000 MT, consisting of Export capacity of 1,00,000 MT, a dedicated Centre for Perishable Cargo (CPC) of 25,000 MT and Import capacity of 80,000 MT, and domestic cargo capacity of 25,000 MT, consisting of Domestic Outbound capacity of 15,000 MT and Domestic Inbound capacity of 10,000 MT.

1.3 Tariff Setting Principles for CIAL

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

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

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

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

iii. *Costs associated with improvement in efficiency;*

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

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

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

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

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

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

c) to determine the amount of passenger service fee levied under rule 88 of the Aircraft Rules,1937 made under Aircraft Act, 1934 (22 of 1934);

d) to monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf;

e) to call for such information as may be necessary to determine the tariff under clause 13(1)(a).

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

1.3.2 As per the section 2 (a) of 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"

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

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

1.4.1 Regulatory philosophy and Tariff Determination

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

ii. Order No. 14/2016-17 dated 23.01.2017 in the matter of aligning certain aspects of the Authority's Regulatory Approach (Adoption of Regulatory Till) with the provisions of the National Civil Aviation Policy – 2016 (NCAP-2016) approved by the Government of India.

iii. Order No. 42/2018-19 dated 5.03.2019 in the matter of Determination of Fair Rate of Return (FRoR) to be provided on Cost of Land incurred by various Airport Operators in India.

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

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

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

1.5 Sequence of past events in tariff determination exercise

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

i. For the First Control Period (1.04.2011 – 31.03.2016), the Authority determined the aeronautical tariff for CIAL vide Tariff Order No. 18/2015-16 dated 17.04.2015 (issued on 22.06.2015).

ii. For the Second Control Period (1.04.2016 – 31.03.2021), the Authority finalized the aeronautical tariff for CIAL vide Tariff Order No. 07/2017-18 dated 13.07.2017.

iii. For the Third Control Period (1.04.2021 – 31.03.2026), CIAL submitted its MYTP for the period FY 2021-22 to FY 2025-26. Following stakeholder consultations, the aeronautical tariff was finalized by the Authority vide Tariff Order No. 08/2021-22 dated 24.08.2021.

iv. In view of the likelihood of a spike in tariff in the Fourth Control Period on account of substantial carry-forward of shortfall along with carrying cost coupled with significant capital expenditure proposed by CIAL, and with the objective of reducing under-recovery and balancing the tariff in the interest of passengers in the succeeding Control Period, the Authority vide its Amendment Order dated 28.11.2025, amended Order No. 08/2021-22 dated 24.08.2021 and maintained the Landing, Parking and UDF charges as applicable from 01.04.2025 to 31.12.2025 even for the last quarter of FY 2025-26 i.e. for the period of 1.01.2026 to 31.03.2026.

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

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

Table 4 : Tariff Orders issued by the Authority for CIAL

Tariff Orders	Applicability Period	Pertaining To
Order No. 18/2015-16 dated 17.04.2015 (issued on 22.06.2015)	w.e.f. 01.04.2011 to 31.03.2016	First Control Period
Order No. 07/2017-18 dated 13.07.2017	w.e.f. 01.04.2016 to 31.03.2021	Second Control Period
Order No. 08/2021-22 dated 24.08.2021	w.e.f. 01.04.2021 to 31.03.2026	Third Control Period
Amendment to Order No. 08/2021-22 dated 28.11.2025	w.e.f. 01.01.2026 to 31.03.2026	Third Control Period

Tariff Orders	Applicability Period	Pertaining To
Order No 26/2025-26 dated 16.03.2026 Interim Tariff Extension Order	w.e.f. 01.04.2026 to 30.09.2026	Fourth Control Period
Order No 19/2026-27 dated 22.09.2026 Interim Tariff Extension Order	w.e.f. 01.10.2026 to 31.03.2027	Fourth Control Period

1.6 MYTP of CIAL for Fourth Control Period

1.6.1 CIAL submitted the Multi-Year Tariff Proposal ("MYTP") for the Fourth Control Period on 29.10.2025, for aeronautical services at Cochin International Airport, Cochin, for the Authority's consideration and approval for the Fourth Control Period, i.e., from 01.04.2026 to 31.03.2031 (FY 2026-27 to FY 2030-31). CIAL proposal focuses on the True-up of the Third Control Period and treatment of various Regulatory Building Blocks for the Fourth Control Period.

1.6.2 Further, CIAL, vide email dated 01.07.2026, furnished unaudited actual operational and financial data for FY 2025-26, 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 and tariff determination forming part of the MYTP for the Fourth Control Period.

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

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

Table 5 : Timeline of various submissions made by CIAL

S. No.	Activity	Date
1.	Submission of MYTP	29.10.2025
2.	Kick-off meeting with CIAL	27.11.2025
3.	Submission of responses to initial queries	05.01.2026
4.	Site visit to CIAL	11.02.2026
5.	Submission of additional responses on traffic, OPEX and revenue	19.02.2026
6.	Submission of CAPEX details and supporting documents	23.02.2026

S. No.	Activity	Date
7.	Submission of additional CAPEX information	13.03.2026 & 16.03.2026
8.	Submission of responses on pending issues	23.03.2026
9.	Discussion on CAPEX proposals	27.04.2026
10.	Submission of CAPEX clarifications	04.05.2026
11.	Submission of additional CAPEX clarifications	20.05.2026
12.	Submission of revised MYTP financial model	17.06.2026
13.	Submission of additional CAPEX documents	17.06.2026, 18.06.2026 & 26.06.2026
14.	Submission of Non-Aeronautical Revenue true-up information	27.06.2026, 28.06.2026 & 30.06.2026
15.	Submission of OPEX true-up information	27.06.2026, 29.06.2026 & 30.06.2026
16.	Submission of CAPEX true-up details	30.06.2026
17.	Submission of provisional FY 2025-26 financial statements	01.07.2026
18.	Submission of RPT details and constitutional documents	01.07.2026
19.	Submission of ATRS project clarification	02.07.2026
20.	Submission of additional revenue information	03.07.2026
21.	Submission of purchase orders for CAPEX projects	07.07.2026
22.	Submission of project-wise purchase order details	09.07.2026
23.	Submission of asset allocation details	10.07.2026
24.	Submission of project-wise CAPEX cost bifurcation	20.07.2026
25.	Submission of CAPEX contracts and agreements	22.07.2026
26.	Submission of project justification notes	24.07.2026
27.	Submission of responses to CAPEX clarifications	28.07.2026
28.	Submission of additional project documents	30.07.2026
29.	Submission of Statutory Auditor Certificates	03.08.2026
30.	Submission of asset classification rationale	05.08.2026
31.	Submission of terminal area bifurcation	06.08.2026
32.	Submission of funding and financing details	02.09.2026
33.	Submission of clarifications on Safety & Security expenses and Consumables	03.09.2026
34.	Submission of details of assets retired during the Third Control Period	03.09.2026
35.	Submission of break-up of expenditure disallowed by NASFT	04.09.2026
36.	Submission on funding of capital expenditure and treatment of refundable security deposits	07.09.2026
37.	Submission of clarification on Repairs & Maintenance – Office Equipment	07.09.2026
38.	Submission on readjustment for delayed capitalisation (Para 6.6.3 of Order No. 08/2021-22)	07.09.2026
39.	Submission of debt requirement and IDC computation	23.09.2026
40.	Submission of reasons for revision in CAPEX	06.10.2026

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

1.7 Related Party Transactions

1.7.1 The Authority, through its Independent Consultant, obtained details of the related parties to whom CIAL rendered services or from whom it availed services during the Third Control Period. The list of such

parties and the nature of services over the five-year period from 01.04.2021 to 31.03.2026 is set out below:

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

SL. No	Nature of Services	Name of Related Party	Description of Relationship
1.	Lease rentals, utility charges, support services, income from lounge operations and reimbursement of expenses	Cochin International Aviation Services Limited (CIASL)	Subsidiary Company (99.99%)
2.	Lease rentals, utility charges, infrastructure support services, hotel-related revenue arrangements, reimbursement of expenses and purchase of electricity	CIAL Infrastructures Limited (CIL)	Subsidiary Company (99.99%)
3.	Reimbursement of expenses and loan-related transactions	Air Kerala International Services Limited (AKISL)	Subsidiary Company (99.99%)
4.	Concession fees, royalty arrangements, lease rentals, support services and reimbursement of expenses	CIAL Dutyfree and Retail Services Limited (CDRSL)	Subsidiary Company (99.90%)
5.	Utility charges and reimbursement of expenses	Kerala Waterways and Infrastructures Limited (KWIL)	Associate Company (CIAL 49.99%; balance held by Government of Kerala)
6.	Reimbursement of expenses and other support arrangements	Cochin International Airport Society (KIAS)	Enterprise where significant influence of KMP / their relatives exists
7.	Revenue sharing / surcharge collections relating to taxi operations	Cochin International Airport Taxi Operators' Cooperative Society Limited	Enterprise where significant influence of KMP / their relatives exists
8.	Royalty income, concession arrangements and cargo-related service charges	Lulu Flight Kitchen Private Limited	Enterprise where significant influence of KMP / their relatives exists
9.	Licence fees, utility charges and commercial service arrangements	Lulu Forex Private Limited	Enterprise where significant influence of KMP / their relatives exists
10.	Training charges and support service arrangements	Kannur International Airport Limited	Enterprise where significant influence of KMP / their relatives exists

1.7.2 The Authority notes that CIAL has put in place a policy approved by its Board with respect to matters pertaining to Related Party Transactions, as required under Section 188 of the Companies Act, 2013. The Board has constituted an Audit Committee, the terms of reference of which expressly include the *"approval or any subsequent modification of transactions of the Company with related parties."* As per the policy:

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

ii. Further, if the Audit Committee determines that a Related Party Transaction should be brought before the Board, or where the Audit Committee does not approve the transaction, it shall make its recommendation to the Board; or if the Board in any case decides to review any such matter, or it is mandatory under any law for the Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction, and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be appropriate under the circumstances.

1.7.3. The Authority also notes the relevant provision under Memorandum of Association and Articles of Association related to Related Party Transactions:

Clause III: The Main objective of the Company to be pursued by the company on its incorporation are:

"(A)(1) : "To construct, develop, turn into account, set up, commission, operate, manage and maintain an Airport of international standards with all modern facilities for domestic and international flights by Indian and foreign airlines and all other related activities, to make it an International Airport subject to the guidelines prescribed by the regulating authorities in India and abroad, and to own or hire aircrafts for operation in India and/or abroad as air taxis by the Company or with Airport authorities or other parties as warranted by circumstances in the manner beneficial to the interest of the Company, to provide repair, servicing, engine overhauling and on-line maintenance facilities to all types of aircrafts including wide bodied Turbo Jets, helicopters, turbo propellers by construction of Hangars or otherwise, to collaborate, contract for any or all of the above mentioned acts whether in India or abroad."

(B)(7) To promote tourism in any part of India by establishing and maintaining tourist resorts, tourist information centres, hotels, restaurants, holiday camps, recreational facilities such as golf courses, race courses and ancillary services directly or through other agencies, to act as tour operators for Indian and foreign tourists, to provide transport facilities to tourists and other passengers by operating tourist taxis, cabins, vans, coaches, boats and other means of transport

(B)(9) To promote export and import trade by cargo handling by the Company or on contract/guarantee basis with airlines, cargo companies and industrial users and for this purpose to arrange cargo aircraft traffic and to establish Cargo Complex

(B)(11) To establish and run shops and shopping complexes including duty free shops and customs free trade zone, either directly or through agencies to cater to the requirements of national and international passengers and tourists.

(B)(13) To provide various facilities such as airfield and vehicle maintenance, airport rescue and firefighting, automobile parking and car rentals, commercial and business centres, conference halls, flight caterings, medical centres, electric substations, water supply & sanitation systems, waste water collection and treatment, drainage and sewerage services, meteorological services, etc.

(B)(15) To negotiate and enter into any arrangement or agreement with the Central or State Government or any other country or with any authorities, municipal, local or otherwise or other persons, firms, associations, corporations or companies in India or abroad that may seem conducive to the Company's objects or any of them and to obtain/purchase from them any rights, powers and privileges, licences, grants and concessions which the company may think it desirable to obtain and

to carry out, taking on lease or licence or concession or otherwise exercise and comply with any such arrangements, rights, privileges and concessions.

(B)(17) To amalgamate, enter into partnership, or into any arrangements for sharing profits, union of interests, co-operation, joint-ventures, or reciprocal concessions, or for limiting competition with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which the company is authorised to carry on or engage in or which can be carried on in conjunction therewith or which is capable of being conducted so as to directly or indirectly benefit the company."

1.7.4. The Authority also notes that the Board of Directors of CIAL comprises nominee directors of the Government of Kerala (including the Chief Secretary to the Government of Kerala, nominated under Article 95(1) of the Articles of Association of the Company), Independent Directors, Investor Directors and a Managing Director.

1.7.5. Further, the Authority observes that the Statutory Auditor Certificate provided by CIAL confirms the following-

"*According to the information and explanations given to us and based on the records of the Company examined by us, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and the details thereof have been duly disclosed in Note 4.33 to the standalone financial statements as required by the applicable Indian Accounting Standards.*"

1.7.6. Based on the above, the Authority expects the Board of Directors of CIAL, including the nominees of the Government of Kerala, to exercise their rights and/or obligations under the Companies Act, 2013, to ensure that the contracts with Related Parties are at arm's length basis and that the Related Party has experience of providing similar service in other places, so as to ensure protection of the interest of all stakeholders, which may be followed in letter and spirit**.**

1.8 Construct of this Consultation Paper

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

i. **Chapter 1** provides the introduction, profile of Cochin International Airport Limited (CIAL) and Cochin International Airport (COK), broad contours of services and service providers at the airport, background of past tariff determination exercises.

ii. **Chapter 2** covers the submissions of CIAL relating to the true-up of the Third Control Period. The Chapter includes the Authority's examination and proposals on key building blocks for true-up, including traffic, capital expenditure, depreciation, Regulatory Asset Base, Fair Rate of Return, Return on Land, operating expenditure, aeronautical revenue, non-aeronautical revenue, aeronautical taxes and other related matters.

iii. **Chapters 3 to 11** present the submissions of CIAL on the key Regulatory Building Blocks for the Fourth Control Period, i.e., Traffic projections; Capital Expenditure; Depreciation; additions to Regulatory Asset Base; Fair Rate of Return; Return on Land; 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 12** on Aggregate Revenue Requirement (ARR) presents the ARR determined by the Authority for the Fourth Control Period based on the Authority's proposals on the various regulatory building blocks.

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

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

vii. **Annexure I :** CIAL's submission on Miscellaneous CAPEX for the Fourth Control Period

viii. **Annexure II :** Self Certification

ix. **Annexure III :** Statutory Auditors Certificate

2. TRUE UP FOR THE THIRD CONTROL PERIOD

2.1 Background

2.1.1. The Authority issued Tariff Order no. 08/2021-22 dated 24.08.2021 for the Third Control Period, settling the regulatory building blocks after considering CIAL's submissions (including those addressing COVID-19 impacts) and comments from other stakeholders.

2.2. Issues raised by CIAL pertaining to True Up for the Third Control Period

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

(i) Traffic

(ii) Capital Expenditure, Depreciation and RAB

(iii) Fair Rate of Return

(iv) Return on Land

(v) Operating and Maintenance Expenses

(vi) Non-Aeronautical Revenue

(vii) Tax on Income

(viii) Aeronautical Revenues

(ix) Aggregate Revenue Requirement

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

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

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

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

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

(i) Tariff Order for the Third Control Period (08/ 2021-22) dated 24.08.2021.

(ii) Multi Year Tariff Proposal (MYTP) & additional information submitted by CIAL for the Fourth Control Period.

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

(iv) AERA Guidelines and Orders.

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

2.3. True up of Traffic

CIAL's submission regarding Traffic for True up of the Third Control Period as per MYTP for the Fourth Control Period

2.3.1 CIAL as per the MYTP for the Fourth Control Period has submitted the historical Traffic achieved by Cochin Airport during the Third Control Period from FY 2022 till FY 2026. The details of passenger traffic, Air Traffic Movements (ATMs) and cargo volumes submitted by CIAL for the purpose of true-up of the Third Control Period are provided in the table below:

Table 7 : Traffic Submitted by CIAL for True up of the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Passenger Traffic (Mn)						
Domestic	2.53	4.72	5.60	5.93	6.28	**25.05**
International	2.23	4.21	4.93	5.27	5.68	**22.32**
Total	**4.76**	**8.93**	**10.53**	**11.20**	**11.96**	**47.37**
Air Traffic Movement – (Nos)						
Domestic	25,649	35,490	40,603	44,248	44,892	**190,882**
International	17,546	25,742	29,601	31,820	33,477	**138,186**
Total	**43,195**	**61,232**	**70,204**	**76,068**	**78,369**	**329,068**
Cargo Traffic (MT)						
Domestic	13540	14,368	15,406	16,649	17,355	**77,317**
International	46,042	44,083	48,237	49,003	52,090	**239,454**
Total	**59,581**	**58,451**	**63,642**	**65,651**	**69,446**	**316,771**

2.3.2 Subsequently, vide email dated 15.04.2026, CIAL submitted revised actual Pax & ATM traffic for the last tariff year of the Third Control Period. Further, vide email dated 04.05.2026, CIAL also provided actual cargo traffic for the same period. The revised traffic details submitted by CIAL are provided in table below:

Table 8: Revised Traffic Submitted by CIAL for True up of the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Passenger Traffic (Mn)						
Domestic	2.53	4.72	5.60	5.93	6.04	**24.81**
International	2.23	4.21	4.93	5.27	5.40	**22.05**
Total	**4.76**	**8.93**	**10.53**	**11.20**	**11.44**	**46.86**
Air Traffic Movement – (Nos)						
Domestic	25,649	35,490	40,603	44,248	41,629	**187,619**
International	17,546	25,742	29,601	31,820	31,505	**136,214**
Total	**43,195**	**61,232**	**70,204**	**76,068**	**73,134**	**323,833**
Cargo Traffic (MT)						
Domestic	13540	14,368	15,406	16,649	17,194	**77,156**
International	46,042	44,083	48,237	49,003	54,984	**242,348**
Total	**59,581**	**58,451**	**63,642**	**65,651**	**72,178**	**319,504**

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

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

i. Decision No. 5.6.2. "Authority *decides to true up the traffic for the Third Control Period based on actuals, at the time of determination of tariff for the Fourth Control Period*"

2.3.4 The Authority had considered the following Traffic during the Third Control Period Tariff Order

Table 9: Traffic considered by the Authority during the Tariff determination for the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Passenger Traffic (Mn)						
Domestic	3.51	5.42	6.16	7.00	7.95	30.03
International	2.35	3.55	4.72	5.09	5.49	21.2
Total	**5.86**	**8.97**	**10.88**	**12.09**	**13.44**	**51.23**
ATM (Nos)						
Domestic	28,340	41,694	46,900	52,756	59,343	2,29,033
International	15,403	22,041	29,015	31,019	33,085	1,30,563
Total	**43,743**	**63,735**	**75,915**	**83,775**	**92,428**	**3,59,596**
Cargo Traffic (MT)						
Domestic	12,199	18,026	19,434	20,951	22,589	93,198
International	52,873	58,505	66,600	75,869	86,490	3,40,337
Total	**65,071**	**76,532**	**86,033**	**96,821**	**109,078**	**4,33,536**

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

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

Table 10: PAX Traffic Variation between the Authority's Projections and actuals for the Third Control Period

(in Mn)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Total PAX Traffic Projected by the Authority (A)	5.86	8.97	10.88	12.09	13.44	**51.23**
Total PAX Traffic as per actuals submitted by AO (B)	4.76	8.93	10.53	11.20	11.44	**46.86**
Variation (B-A)	(1.10)	(0.04)	(0.35)	(0.89)	(2.00)	**(4.37)**
Variation (%) – Increase/(Decrease)	*(19%)*	*(0%)*	*(3%)*	*(7%)*	*(15%)*	***(9%)***

2.3.6 The Authority, vide its Tariff Order for the Third Control Period (FY22 – FY26), had projected the total passenger traffic at Cochin International Airport, Cochin ("CIAL") at 51.23 million passengers cumulatively over the five-year control period. As against the said projection, the actual passenger throughput stood at 46.86 million passengers, reflecting an aggregate negative variation of approximately 9% over the control period.

2.3.7 The Authority further notes that passenger traffic recovered steadily after the disruption caused by the COVID-19 pandemic. Growth during the subsequent years was supported by recovery in travel demand,

improved connectivity and restoration of airline operations. As a result, passenger traffic surpassed the pre-COVID level of 10.20 million passengers recorded in FY 2018–19 and reached 10.53 million passengers in FY 2023–24.

2.3.8 Actual passenger traffic in FY22 stood at 4.76 million as against the projected 5.86 million, reflecting a shortfall of approximately 19%. The said shortfall is directly attributable to the second wave of the COVID-19 pandemic.

2.3.9 Actual passenger traffic in FY23 was 8.93 million as against the projected 8.97 million, reflecting a marginal shortfall of approximately 0.45%. Domestically, actual traffic of 4.72 million fell short of the projected 5.42 million due to slower-than-anticipated recovery, despite 86.58% year-on-year growth. Internationally, actual traffic of 4.21 million exceeded the projected 3.55 million, demonstrating robust 88.85% recovery and outpacing expectations. The expected post Covid recovery to FY 20 levels got delayed by almost one fiscal year (from FY 2023 to FY 2024).

2.3.10 Actual passenger traffic in FY24 was 10.53 million against the projected 10.88 million, reflecting a 3% shortfall. Domestically, actual traffic of 5.6 million fell short of the projected 6.16 million but achieved the critical milestone of exceeding pre-COVID levels with 18.64% growth. Internationally, actual traffic of 4.93 million exceeded the projected 4.72 million with 16.87% growth, indicating improved forecast alignment as the sector stabilized.

2.3.11 Actual passenger traffic in FY25 was 11.20 million against the projected 12.09 million, reflecting a 7% shortfall. Widespread Pratt & Whitney engine groundings significantly constrained domestic traffic, which reached 5.93 million against the projected 7.00 million with subdued 5.89% growth. Go First's collapse further disrupted operations. Internationally, actual traffic of 5.27 million exceeded the projected 5.09 million with 6.87% growth, demonstrating relative resilience despite sector-wide challenges.

2.3.12 Actual passenger traffic in FY26 was 11.44 million against the projected 13.44 million, reflecting a significant 15% shortfall. Domestic constraints from aircraft availability, safety incidents, and geopolitical tensions resulted in actual traffic of 6.04 million against the projected 7.95 million with weakest growth of 1.85%. Internationally, actual traffic of 5.4 million fell short of the projected 5.49 million with marginal 2.47% growth, marking the only fiscal year where the international segment underperformed.

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

a) Delayed domestic recovery trajectory

b) FY 2024–25: widespread aircraft groundings; and

c) FY 2025–26: Continued capacity constraints, safety-related concerns and geopolitical tensions affecting air travel demand.

2.3.14 Overall, the Authority notes that although passenger traffic during the Third Control Period fell short of the traffic assumptions considered at the time of tariff determination by approximately 8.53% cumulatively (46.86 million actual against 51.23 million approved) it followed a steady growth. However, segment-wise analysis reveals that this aggregate shortfall was primarily driven by domestic underperformance of 17.38%, which was partially offset by international segment outperformance by 4.01%.

2.3.15 The Authority has also independently verified the passenger traffic data submitted by CIAL with the traffic statistics available on the Airports Authority of India (AAI) website.

2.3.16 On such verification, the Authority observed that the passenger traffic reflected in the AAI statistics was marginally lower than the passenger traffic submitted by CIAL for the corresponding years of the Third Control Period.

2.3.17 Having regard to the said variance, the Authority, in the course of its detailed examination, sought further clarification from CIAL in respect of the underlying drivers contributing to the said variance. The Authority notes the submission of CIAL that the passenger traffic submitted by it includes passengers handled on non-scheduled operations and charter services at Cochin International Airport, the said traffic being handled by CIAL and accordingly reflected in its records.

2.3.18 The Authority, upon examination of the submission made by CIAL and the supporting documentation furnished in respect thereof, notes that the passenger traffic submitted by CIAL for the Third Control Period is largely consistent with the data available from AAI, the marginal variance being attributable to non-scheduled operations and charter services.

2.3.19 Accordingly, based on the above analysis and the Passenger traffic data submitted by CIAL, the Authority proposes to consider the Passenger traffic numbers given by CIAL for true-up of the Third Control Period as presented in **Table 8.**

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

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

(in '000 nos.)

Particulars (FY ending March 31)	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
Total ATM Projected by the Authority (A)	43.74	63.74	75.92	83.78	92.43	**359.60**
Total ATM as per actuals submitted by AO (B)	43.20	61.23	70.20	76.07	73.13	**323.83**
Variation (B-A)	(0.55)	(2.50)	(5.71)	(7.71)	(19.29)	(35.76)
Variation (%) – Increase/(Decrease)	*(1%)*	*(4%)*	*(8%)*	*(9%)*	*(21%)*	***(10%)***

2.3.21 The Authority observes that actual ATM traffic has been approximately 10% below approved levels on an aggregate basis across the Third Control Period. The variation has widened over the period, with FY 2022 showing only 1% variation, rising to approximately 21% by FY 2026.

2.3.22 The Authority has conducted a detailed examination of Air Traffic Movements (ATMs) during the Third Control Period, with particular focus on understanding the divergence between passenger traffic growth and ATM growth across domestic and international segments.

2.3.23 The Authority notes CIAL's submission that ATM growth broadly mirrored passenger traffic during the Third Control Period. However, the Authority notes that:

a) Airlines have increasingly deployed higher-capacity aircraft such as the A321neo on major domestic routes;

b) This up-gauging has resulted in increased passengers per ATM on domestic sectors;

2.3.24 The Authority observes that deployment of larger-gauge aircraft increases the number of passengers carried per ATM. Accordingly, even where passenger traffic growth continues, ATM growth may remain lower than passenger growth. This trend is relevant for CIAL's domestic operations.

2.3.25 The Authority observes that:

a) Domestic passengers-per-ATM has increased from 98.6 in FY 2022 to 145.2 in FY 2026, an increase of approximately 47% over the period;

b) This significant increase in passengers-per-ATM is consistent with fleet up gauging;

2.3.26 The Authority notes that if domestic passenger traffic had reached approved levels (30.03 Mn), combined with actual passenger-per-ATM ratios (averaging ~137 across the period), domestic ATMs would have been approximately 219,000 (vs. actual domestic ATMs of 187,619). This indicates that both factors – lower domestic passengers (24.81 Mn actual vs. 30.03 Mn approved) and fleet up-gauging effect (reducing ATMs per passenger), have jointly contributed to domestic ATM underperformance.

2.3.27 The Authority notes that the relationship between domestic passenger traffic and domestic ATM growth is therefore non-linear. Lower ATM growth relative to passenger growth is not necessarily indicative of operational stress but rather reflects the beneficial impact of fleet up-gauging on airport operations (higher throughput per movement, reduced congestion, improved efficiency).

2.3.28 The Authority notes that against approved total international ATM traffic of 130,563 movements, actual international ATM traffic was 136,214 movements, representing a surplus of 5,651 movements or 4.3% for the Third Control Period.

2.3.29 The Authority further observes that International ATMs are the only traffic category that outperformed during the Third Control Period. Passenger and domestic ATMs were below approved levels, but international ATMs exceeded approved levels. International ATM trajectory can be categorized into three broad phases:

a) Strong Early Performance: International ATMs showed significant outperformance in FY 2022-2023 (13.9% and 16.8% respectively), indicating particularly strong recovery of international travel demand.

b) Convergence in Later Years: By FY 2024-2026, international ATMs converged toward and briefly underperformed approved levels (2.0% to -4.8%), suggesting normalization after the initial recovery surge.

c) Reversal in FY 2026: Interestingly, FY 2026 shows first and only annual shortfall (4.8% below approved), suggesting potential headwinds emerging in the final year of the Third Control Period.

2.3.30 The Authority observes a critical insight from the passengers-per-ATM analysis:

a) FY 2022 Anomaly: In FY 2022, actual passengers-per-ATM (127.1) were lower than approved ratio (152.6), indicating that actual ATMs were disproportionately high relative to passengers. This suggests:

- Airlines operated more flights than necessary to accommodate the available passengers;
- Possibly due to lower load factors as international travel was still recovering;
- Aircraft utilization was lower than anticipated in the approved projections.

b) Progressive Increase in Efficiency: From FY 2023 onwards, passengers-per-ATM increased progressively (163.4 → 166.4 → 165.7 → 171.3), indicating:

- Better aircraft utilization;
- Higher load factors on international flights;
- More efficient deployment of international capacity.

d) Overall Trend: Passengers-per-ATM increased from 127.1 in FY 2022 to 171.3 in FY 2026, an increase of 34.8%, indicating substantial improvement in international flight efficiency over the period.

2.3.31 The Authority has also independently verified the ATM data submitted by CIAL with the data available on the Airports Authority of India (AAI) website and observed that the ATMs reflected in the AAI statistics were lower than those submitted by CIAL for the corresponding years of the Third Control Period. The Authority further notes CIAL's submission pertaining to the said variance, that the ATMs reported by it include aircraft movements pertaining to non-scheduled operations at Cochin International Airport, the said movements being handled by CIAL and accordingly reflected in its records. Accordingly, the Authority notes that the ATM data submitted by CIAL for the Third Control Period is largely consistent with the data available from AAI, the variance being attributable to non-scheduled operations**.**

2.3.32 Accordingly, based on the above analysis and the ATM data submitted by CIAL, the Authority proposes to consider the ATM numbers given by CIAL for true-up of the Third Control Period as presented in **Table 12**

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

Table 12: Cargo Traffic Variation between the Authority's Projections and Actuals for the Third Control Period

(in '000 MT)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Cargo Traffic Projected by the Authority (A)	65.07	76.53	86.03	96.82	109.08	**433.54**
Cargo Traffic as per actuals submitted by AO (B)	59.58	58.45	63.64	65.65	72.18	**319.50**
Variation (B-A)	(5.49)	(18.08)	(22.39)	(31.17)	(36.90)	(114.03)
Variation (%)-Increase/(Decrease)	*(8%)*	*(24%)*	*(26%)*	*(32%)*	*(34%)*	***(26%)***

2.3.34 The Authority notes that cargo traffic at CIAL during the Third Control Period fell materially short of the projections stipulated in the Tariff Order, mirroring the underperformance observed in passenger traffic movements. Cumulative cargo throughput of approximately 3.19 lakh MT registered a shortfall of ~26.30% against the projected 4.33 lakh MT.

2.3.35 The Authority notes that actual cargo traffic at CIAL fell short of the projections in FY 2021-22 itself by (8.44%) (viz., 59.58 lakh MT as against the projected 65.07 lakh MT). The Authority observes that

this under-performance, even during the COVID-19 period, is divergent from the trend witnessed at comparable airports where cargo movements (particularly pharmaceutical and essential commodity shipments) demonstrated resilience and continued largely uninterrupted, indicating that structural factors specific to CIAL's cargo base were already at play during this period.

2.3.36 From FY 2022-23 onwards, the actual cargo traffic continued to fall short of the projections, with the variation widening progressively from (23.63%) in FY 2022-23 to (33.83%) in FY 2025-26, resulting in a cumulative under-performance of (26.30%) over the third control period. The Authority observes that the said under-performance is materially steeper than the corresponding trends observed at comparable airports and is also divergent from the passenger traffic trend at CIAL during the same period. The reasons underlying the said cargo under-performance, as submitted by CIAL, include,

a) **Diversion of International Import Cargo to Competing Airports**: International cargo traffic has not recovered to the pre-COVID levels anticipated in the projections for the third control period. The said variance is primarily attributable to a diversion of import cargo to competing gateway airports such as Bengaluru and Chennai, resulting in a structural erosion of CIAL's international cargo base;

b) **Constrained International Export Cargo due to Limited Belly-hold Capacity:** Export cargo volumes have been constrained by the limited belly-hold capacity available on scheduled aircraft movements operating out of CIAL. The absence of dedicated freighter operations and the dependence on passenger aircraft belly-hold has restricted the airport's ability to scale international export throughput in line with the projected trajectory;

c) **Shortfall in Domestic Inbound Cargo:** Domestic inbound cargo has exhibited a trend similar to international imports, with significant volumes shifting to competing airports, leading to a shortfall relative to the projected inbound cargo traffic during the period;

d) **Domestic Outbound Cargo Broadly Consistent with Projections:** Domestic outbound cargo traffic has remained broadly aligned with projections, supported by the available belly-hold capacity on scheduled aircraft movements, and is therefore not a material contributor to the overall cargo shortfall;

e) **Impact of COVID-19 on Third Control Period Trajectory:** The third control period was significantly impacted by COVID-19, including the post-pandemic normalisation of pharmaceutical and PPE-related exports and the unwinding of elevated COVID-era cargo demand. Accordingly, the growth rates observed during the third control period may not be a suitable benchmark for projecting the cargo trajectory in the fourth control period.

2.3.37 The Authority has also independently verified the cargo traffic data submitted by CIAL with the traffic statistics available on the Airports Authority of India (AAI) website and observed that the cargo traffic reflected in the AAI statistics was lower than that submitted by CIAL for the corresponding years of the Third Control Period. The Authority further notes CIAL's submission pertaining to the said variance, that the cargo traffic reported by it includes cargo handled on non-scheduled operations at Cochin International Airport, the said cargo being handled by CIAL and accordingly reflected in its operational records.

2.3.38 The Authority, upon examination of the submission made by CIAL and the supporting documentation furnished in respect thereof, notes that the cargo traffic figures submitted are derived from actual

operations at the Airport and accordingly finds the explanation furnished to be satisfactory. Accordingly, the Authority notes that the cargo traffic data submitted by CIAL for the Third Control Period is largely consistent with the data available from AAI, the variance being attributable to non-scheduled operations.

2.3.39 Accordingly, based on the above analysis and the Cargo data submitted by CIAL, the Authority proposes to consider the cargo traffic numbers given by CIAL for true-up of the Third Control Period as presented in **Table 12.**

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

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

2.4.1. CIAL has submitted a total capital expenditure of Rs. 897.54 Crores for the true-up of the Third Control Period as against the approved capital expenditure of Rs. 1754.4 Crores in the Third Control Period Tariff Order. The asset category-wise (head-wise) details of CAPEX submitted by CIAL are presented below:

Table 13 : Head-wise CAPEX submitted by CIAL for true-up of the Third Control Period

(Rs.in Crores)

S. No.	Project	Amount
1	Construction of Import Warehouse	68.05
2	Modification of Existing Export Warehouse	0
3	Mechanisation of Export Warehouse after modification	0
4	Construction of parking bays phase 2	0
5	Development of northern side of T3 pier	0
6	Flood control measures in CWIP (as per Annexure 6 – part of R. Projects Postponed from FY2021) and of third control period	66.24
7	CCTV Surveillance System	52.00
8	CT based Hand baggage X-BIS T3	0
9	CT based Hand baggage X-BIS T1	0
10	SOC & NOC for IT	9.64
11	Digi Yatra IT Systems	7.92
12	Perimeter Intrusion Detection System (PIDS)	23.95
13	Smart Lane System – T1	13.80
14	Smart Lane System – T3	
15	CUPPS IT System	41.20
16	Fire tenders	16.13
17	Satellite Fire Station	0
18	Widening of roads for ACFTs	0
19	Emergency Rescue Tender	0
20	Hydraulic Platform for High Rise Building	3.50
21	Regarding side strips beyond 30 m	27.77
22	GPU & PCA south and North of T3	14.00
23	Security Equipment - X-BIS, ETD, DFMD, HHMD etc.	15.60
24	Other major capital expenditure	31.70
25	Misc. Expenses for 3rd CP and projects postponed from FY2021	178.00
26	New projects for third control period	109.30
27	IDC	-
	Sub-total without commercial projects	**678.74**
28	Commercial projects	218.80

	Total	**897.54**

2.4.2. Subsequently, vide email dated 27.06.2026 and 03.08.2026, CIAL submitted revised CAPEX for the Third Control Period. The revised CAPEX details submitted by CIAL are provided in table below:

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

(Rs.in Crores)

S. No.	Project	Amount
1	Construction of Import Warehouse	68.05
2	Modification of Existing Export Warehouse	0
3	Mechanisation of Export Warehouse after modification	0
4	Construction of parking bays phase 2	0
5	Development of northern side of T3 pier	0
6	Flood control measures in CWIP (as per Annexure 6 – part of R. Projects Postponed from FY2021) and of third control period	66.24
7	CCTV Surveillance System	0
8	CT based Hand baggage X-BIS T3	0
9	CT based Hand baggage X-BIS T1	0
10	SOC & NOC for IT	9.65
11	Digi Yatra IT Systems	7.92
12	Perimeter Intrusion Detection System (PIDS)	23.95
13	Smart Lane System – T1	1.91
14	Smart Lane System – T3	5.49
15	CUPPS IT System	31.02
16	Fire tenders	16.13
17	Satellite Fire Station	0
18	Widening of roads for ACFTs	0
19	Emergency Rescue Tender	0
20	Hydraulic Platform for High Rise Building	0
21	Regrading of side strips beyond 30 m	27.77
22	GPU & PCA south and North of T3	0
23	Security Equipment - X-BIS, ETD, DFMD, HHMD etc.	13.17
24	Other major capital expenditure	24.26
25	Misc. Expenses for 3rd CP and projects postponed from FY2021	163.19
26	New projects for third control period	120.50
27	IDC	-
	Sub-total without commercial projects	**579.06**
28	Commercial projects	187.12
	Total	**766.40**

2.4.3. Year-wise capital additions submitted by CIAL for the True-up of the Third Control Period are as follows:

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

(Rs. in Crore)

#	S. No	Particulars (Year ending March 31)	2022	2023	2024	2025	2026	Total
1	A.1	Construction of Import Warehouse	0.00	0.00	67.58	0.47	0.00	**68.05**
2	C	Flood control measures in CWIP (as per Annexure 6 – part of R. Projects Postponed from FY2021) and of third control period	59.70	0.00	6.54	0.00	0.00	**66.24**
3	E.4	SOC & NOC for IT	0	0	0	0	9.65	**9.65**
4	E.5	Digi Yatra IT Systems	0.00	0.00	6.08	1.84	0.01	**7.92**

#	S. No	Particulars (Year ending March 31)	2022	2023	2024	2025	2026	Total
5	E.6	Perimeter Intrusion Detection System (PIDS)	0.00	0.00	0.00	23.95	0.00	**23.95**
6	E.7	Smart Lane System – T1	0.00	0.00	0.00	0.96	0.96	**1.91**
7	E.8	Smart Lane System – T3	0.00	0.00	0.00	1.81	3.68	**5.49**
8	E.9	CUPPS IT System	2.06	3.32	0.00	0.84	24.79	**31.02**
9	F.1	Fire tenders	0.00	0.00	16.13	0.00	0.00	**16.13**
10	H	Regrading of side strips beyond 30 m	0.00	16.64	11.13	0.00	0.00	**27.77**
11	J	Security Equipment - X-BIS, ETD, DFMD, HHMD etc.	0.00	0.18	2.07	3.89	7.03	**13.17**
12	K	Other major capital expenditure	2.30	0.78	10.42	2.82	7.94	**24.26**
13	M	Misc. Expenses for 3rd CP and projects postponed from FY2021	2.68	21.83	25.44	55.67	57.61	**163.19**
14		New projects for third control period	0.00	40.61	0.00	26.83	53.07	**120.50**
15	O	Commercial projects	0.00	0.50	5.58	170.90	10.10	**187.12**
		Total	**66.75**	**83.86**	**150.98**	**289.17**	**175.63**	**766.40**

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

2.4.4. CIAL has submitted the following regarding its basis of allocation of assets between aeronautical and non-aeronautical:

- Allocation for the Opening RAB (FY 2022) has been considered based on the same bifurcation approach as approved by AERA in para 4.13.2 of the Third Control Period Order for CIAL. The Opening RAB of FY 2022 considered for the true-up is Rs. 1,610.51 Cr.
- Assets capitalized over FY22 to FY26 have been classified as Aeronautical, Non-Aeronautical and Common assets based on the usage of each asset.
- Allocation of common assets relating to terminal and airport facilities: CIAL has submitted that the common assets pertaining to the terminal buildings and airport facilities have been allocated between aeronautical and non-aeronautical services on the basis of the terminal area ratio. The said ratio has been computed in accordance with the methodology set out in Annexure II – Summary of Study on Allocation of Assets between Aeronautical and Non-Aeronautical Assets of the Tariff Order for the Third Control Period, after giving effect to the changes in terminal areas that occurred during the Third Control Period. On this basis, CIAL has computed the terminal area ratio as 9.16%(Non-Aeronautical Portion).
- Common assets relating to employees have been segregated between Aeronautical and Non-Aeronautical based on the employee ratio of 97% and 3%.
- Land has been excluded from RAB and taken as a separate line item for determination of FRoR as per AERA Order 42/2018-19 dated 5th March 2019; Golf course development assets have been considered as Non-aeronautical; and existing Runway, roads and culverts have been considered as Aeronautical.

2.4.5. Based on the head-wise capex and the allocation ratios adopted by CIAL, the aeronautical capex submitted by CIAL for the true-up of the Third Control Period aggregates to Rs. 548.85 Crores as detailed in the table below:

Table 16: Allocation ratios as submitted by CIAL for True Up of the Third Control Period

(Rs. in Crore)

S. No.	Project	CIAL's submission for True up	Allocation ratio	Aero Portion
		A	B	C=A*B
1	Construction of Import Warehouse	68.05	100.00%	68.05
2a	Flood control measures in CWIP of second control period	23.10	100.00%	23.10
2b	Flood control measures of Third control period	43.14	100%	43.14
3	SOC & NOC for IT	9.65	100.00%	9.65
4	Digi Yatra IT Systems	7.92	100.00%	7.92
5	Perimeter Intrusion Detection System (PIDS)	23.95	100.00%	23.95
6	Smart Lane System – T1	1.91	100.00%	1.91
7	Smart Lane System – T3	5.49	100.00%	5.49
8	CUPPS IT System	31.02	100.00%	31.02
9	Fire tenders	16.13	100.00%	16.13
10	Regrading of side strips beyond 30 m	27.77	100.00%	27.77
11	Security Equipment - X-BIS, ETD, DFMD, HHMD etc.	13.17	100.00%	13.17
12	Other major capital expenditure	24.26	99.91%	24.24
13a	Misc. Expenses for 3rd CP	141.76	96.70%	137.08
13b	Projects postponed from FY2021	21.48	73.89%	15.87
14	General Aviation Terminal T2	40.76	91.53%	37.31
15	Strengthening and Upgradation of Airport approach road	27.41	100.00%	27.41
16	APHO Hospital	10.06	100.00%	10.06
17	HCI revamp	5.49	100.00%	5.49
18	GSE building	22.38	100.00%	22.38
19	Car Park T 1 Naka Point	14.41	0.00%	0.00
20	Commercial projects	187.12	0.00%	0.00
	Total	**766.40**		**548.85**

Recap of Capex approved in the Third Control Period Tariff Order

2.4.6. The Authority, at the time of tariff determination for the Third Control Period for CIAL, had decided the treatment of capital expenditure, asset allocation and depreciation for determination of Aeronautical Regulatory Asset Base ("RAB") as per Order No. 08/2021-22. The Authority had considered the capital expenditure proposed by CIAL towards cargo facilities, construction of parking bays phase 2 and development of the northern side of the T3 pier, flood control measures, IT systems, fire and safety measures, regrading of side strips, GPU and PCA, security equipment, other major capital expenditure and miscellaneous capital expenditure for the Third Control Period. Further, since the tariffs were being determined based on 30% shared till, the RAB excluded the portion of assets attributed to the provision of non-aeronautical services. The Authority had accordingly considered only the aeronautical portion of assets for determination of RAB and depreciation for the Third Control Period.

2.4.7. As per the Tariff Order for the Third Control Period, i.e., Order No. 08/2021-22, the Authority, based on the analysis of the capital expenditure plan submitted by CIAL in its MYTP, had decided to allow Rs. 1,668.35 Crores towards the capital expenditure proposed for the Third Control Period, as against Rs. 1,866.51 Crores proposed by CIAL. Further, the Authority had decided to allow Interest During Construction ("IDC") of Rs. 22.49 Crores based on prudent means of financing, as against Rs. 46.26 Crores claimed by CIAL as Financing Allowance, the Authority having decided to provide such

allowance only on the debt portion of the project funds. In addition, the Authority had allowed Rs. 63.56 Crores towards projects initially proposed to be capitalised in FY 2021 but postponed to the Third Control Period on account of delays due to the COVID-19 pandemic. Accordingly, the total capital expenditure including IDC approved by the Authority for the Third Control Period was Rs. 1,754.40 Crores, i.e. total of Rs. 1,668.35 Crores, Rs. 22.49 Crores and Rs. 63.56 Crores.

2.4.8. Out of the total capital expenditure of Rs. 1,754.40 Crores approved by the Authority, Rs. 1,275.18 Crores was considered as aeronautical capex and Rs. 479.22 Crores as non-aeronautical capex.

2.4.9. In arriving at the aforesaid capital expenditure, the Authority had decided to not consider the capital expenditure of Rs. 74.01 Crores proposed towards CISF Quarters, and had deferred the capital expenditure of Rs. 73.37 Crores towards construction of parking bays 37 to 40, extension of Taxiway J up to H and construction of Taxiway K and Taxiway west of A to the isolation parking bay, to the Fourth Control Period. The Authority had further decided to not consider the cost of Rs. 30.69 Crores towards Digi Yatra IT systems in the capital expenditure for the Third Control Period, and to true up the same on incurrence and completion basis at the time of determination of tariff for the next Control Period. The Authority had also allowed the cost of Rs. 41.73 Crores towards the regulator-cum-bridge as a one-time aeronautical capital expenditure.

2.4.10. Decision No. 6.6.2:"*Authority decides to consider capital expenditure for the Third Control Period as given in Para 6.5.10 (Table 134) and true up the same based on actuals after studying the reasonableness and reviewing the actual spend and line by line classification of capital additions into Aeronautical and Non-Aeronautical based on the broad framework provided by the study on allocation of assets between Aeronautical and Non-Aeronautical assets, undertaken for the Second Control Period*."

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

2.4.11. The Authority had allowed total capital expenditure amounting to Rs. 1732.01 Crores (excl. of IDC) in the Tariff Order for the Third Control Period which comprised of follows:

- Rs. 1077.61 Crores towards major projects,
- Rs. 590.74 Crores towards additional projects and
- Rs. 63.66 Crores towards sustaining capex including other capex.

2.4.12. The table below provides a comparative assessment of the cost approved by the Authority in the Tariff Order for the Third Control Period and the cost submitted by CIAL in the MYTP for the Fourth Control Period.

Table 17: Project-wise Capex approved by the Authority for the Third Control Period versus the Capex submitted by CIAL for True up of the Third Control Period

(Rs. in Crore)

S. No.	Project	As approved by Authority in TCP Order	As submitted by CIAL for True up	Variance
		A	B	C = B - A
A.1	Construction of Import Warehouse	52.7	68.05	15.35
A.2	Modification of Existing Export Warehouse	35.94	0	(35.94)

S. No.	Project	As approved by Authority in TCP Order	As submitted by CIAL for True up	Variance
		A	B	C = B - A
A.3	Mechanisation of Export Warehouse after modification	10.35	0	(10.35)
A	**Cargo Facilities (sub-total)**	**98.99**	**68.05**	**(30.94)**
B.1	Construction of parking bays phase 2	156.22	0	(156.22)
B.2	Development of northern side of T3 pier	178.79	0	(178.79)
B	**Pier expansion and parking bays phase 2 (sub-total)**	**335.01**	**0**	(335.01)
C	**Flood control measures in airport area**	**93.07**	**43.13**	**(49.94)**
D	**CISF Quarters**	**0**	**0**	**-**
E.1	CCTV Surveillance System	43.81	0	(43.81)
E.2	CT based Hand baggage X-BIS T3	29.98	0	(29.98)
E,3	CT based Hand baggage X-BIS T1	25.12	0	(25.12)
E.4	SOC & NOC for IT	15.92	9.65	(6.27)
E.5	Digi Yatra IT Systems	0	7.92	7.92
E.6	Perimeter Intrusion Detection System (PIDS)	22.35	23.95	1.60
E,7	Smart Lane System – T1	19.88	1.91	(17.97)
E.8	Smart Lane System – T3	22.48	5.49	(16.99)
E.9	CUPPS IT System	31.40	31.02	(0.38)
E	**IT Systems (sub-total)**	**210.93**	**79.94**	**(130.99)**
F.1	Fire tenders	49.78	16.13	(33.65)
F.2	Satellite Fire Station	15.46	0	(15.46)
F.3	Widening of roads for ACFTs	4.26	0	(4.26)
F.4	Emergency Rescue Tender	10.95	0	(10.95)
F.5	Hydraulic Platform for High Rise Building	10.71	0	(10.71)
F	**Fire and Safety Measures (sub-total)**	**91.16**	**16.13**	**(75.03)**
G	Construction of Parking bays 37,38,39 & 40 & Extension of Taxiway J Up to H and Construction of Taxiway K & Taxiway, West of A to Isolation parking bay	0	0	-
H	Regrading of side strips beyond 30 m	43.95	27.77	(16.18)
I	GPU & PCA south and North of T3	24.46	0	(24.46)
J	Security Equipment - X-BIS, ETD, DFMD, HHMD etc.	19.05	13.17	(5.88)
K	Other major capital expenditure	160.99	24.26	(136.70)
L	**Total of Major Capex Items (A+B+C+D+E+F+G+H+I+J+K)**	**1077.61**	**272.46**	**(805.15)**
M	Misc. Expenses for Third Control Period	152.92	141.76	(11.21)

S. No.	Project	As approved by Authority in TCP Order	As submitted by CIAL for True up	Variance
		A	B	C = B - A
N	**Total (L+M)**	**1230.53**	**414.17**	**(816.36)**
	New projects for third control period	-	120.50	120.50
O	Commercial projects	437.82	187.12	(250.70)
P	**Grand Total (N+O)**	**1668.35**	**721.79**	**(946.56)**
Q	IDC	22.49	-	(22.49)
R	Projects postponed from FY 2021 (Refer Annexure 6 of Order No. 08/2021-22)	63.56	44.58	(18.98)
	Total	**1754.40**	**766.40**	**(988.02)**

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

Table 18: Aeronautical Capital Expenditure considered by the Authority during Tariff determination for the Third Control Period

(Rs. in Crore)

#	Particulars (Year Ending March'26)	2022	2023	2024	2025	2026	Total addition	Aero Allocation ratio (%)	Total Aero
A.1	Construction of import warehouse	52.70	0.0	0.0	0.0	0.0	52.70	100%	52.70
A.2	Modification of existing warehouse	7.16	28.78	0.0	0.0	0.0	35.94	100%	35.94
A.3	Mechanisation of export warehouse after modification	5.12	5.23	0.0	0.0	0.0	10.35	100%	10.35
A	**Cargo facilities (sub-total)**	**64.98**	**34.0**	**0.0**	**0.0**	**0.0**	**99.0**	**100%**	**99.0**
B.1	Construction of parking bays phase 2	0.0	0.0	61.9	94.3	0.0	156.2	100%	156.2
B.2	Development of northern side of T3 pier	0.0	0.0	48.3	113.4	17.0	178.8	93%	166.5
B	**Pier expansion and parking bays phase 2 (sub-total)**	**0.0**	**0.0**	**110.3**	**207.7**	**17.0**	**335.0**	**96%**	**322.7**

#	Particulars (Year Ending March'26)	2022	2023	2024	2025	2026	Total addition	Aero Allocation ratio (%)	Total Aero
C	Flood control measures in airport area	62.9	30.2	0.0	0.0	0.0	93.1	100%	93.1
D	CISF Quarters	0.0	0.0	0.0	0.0	0.0	0.0		0.0
	IT Systems:	0.0	0.0	0.0	0.0	0.0	0.0		
E.1	CCTV Surveillance system	0.0	0.0	0.0	43.8	0.0	43.8	100%	43.8
E.2	CT based Hand baggage X-BIS T3	0.0	0.0	30.0	0.0	0.0	30.0	100%	30.0
E,3	CT based Hand baggage X-BIS T1	0.0	25.1	0.0	0.0	0.0	25.1	100%	25.1
E.4	SOC & NOC for IT	3.8	2.9	3.0	3.1	3.1	15.9	100%	15.9
E.5	Digi yatra – IT systems	0.0	0.0	0.0	0.0	0.0	0.0		0.0
E.6	Perimeter intrusion detection systems	22.3	0.0	0.0	0.0	0.0	22.3	100%	22.3
E,7	Smart Lane – T1	0.0	19.9	0.0	0.0	0.0	19.9	100%	19.9
E.8	Smart Lane – T3	0.0	0.0	22.5	0.0	0.0	22.5	100%	22.5
E.9	Passenger processing IT systems	0.0	31.4	0.0	0.0	0.0	31.4	100%	31.4
E	**IT Systems (sub-total)**	**26.1**	**79.3**	**55.5**	**46.9**	**3.1**	**210.9**	**100%**	**210.9**
	Fire and Safety Measures:	0.0	0.0	0.0	0.0	0.0	0.0		
F.1	Fire Tenders	15.3	15.7	18.7	0.0	0.0	49.8	100%	49.8
F.2	Satellite fire station	10.2	5.2	0.0	0.0	0.0	15.5	100%	15.5
F.3	Widening of roads for ACFTs	0.0	1.0	3.2	0.0	0.0	4.3	100%	4.3
F.4	Emergency Rescue Tender	0.0	0.0	0.0	11.0	0.0	11.0	100%	11.0

#	Particulars (Year Ending March'26)	2022	2023	2024	2025	2026	Total addition	Aero Allocation ratio (%)	Total Aero
F.5	Hydraulic platform for High Rise Building	0.0	0.0	10.7	0.0	0.0	10.7	100%	10.7
F	**Fire and Safety Measures (sub-total)**	**25.6**	**22.0**	**32.7**	**11.0**	**0.0**	**91.2**	**100%**	**91.2**
G	Construction of Parking bays 37,38,39 & 40 & Extension of Taxiway J Up to H and Construction of Taxiway K & Taxiway, West of A to Isolation parking bay	0.0	0.0	0.0	0.0	0.0	0.0		0.0
H	Regrading of side strips beyond 30 m	0.0	44.0	0.0	0.0	0.0	44.0	100%	44.0
I	GPU and PCA South and North of T3	0.0	0.0	2.3	14.5	7.6	24.5	100%	24.5
J	Security Equipment's - X-BIS, ETD, DFMD, HHMD etc.	14.7	1.0	1.1	1.1	1.1	19.1	100%	19.1
K	Other major capital expenditures	29.0	81.2	23.0	19.4	8.4	161.0	95%	152.4
L	**Total of Major Capex Items (A+B+C+D+ E+F+G+H+I +J+K)**	**223.3**	**291.7**	**224.7**	**300.6**	**37.3**	**1077.6**	**98%**	**1056.7**
M	Misc. Expenses for 3rd Control Period	40.1	28.4	42.6	31.7	10.1	152.9	97%	148.2
N	**Total (L+M)**	**263.4**	**320.1**	**267.3**	**332.2**	**47.4**	**1230.5**	**98%**	**1205.0**
O	Commercial projects – Commercial	199.9	76.8	35.3	64.1	61.8	437.8	0%	0.0

#	Particulars (Year Ending March'26)	2022	2023	2024	2025	2026	Total addition	Aero Allocation ratio (%)	Total Aero
	Complex, hotels, retail spaces, F&B facilities etc.								
P	**Grand Total (N+O)**	**463.3**	**396.9**	**302.6**	**396.3**	**109.2**	**1668.4**	**72%**	**1205.0**
Q	IDC	7.9	4.5	1.8	4.7	3.6	22.5	68%	15.4
R	Projects postponed from FY 2021 (Refer Annexure 5)	63.6	0.0	0.0	0.0	0.0	63.6	86%	54.9
	Total (including IDC) (P+Q)	**534.8**	**401.4**	**304.4**	**401.0**	**112.8**	**1754.4**	**73%**	**1275.2**

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

2.4.14. The Authority, vide Order No. 08/2021-22 dated 24.08.2021, had approved a total Capital Expenditure ("CAPEX") of Rs. 1,754.40 Crores for the Third Control Period, comprising the capital expenditure approved towards the projects proposed by CIAL in its MYTP, Interest During Construction and the projects postponed from FY 2021 on account of delays attributable to the COVID-19 pandemic. As part of the true-up of the Third Control Period, CIAL has submitted total CAPEX of Rs. 766.40 Crores, of which Rs. 637.95 Crores pertains to the projects approved by the Authority for the Third Control Period and Rs. 128.42 Crores pertains to the new projects executed and capitalised during the Third Control Period which did not form part of the CAPEX approved by the Authority.

2.4.15. The Authority observes that, as against the approved CAPEX of Rs. 1,754.40 Crores for the Third Control Period, CIAL has capitalised Rs. 637.95 Crores in respect of the approved projects, resulting in a variation of Rs. 1,116.45 Crores. This variation was majorly on account of projects which were not implemented, deferred or not capitalised during the Control Period. The deferment of certain projects was primarily attributable to the adverse impact of the COVID-19 pandemic on the Airport Operator's operations, financial position and cash flows, which affected its ability to commit the requisite financial resources towards the execution of such projects.

2.4.16. Further, the Authority is of the view that the CAPEX of Rs. 128.42 Crores incurred on projects falling outside the scope of the approved CAPEX programme warrants a separate and detailed examination with regard to its need, necessity, reasonableness and prudence prior to its consideration for the purpose of true-up, along with the CAPEX incurred on the approved projects.

2.4.17. In order to undertake a structured and comprehensive examination of the variations between the approved CAPEX programme and the actual CAPEX incurred during the Third Control Period, the Authority has broadly classified the projects and expenditure under the following four categories:

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

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

iii. unapproved capex undertaken and capitalised by CIAL, which were not approved by the Authority under the Tariff Order for the Third Control Period (Order No. 08/2021-22 dated 24.08.2021

iv. Sustaining CAPEX

2.4.18. In respect of the projects approved by the Authority and executed by CIAL, the Authority notes that, in the case of two projects, namely the Construction of Import Warehouse and the Perimeter Intrusion Detection System ("PIDS"), the actual expenditure incurred by CIAL exceeded the respective costs approved by the Authority. The Authority further notes that, in respect of certain approved projects, the actual date of capitalisation varied from the capitalisation schedule envisaged at the time of approval. The reasons for the said variations, both in respect of project cost and capitalisation schedule, including the justification furnished by CIAL in respect thereof, have accordingly been examined as part of the prudence review undertaken by the Authority.

2.4.19. The Authority further notes that CIAL has deferred or dropped 12 projects forming part of the approved CAPEX programme, having an aggregate approved cost of Rs. 591.56 Crores. The Authority has examined the reasons furnished by CIAL for the deferment or dropping of the said projects, having regard to the traffic materialised during the Third Control Period and the consequent need and necessity for the said projects.

2.4.20. The Authority also notes that CIAL has undertaken and capitalised 7 projects amounting to Rs. 128.42 Crores which were not included in the CAPEX programme approved for the Third Control Period. The Authority has accordingly examined the said projects separately in order to determine whether the expenditure was necessary for the operations of the Airport and whether the same merits consideration for inclusion in the Regulatory Asset Base for tariff purposes.

2.4.21. The Authority further observes that, against the approved Sustaining CAPEX of Rs. 63.56 Crores, CIAL has incurred actual Sustaining CAPEX of Rs. 44.58 Crores during the Third Control Period. The Authority has examined the actual expenditure with reference to the nature of works undertaken and the requirement for maintenance, replacement and sustenance of the existing airport infrastructure and assets.

2.4.22. In order to examine the aforesaid variations and to determine the CAPEX eligible for consideration as part of the true-up of the Third Control Period, the Authority, through its Independent Consultant, has undertaken a detailed technical, financial and prudence review of the capital expenditure incurred by CIAL during the Third Control Period. The examination was directed at assessing the appropriateness of the actual expenditure with reference to the approved CAPEX programme, the operational requirements of the Airport and the applicable regulatory principles.

2.4.23. As part of the due diligence exercise, the Independent Consultant examined, inter alia, the Fixed Asset Register, the procurement and bidding processes, the award and contract documents, the project implementation details and other supporting records submitted by CIAL. The review also considered the need, essentiality, scope and prudence of the capital expenditure, having regard to the prevailing and projected traffic demand at the Airport and the operational requirements thereof.

2.4.24. The Independent Consultant further examined the technical specifications, scope of work and execution details of the respective projects and assessed the reasonableness and justification of the actual

expenditure incurred, including by way of benchmarking of project costs, wherever applicable. Site visits were also undertaken at the Airport, during which the major capital works executed were reviewed from the standpoint of operational necessity, essentiality, appropriateness of scope and reasonableness of cost. The findings of the Independent Consultant have been considered by the Authority as part of its overall prudence review.

2.4.25. Based on the detailed examination and due diligence undertaken, the Authority has assessed the CAPEX on a project-wise and asset category-wise basis, having regard to the need and necessity of the projects, the justification for the variations from the approved CAPEX programme in terms of both cost and capitalisation schedule, the reasonableness of costs and the prudence of the expenditure. The detailed analysis and decisions of the Authority in respect of each category of CAPEX are set out in the following sections

Projects approved by the Authority and executed by CIAL

A1. Construction of Import Warehouse

2.4.26. The Authority, in the Tariff Order for the Third Control Period, approved the Construction of an Import Warehouse at a cost of Rs. 52.70 Crores, with planned capitalisation in FY 2022, considering the capacity constraints in cargo handling and the expected growth in cargo traffic at the Airport. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL.

Delay in Implementation

2.4.27. The Authority notes that the project was originally proposed for completion and capitalisation by FY 2022. However, the project was delayed and was ultimately capitalised in FY 2024 with the date of commission being 31.03.2024. In this respect, CIAL submitted that the delay was mainly due to funding constraints arising from the impact of the COVID-19 pandemic, which affected its ability to allocate adequate financial resources for project execution. Further, additional facility requirements identified during implementation necessitated changes in the design, drawings and specifications, resulting in extension of the project timeline.

2.4.28. The Authority has examined CIAL's submissions regarding the delay in implementation. The Authority notes that the COVID-19 pandemic caused significant disruption to supply chains and affected the availability of labour and materials, apart from adversely impacting the financial position and cash flows of the Airport Operator. Further, changes in facility requirements during project implementation necessitated modifications in the design and specifications, which also affected the project timeline.

2.4.29. The Authority notes that, in the Tariff Order for the Third Control Period, it had decided to readjust the project cost by 1% and the applicable carrying cost in the ARR at the time of determination of tariff for the Fourth Control Period in case of non-completion of projects as per the proposed timelines. The Authority further notes that the delay was occasioned by circumstances which were exceptional and beyond the control of the Airport Operator.

2.4.30. Considering the facts and circumstances and the supporting information submitted by CIAL, the Authority considers the delay in implementation and commissioning of the project to be reasonably justified, and accordingly decides not to apply the readjustment referred to in the preceding paragraph in respect of the said project.

Cost Overrun

2.4.31. The Authority further notes that CIAL incurred actual CAPEX of Rs. 68.05 Crores against the approved project cost of Rs. 52.70 Crores, resulting in a cost overrun of Rs. 15.35 Crores, i.e. 29.13% of the approved cost. CIAL submitted that the increase in project cost was primarily due to changes in design and specifications arising from additional facility requirements identified during implementation, disruption in project execution during the COVID-19 pandemic, and inflationary escalation in the cost of labour and materials during the extended project period.

2.4.32. The Authority notes that the COVID-19 pandemic was an exceptional and unforeseen event beyond the control of the Airport Operator. The disruption in supply chains, availability of labour and materials, and the consequent extension in the project execution period had an impact on the overall project cost.

2.4.33. The Authority also notes CIAL's submission that certain additional facility requirements were communicated by the Airport Health Organisation ("APHO") during the course of project implementation, which were not envisaged at the time of submission of the MYTP. The Authority notes that the said requirements necessitated structural changes to the facility and the addition of further works to the scope of the project, and correspondingly required revisions to the design, drawings and specifications, thereby contributing to the variation between the approved and actual project cost. The Authority further notes that the said requirements emanated from a statutory agency and were therefore not within the discretion of the Airport Operator.

2.4.34. The Authority has examined the procurement process followed by CIAL for execution of the project. The Authority notes that the work was procured through an open competitive bidding process and that the contract was awarded to the lowest evaluated bidder. The Authority is accordingly satisfied that the cost of the project was discovered through a competitive process.

2.4.35. The Authority, through its Independent Consultant, has undertaken a detailed examination of the actual CAPEX incurred by CIAL, including the Fixed Asset Register, work orders, award documents, invoices and other supporting records. The examination indicates that the actual expenditure incurred and the variation in project cost are supported by the documents furnished by CIAL, and that the expenditure has been correctly reflected in the books of account of the Airport Operator.

2.4.36. Accordingly, considering the detailed prudence review undertaken, the competitive procurement process followed, the justification for the delay in implementation and the reasons for the increase in project cost, the Authority decides to allow the actual CAPEX of Rs. 68.05 Crores for the Construction of Import Warehouse for the true-up of the Third Control Period.

Table 19: Details of Capital Expenditure for Construction of Import Warehouse proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
A1	Construction of Import Warehouse	52.70	68.05	68.05

C. Flood control measures

2.4.37. In its MYTP for the Third Control Period, CIAL proposed Flood Control Measures at an estimated cost of Rs. 93.07 Crores, comprising Flood Control Measures within the airport area amounting to Rs. 51.37 Crores phased over FY 2022 and FY 2023, and the construction of a Regulator-cum-Bridge amounting to Rs. 41.73 Crores. The project was approved by the Authority considering the need to address flood

mitigation requirements within and around the airport area and to strengthen the drainage infrastructure so as to improve operational resilience during periods of heavy rainfall. The Authority had, while approving the said project vide Para 6.5.4 of the Tariff Order for the Third Control Period, allowed the cost of Rs. 41.73 Crores towards the Regulator-cum-Bridge as a one-time Aeronautical capital expenditure, having regard to the interdependency of the works undertaken within and outside the airport boundary. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

Examination of the expenditure incurred

2.4.38. The Authority notes that, against the approved cost of Rs. 93.07 Crores, CIAL has submitted actual expenditure of Rs. 43.10 Crores towards Flood Control Measures for the purpose of true-up of the Third Control Period, the same having been capitalised in FY 2023. The Authority further notes that the said expenditure relates entirely to the Flood Control Measures undertaken within the airport area, approved at a cost of Rs. 51.34 Crores, and that no part thereof relates to the Regulator-cum-Bridge works.

2.4.39. The Authority, through its Independent Consultant, has undertaken a detailed examination of the actual expenditure of Rs. 43.10 Crores incurred towards Flood Control Measures, including the procurement process followed, work orders, contract documentation, expenditure details and other supporting records furnished by CIAL.

2.4.40. The Authority notes that the works were procured through a competitive bidding process duly followed by the Airport Operator. The Authority further notes that the actual expenditure incurred is within the cost approved by the Authority at the time of tariff determination for the Third Control Period, and that the same is supported by the documents furnished by CIAL. The Authority accordingly notes that the works have been completed within the approved cost.

Non-implementation of the Regulator-cum-Bridge

2.4.41. The Authority notes that the Regulator-cum-Bridge works, approved at a cost of Rs. 41.73 Crores, have not been completed or capitalised during the Third Control Period.

2.4.42. In this respect, CIAL submitted that the execution of the Regulator-cum-Bridge works is dependent upon the completion of the Angamaly–Kundannoor Bypass Highway project being implemented by the National Highways Authority of India ("NHAI"), and that the said works could accordingly not be undertaken during the Third Control Period. CIAL has further submitted that a Project Management Consultant has since been appointed in respect of the said works.

2.4.43. The Authority has examined the submissions of CIAL in this regard. The Authority notes that the implementation of the Regulator-cum-Bridge is contingent upon the progress of a project being executed by another agency, and that the timelines thereof were not within the control of the Airport Operator. The Authority further notes the appointment of the Project Management Consultant by CIAL, which indicates that the Airport Operator has initiated steps towards implementation of the said works.

2.4.44. Accordingly, considering the detailed prudence review undertaken and the competitive procurement process followed, the Authority proposes to allow the actual capital expenditure of Rs. 43.10 Crores incurred towards Flood Control Measures for the true-up of the Third Control Period.

Table 20: Details of Capital Expenditure for Flood Control Measures proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
C.1.	Flood control measures	51.37	43.14	43.14
C.2.	Regulator-cum-bridge	41.73	-	-

E.4 SOC & NOC for IT

2.4.45. In its MYTP for the Third Control Period, CIAL proposed the establishment of a Security Operations Centre ("SOC") and a Network Operations Centre ("NOC") at an estimated cost of Rs. 15.92 Crores, with planned capitalisation in FY 2026. The Authority, in the Tariff Order for the Third Control Period, approved the said project having regard to the requirement for monitoring the security and performance of the critical IT network at the Airport and for auditing internal systems against vulnerabilities, in line with standard industry practices. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

Capitalisation schedule

2.4.46. The Authority notes that the project has been capitalised in FY 2026, i.e. in accordance with the capitalisation schedule approved by the Authority at the time of tariff determination for the Third Control Period.

Examination of the expenditure incurred

2.4.47. The Authority notes that CIAL has incurred actual capital expenditure of Rs. 9.65 Crores towards the said project, as against the approved cost of Rs. 15.92 Crores, and that the expenditure incurred is accordingly within the cost approved by the Authority for the Third Control Period.

2.4.48. The Authority, through its Independent Consultant, has undertaken a detailed examination of the actual capital expenditure incurred by CIAL vis-à-vis the cost approved under the Tariff Order for the Third Control Period, including the work order, the Fixed Asset Register and other supporting records furnished by the Airport Operator. The said documents have been examined with reference to the scope of work, contract value, capitalisation of assets and the corresponding expenditure claimed by CIAL.

2.4.49. The Authority notes that the work was awarded through a competitive bidding process and that the cost was accordingly discovered through the market for the scope of work executed. The Authority further notes that no material inconsistency has been observed between the awarded scope, the assets capitalised and the expenditure claimed, and that the expenditure is supported by the records furnished by CIAL.

2.4.50. Accordingly, considering the detailed prudence review undertaken and the competitive procurement process followed, the Authority proposes to allow the actual capital expenditure of Rs. 9.65 Crores incurred towards the SOC & NOC for IT project for the true-up of the Third Control Period

Table 21 : Details of Capital Expenditure for SOC & NOC for IT proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
E4	SOC & NOC for IT	15.92	9.65	9.65

E.6 Perimeter Intrusion Detection System (PIDS)

2.4.51. In its MYTP for the Third Control Period, CIAL proposed the implementation of a Perimeter Intrusion Detection System ("PIDS") at an estimated cost of Rs. 22.35 Crores, with planned capitalisation in FY 2022. The Authority, in the Tariff Order for the Third Control Period, approved the said project having regard to the technical specifications and guidelines issued by the Bureau of Civil Aviation Security ("BCAS") vide Circular No. 5/2017 dated 05.04.2017 for implementation of PIDS at airports across India, the system being intended to detect unauthorised intrusion across the restricted perimeter area. The scope of the project as approved comprised non-lethal power fencing, fibre optic mesh systems, fibre optic vibration sensors and intrusion detection grids at the outlets of rainwater drains, integrated with a thermal camera-based CCTV surveillance system. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

Delay in Implementation

2.4.52. The Authority notes that the project was originally proposed for completion and capitalisation by FY 2022. However, the project was delayed and was ultimately capitalised in FY 2025. In this respect, CIAL submitted that the delay was mainly due to funding constraints arising from the impact of the COVID-19 pandemic on the operations of the Airport, which affected its ability to allocate adequate financial resources and consequently deferred the commencement of the project. CIAL further submitted that, during the course of implementation, the Central Industrial Security Force ("CISF") recommended enhancements to the scope of the project, namely the provision of additional cameras and the augmentation of the back-up storage capacity for the said cameras, which necessitated revisions in the requirements of the project and contributed to the extension of the project timeline.

2.4.53. The Authority has examined CIAL's submissions regarding the delay in implementation. The Authority notes that the COVID-19 pandemic adversely impacted the operations, financial position and cash flows of the Airport Operator, thereby affecting its ability to commit financial resources towards execution of the project. The Authority further notes that the enhancements recommended by the CISF during the course of implementation necessitated corresponding revisions in the scope of work, which also had a bearing on the project timeline.

2.4.54. The Authority notes that, in the Tariff Order for the Third Control Period, it had decided to readjust the project cost by 1% and the applicable carrying cost in the ARR at the time of determination of tariff for the Fourth Control Period in case of non-completion of projects as per the proposed timelines. The Authority, however, notes that the deferment of capitalisation of the asset from FY 2022 to FY 2025 has correspondingly deferred the inclusion of the said asset in the Regulatory Asset Base.

2.4.55. The Authority further notes that the recommendations of the CISF, being the agency responsible for security at the Airport, are necessary for ensuring the continuous and safe conduct of operations thereat, and that the observations made by the said agency could not have been overlooked by the Airport Operator, the incorporation thereof having entailed additional cost and time in the execution of the project. The Authority separately notes that the COVID-19 pandemic was an exceptional and unforeseen event beyond the control of the Airport Operator, which adversely impacted the operations,

financial position and cash flows of the Airport Operator and consequently deferred the commencement of the project.

2.4.56. Considering the facts and circumstances and the supporting information submitted by CIAL, the Authority considers the delay in implementation and capitalisation of the project to be reasonably justified, and accordingly decides not to apply the readjustment referred to in the preceding paragraph in respect of the said project.

Cost Overrun

2.4.57. The Authority notes that CIAL has incurred actual capital expenditure of Rs. 23.95 Crores against the approved project cost of Rs. 22.35 Crores, resulting in a cost overrun of Rs. 1.60 Crores, i.e. 7.16% of the approved cost.

2.4.58. In this respect, CIAL submitted that the cost approved under the Tariff Order for the Third Control Period was based on the technical requirements envisaged at the time of submission of the MYTP, and that the enhancements to the scope of the project recommended by the CISF, as referred to in Paragraph 2.4.52 above, resulted in the variation between the approved and the actual project cost.

2.4.59. The Authority has examined the submissions of CIAL in this regard. The Authority notes that the enhancement in scope, comprising the provision of additional cameras and augmentation of the back-up storage capacity, was recommended by the agency responsible for security at the Airport and was therefore not within the discretion of the Airport Operator.

Examination of the expenditure incurred

2.4.60. The Authority, through its Independent Consultant, has undertaken a detailed examination of the actual capital expenditure incurred by CIAL vis-à-vis the cost approved under the Tariff Order for the Third Control Period, including the recommendations of the CISF, the work orders, the Fixed Asset Register and other supporting records furnished by the Airport Operator.

2.4.61. The Authority notes that the work was procured through a competitive bidding process duly followed by the Airport Operator, and that the actual expenditure incurred and the variation in project cost are supported by the documents furnished by CIAL.

2.4.62. Accordingly, considering the detailed prudence review undertaken, the competitive procurement process followed and the reasons for the increase in project cost, the Authority proposes to allow the actual capital expenditure of Rs. 23.95 Crores incurred towards the Perimeter Intrusion Detection System for the true-up of the Third Control Period.

Table 22 : Details of Capital Expenditure for Perimeter Intrusion Detection System (PIDS) proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
E3	Perimeter Intrusion Detection System (PIDS)	22.35	23.95	23.95

E.7 Smart Lane System – T1 and E.8 Smart Lane System – T3

2.4.63. In its MYTP for the Third Control Period, CIAL proposed the implementation of Smart Lane Systems at Terminal 1 and Terminal 3 at an estimated cost of Rs. 19.88 Crores and Rs. 22.48 Crores respectively, with planned capitalisation in FY 2023 and FY 2024 respectively. The Authority, in the Tariff Order for the Third Control Period, approved the said projects having regard to the requirement for efficient handling of passengers, cabin baggage and trays at the pre-embarkation security check points at the terminals. The scope of the projects as approved comprised the provision of seven Smart Lane Systems at each terminal, consisting of Automatic Tray Retrieval Systems ("ATRS") integrated with CT-based Hand Baggage X-Ray Baggage Inspection Systems ("X-BIS"). In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

Change in scope of the project

2.4.64. The Authority notes that CIAL had initially issued a tender for the Supply, Installation, Testing and Commissioning ("SITC") of both the CT-based Hand Baggage X-BIS and the ATRS, in terms of the scope of the projects as approved.

2.4.65. In this respect, CIAL submitted that, pursuant to the directions of the Bureau of Civil Aviation Security ("BCAS"), the procurement of the CT-based X-BIS was placed on hold, and that CIAL accordingly issued a revised tender restricted to the SITC of the ATRS. CIAL further submitted that the initially approved scope envisaged installation of 14 ATRS units, comprising 7 units each at Terminal 1 and Terminal 3. Following the revision in scope, the project was modified to provide for 13 ATRS units.

2.4.66. The Authority has examined the submissions of CIAL in this regard. The Authority notes that the curtailment in the scope of the projects arose pursuant to directions issued by the regulatory agency and was therefore not within the discretion of the Airport Operator. The Authority further notes that, against the revised scope of 13 ATRS units, only 8 ATRS units have been capitalised during the Third Control Period, comprising 2 ATRS units at Terminal 1 and 6 ATRS units at Terminal 3. The Authority also notes that the expenditure claimed by CIAL for the purpose of true-up pertains only to the ATRS component of the approved scope and excludes the CT-based Hand Baggage X-BIS, the procurement of which was deferred pursuant to the directions of BCAS.

2.4.67. The Authority observes that the lower capital expenditure incurred by CIAL, as compared to the cost approved for the Third Control Period, is attributable primarily to (i) the exclusion of the CT-based Hand Baggage X-BIS from the scope implemented during the Control Period and (ii) the capitalisation of only 8 ATRS units as against the revised project scope of 13 ATRS units. The Authority is therefore of the view that the variation between the approved cost and the actual expenditure claimed by CIAL arises principally on account of the reduced scope and partial capitalisation of the approved assets, rather than any material deviation in the underlying procurement cost of the installed systems.

Delay in Implementation

2.4.68. The Authority notes that the Smart Lane System at Terminal 1 was originally proposed for capitalisation in FY 2023 and the Smart Lane System at Terminal 3 in FY 2024. However, both the projects were delayed and were ultimately capitalised in FY 2026.

2.4.69. The Authority notes that the deferment in the implementation and capitalisation of the said projects arose on account of the revision of the tender consequent upon the directions of the BCAS, as referred

to in Paragraph 2.4.62 above, which necessitated a fresh procurement process restricted to the ATRS component.

2.4.70. The Authority notes that, in the Tariff Order for the Third Control Period, it had decided to readjust the project cost by 1% and the applicable carrying cost in the ARR at the time of determination of tariff for the Fourth Control Period in case of non-completion of projects as per the proposed timelines. The Authority, however, notes that the deferment of capitalisation of the assets has correspondingly deferred the inclusion thereof in the Regulatory Asset Base analysis. The Authority further notes that the delay was occasioned by circumstances which were beyond the control of the Airport Operator.

2.4.71. Considering the facts and circumstances and the supporting information submitted by CIAL, the Authority considers the delay in implementation and capitalisation of the said projects to be reasonably justified, and accordingly decides not to apply the readjustment referred to in the preceding paragraph in respect of the said projects.

Examination of the expenditure incurred

2.4.72. The Authority notes that CIAL has incurred actual capital expenditure of Rs. 7.40 Crores towards the Smart Lane Systems during the Third Control Period, comprising Rs. 1.91 Crores towards two ATRS units capitalised at Terminal 1 and Rs. 5.49 Crores towards six ATRS units capitalised at Terminal 3. The Authority notes that the expenditure so incurred is within the cost approved by the Authority for the said projects for the Third Control Period.

2.4.73. The Authority notes the submission of CIAL that the variation in the cost across the ATRS units is attributable to the differing specifications thereof, the units being of lengths of 17 metres and 20 metres respectively.

2.4.74. The Authority, through its Independent Consultant, has undertaken a detailed examination of the actual capital expenditure incurred by CIAL vis-à-vis the cost approved under the Tariff Order for the Third Control Period, including the revised tender documents, the procurement contracts, the Fixed Asset Register and other supporting records furnished by the Airport Operator.

2.4.75. The Authority notes that the work was procured through a competitive bidding process duly followed by the Airport Operator, and that the actual expenditure incurred is supported by the documents furnished by CIAL.

2.4.76. Accordingly, considering the detailed prudence review undertaken and the competitive procurement process followed, the Authority proposes to allow the actual capital expenditure of Rs. 7.40 Crores incurred towards the Smart Lane Systems at Terminal 1 and Terminal 3 for the true-up of the Third Control Period.

Table 23 : Smart Lane System – T1 and Smart Lane System – T3 proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
E7	Smart Lane System – T1	19.88	1.91	1.91
E8	Smart Lane System – T3	22.48	5.49	5.49

E.9 CUPPS IT System

2.4.77. In its MYTP for the Third Control Period, CIAL proposed the revamping of the passenger processing IT systems, including the Common Use Passenger Processing System ("CUPPS"), the Common User Self Service ("CUSS") and the Baggage Reconciliation System ("BRS"), at an estimated cost of Rs. 31.40 Crores, with planned capitalisation in FY 2023. The Authority, in the Tariff Order for the Third Control Period, approved the said project having regard to the submission of CIAL that the existing passenger processing IT systems were projected to reach the end of their useful life by December 2022 and accordingly required revamping during the Third Control Period. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

Deferment in Implementation

2.4.78. The Authority notes that the project was originally proposed for capitalisation in FY 2023. However, the project was deferred and was ultimately capitalised in FY 2026.

2.4.79. In this respect, CIAL submitted that, upon further assessment, it was determined that the existing CUPPS infrastructure remained in good operational condition and could be sustained through selective upgradation of the system, and that the maintenance of the existing infrastructure was accordingly extended until December 2025, thereby deferring the implementation of the project from FY 2023 to FY 2026.

2.4.80. The Authority has examined the submissions of CIAL in this regard. The Authority notes that the deferment of the project enabled the continued use of the existing infrastructure over an extended period, and that the replacement of the said infrastructure was undertaken only upon the same reaching the end of its useful life. The Authority further notes that the deferment of capitalisation of the asset from FY 2023 to FY 2026 has correspondingly deferred the inclusion of the said asset in the Regulatory Asset Base.

2.4.81. The Authority notes that, in the Tariff Order for the Third Control Period, it had decided to readjust the project cost by 1% and the applicable carrying cost in the ARR at the time of determination of tariff for the Fourth Control Period in case of non-completion of projects as per the proposed timelines. Considering the facts and circumstances and the supporting information submitted by CIAL, the Authority considers the deferment in implementation and capitalisation of the project to be reasonably justified, and accordingly decides not to apply the readjustment referred to hereinabove in respect of the said project.

Examination of the expenditure incurred

2.4.82. The Authority notes that CIAL has incurred actual capital expenditure of Rs. 31.02 Crores towards the said project, as against the approved cost of Rs. 31.40 Crores, and that the expenditure incurred is accordingly within the cost approved by the Authority for the Third Control Period.

2.4.83. The Authority, through its Independent Consultant, has undertaken a detailed examination of the actual capital expenditure incurred by CIAL vis-à-vis the cost approved under the Tariff Order for the Third Control Period, including the work order, the Fixed Asset Register and other supporting records furnished by the Airport Operator. The Authority notes that the value of the work order was higher than the actual cost of completion of the project.

2.4.84. The Authority notes that the work was procured through a competitive bidding process duly followed by the Airport Operator, and that the cost was accordingly discovered through the market for the scope

of work executed. The Authority further notes that the actual expenditure incurred is supported by the documents furnished by CIAL.

2.4.85. Accordingly, considering the detailed prudence review undertaken and the competitive procurement process followed, the Authority proposes to allow the actual capital expenditure of Rs. 31.02 Crores incurred towards the Passenger Processing IT Systems for the true-up of the Third Control Period

Table 24 : Details of Capital Expenditure for CUPPS IT System proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
E9	CUPPS IT System	31.40	31.02	31.02

F.1 Fire tenders

2.4.86. In its MYTP for the Third Control Period, CIAL proposed the procurement of Fire Tenders, comprising four Crash Fire Tenders ("CFTs") being two units of 12,000 litre capacity and two units of 10,000 litre capacity and two additional Air Crash Fire Tenders ("ACFTs"), for replacement of the existing fire-fighting vehicles deployed at the Airport which were nearing the end of their useful life and in respect of which constraints were being faced in service support and availability of spare parts. The Authority, in the Tariff Order for the Third Control Period, approved a total cost of Rs. 49.78 Crores towards the said project, comprising Rs. 31.04 Crores towards the four CFTs, phased over FY 2022 and FY 2023, and Rs. 18.74 Crores towards the two additional ACFTs in FY 2024. The Authority notes that, in respect of the two additional ACFTs, the cost proposed by CIAL was found to be substantially higher than the inflation-adjusted costs incurred at other airports for procurement of imported ACFTs, and the Authority had accordingly approved the said cost at 50% of the amount submitted by CIAL, with a decision to true up the same based on the actual cost incurred. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

Examination of the expenditure incurred

2.4.87. The Authority notes that CIAL has procured two ACFTs of 12,000 litre capacity, which have been capitalised in FY 2024, i.e. in accordance with the capitalisation schedule approved by the Authority at the time of tariff determination for the Third Control Period. The Authority accordingly notes that there is no variation between the approved and the actual capitalisation of the said procurement.

2.4.88. The Authority notes that CIAL has incurred actual capital expenditure of Rs. 16.13 Crores towards the said procurement, comprising Rs. 14.44 Crores towards the Aircraft Rescue and Fire Fighting ("ARFF") equipment and Rs. 1.69 Crores towards Customs Duty, as against the cost of Rs. 18.74 Crores approved by the Authority. The Authority accordingly notes that the actual cost incurred is within the cost approved by the Authority, and that the normative capping applied by the Authority at the time of tariff determination for the Third Control Period is borne out by the actual cost incurred.

2.4.89. The Authority, through its Independent Consultant, has undertaken a detailed examination of the actual capital expenditure incurred by CIAL vis-à-vis the cost approved under the Tariff Order for the Third Control Period, including the work order, customs duty documents, the Fixed Asset Register and other supporting records furnished by the Airport Operator. The Authority notes that the cost of the ARFF

equipment has been verified with reference to the work order and is found to be in line with the amount claimed by CIAL.

2.4.90. The Authority notes that the procurement was undertaken through a competitive bidding process duly followed by the Airport Operator, and that the cost was accordingly discovered through the market for the equipment procured.

2.4.91. The Authority further notes that Customs Duty amounting to Rs. 1.69 Crores was incurred by CIAL towards the import of the said equipment. The Authority has examined the invoices, customs duty payment receipts and other supporting documents furnished by the Airport Operator in support of the said claim, and notes that the said duty was necessarily incurred for the procurement of the equipment and forms part of the cost of acquisition thereof. The Authority accordingly proposes to consider the Customs Duty of Rs. 1.69 Crores as part of the capital cost of the project.

Non-procurement of the Crash Fire Tenders

2.4.92. The Authority notes that the four CFTs, approved at a cost of Rs. 31.04 Crores and proposed for capitalisation in FY 2022 and FY 2023, have not been procured or capitalised during the Third Control Period, and that CIAL has accordingly not claimed any expenditure in respect thereof for the purpose of true-up.

2.4.93. In this respect, CIAL submitted that the procurement process was affected by the disruptions caused by the COVID-19 pandemic.

2.4.94. The Authority has examined the submissions of CIAL in this regard. The Authority notes that, the said procurement not having been undertaken during the Third Control Period, no cost in respect thereof forms part of the capital expenditure submitted by CIAL for the purpose of true-up.

2.4.95. Accordingly, considering the detailed prudence review undertaken and the competitive procurement process followed, the Authority proposes to allow the actual capital expenditure of Rs. 16.13 Crores incurred towards the procurement of two ACFTs of 12,000 litre capacity for the true-up of the Third Control Period

Table 25 : Details of Capital Expenditure for Fire Tenders proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
F1.1	ACFTs (2 numbers)	18.74	16.13	16.13
F1.2	Crash Fire Tenders (total 4 numbers)	31.04	0	0

H. Regrading of side strips beyond 30 m and Widening of roads for ACFTs

2.4.96. In its MYTP for the Fourth Control Period, CIAL proposed the Regrading of Side Strips beyond 30 m, and the Authority, in the Tariff Order for the Third Control Period, approved a capital expenditure of Rs. 43.95 Crores towards the said project, with planned capitalisation in FY 2023. The Authority notes that the project was necessitated in view of the requirements of the Directorate General of Civil Aviation relating to stabilisation of side strips, the Californian Bearing Ratio ("CBR") at certain locations having been found to be deficient. The Authority further notes that the stabilisation of side strips up to 30 m had been completed during the Second Control Period, and that the stabilisation of side strips beyond

30 m was proposed for execution during the Third Control Period. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

Integrated execution of works

2.4.97. The Authority notes the submission of CIAL that, during the course of execution, the work relating to the Regrading of Side Strips beyond 30 m was undertaken in an integrated manner with the project relating to the Widening of Roads for ACFTs, approved by the Authority at a cost of Rs. 4.26 Crores, so as to facilitate coordinated execution of the works relating to runway safety and access requirements.

2.4.98. The Authority has examined the submissions of CIAL in this regard. The Authority notes that the works so integrated are contiguous in nature and pertain to the same area of the airfield, and that the integrated execution thereof was directed at avoiding duplication of mobilisation and repeated disruption to operations. The Authority accordingly notes that the expenditure of Rs. 27.77 Crores claimed by CIAL pertains to both the said projects taken together.

Deferment in Implementation

2.4.99. The Authority notes that the project was originally proposed for capitalisation in FY 2023. However, the project was deferred and was ultimately capitalised in FY 2024.

2.4.100. The Authority notes that, in the Tariff Order for the Third Control Period, it had decided to readjust the project cost by 1% and the applicable carrying cost in the ARR at the time of determination of tariff for the Fourth Control Period in case of non-completion of projects as per the proposed timelines. The Authority, however, notes that the deferment of capitalisation of the asset from FY 2023 to FY 2024 has correspondingly deferred the inclusion of the said asset in the Regulatory Asset Base.

2.4.101. The Authority notes that the deferment in capitalisation is limited to one year and that the project has been executed within the cost approved by the Authority. Considering the facts and circumstances of the case, the Authority does not consider it appropriate to apply the readjustment referred to in the preceding paragraph in respect of the said project.

Examination of the expenditure incurred

2.4.102. The Authority notes that CIAL has incurred actual capital expenditure of Rs. 27.77 Crores towards the integrated works, as against the aggregate approved cost of Rs. 48.21 Crores in respect of the two projects, and that the expenditure incurred is accordingly within the cost approved by the Authority for the Third Control Period. The Authority further notes the submission of CIAL that the balance scope of work relating to the Regrading of Side Strips beyond 30 m has not been executed during the Third Control Period.

2.4.103. The Authority, through its Independent Consultant, has undertaken a detailed examination of the actual capital expenditure incurred by CIAL vis-à-vis the cost approved under the Tariff Order for the Third Control Period, including the work orders, project records, the Fixed Asset Register and other supporting records furnished by the Airport Operator.

2.4.104. The Authority notes that the works were procured through a competitive bidding process duly followed by the Airport Operator, and that the actual expenditure incurred is supported by the documents furnished by CIAL.

2.4.105. Accordingly, considering the detailed prudence review undertaken and the competitive procurement process followed, the Authority proposes to allow the actual capital expenditure of Rs. 27.77 Crores

incurred towards the Regrading of Side Strips beyond 30 m and the Widening of Roads for ACFTs for the true-up of the Third Control Period while the remaining being deferred to Fourth Control Period.

Table 26: Regrading of side strips beyond 30 m proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
H.	Regrading of side strips beyond 30 m and Widening of roads for ACFTs	43.95	27.77	27.77

J. Security Equipment's - X-BIS, ETD, DFMD, HHMD etc.

2.4.106. In its MYTP for the Third Control Period, CIAL proposed the procurement of Security Equipment, comprising X-Ray Baggage Inspection Systems ("X-BIS"), Explosive Trace Detectors ("ETD"), Door Frame Metal Detectors ("DFMD") and Hand Held Metal Detectors ("HHMD"), and the Authority, in the Tariff Order for the Third Control Period, approved a capital expenditure of Rs. 19.05 Crores towards the said project. The Authority notes that the project was proposed towards meeting the additional requirements of security equipment at the Airport and for replacement of the existing equipment nearing the end of its useful life. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

Examination of the expenditure incurred

2.4.107. The Authority notes that CIAL has incurred actual capital expenditure of Rs. 13.17 Crores towards the said project during the Third Control Period, as against the approved cost of Rs. 19.05 Crores, and that the expenditure incurred is accordingly within the cost approved by the Authority for the Third Control Period. The Authority further notes that the said expenditure has been capitalised over the Third Control Period, up to FY 2026.

2.4.108. The Authority, through its Independent Consultant, has undertaken a detailed examination of the actual capital expenditure incurred by CIAL vis-à-vis the cost approved under the Tariff Order for the Third Control Period, including the work orders, procurement records, the Fixed Asset Register and other supporting records furnished by the Airport Operator.

2.4.109. The Authority notes that the procurement was undertaken through a competitive bidding process duly followed by the Airport Operator, and that the equipment procured is in accordance with the requirements of the Bureau of Civil Aviation Security and the Central Industrial Security Force communicated from time to time. The Authority further notes that the assets so procured are duly reflected in the Fixed Asset Register of the Airport Operator and that the actual expenditure incurred is supported by the documents furnished by CIAL.

2.4.110. Accordingly, considering the detailed prudence review undertaken and the competitive procurement process followed, the Authority proposes to allow the actual capital expenditure of Rs. 13.17 Crores incurred towards the Security Equipment for the true-up of the Third Control Period

Table 27: Details of Capital Expenditure for Security Equipment's - X-BIS, ETD, DFMD, HHMD etc proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in Tariff Order	CIAL Submission for True-up	Proposed by the Authority for True up
J	Security Equipment's - X-BIS, ETD, DFMD, HHMD etc.	19.05	13.17	13.17

K. Other major capital expenditure

2.4.111. The Authority, in the Tariff Order for the Third Control Period, approved a Capital Expenditure of Rs. 160.99 Crores towards Other Major Capital Expenditure. The Authority notes that the said category comprises various infrastructure and operational projects undertaken by CIAL in support of airport operations and service delivery. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

Examination of the expenditure incurred

2.4.112. The Authority notes the submission of CIAL that only a part of the approved works under Other Major Capital Expenditure was undertaken and capitalised during the Third Control Period. Against the Capital Expenditure of Rs. 160.99 Crores approved by the Authority under the Tariff Order for the Third Control Period, CIAL has submitted actual Capital Expenditure of Rs. 24.26 Crores towards the said category for the purpose of true-up of the Third Control Period.

2.4.113. The Authority, through its Independent Consultant, has undertaken a detailed examination of the Capital Expenditure claimed by CIAL towards Other Major Capital Expenditure, including the Statutory Auditor's Certificate and other supporting records furnished by CIAL.

2.4.114. The Authority notes that the Capital Expenditure of Rs. 24.26 Crores claimed by CIAL towards the projects capitalised during the Third Control Period is supported by the Statutory Auditor's Certificate furnished by CIAL. The Authority has also examined the supporting records submitted by CIAL in respect thereof and notes that the actual expenditure incurred is within the cost approved by the Authority under the Tariff Order for the Third Control Period.

2.4.115. Accordingly, considering the detailed prudence review undertaken, the Authority proposes to allow the actual Capital Expenditure of Rs. 24.26 Crores incurred towards Other Major Capital Expenditure for the true-up of the Third Control Period.

Table 28: Details of capital expenditure for Other major capital expenditure proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
K	Other major capital expenditure	160.99	24.26	24.26

M. Misc. Expenses for 3rd CP

2.4.116. The Authority, in the Tariff Order for the Third Control Period, approved a Capital Expenditure of Rs. 152.92 Crores towards Miscellaneous Expenses. The Authority notes that, as part of the MYTP submitted for the Fourth Control Period, CIAL has submitted actual Capital Expenditure of Rs. 141.76 Crores towards Miscellaneous Expenses for the purpose of true-up of the Third Control Period.

Examination of the expenditure incurred

2.4.117. The Authority, through its Independent Consultant, has undertaken a detailed examination of the Capital Expenditure claimed by CIAL towards Miscellaneous Expenses, including the Statutory Auditor's Certificate, the Fixed Asset Register ("FAR") and other supporting records furnished by CIAL.

2.4.118. The Authority notes that the Capital Expenditure of Rs. 141.76 Crores claimed by CIAL towards Miscellaneous Expenses is supported by the Statutory Auditor's Certificate furnished by CIAL. The Authority further notes that the expenditure comprises a large number of miscellaneous assets and works capitalised during the Third Control Period across various functional categories, including Civil Works and Allied Infrastructure (Rs. 33.75 Crores), Electrical and Mechanical Works (Rs. 8.55 Crores), HVAC Systems (Rs. 1.27 Crores), Fire and Safety Systems and Equipment (Rs. 10.70 Crores), Operational and Airside Equipment (Rs. 22.14 Crores), Information Technology Systems, Software and Communication Equipment (Rs. 22.52 Crores), Furniture and Fixtures (Rs. 5.49 Crores), Vehicles and Mobile Equipment (Rs. 8.92 Crores), and other miscellaneous airport operational assets (Rs. 28.42 Crores). The Authority, through its Independent Consultant, has examined the FAR, supporting records and other relevant documentation furnished by CIAL in respect of the aforesaid assets and notes that the actual expenditure incurred remains within the Capital Expenditure approved by the Authority for the Third Control Period and has been duly capitalised during the Control Period.

2.4.119. Accordingly, considering the detailed prudence review undertaken, the Authority proposes to allow the actual Capital Expenditure of Rs. 141.76 Crores incurred towards Miscellaneous Expenses for the true-up of the Third Control Period.

Table 29: Misc Expenses for 3rd CP proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
M.	Misc Expenses for 3rd CP	152.92	141.76	141.76

O. Commercial Projects

2.4.120. The Authority notes that, as part of the MYTP submitted for the Fourth Control Period, CIAL has submitted Commercial Projects under the true-up of Capital Expenditure for the Third Control Period. The Authority further notes that the said projects pertain to the development of commercial facilities at the Airport and have been classified by CIAL as Non-Aeronautical assets. The Authority notes the submission of CIAL that the said projects are intended to strengthen the commercial infrastructure at the Airport and contribute towards enhancement of Non-Aeronautical revenues. The Authority notes that the said projects are in the nature of Non-Aeronautical assets. The Authority further notes that, since the said projects do not form part of the Aeronautical Regulatory Asset Base, a detailed prudence review of the projects has not been undertaken for the purpose of true-up of the Third Control Period

2.4.121. The Authority notes that CIAL has submitted actual Capital Expenditure of Rs. 187.12 Crores towards the aforesaid Commercial Projects during the Third Control Period. The Authority further notes that the said projects are intended to augment the commercial facilities available at the Airport and support Non-Aeronautical activities thereat.

Unapproved capex undertaken and capitalised by CIAL, which were not approved by the Authority under the Tariff Order for the Third Control Period

E.5 Digi Yatra IT Systems

2.4.122. The Authority notes that, in its MYTP for the Third Control Period, CIAL had proposed implementation of the Digi Yatra IT System at an estimated cost of Rs. 30.69 Crores. The Authority further notes that the Ministry of Civil Aviation had issued the Digi Yatra Policy document and the Directorate General of Civil Aviation had prescribed the requirements for implementation of the Digi Yatra e-boarding system at airports. The Authority, while determining the tariff for the Third Control Period, had observed that the scope and cost of the project had not been sufficiently firmed up for the purpose of prudence review and, accordingly, decided to consider the capital expenditure towards the Digi Yatra IT System on incurrence and completion basis, as elaborated in Paragraph 6.2.34 of the Tariff Order for the Third Control Period. In this regard, the following has emerged and been analysed in detail based on the submissions of CIAL:

2.4.123. The Authority notes that CIAL has submitted that the Digi Yatra system was implemented during the Third Control Period and capitalised in FY 2025. Accordingly, CIAL has claimed actual Capital Expenditure of Rs. 7.92 Crores towards implementation of the Digi Yatra IT System for the purpose of true-up of the Third Control Period.

Table 30 : Digi Yatra IT Systems proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore.)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
E5	Digi Yatra IT Systems	0.0	7.92	7.92

New Projects for Third Control Period

2.4.124. The Authority notes that CIAL has submitted actual capital expenditure amounting to Rs. 120.50 Crores in respect of certain projects undertaken during the Third Control Period which were not part of the capital expenditure programme approved by the Authority under the Third Control Period Tariff Order. The Authority further notes CIAL's submission that these projects were undertaken in response to evolving operational requirements, statutory and regulatory mandates, infrastructure constraints and airport development requirements that emerged during the Third Control Period. Accordingly, CIAL has sought consideration of the said expenditure as part of the true-up exercise for the Third Control Period. Project wise detail is as under:

2.4.125. **General Aviation Terminal T2:** The Authority notes the submission of CIAL that the General Aviation Terminal has been developed by way of conversion of the existing Terminal 2 into a dedicated terminal for handling chartered, business jet and VIP movements. The Authority further notes the submission of CIAL that, prior to such conversion, the said movements were being handled at the terminals catering to regular passenger operations, thereby affecting the processing of scheduled passenger traffic at the Airport. The Authority notes that the development of a dedicated terminal facilitates the segregation of such movements from regular passenger operations and correspondingly reduces the disruption occasioned thereby at the terminals.

2.4.126. **Strengthening and Upgradation of Airport Approach Road**: The Authority notes that the project relating to Strengthening and Upgradation of Airport Approach Road has been undertaken to address deterioration in the approach road connecting NH-544 to the airport and to improve the safety, durability and serviceability of this access infrastructure.

2.4.127. The Authority notes the submission of CIAL that the APHO Hospital facility has been undertaken pursuant to the applicable statutory requirements and the guidelines issued by the Ministry of Civil Aviation in respect of Greenfield Airports. The Authority further notes the submission of CIAL that, on account of site constraints, the civil structure of the APHO Hospital facility was constructed as an integral part of the Import Cargo Complex building, on the first and second floors thereof, and that the cost of the said structure formed part of the cost of the Import Cargo Complex capitalised in FY 2024. The Authority accordingly notes that the expenditure claimed under the present head does not include any cost towards the civil structure of the facility, and pertains solely to the internal finishing works and the equipment required for operationalisation of the APHO Hospital facility in accordance with the applicable statutory and regulatory requirements.

2.4.128. The Authority further notes that the projects relating to HCI Revamp, GSE Building, and Car Park at T1 Naka Point have been undertaken by CIAL to meet operational requirements and to augment supporting airport infrastructure.

2.4.129. The Authority, through its Independent Consultant, has examined the capital expenditure claimed by CIAL in respect of the aforesaid projects, including the relevant work orders, Fixed Asset Register, and other supporting records furnished by the Airport Operator. Based on the said examination, the Authority notes that the procurement appears to have been undertaken through a fair and competitive bidding process, and that the cost incurred is market discovered and broadly aligned with the corresponding contractual and capitalisation records. The Authority further notes that the expenditure claimed is supported by the relevant project records placed on file.

2.4.130. The Authority has considered the submissions made by CIAL in respect of the aforesaid projects, which were not part of the originally approved capital expenditure framework for the Third Control Period. Upon examination of the nature of the works, the justification furnished by the Airport Operator, and the supporting documents placed on record, the Authority is of the view that these projects have been undertaken in response to operational, access, infrastructure and statutory requirements arising during the Third Control Period. Accordingly, the Authority proposes to admit the capital expenditure incurred towards the aforesaid projects for the purpose of true-up of the Third Control Period, as set out in the table below.

Table 31: New Projects proposed to be considered by the authority for True up of Third Control Period

(Rs. in Crore)

S. No.	Asset	CIAL Submission for True-up	Proposed by the Authority for True up
1	General Aviation Terminal T2	40.76	40.76
2	Strengthening and Upgradation of Airport approach road	27.41	27.41
3	APHO Hospital	10.06	10.06
4	HCI revamp	5.49	5.49
5	GSE building	22.38	22.38
6	Car Park T 1 Naka Point	14.41	-
	Total	**120.50**	**106.09**

Sustaining CAPEX

R. Projects postponed from FY 2021

2.4.131. In the Third Control Period Order, the Authority considered CIAL's sustaining capital expenditure requirements for the Third Control Period. The Authority noted that projects postponed from the Second

Control Period, approved at a cost of Rs. 63.56 Crores were to be capitalized during the Third Control Period as per the Authority's directive.

2.4.132. The Authority notes CIAL's submission regarding sustaining capital expenditure for the Third Control Period. The Authority observed that sustaining capital expenditure is essential for maintaining airport operations, safety, and security standards.

2.4.133. The variance of Rs. 18.98 Crores represents projects that were deferred or not executed during FY 2022.

2.4.134. The Authority, through its Independent Consultant, has verified the capitalization of the aforesaid projects with reference to the Fixed Asset Register (FAR), supporting capitalization records and the Statutory Auditor's Certificate submitted by CIAL. Based on such verification, the Authority notes that the capital expenditure amounting to Rs. 44.59 Crores has been duly incurred and capitalized in FY 2022 and is considered reasonable and admissible for the purpose of true-up.

2.4.135. Accordingly, considering the detailed prudence review undertaken, the Authority proposes to allow the actual Capital Expenditure of Rs. 44.59 Crores incurred towards Projects postponed from FY 2021 for the true-up of the Third Control Period.

Table 32: Details of Projects postponed from FY 2021 as proposed by the Authority for true up of Third Control Period

(Rs. in Crore)

Code	Asset	Approved in TCP Order	CIAL Submission for True-up	Proposed by the Authority for True up
R	Projects postponed from FY 2021	63.56	44.59	44.59

Allocation Ratios as per the Authority and the underlying principles

2.4.136. The Authority has examined the allocation ratios submitted by CIAL between aeronautical and non-aeronautical assets for the purpose of true-up of the Third Control Period. The Authority is of the view that the allocation ratios approved in the Third Control Period Tariff Order, which were determined after due deliberation and considering the principle of consistency, should continue to apply for the true-up of the Third Control Period. However, in respect of certain assets, the Authority notes that the nature and usage of the underlying asset warrant a revised allocation in order to appropriately reflect whether such assets are terminal-specific or common in nature. Accordingly, the Authority proposes the following allocation principles:

- **Construction of Import Warehouse**: The Authority proposes to consider the allocation ratio of 100% as approved in the Third Control Period Order.
- **Flood control measures in CWIP (as per Annexure 6 – part of R. Projects Postponed from FY2021) and of third control period**: The Authority proposes to consider the allocation ratio of 100% as approved in the Third Control Period Order.
- **SOC & NOC for IT**: The Authority proposes to consider the allocation ratio of 100% as approved in the Third Control Period Order.
- **Digi Yatra IT Systems**: The Authority proposes to allocate the capital expenditure at 100% allocation ratio.

- **Perimeter Intrusion Detection System (PIDS)**: The Authority proposes to consider the allocation ratio of 100% as approved in the Third Control Period Order.
- **Smart Lane System – T1 & Smart Lane System – T3:** The Authority proposes to consider the allocation ratio of 100% as approved in the Third Control Period Order.
- **CUPPS IT System**: The Authority proposes to consider the allocation ratio of 100% as approved in the Third Control Period Order.
- **Fire tender**: The Authority proposes to consider the allocation ratio of 100% as approved in the Third Control Period Order.
- **Regrading of side strips beyond 30 m**: The Authority proposes to consider the allocation ratio of 100% as approved in the Third Control Period Order.
- **Security Equipments - X-BIS, ETD, DFMD, HHMD etc.**: The Authority proposes to consider the allocation ratio of 100% as approved in the Third Control Period Order.
- **Other Major Capital Expenditure**: The Authority, through its Independent Consultant, has examined the allocation of assets under this category and notes that the allocation ratio in respect of certain assets requires reconsideration. The Authority notes that assets such as Crompton make 1200 mm Long LED batten, BY718P LED150/NW PSU NB IN, S of 80W LED linear bay surface fittings, S of 100W LED high bay fitting, Supply of 36W 2X2 LED panel light, Supply of 12W adjustable LED spot light, and Supply of adjustable LED spot light, which were initially considered by CIAL at an allocation ratio of 100%, are in the nature of lighting and allied infrastructure used across airport facilities generally and are not attributable exclusively to a specific terminal or dedicated aeronautical asset. The Authority further notes that these items appear to have been procured as part of bulk procurement for airport-wide usage. Accordingly, the Authority proposes to consider these assets as common assets and apply the allocation ratio of 90.84%. In respect of the balance assets under this category, no change in allocation ratio is proposed, and the Authority proposes to retain the same as submitted by CIAL.

  Accordingly, the Authority proposes to consider an overall allocation ratio of 99.87% for Other Major Capital Expenditure, as against 99.91% submitted by CIAL (being the average allocation ratio derived from all line items grouped under Other Major Capital Expenditure). This variance is primarily attributable to a revision in the allocation ratios for certain assets classified under Other Major Capital Expenditures, as proposed by the Authority. Details of these changes are provided in the table below:

Table 33 : Summary of variance in Allocation ratio CIAL submitted versus Authority proposed to be considered for capital projects under Other Major Capital Expenditure

S.No.	Asset Description	Allocation Ratio as per CIAL	Proposed Allocation Ratio as per the Authority	Basis for Allocation
1	Crompton make 1200 mm Long LED batten	100.00%	90.84%	Common Terminal Area Ratio
2	BY718P LED150/NW PSU NB IN	100.00%	90.84%	
3	BY718P LED150/NW PSU NB IN	100.00%	90.84%	

4	S of 80W LED linear bay surface fittings	100.00%	90.84%	
5	S of 100W LED high bay fitting	100.00%	90.84%	
6	Supply of 36W 2X2 LED panel light	100.00%	90.84%	
7	Supply of 36W 2X2 LED panel light	100.00%	90.84%	
8	Supply of 12W adjustable LED spot light	100.00%	90.84%	
9	Supply of adjustable LED spot light	100.00%	90.84%	
10	Supply of 36W 2X2 LED panel light	100.00%	90.84%	

- **Miscellaneous Expenses for Third Control Period and projects postponed from FY 2021**: The Authority, through its Independent Consultant, has examined the allocation of assets under this category and notes that the allocation ratio in respect of certain assets requires reconsideration. The Authority notes that assets such as GI sheet roofing – T1 terrace and SS wall protection guard rails at T1 arrival, which were initially considered by CIAL at an allocation ratio of 100%, are being used exclusively for Terminal 1 and are therefore more appropriately considered as Terminal 1-related assets. Similarly, assets such as T1 Court Yard – Canopy Extension – Civil Works, T1 Court Yard – Canopy Extension – Landscaping Works, T1 Court Yard – Canopy Extension – Add Civil Works, T1 Court Yard – Canopy Extension – Partition Works, and Additional rooms at west block of Terminal 1, which were initially considered by CIAL based on the common terminal building ratio, are also being used exclusively for Terminal 1 and are therefore more appropriately considered as Terminal 1-related assets. Accordingly, the Authority proposes to apply the allocation ratio of 89.39% to the aforesaid assets.

  The Authority further notes that GI sheet roofing – walkway – T3 arrival, which was initially considered by CIAL at an allocation ratio of 100%, is being used exclusively for Terminal 3 and is therefore more appropriately considered as a Terminal 3 / TBLR-related asset. The Authority also notes that Construction of Hajj Camp Roof Truss, which was initially considered by CIAL at an allocation ratio of 100%, caters specifically to Hajj pilgrims and is therefore more appropriately segregated into TBLR for Terminal 3. Accordingly, the Authority proposes to apply the allocation ratio of 91.53% to the aforesaid assets.

  The Authority also notes that Providing and fixing of gratings at cityside and 03 Nos. of Articulating Boom Lifts are in the nature of common-use infrastructure / operational assets serving airport facilities generally and are therefore more appropriately considered as common assets. Accordingly, the Authority proposes to apply the allocation ratio of 90.84% to these assets. In respect of the balance assets under this category, no change in allocation ratio is proposed, and the Authority proposes to retain the same as submitted by CIAL.

  Accordingly, the Authority proposes to consider an overall allocation ratio of 93.70% for Miscellaneous Expenses for Third Control Period and projects postponed from FY 2021, as against 94.61% submitted by CIAL (being the average of the allocation ratios applicable to all line items classified under Miscellaneous Expenses). The variance is primarily attributable to a revision in the allocation ratios for certain assets classified under Miscellaneous Expenses, as proposed by the Authority. Details of these changes are provided in the table below:

Table 34 : Summary of variance in Allocation ratio CIAL submitted versus Authority proposed to be considered for capital projects under Miscellaneous Expenses for Third Control Period and projects postponed from FY 2021

S.No.	Asset Description	Allocation Ratio as per CIAL	Proposed Allocation Ratio as per the Authority	Basis for Allocation
1	GI sheet roofing- T1 terrace	100.00%	89.39%	Terminal 1 Area Ratio
2	SS wall protection guard rails at T1 arrival	100.00%	89.39%	
3	GI sheet roofing -walkway - T3 arrival	100.00%	91.53%	Terminal 3 Area Ratio
4	Construction of Hajj Camp Roof Truss	100.00%	91.53%	Terminal 3 Area Ratio
5	T1 Court Yard - Canopy Extension -Civil Works	90.84%	89.39%	Terminal 1 Area Ratio
6	T1 CourtYard - Canopy Extension - Landscaping Works	90.84%	89.39%	
7	T1 CourtYard - Canopy Extension -Add Civil Works	90.84%	89.39%	
8	T1 CourtYard - Canopy Extension - Partition Works	90.84%	89.39%	
9	Additional rooms at west block of Terminal 1	90.84%	89.39%	
10	Providing and fixing of gratings at cityside	100.00%	90.84%	Common Terminal Area Ratio
11	03 Nos. of Articulating Boom Lifts	100.00%	90.84%	
12	Service Road - Airport Approach road-from Athani	100.00%	90.84%	
13	Service Road - Airport Approach road-BC	100.00%	90.84%	

- **General Aviation Terminal T2**: The Authority notes that the said asset is in the nature of a terminal facility and accordingly proposes to apply the Common TBLR-related allocation ratio of 90.84% to the common asset forming part of T2. The Authority further notes that the remaining line items comprising General Aviation Terminal T2 are considered exclusively aeronautical in nature and have therefore been allocated at 100%. Accordingly, considering the allocation ratios applicable to the various components of the asset, the Authority proposes to adopt an overall average allocation ratio of **91.53%** for General Aviation Terminal T2.
- **Strengthening and Upgradation of Airport Approach Road**: The Authority notes that CIAL has considered the said asset at an allocation ratio of **100%**. However, the Authority is of the view that the airport approach road forms part of the common access infrastructure of the airport and serves airport users generally. Accordingly, the Authority proposes to consider the said asset as a **common asset** and apply the allocation ratio of **90.84%.**
- **APHO Hospital**: The Authority notes that the said asset has been created pursuant to statutory and regulatory requirements and is directly linked to airport operations; accordingly, the Authority proposes to apply an allocation ratio of 100%.
- **HCI Revamp:** The Authority notes that the said asset is directly related to airport operational requirements and accordingly proposes to apply an allocation ratio of 100%.

- **GSE Building**: The Authority notes that the said asset is intended to support airport operational activities and accordingly proposes to apply an allocation ratio of 100%.
- **Car Park T1 Naka Point**: The Authority notes that the said asset is in the nature of a non-aeronautical facility and accordingly proposes to apply an allocation ratio of 0%.
- **Commercial projects**: The Authority proposes to consider the allocation ratio of 0% as approved in the Third Control Period Order.

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

Table 35: Aeronautical Capital Expenditure proposed by the Authority for the true-up of the Third Control Period

(Rs. in Crore)

S. No.	Project	Capex proposed by the Authority for true-up of TCP	Allocation ratio	Aeronautical Capex proposed by the Authority for true-up of TCP
		A	B	C=A*B
A.1	Construction of Import Warehouse	68.05	100%	68.05
C	Flood control measures	43.14	100%	43.14
E.4	SOC & NOC for IT	9.65	100%	9.65
E.5	Digi Yatra IT Systems	7.92	100%	7.92
E.6	Perimeter Intrusion Detection System (PIDS)	23.95	100%	23.95
E.7	Smart Lane System – T1	1.91	100%	1.91
E.8	Smart Lane System – T3	5.49	100%	5.49
E.9	CUPPS IT System	31.02	100%	31.02
F.1	Fire tenders	16.13	100%	16.13
H	Regarding of side strips beyond 30 m	27.77	100%	27.77
J	Security Equipments - X-BIS, ETD, DFMD, HHMD etc.	13.17	100%	13.17
K	Other major capital expenditure	24.26	99.88%	24.23
M	Misc Expenses for 3rd CP	141.76	96.70%	137.08
O	Commercial projects	187.08	0%	0.00
	General Aviation Terminal T2	40.76	91.53%	37.31
	Strengthening and Upgradation of Airport approach road	27.41	90.84%	24.90
	APHO Hospital	10.06	100.0%	10.06
	HCI revamp	5.49	100.0%	5.49
	GSE building	22.38	100.0%	22.38
	Car Park T 1 Naka Point	14.41	0%	0.0
R	Projects postponed from FY 2021	44.58	87.42%	38.97
	Total	**766.40**		**548.63**

2.4.138. The Aeronautical capex proposed by the Authority for true-up of the Third Control Period as above is Rs. 548.63 Cr. The variance of Rs. (726.55 Cr). (i.e., a reduction of approximately 56.97%) from the

Rs. 1275.18 Cr. approved by the Authority in the Tariff Order of the Third Control Period is primarily on account of projects dropped/deferred by CIAL, lower actual capitalization and application of allocation ratio.

Depreciation for the Third Control Period

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

2.4.139. CIAL has submitted that it follows a policy of charging depreciation up to 95% of the original cost of the asset, and the same methodology has been considered for true-up for the Third Control Period.

2.4.140. CIAL has submitted that, for the assets capitalized from FY 2022 to FY 2026, depreciation for the year in which the assets are capitalized has been calculated based on the actual date of capitalization.

2.4.141. CIAL has submitted the following Aeronautical Depreciation for true-up of the Third Control Period in its MYTP for the Fourth Control Period:

Table 36: Aeronautical Depreciation submitted by CIAL for true-up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aeronautical Depreciation	119.00	112.80	119.10	116.60	130.10	597.60

2.4.142. CIAL has subsequently submitted the following revised Aeronautical Depreciation vide its e-mail dated 30.06.2026:

Table 37: Revised Aeronautical Depreciation for Third Control Period as submitted by CIAL

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aeronautical Depreciation	118.50	112.33	118.63	116.17	122.03	587.66

2.4.143. The useful life of asset considered for depreciation by CIAL for the Third Control Period is as per the table below:

Table 38: Useful life of asset considered for depreciation by CIAL for the Third Control Period

S. No.	Type/Category of Asset	Useful Life	Asset Class
A	**Assets and components of assets for which the useful life as prescribed as per Part C of Schedule II / directed by AERA / technical evaluation is applied:**		
1	Building - Civil, earth works, pile masonry, concrete, steel and RCC Works (including terminal building and cargo complex)	60	Buildings & Civil Works
2	Building - False ceiling, handrails and façade works	20	Buildings & Civil Works
3	Building - Interior, flooring, roofing, plumbing and finishing	15	Buildings & Civil Works
4	Elevators, Escalators, Baggage Handling Systems, Travellators, HVAC equipment, aircraft recovery equipment and aerobridges	15	Plant and Equipment
5	Light fittings	10	Plant and Equipment
6	Runway, Apron and Taxiway	30	Runway, Roads and Culverts
7	Runway recarpeting	15	Runway, Roads and Culverts
B	**Assets and components of assets for which different useful life as directed by AERA is applied:**		
8	Electrical Installation and equipment	10	Plant and Equipment
9	Flight Information System	10	Plant and Equipment
10	Aircraft Fire tenders and other fire equipment	15	Plant and Equipment
11	X-Ray, RT Sets, DFMD, HHMD and security equipment	15	Plant and Equipment
12	Office equipment	5	Office Equipment
13	Furniture and fixtures other than trolleys	7	Furniture and Fixtures
14	Furniture and fixture trolleys	3	Furniture and Fixtures

S. No.	Type/Category of Asset	Useful Life	Asset Class
15	Computer end user devices	3	Computers and Accessories
16	Computers, servers and networks	6	Computers and Accessories
17	CUPPS, CUSS, Networking and BRS	6	Plant and Equipment
18	Roads and flexible pavement	10	Runway, Roads and Culverts
19	Flexible pavements	5	Runway, Roads and Culverts
20	Software	5	Intangible assets
21	Vehicles	8	Vehicles

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

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

i. Decision 6.6.4*: "Authority decides to revise the useful lives of assets as per AERA Order No. 35/2017-18 dated 12 January 2018 regarding determination of useful lives of airport assets and consider Aeronautical Depreciation as given in Para 6.5.13 (Table 135)."*

2.4.145. The depreciation rates as decided by the Authority for the Third Control Period are given in the table below:

Table 39: Useful Life considered by the Authority during Tariff determination for the Third Control Period

S. No.	Item Description	Useful Life (CIAL)	Revised Useful Life	Revised Asset Category
1	Smart-lane System	6	15	Baggage Handling Systems
2	Re-carpeting of runway	5	9	Runway Re-carpeting
3	Purchasing plastic / wooden skids	10	7	Furnitures and Fixtures other than Trolleys
4	Software upgradation for paperless transaction	6	5	Intangible assets
5	Purchase of Telescopic Forklift	10	15	Elevators, Escalators, ETV Equipment
6	Commercial RO water plant	15	10	Electrical installation and equipment
7	Replacement of STP Equipment	15	10	Electrical installation and equipment
8	Modification of existing cargo to an integrated export warehouse - Building (Civil Works)	15	30	Terminal Building / Building in Operational Area
9	CISF Quarters (Civil Works)	20	30	Residential Building
10	CISF Quarters (Civil Works)	15	30	Terminal Building / Building in Operational Area
11	Development of northern side of T3 Pier (Civil Works)	20	30	Terminal Building / Building in Operational Area
12	Development of northern side of T3 Pier (Civil Works)	15	30	Terminal Building / Building in Operational Area
13	Minor works (Civil Works)	15	30	Terminal Building / Building in Operational Area

14	Roof storage on main fire station terrace (Civil Works)	15	30	Terminal Building / Building in Operational Area
15	ATC Tower refurbishment	15	30	Terminal Building / Building in Operational Area

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

Table 40: Depreciation considered by the Authority in the Third Control Period Tariff Order

(Rs. In Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Land	0.00	0.00	0.00	0.00	0.00	0.00
Buildings and civil works	21.17	22.44	22.61	23.34	22.92	112.48
Golf course development	0.00	0.00	0.00	0.00	0.00	0.00
Runway, roads and culverts	35.90	50.70	55.53	55.86	58.87	256.86
Plant and Equipment	51.80	55.37	63.81	70.42	77.15	318.55
Office Equipment	0.37	0.55	0.58	0.60	0.63	2.74
Computers and accessories	2.24	4.44	5.80	5.69	4.66	22.82
Furnitures and fixtures	1.45	1.66	1.82	1.62	1.48	8.04
Vehicles	1.35	1.66	1.68	1.79	1.72	8.20
Intangible assets	0.47	1.53	2.50	2.68	2.85	10.04
IDC	0.50	0.76	0.81	1.03	1.10	4.19
Total Depreciation	**115.26**	**139.11**	**155.14**	**163.03**	**171.38**	**743.92**

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

2.4.147. CIAL has computed depreciation for the assets based on the useful life of assets as prescribed under Part C of Schedule II of the Companies Act, 2013, or as directed by the Authority, including based on technical evaluation, as applicable. The Authority notes that CIAL has adopted asset/component-wise useful lives for the purpose of computation of depreciation for the Third Control Period.

2.4.148. The Authority notes CIAL's submission and decides to revise the useful lives of assets as per AERA Order No. 35/2017-18 dated 12 January 2018 for the computation of depreciation. The major asset category-wise useful life considered by CIAL and proposed to be considered by the Authority is as follows:

Table 41: Useful life of the assets proposed to be considered by the Authority

S. No.	Type/Category of Asset	Useful Life considered by CIAL	Useful Life proposed by the Authority
1	Building - Civil, earth works, pile masonry, concrete, steel and RCC works (including terminal building and cargo complex)	60	60
2	Building - False ceiling, handrails and façade works	20	30
3	Building - Interior, flooring, roofing, plumbing and finishing	15	30
4	Elevators, Escalators, Baggage Handling Systems, Travellators, HVAC equipment, aircraft recovery equipment and aerobridges	15	15
5	Light fittings	10	10
6	Runway, Apron and Taxiway	30	30
7	Runway recarpeting	15	15
8	Electrical Installation and equipment	10	10

S. No.	Type/Category of Asset	Useful Life considered by CIAL	Useful Life proposed by the Authority
9	Flight Information System	10	10
10	Aircraft Fire tenders and other fire equipment	15	15
11	X-Ray, RT Sets, DFMD, HHMD and security equipment	15	15
12	Office equipment	5	5
13	Furniture and fixtures other than trolleys	7	7
14	Furniture and fixture trolleys	3	3
15	Computer end user devices	3	3
16	Computers, servers and networks	6	6
17	CUPPS, CUSS, Networking and BRS	6	6
18	Roads and flexible pavement	10	10
19	Flexible pavements	5	5
20	Software	5	5
21	Vehicles	8	8

2.4.149. The useful life adopted by CIAL in respect of certain components under the asset class Buildings and Civil Works, namely Building - False ceiling, handrails and façade works and Building - Interior, flooring, roofing, plumbing and finishing, has been revised based on the nature of such assets and their alignment with the broader building asset category. Accordingly, the Authority proposes to consider a useful life of 30 years for these components as against 20 years and 15 years, respectively, as considered by CIAL.

2.4.150. The Authority through its Independent Consultant has examined the depreciation submitted by CIAL for the Third Control Period based on the Fixed Asset Register, asset capitalization details, and the classification of assets into aeronautical, non-aeronautical and common categories. The Authority notes that the depreciation has been recomputed after carrying out a review of the assets capitalized during the Third Control Period and after considering the asset classification and allocation principles adopted by the Authority in the earlier tariff orders.

2.4.151. The Authority notes that, for assets directly attributable to aeronautical services, depreciation has been considered fully under aeronautical depreciation. In respect of common assets, depreciation has been apportioned between aeronautical and non-aeronautical activities based on the applicable allocation principles adopted by the Authority. In case of common terminal-related assets, the allocation has been carried out based on the relevant terminal area ratio, while for employee-related common assets, the apportionment has been carried out based on the employee ratio, as submitted by CIAL and as considered appropriate by the Authority.

2.4.152. The Authority further notes that CIAL follows a policy of charging depreciation up to 95% of the original cost of the asset. The Authority has considered the same approach for the purpose of true-up of depreciation for the Third Control Period, subject to reasonableness and consistency with the applicable depreciation rates and asset classification principles.

2.4.153. The Authority also notes that land is excluded from the Regulatory Asset Base and is considered separately for determination of FRoR, in accordance with the applicable orders of the Authority. Accordingly, no depreciation has been considered on land for the purpose of tariff determination.

2.4.154. Based on the review of the asset-wise useful life, the classification of assets, the date of capitalization, and the aeronautical allocation of common assets, the Authority has recomputed the aeronautical depreciation for the Third Control Period. In particular, the Authority has revised the useful life of

certain components under Buildings and Civil Works, as noted above, which has resulted in corresponding adjustment in the depreciation admissible for the relevant years of the Third Control Period.

2.4.155. Accordingly, the Authority proposes to consider the aeronautical depreciation for true-up of the Third Control Period as set out below:

Table 42: Aeronautical Depreciation Proposed to be considered by the Authority for True-Up of the Third Control Period

(Rs. In Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aeronautical Depreciation	110.65	105.00	109.81	110.29	114.38	550.14

2.4.156. Based on the above the Authority proposes Rs. 550.14 Cr. for True up of Third Control Period as per the table above.

Regulatory Asset Base (RAB) for the Third Control Period

CIAL's submission regarding Regulatory Asset Base towards true up of the Third Control Period

2.4.157. Considering the above, the Regulatory Asset Base for true up of the Third Control Period as submitted by CIAL is given in the table below:

Table 43: Aeronautical RAB submitted by CIAL for true up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	Ref	2022	2023	2024	2025	2026	Total
Opening RAB	A	1602.6	1550.1	1517.1	1536.1	1519.2	
Depreciation	B	119.0	112.8	119.1	116.6	130.1	**597.60**
Capital Additions during the year	C	66.4	80.1	144.6	99.8	248.2	**639.10**
Transfers/ Retirements	D	0.0	-0.3	-6.5	-0.1	0.0	**-6.90**
Closing RAB	E = A - B + C D	1550.1	1517.1	1536.1	1519.2	1637.3	
Average RAB	F = (A + E) / 2	1576.3	1533.6	1526.6	1527.7	1578.3	

2.4.158. As per the above table, CIAL has submitted total additions to RAB of Rs. 639.10 Crores and total deletions of Rs. 6.90 Crores during the true-up of the Third Control Period. The aeronautical depreciation for the Third Control Period amounts to Rs. 597.60 Crores.

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

2.4.159. The Regulatory Asset Base as decided by the Authority in the Tariff Order of the Third Control Period in the table below:

Table 44: Regulatory Asset Base decided by the Authority in the Tariff Order of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Opening RAB	1610.51	1732.06	1989.78	1984.06	2222.52	
Less: Depreciation during year	115.26	139.11	155.14	163.03	171.38	743.92
Add: Capitalisation during year	236.80	396.83	149.42	401.49	90.63	1275.18
Sales/transfers/retirements						
Closing RAB	1732.06	1989.78	1984.06	2222.52	2141.77	

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Average RAB	1671.29	1860.92	1986.92	2103.29	2182.14	

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

Deletions

2.4.160. The Authority through its Independent Consultant (PwC) examined the asset transfers/ deletions for the Third Control Period based on the analysis of the Fixed Asset Register. The Authority notes that the retirements proposed to be considered have been arrived after examination of the Fixed Asset Register. The adjustments proposed are as follows:

Table 45: Adjustments in Retirements proposed to be considered by the Authority for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Aeronautical Deletions submitted by CIAL	0.01	0.32	6.52	0.09	13.64	20.58
Aeronautical Deletions proposed by the Authority	0.01	0.32	6.52	0.09	13.64	20.58

2.4.161. The Authority notes that the Closing RAB of Rs. 1610.51 Crores for FY 21 considered during the true up of the Second Control Period. Accordingly, the same has been considered as the opening RAB for the true up of the Third Control Period.

2.4.162. Considering the adjustments/disallowances in the Capital Expenditure for the Third Control Period, the revised Regulatory Asset Base for the Third Control Period proposed to be considered by the Authority is given in the table below:

Table 46: RAB proposed to be considered by the Authority for true up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Opening RAB (A)	1610.51	1566.17	1539.72	1567.64	1555.17	
Capital Additions (B)	66.32	78.88	144.24	97.91	161.27	548.63
Depreciation (C)	110.65	105.00	109.81	110.29	114.38	550.14
Deletions / Disposal (D)	0.01	0.32	6.52	0.09	13.64	20.58
Closing RAB (E) = (A) + (B) − (C) − (D)	1566.17	1539.72	1567.64	1555.17	1588.42	
Average RAB {(A) + (E)}/2	1588.34	1552.95	1553.68	1561.40	1571.79	

2.5. True Up of Return on Land

CIAL's submission regarding Return on Land for the True up of Third Control Period

2.5.1. CIAL has submitted the Return on Land for the true-up of the Third Control Period based on actuals incurred during the period till FY25 and estimation for FY26.

Table 47: Return on Land submitted by CIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (in INR)	2022	2023	2024	2025	2026	Total
Land Cost	125	125	125	125	125	
Aero Ratio (%)	86.80%	86.80%	86.80%	86.80%	86.80%	
Aero Land	108.5	108.5	108.5	108.5	108.5	
Actual cost of debt (%) (A)	6.35%	7.60%	7.70%	7.80%	7.80%	

Particulars (in INR)	2022	2023	2024	2025	2026	Total
SBI rate* + 2% (%) (B)	>8%	>8%	>8%	>8%	>8%	
Rate for calculation of return on land cost (%) (lower of A and B)	6.35%	7.60%	7.70%	7.80%	7.80%	
Return on land cost	8.2	9.3	9.4	9.5	9.5	
Total Return on Land	**45.74**					

2.5.2. Subsequently, vide email dated 17.06.2026, CIAL submitted revised Return on Land for the Third Control Period. The revised details submitted by CIAL are provided in table below:

Table 48 : Revised Return on Land submitted by CIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (in INR)	2022	2023	2024	2025	2026	Total
Land Cost	125	125	125	125	125	
Aero Ratio (%)	86.76%	86.76%	86.76%	86.76%	86.76%	
Aero Land	108.47	108.47	108.47	108.47	108.47	
Actual cost of debt (%) (A)	6.35%	7.60%	7.70%	7.80%	7.30%	
SBI rate* + 2% (%) (B)	>8%	>8%	>8%	>8%	>8%	
Rate for calculation of return on land cost (%) (lower of A and B)	6.35%	7.60%	7.70%	7.80%	7.30%	
Return on land cost	8.18	9.27	9.36	9.45	9.01	
Total Return on Land	**45.27**					

Recap of Authority's decision regarding Return on Land for the Third Control Period

2.5.3. The Authority, in the Tariff Order for the Third Control Period, had concluded as under in respect of the Return on Land for the Third Control Period

Decision 8.6.1.: "Authority decides to consider the total cost of land as submitted by CIAL (refer Para 8.2.6)".

Decision 8.6.2. "Authority decides to consider the land leased out to IOCL retail outlet as Non-Aeronautical (refer Para 8.2.8)".

Decision 8.6.3. "Authority decides to not provide return on the cost of land earmarked for future use, until the same is put to use (refer Para 8.5.1)".

Decision 8.6.4. "Authority decides to not consider the land reserved for rehabilitation in the computation of return on cost of land (refer Para 8.2.10)".

Decision 8.6.5. "Authority decides to apportion the land for terminal buildings and associated areas in the terminal allocation ratio (refer Para 8.2.11)".

Decision 8.6.6. "Authority decides to consider the return on land for the Third Control Period as given in Para 8.2.13 (Table 145) and true up the same based on the actual year of capitalisation of assets on the land earmarked for future expansion"

Table 49 : Return on Land decided by the Authority in the Tariff Order of the Third Control Period

(Rs. in Crore)

Particulars (in INR crores)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
Land Cost	125.00	125.00	125.00	125.00	125.00	
Aero Ratio (%)	83.95%	83.95%	83.95%	83.95%	83.95%	
Aero Land	104.96	104.96	104.96	104.96	104.96	
Actual cost of debt (%)	7.80%	7.80%	7.80%	7.80%	7.80%	
Return on cost of land	**9.15**	**9.15**	**9.15**	**9.15**	**9.15**	**45.74**

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

2.5.4. The Authority has examined the computation of Return on Land submitted by CIAL for the Third Control Period as part of its MYTP submission for the Fourth Control Period. The Authority notes that CIAL has proposed Return on Land of Rs. 45.27 Crores, which is lower than the amount approved by the Authority at the time of tariff determination for the Third Control Period. The Authority, however, notes that the underlying parameters have been revised based on the actual utilisation of land and actual financing costs incurred during the Control Period.

2.5.5. The Authority notes that the cost of land considered for the computation of Return on Land continues to remain at Rs. 125.00 Crores, which is unchanged from the cost considered at the time of tariff determination for the Third Control Period.

2.5.6. The Authority further notes that CIAL has revised the aeronautical allocation ratio from 83.95% to 86.76% based on the actual utilisation and classification of airport land during the Third Control Period. The Authority notes that the increase in the aeronautical allocation ratio is primarily attributable to

(i) reduction in the common area associated with Terminal 2, a significant portion of which was attributable to non-aeronautical activities,

(ii) capitalisation of the Import Cargo Complex, which has been classified as a non-aeronautical asset, and

(iii) the revised treatment of land earmarked for the Terminal 3 Expansion project. The Authority has examined the revised land utilisation statement submitted by CIAL and considers the revised aeronautical allocation ratio to be reasonable.

2.5.7. The Authority further notes that CIAL has computed Return on Land using the actual cost of debt applicable during each year of the Third Control Period, being the lower of the actual cost of debt and the applicable regulatory benchmark. The Authority has examined the supporting information submitted by CIAL and notes that the applicable rate varies between 6.35% and 7.80% during the Third Control Period, as against the uniform rate of 7.80% considered at the time of tariff determination.

2.5.8. Based on the above, the Authority has verified the revised aeronautical allocation ratio and the year-wise cost of debt considered by CIAL and finds the same to be reflective of the actual utilisation of land and financing costs incurred during the Third Control Period. Accordingly, the Authority proposes to accept the revised computation of Return on Land submitted by CIAL.

Table 50: Return on Land proposed to be considered by the Authority for True up of the Third Control Period

(Rs. in Crore)

Particulars (in INR crores)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
Land Cost	125	125	125	125	125	
Aero Ratio (%)	86.76%	86.76%	86.76%	86.76%	86.76%	
Aero Land	108.47	108.47	108.47	108.47	108.47	
Actual cost of debt (%)	6.35%	7.60%	7.70%	7.80%	7.30%	
Return on cost of land	**8.18**	**9.27**	**9.36**	**9.45**	**9.01**	**45.27**

2.5.9. The Return on Land proposed to be considered by the Authority for the Third Control Period as presented in Table 50

2.6. True Up of Operating Expenses

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

2.6.1. CIAL in the MYTP had submitted the Operating Expenses for the true-up of the Third Control Period based on actuals incurred during the period till FY25 and estimation for FY26.

2.6.2. The component wise breakup of Operating Expenses submitted by CIAL for the Third Control Period is as follows:

Table 51: Operating Expenses submitted by CIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Payment to Employees	86.66	103.07	108.78	128.10	137.33	563.94
Repair & Maintenance	25.9	32.77	36.23	38.48	40.72	174.10
Utility Costs	25.43	28.99	32.61	32.86	34.06	153.95
Safety & Security Expenses	7.84	9.43	9.05	14.56	16	56.88
Vehicle Repair & Maintenance	1.28	1.59	2.26	3.67	4.04	12.84
Housekeeping Expenses	8.02	10.42	11.4	12.39	13.63	55.86
Consumables	2.46	3.32	4.82	5.27	5.62	21.49
Other operating expenses	9.21	10.47	14.55	16.90	18.59	69.72
BHS & X-ray Operational Expenses	7.46	8.66	8.90	9.34	10.27	44.63
Cargo Handling Expenses	0.00	0.91	9.47	14.78	15.64	40.80
CSR Expenses	2.45	1.14	1.92	6.36	10.45	22.32
Admin & General Expenses	18.65	32.37	39.46	29.51	65.60	185.59
Working Capital Interest	6.76	0.33	0.00	0.07	0.00	7.16
Total	**202.12**	**243.47**	**279.45**	**312.29**	**371.95**	**1409.28**

2.6.3. Subsequently, vide e-mail dated 17.06.2026, CIAL has submitted a revised Operating Expenses for FY 2025-26 based on unaudited financials for FY 2025-26. Accordingly, the revised component wise breakup of Operating Expenses as submitted by CIAL is as follows:

Table 52: Revised Operating Expenses submitted by CIAL for True up of the Third Control Period

(Rs. in Crore.)

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

Payment to Employees	86.66	103.07	108.78	128.10	132.26	558.87
Repair & Maintenance	25.9	32.77	36.23	38.48	39.02	172.40
Utility Costs	25.43	28.99	32.61	32.86	32.04	151.93
Safety & Security Expenses	7.84	9.43	9.05	14.56	15.13	56.01
Vehicle Repair & Maintenance	1.28	1.59	2.26	3.67	3.09	11.89
Housekeeping Expenses	8.02	10.42	11.4	12.39	13.75	55.98
Consumables	2.46	3.32	4.82	5.27	5.23	21.10
Other operating expenses	9.21	10.47	14.55	16.90	18.35	69.48
BHS & X-ray Operational Expenses	7.46	8.66	8.9	9.34	10.27	44.63
Cargo Handling Expenses	0.00	0.91	9.47	14.78	16.19	41.35
CSR Expenses	2.45	1.14	1.92	6.36	13.38	25.25
Admin & General Expenses	18.65	32.37	39.46	29.51	51.14	171.13
Working Capital Interest	6.76	0.33	0.00	0.07	0.40	7.56
Total	**202.12**	**243.47**	**279.45**	**312.29**	**350.25**	**1387.58**

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

Payment to Employees

2.6.4. CIAL has submitted that the variation in Payment to Employees during the Third Control Period was mainly on account of the statutory pay revision implemented in FY 2022-23. CIAL has stated that, as noted by the Authority in para 9.2.4 of the Tariff Order for the Third Control Period, the impact of such statutory pay revision, undertaken once every five years, had not been considered in the projections.

Other operational expenses

2.6.5. CIAL has submitted that the variation in Other Operating Expenses during the Third Control Period is mainly on account of the variable and year-specific nature of such expenses, which depend on operational requirements. CIAL has stated that the base year considered in the Tariff Order, i.e. FY 2020-21, was impacted by COVID-19 and therefore may not be representative for assessing this expense head.

2.6.6. CIAL has further submitted that the increase was driven by items such as Hajj-related expenses, collection charges paid to airlines for prompt payment, operational area expenses, medical inspection room expenses, ACI membership and survey fees, manpower and housekeeping requirements for inline baggage screening, Digi Yatra-related expenses, and certain other one-time or regulatory expenses.

Aeronautical allocation of Operating Expenses as submitted by CIAL

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

Table 53: Basis of Allocation submitted by CIAL for Third Control Period

Operating expenses	Basis of allocation
Payment to Employees	Employees were bifurcated into direct Aeronautical, direct Non-Aeronautical, and common categories. Common employees were further

Operating expenses	Basis of allocation
	apportioned in the ratio of direct Aeronautical and direct Non-Aeronautical employees. Total employee cost was then segregated into Aeronautical and Non-Aeronautical in the respective proportion of employee numbers.
Safety and Security Expenses	Bifurcated in proportion to terminal area ratio.
Cargo Handling Expenses	Considered as 100% Aeronautical.
Administration and General Costs	All administration and general expenses, except flood-related expenses and repositioning of solar panels, were segregated in the proportion of employees providing Aeronautical and Non-Aeronautical services. Flood mitigation expenses and repositioning of solar panels were considered as 100% Aeronautical.
Vehicle R&M Expenses	Bifurcated in the proportion of the number of employees providing Aeronautical and Non-Aeronautical services.
Utilities Costs	Considered net of revenues from concessionaires, and the resultant net amount was treated as 100% Aeronautical.
Repair and Maintenance Costs	Bifurcated based on the ratio of Aeronautical Gross Block to Total Gross Block.
Housekeeping Expenses	Bifurcated in proportion to terminal area ratio.
Consumables Expenses	Bifurcated in proportion to terminal area ratio.
Other Operational Expenses	Bifurcated in proportion to terminal area ratio.
BHS and X-ray Operational Expenses	Considered as 100% Aeronautical.
CSR Expenses	Bifurcated in the proportion of Aero PBT to Total PBT.
Working Capital Interest	Bifurcated based on the ratio of Aeronautical Gross Block to Total Gross Block.

2.6.8. CIAL has submitted Aeronautical allocation of Operating Expenses as given in the table below:

Table 54: Aeronautical allocation ratios of Operating Expenses submitted by CIAL in the MYTP for the true up of Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026
Payment to Employees	96.38%	96.54%	97.06%	97.05%	97.25%
Repair & Maintenance	91.67%	91.77%	92.04%	86.56%	86.12%
Utility Costs	100%	100%	100%	100%	100%
Safety & Security Expenses	90.84%	90.84%	90.84%	90.84%	90.84%
Vehicle Repair & Maintenance	96.38%	96.54%	97.06%	97.05%	97.25%
Housekeeping Expenses	90.84%	90.84%	90.84%	90.84%	90.84%
Consumables	90.84%	90.84%	90.84%	90.84%	90.84%
Other operating expenses	90.84%	90.84%	90.84%	90.84%	90.84%
BHS & X-ray Operational Expenses	100%	100%	100%	100%	100%
Cargo Handling Expenses	100%	100%	100%	100%	100%
CSR Expenses	0.0%	38.9%	42.5%	46.7%	48.7%
Admin & General Expenses	96.38%	96.54%	97.06%	97.05%	97.25%
Working Capital Interest	91.67%	91.77%	92.04%	86.56%	86.12%

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

Table 55: Aeronautical Operating expenses submitted by CIAL in MYTP for the true-up of Third Control Period

(Rs. in Crore)

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

Payment to Employees	83.52	99.51	105.58	124.31	133.56	546.48
Repair & Maintenance	23.74	30.07	33.35	33.31	35.07	155.54
Utility Costs	25.43	28.99	32.61	32.86	34.06	153.95
Safety & Security Expenses	7.12	8.57	8.22	13.23	14.55	51.69
Vehicle Repair & Maintenance	1.23	1.54	2.19	3.56	3.90	12.42
Housekeeping Expenses	7.29	9.47	10.35	11.26	12.40	50.77
Consumables	2.23	3.02	4.28	4.79	5.10	19.42
Other operating expenses	8.36	9.51	13.22	15.35	16.90	63.34
BHS & X-ray Operational Expenses	7.46	8.66	8.90	9.34	10.30	44.66
Cargo Handling Expenses	0.00	0.91	9.47	14.78	15.6	40.76
CSR Expenses	0.00	0.44	0.82	2.97	5.10	9.33
Admin & General Expenses	18.18	31.61	38.36	28.58	64.66	181.39
Working Capital Interest	6.19	0.31	0.00	0.06	0.00	6.56
Total	**190.75**	**232.61**	**267.35**	**294.40**	**351.20**	**1336.31**

2.6.10. Subsequently, vide e-mail dated 17.06.2026, CIAL has submitted a revised allocation ratio for allocation of Operating Expenses into Aeronautical and Non-Aeronautical for the Third Control Period based on unaudited actual financials for FY 2025-26. Accordingly, the allocation ratio submitted by CIAL is as follows:

Table 56: Revised Aeronautical allocation ratios of Operating Expenses submitted by CIAL for the True up of the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026
Payment to Employees	96.38%	96.54%	97.06%	97.05%	97.70%
Repair & Maintenance	91.67%	91.77%	92.04%	86.56%	86.76%
Utility Costs	100%	100%	100%	100%	100%
Safety & Security Expenses	90.84%	90.84%	90.84%	90.84%	90.84%
Vehicle Repair & Maintenance	96.38%	96.54%	97.06%	97.05%	97.70%
Housekeeping Expenses	90.84%	90.84%	90.84%	90.84%	90.84%
Consumables	90.84%	90.84%	90.84%	90.84%	90.84%
Other operating expenses	90.84%	90.84%	90.84%	90.84%	90.84%
BHS & X-ray Operational Expenses	100%	100%	100%	100%	100%
Cargo Handling Expenses	100%	100%	100%	100%	100%
CSR Expenses	0.0%	38.9%	42.5%	46.7%	45.08%
Admin & General Expenses	96.38%	96.54%	97.06%	97.05%	97.70%
Working Capital Interest	91.67%	91.77%	92.04%	86.56%	86.76%

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

Table 57: Revised Aeronautical Operating expenses submitted by CIAL for the True-up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Payment to Employees	83.52	99.51	105.58	124.31	129.22	542.14
Repair & Maintenance	23.74	30.07	33.35	33.31	33.86	154.33
Utility Costs	25.43	28.99	32.61	32.86	32.04	151.93
Safety & Security Expenses	7.12	8.57	8.22	13.23	13.74	50.88

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Vehicle Repair & Maintenance	1.23	1.54	2.19	3.56	3.02	11.54
Housekeeping Expenses	7.29	9.47	10.35	11.26	12.49	50.86
Consumables	2.23	3.02	4.28	4.79	4.76	19.08
Other operating expenses	8.36	9.51	13.22	15.35	16.67	63.11
BHS & X-ray Operational Expenses	7.46	8.66	8.90	9.34	10.27	44.63
Cargo Handling Expenses	0.00	0.91	9.47	14.78	16.19	41.35
CSR Expenses	0.00	0.44	0.82	2.97	6.03	10.26
Admin & General Expenses	18.18	31.61	38.36	28.58	50.01	166.74
Working Capital Interest	6.19	0.31	0.00	0.06	0.35	6.91
Total	**190.75**	**232.61**	**267.35**	**294.40**	**328.65**	**1313.76**

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

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

i. *Decision 9.6.1: "Authority decides to consider allocation of costs based on the principles laid out in the study on efficient O&M expenses for CIAL, undertaken for the Second Control Period (refer Para 9.2.23)."*

ii. *Decision 9.6.2: "Authority decides to consider an escalation of 10% in contract demand charges and unit rates of KSEB only in FY 2026 for the projection of Utilities cost (refer Para 9.2.9).*

iii. *Decision 9.6.3: "Authority decides to consider flood mitigation expenses under Aeronautical O&M expenses (refer Para 9.5.1)."*

iv. *Decision 9.6.4: "Authority decides to consider eligible CSR expenses (based on Aeronautical net profit) under Aeronautical Operating Expenses for the Third Control Period and true up the same based on actual Aeronautical profits and expenses and the resultant eligibility (refer Para 9.5.2)."*

v. *Decision 9.6.5: "Authority decides to consider Working Capital Interest under O&M expenses and allocate the same in the gross fixed asset ratio (refer Para 9.2.26)."*

vi. *Decision 9.6.6: "Authority decides to consider Aeronautical O&M expenses as given in Para 9.5.6 (Table 170) for the Third Control Period and true up the same based on actuals at the time of tariff determination for the Fourth Control Period, subject to efficiency of the actual costs incurred."*

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

Table 58: Total Operating Expenses decided by the Authority in the Tariff Order for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Payment to Employees	84.09	89.99	96.28	103.01	110.24	483.61
Repairs and Maintenance	31.20	34.31	38.90	43.70	50.29	198.40
Utility costs	27.46	32.03	34.81	36.38	38.67	169.35
Safety and Security expenses	8.81	9.69	10.65	11.72	12.89	53.75

Vehicle Repairs and Maintenances	0.98	1.08	1.19	1.30	1.44	5.99
Housekeeping expenses	10.99	12.08	13.28	14.62	16.08	67.05
Consumables	2.26	2.4	2.56	2.73	2.91	12.86
Other operational expenses	3.98	4.15	4.32	4.49	4.68	21.62
CUTE operational expenses	6.33	6.76	7.22	7.71	8.23	36.24
Admin and General expenses	17.38	30.01	19.29	21.07	22.16	109.91
Working Capital Interest	9.36	5.57	0.00	0.00	0.00	14.93
CSR Expenses	0.01	0.00	0.00	1.06	3.57	4.64
Total Operating Expenses	**202.85**	**228.07**	**228.5**	**247.09**	**274.73**	**1181.23**

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

Table 59: Allocation ratio decided by the Authority during tariff determination of the Third Control Period

Particulars	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Payment to employees	96.13%	96.13%	96.13%	96.13%	96.13%
Total repairs cost	82.37%	81.53%	80.62%	81.73%	79.95%
Safety and security expenses	91.06%	91.06%	91.06%	91.06%	91.06%
Utility charges (Net recoveries)	100.00%	100.00%	100.00%	100.00%	100.00%
Vehicle R&M expense	96.13%	96.13%	96.13%	96.13%	96.13%
House Keeping expenses	96.13%	96.13%	96.13%	96.13%	96.13%
Consumables	96.13%	96.13%	96.13%	96.13%	96.13%
Other operational expenses	96.13%	96.13%	96.13%	96.13%	96.13%
CUTE operational expenses	100.00%	100.00%	100.00%	100.00%	100.00%
Admin expense					
Admin expenses except flood mitigation	88.55%	87.98%	87.63%	88.17%	87.42%
Flood mitigation expenses	100.00%	100.00%	100.00%	100.00%	100.00%

2.6.15. The Authority had considered the following Aeronautical Operating Expenses at the time of tariff determination for the Third Control Period:

Table 60: Aeronautical Operating Expenses decided by the Authority during the tariff determination of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Payment to Employees	80.84	86.50	92.55	99.03	105.97	464.90
Repairs and Maintenance	25.70	27.97	31.36	35.71	40.21	160.96
Utility costs	27.46	32.03	34.81	36.38	38.67	169.35
Safety and Security expenses	8.02	8.82	9.70	10.67	11.74	48.93
Vehicle Repairs and Maintenances	0.94	1.04	1.14	1.25	1.38	5.75
Housekeeping expenses	10.56	11.61	12.77	14.05	15.46	64.45
Consumables	2.17	2.31	2.46	2.62	2.80	12.36
Other operational expenses	3.83	3.99	4.15	4.32	4.50	20.79
CUTE operational expenses	6.33	6.76	7.22	7.71	8.23	36.24

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Admin and General expenses	15.39	26.57	17.08	18.66	19.62	97.32
Working Capital Interest	7.71	4.54	0.00	0.00	0.00	12.25
CSR Expenses	0.01	0.00	0.00	1.06	3.57	4.64
Total O&M expenses	**188.96**	**212.14**	**213.25**	**231.46**	**252.14**	**1097.94**

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

2.6.16. The Authority's analysis of Total Operating Expenses for True up for the Third Control Period is based on the revised submissions made by CIAL vide e-mail dated 17.06.2026 subsequent to the MYTP.

2.6.17. The Authority, through its Independent Consultant, has examined the true-up of Operating Expenses as presented in Table 52 for the Third Control Period based on a detailed review of the submissions and records furnished by CIAL. In this regard, the following documents / information have been considered by the Authority:

- General Ledgers and other internal records maintained by CIAL in respect of Operating Expenses for the Third Control Period;
- Audited Financial Statements for FY 2021-22 to FY 2024-25 and unaudited Financial Statement for FY 2025-26;
- Explanations and clarifications furnished by CIAL regarding the reasons for variation in various sub-items of Operating Expenses during the Third Control Period;

2.6.18. The Authority has noted that CIAL has submitted Aeronautical Operating Expenses of Rs. 1,313.76 Crores for the Third Control Period as against Rs. 1,097.94 Crores approved by the Authority in the Tariff Order for the Third Control Period with the resultant variation of 19.65%.

2.6.19. The Authority further notes that the major variation is primarily under certain expense heads such as Payment to Employees, Other Operating expenses, and General Administration Expenses. Accordingly, after undertaking prudence check and examining the documentary evidence, supporting submissions and Chartered Accountant certificates furnished by CIAL, the Authority has analyzed the reasons for such variation under each expense head, as discussed in the ensuing paragraphs.

Payment to Employees:

2.6.20. The Authority notes that CIAL, in its revised submission vide email dated 17.6.2026 has submitted the employee expenses of Rs. 558.87 Crores for the Third Personnel expense as against the approved amount of Rs. 483.61 Crores resulting in a variation of ~15%.

2.6.21. These expenses have been segregated into 3 areas: Salary wages & Bonus, Contribution to Provident; Staff Welfare Expenses. A comparison of Employee expenses submitted by CIAL vis-a-vis Authority approved cost during the Third Control Period is given in the table below:

Table 61: Comparison of Employee Expenses as submitted by CIAL for true-up and as approved by the Authority in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by CIAL **(A)**	86.66	103.07	108.78	128.10	132.26	558.87
As approved in the Third Control Period **(B)**	84.09	89.99	96.28	103.01	110.24	483.61
Difference **(B-A)**	(2.57)	(13.08)	(12.5)	(25.09)	(22.02)	(75.26)

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

Table 62: Employee Headcount submitted by CIAL for True up of the Third Control Period

Department	FY22	FY23	FY24	FY25	FY26
Managing Director and Executive directors	4	3	4	4	4
MD's office - Admin	4	4	4	4	4
MD's office - Strategy and projects	2	5	5	3	3
Airport Operations/Elec/IT					0
Operations	35	47	61	59	59
IT & Communication	16	21	30	30	27
Electrical Engineering	63	65	69	70	68
Cargo Employees	104	59	12	10	10
Security	79	90	105	103	107
ARFF	100	106	112	110	107
CSO/ARFF					0
Secretarial	2	3	1	1	2
Human Resource	6	5	6	7	8
Finance	11	12	14	15	15
Public relations & Corp Communication	1	1	1	2	2
Civil Eng.		22	30	33	31
Cochin international Airport Security	2	1	2	2	2
Commercial	13	13	11	11	9
Aero - Commercial & Marketing				1	3
CIAL Golf & country club	3	2	2	2	1
Civil Eng. - Airport Works	17				0
Civil Eng. - LUP works	4				0
Deputation to CIASL	2	4	6	5	6
Deputation to CIAL Infra	1			1	1
Total	**469**	**463**	**475**	**473**	**469**

2.6.23. The Authority notes that CIAL has submitted that the variation in employee cost during the Third Control Period is on account of the pay revision implemented in FY 2022-23. The Authority further notes that this matter was dealt with by the Authority at the time of tariff determination for the Third Control Period. In terms of para 9.2.4 of Tariff Order No. 08/2021-22 dated 24.08.2021, the Authority held as under:

"The Authority had noted that CIAL had not considered the impact of pay revision (done once in five years) in its projections. The actual expenses incurred would depend on the timing of the pay revision and the increase in wages. Given the above, the Authority proposed to consider employee costs as submitted by CIAL for the Third Control Period and then true up the same based on actuals at the time of tariff determination for the next control period."

2.6.24. Accordingly, consistent with the said decision, the Authority has examined the employee cost claimed by CIAL for true-up of the Third Control Period on actuals. In this regard, the Authority has sought clarifications from CIAL through queries on the reasons for variation in employee cost and the basis of allocation of employees in certain departments.

2.6.25. The Authority notes that CIAL has clarified that, the pay revision having been implemented in FY 2022-23, the actual impact thereof is required to be considered as part of the true-up for the Third Control Period, in line with the approach set out in the Tariff Order of the Third Control Period. The Authority further notes CIAL's submission that the year-on-year increase in employee cost in FY 2024-25 is also attributable to actuarial remeasurement of earned leave and sick leave encashment, on account of which the related expense increased from Rs. 4.00 Crores in FY 2023-24 to Rs. 12.60 Crores in FY 2024-25.

2.6.26. The Authority observes that the pay revision implemented in FY 2022-23 is the principal driver of the variation in employee cost during the Third Control Period. The Authority notes that employee cost increased from Rs. 86.66 Crores in FY 2021-22 to Rs. 103.07 Crores in FY 2022-23, i.e. by approximately 19% in the year of implementation. The Authority further observes that, the revised pay scales having become part of the cost base for the succeeding years, the variation from FY 2022-23 onwards aggregates to Rs. 72.69 Crores, i.e. approximately 97% of the total variation for the Third Control Period, as against a variation of Rs. 2.57 Crores in FY 2021-22, being the year preceding the pay revision.

2.6.27. Accordingly, after undertaking a prudence check of the supporting records, including the audited financial statements and the manpower register verified during the site visit, the Authority proposes to consider the employee cost as submitted by CIAL for the true-up of the Third Control Period.

Repairs and Maintenance

2.6.28. The Authority notes CIAL's submission on Repairs and Maintenance expenses for the Third Control Period. A comparison of the actual expenses incurred by CIAL with the amounts approved by the Authority in the Tariff Order for the Third Control Period is set out in the table below:

Table 63: Comparison of Repair & Maintenance expenses as submitted by CIAL for true-up and as approved by the Authority in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Total Repair Costs (Building & Plant Equipment) **(A)**	25.90	32.00	35.20	37.55	38.13	168.78
Repair Others **(B)**	0.00	0.77	1.03	0.93	0.90	3.63
As submitted by CIAL **(C=A+B)**	25.90	32.77	36.23	38.48	39.02	172.40
As approved in the Third Control Period **(D)**	31.20	34.31	38.90	43.70	50.29	198.40
Difference **(D-C)**	**5.30**	**1.54**	**2.67**	**5.22**	**11.27**	**26.00**

2.6.29. The Authority has examined the Repairs and Maintenance expenses submitted by CIAL for true-up of the Third Control Period with reference to the supporting details, clarifications furnished by CIAL in response to the queries raised by the Authority, and the review carried out by the Independent Tariff Consultant. In this regard, the Authority had sought clarification on the distinction between "Total Repairs Cost" and "Repairs – Other" and the basis for such segregation. CIAL has clarified that the expenditure comprises repairs to buildings, repairs to plant, equipment and runway, and other repair-related expenditure such as grass cutting and deweeding. For the Third Control Period, the expenditure towards repair to buildings aggregates to Rs. 47.67 Crores, repairs to plant, equipment and runway aggregates to Rs. 121.11 Crores, and Repairs – Other aggregates to Rs. 3.63 Crores.

2.6.30. The Authority notes that the Repairs and Maintenance expenses submitted by CIAL are supported by the underlying asset base and appear reasonable when assessed with reference to the corresponding gross block. The expenditure towards repairs to buildings is in the range of 0.7% to 1.0% of the gross block of buildings, while the expenditure towards repairs to plant, equipment and runway is in the range of 1.2% to 1.5% of the corresponding gross block during the Third Control Period. On an overall basis, the Repairs and Maintenance expenses are in the range of about 0.95% to 1.15% of the gross block, which, as reviewed by the Independent Tariff Consultant, is broadly in line with the levels observed at comparable airports.

2.6.31. The Authority further notes that the Repairs and Maintenance expenses claimed by CIAL for the Third Control Period are lower than the amount approved by the Authority in the Tariff Order for the Third Control Period. Considering the nature of the expenditure, the break-up and clarification furnished by CIAL, and the reasonableness of the expenses with reference to the asset base, the Authority proposes to allow the Repairs and Maintenance expenses as submitted by CIAL for the Third Control Period.

Utility Expenses:

2.6.32. The Authority has examined the Utility costs submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, clarifications furnished in response to the queries raised by the Authority, the supporting documents submitted by CIAL, and the review carried out by the Independent Tariff Consultant.

2.6.33. The details of the Utility costs submitted by CIAL vis-à-vis the amount approved by the Authority in the Tariff Order for the Third Control Period are set out in the table below:

Table 64: Comparison of Utility Expenses as submitted by CIAL for True up and as approved in the Third Control Period Order

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by CIAL **(A)**	25.43	28.99	32.61	32.86	32.04	151.93
As approved in the Third Control Period **(B)**	27.46	32.03	34.81	36.38	38.67	169.35
Difference **(B-A)**	2.03	3.04	2.20	3.52	6.63	17.42

2.6.34. The Authority notes that the Utility costs submitted by CIAL aggregate to Rs. 151.93 Crores for the Third Control Period, as against Rs. 169.35 Crores approved by the Authority in the Tariff Order for the Third Control Period, reflecting a decrease of Rs. 17.42 Crores, i.e. about 10.29% vis-à-vis the approved amount.

2.6.35. The Authority notes that the Utility costs submitted by CIAL comprise power, water and fuel charges, net of utility service charges recovered. Based on the submissions made by CIAL, the details of Utility cost computation for the Third Control Period are set out in the table below:

Table 65: Utility consumption submitted by CIAL for True up of the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Power, Water & Fuel charges (A = B+C+D)	**31.43**	**35.26**	**39.43**	**40.42**	**41.24**	**187.78**
Power Costs (B)	**30.36**	**33.85**	**37.04**	**37.93**	**38.54**	**177.72**
Total Units Consumed (in lakhs)	395	442	484	503	506	
Power units supplied by KSEB (in lakhs)	3.13	0.54	35.09	127.81	45.4	211.97
Power units supplied by CIAL Infra (in lakhs)	392.03	441.55	448.98	374.8	460.63	2,118.00
Effective unit rate for CIAL (Rs.)	7.68	7.66	7.65	7.55	7.62	
Water Costs (C)	**0.73**	**1.08**	**1.78**	**1.98**	**2.34**	**7.92**
Total Units Consumed (in lakhs)	1835	2450.9	3962.9	3665.4	4322.7	16,236.90
Effective Unit Rate (Rs. per KL)	40	44	45	54.1	54.1	
Fuel Generator Sets (D)	**0.34**	**0.33**	**0.61**	**0.51**	**0.44**	**2.23**
Utility Recovery (E)	**6**	**6.27**	**6.82**	**7.56**	**9.2**	**35.85**
Net Utility costs submitted by CIAL (F = A - E)	**25.43**	**28.99**	**32.61**	**32.86**	**32.04**	**151.93**

2.6.36. The Authority notes that power cost constitutes the major component of Utility costs. In this regard, the Authority had sought clarification from CIAL on the substantial increase in units drawn from KSEB, particularly in FY 2024-25. CIAL has submitted that the increase in units drawn from KSEB during FY 2024-25 was primarily on account of temporary reduction in solar power generation due to relocation and partial dismantling of solar panels necessitated by ongoing capex and infrastructure development works at the airport. CIAL has further submitted that, with the temporary reduction in in-house generation and the year-on-year growth in electricity demand, the incremental load had to be met through additional procurement from KSEB to ensure uninterrupted airport operations.

2.6.37. The Authority further notes that CIAL has submitted the Power Purchase Agreements relating to procurement of power from CIAL Infra and has stated that no separate PPA exists with KSEB. The Authority has examined the supporting documents made available by CIAL, including the applicable rates for procurement of power, and the review carried out by the Independent Tariff Consultant.

2.6.38. In view of the detailed computation furnished by CIAL, the clarification provided in respect of higher KSEB drawal, and the supporting documents examined by the Authority and the Independent Tariff Consultant, the Authority is of the view that the Utility costs submitted by CIAL are reasonable and adequately supported. The Authority also notes that the aggregate Utility costs submitted by CIAL for the Third Control Period are within the overall level considered by the Authority in the Tariff Order for the Third Control Period. Accordingly, the Authority proposes to allow the Utility costs as submitted by CIAL for the Third Control Period.

Safety and Security expenses:

2.6.39. The Authority has examined the Safety and Security expenses submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, clarifications furnished in response to the queries raised by the Authority, and the review carried out by the Independent Tariff Consultant.

2.6.40. The details of the Safety and Security expenses submitted by CIAL vis-à-vis the amount approved by the Authority in the Tariff Order for the Third Control Period are set out in the table below:

Table 66: Comparison of Safety & Security expenses as submitted by CIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by CIAL **(A)**	7.84	9.43	9.05	14.56	15.13	56.01
As approved in the Third Control Period **(B)**	8.81	9.69	10.65	11.72	12.89	53.75
Difference **(B-A)**	**0.97**	**0.26**	**1.60**	**(2.84)**	**(2.24)**	**(2.26)**

2.6.41. The Authority notes that the Safety and Security expenses submitted by CIAL aggregate to Rs. 56.01 Crores for the Third Control Period, as against Rs. 53.75 Crores approved by the Authority in the Tariff Order for the Third Control Period, reflecting an increase of Rs. 2.26 Crores, i.e. about 4.20% over the approved amount.

2.6.42. The Authority further notes that, in response to the queries raised, CIAL has furnished an expense-wise break-up of the expenditure disallowed by the National Aviation Security Fee Trust ("NASFT") and borne by CIAL, aggregating to Rs. 6.35 Crores for the Third Control Period, as set out in the table below:

Table 67: Security Expenses Disallowed under NASFT Claimed by CIAL under Safety and Security Expenses

(Rs. in Crore)

Sl. No.	Expenditure Category	FY2022	FY2023	FY2024	FY2025	Total
A	CISF (ASG) office accommodation – lease rentals	0.84	1.80	1.66	1.74	6.04
B	Electricity and common user infrastructure charges – CISF office and barrack	–	–	–	0.07	0.07
C	CISF barrack and office upkeep, sanitation and maintenance	–	0.01	0.03	–	0.04
D	AVSEC and screener training / certification of security personnel	–	–	0.01	0.03	0.04
E	Security equipment, uniforms and operational consumables	–	0.01	0.02	0.02	0.05
F	Canine (dog squad) unit	–	–	–	0.01	0.01
G	Transport and vehicle hiring for security operations	–	–	–	0.00	0.00
H	CISF unit administration, general imprest and office expenses	0.00	0.05	0.01	0.01	0.06
I	Taxes, statutory levies and other non-recoverable charges	0.02	0.00	–	0.03	0.05
Total		**0.86**	**1.88**	**1.72**	**1.90**	**6.35**

2.6.43. The Authority observes that the expenditure aggregating to Rs. 6.35 Crores comprises items such as lease rentals for CISF office accommodation, electricity and upkeep charges relating to the CISF office and barrack, unit administration and imprest expenses, taxes and statutory levies, and allied items. The Authority is of the view that such expenditure is in the nature of administrative and establishment

expenditure relating to the deployment of security personnel, and is not directly attributable to the operation and maintenance of airport assets and infrastructure.

2.6.44. In view of the above, the Authority is not inclined to allow the expenditure of Rs. 6.35 Crores disallowed by NASFT, and proposes to exclude the same from the admissible Safety and Security expenses for the Third Control Period as per the table below:

Table 68: Safety and Security Expenses proposed by the Authority for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Safety & Security Expenses proposed by the Authority	6.98	7.55	7.33	12.66	15.13	49.65

Vehicle Repair and Maintenance

2.6.45. The Authority has examined the Vehicle Repair and Maintenance expenses submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, clarifications furnished in response to the queries raised by the Authority, and the review carried out by the Independent Tariff Consultant.

2.6.46. The details of the Vehicle Repair and Maintenance expenses submitted by CIAL vis-à-vis the amount approved by the Authority in the Tariff Order for the Third Control Period are set out in the table below:

Table 69: Comparison of Vehicle Repair and Maintenance Expenses as submitted by CIAL for True up and as approved in the Third Control Period

(Rs. Cr.)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by CIAL **(A)**	1.28	1.59	2.26	3.67	3.09	11.89
As approved in the Third Control Period **(B)**	0.98	1.08	1.19	1.30	1.44	5.99
Difference **(B-A)**	**(0.30)**	**(0.51)**	**(1.07)**	**(2.37)**	**(1.65)**	**(5.90)**

2.6.47. The Authority notes that the Vehicle Repair and Maintenance expenses submitted by CIAL aggregate to Rs. 11.89 Crores for the Third Control Period, as against Rs. 5.99 crore approved by the Authority in the Tariff Order for the Third

2.6.48. In this regard, the Authority has sought justification for the increase in Vehicle Repair and Maintenance expenses. CIAL has submitted that the increase is on account of major expenditure incurred towards imported aircraft firefighting vehicle spares for IVECO and Rosenbauer vehicles (ARFF), firefighting equipment and allied materials such as DCP (Dry Chemical Powder) and foam, and aircraft recovery practical course expenses, as required under the applicable operational and regulatory requirements.

2.6.49. The Authority notes that expenditure under this head is linked to the upkeep and operational readiness of specialised airport and emergency response vehicles and related equipment. The Authority further notes that the items cited by CIAL pertain to essential safety, rescue and firefighting functions, as well as aircraft recovery capability, which are critical from the standpoint of airport operations and

regulatory compliance. Considering the nature of the expenditure, the clarification furnished by CIAL, and the review carried out by the Independent Tariff Consultant, the Authority proposes to allow the Vehicle Repairs and Maintenance expenses as submitted by CIAL for the Third Control Period.

Housekeeping Expenses:

2.6.50. The Authority has examined the Housekeeping expenses submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, clarifications furnished in response to the queries raised by the Authority, and the review carried out by the Independent Tariff Consultant.

2.6.51. The details of the housekeeping expenses submitted by CIAL vis-à-vis the amount approved by the Authority in the Tariff Order for the Third Control Period are set out in the table below:

Table 70: Comparison of Housekeeping expense as submitted by CIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Housekeeping expenses as submitted by CIAL **(A)**	8.02	10.42	11.40	12.39	13.75	55.98
As approved in the Third Control Period **(B)**	10.99	12.08	13.28	14.62	16.08	67.05
Difference **(B-A)**	**2.97**	**1.66**	**1.88**	**2.23**	**2.33**	**11.07**

2.6.52. The Authority notes that the housekeeping expenses submitted by CIAL aggregate to Rs. 55.98 Crores for the Third Control Period, as against Rs. 67.05 Crores approved by the Authority in the Tariff Order for the Third Control Period, reflecting a decrease of Rs. 11.07 Crores, i.e. about 16.51% vis-à-vis the approved amount.

2.6.53. The Authority notes that expenditure under this head is operational in nature and pertains to upkeep, cleanliness and maintenance of passenger-facing and operational areas of the terminal building. Considering the nature of the expenditure, the review carried out by the Independent Tariff Consultant, and the fact that the actual expenses submitted by CIAL are within the overall level considered by the Authority for the Third Control Period, the Authority proposes to allow the housekeeping expenses as submitted by CIAL for the Third Control Period.

Consumables

2.6.54. The Authority has examined the Consumables expenses submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, clarifications furnished in response to the queries raised by the Authority, and the review carried out by the Independent Tariff Consultant.

2.6.55. The details of the Consumables expenses submitted by CIAL vis-à-vis the amount approved by the Authority in the Tariff Order for the Third Control Period are set out in the table below:

Table 71: Comparison of Consumables submitted by CIAL for true-up and as approved in the Tariff Order for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by CIAL **(A)**	2.46	3.32	4.82	5.27	5.23	21.10

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As approved in the Third Control Period **(B)**	2.26	2.40	2.56	2.73	2.91	12.86
Difference **(B-A)**	(0.20)	(0.92)	(2.26)	(2.54)	(2.32)	(8.24)

2.6.56. The Authority notes that the Consumables expenses submitted by CIAL aggregate to Rs. 21.10 Crores for the Third Control Period, as against Rs. 12.86 Crores approved by the Authority in the Tariff Order for the Third Control Period, reflecting an increase of Rs. 8.24 Crores, i.e. about 64.07% over the approved amount.

2.6.57. In this regard, the Authority sought clarification from CIAL on the reasons for the increase in Consumables expenses. The Authority notes that CIAL has submitted that the increase is attributable to the following:

i. **Operational and ARFF vehicles:** an increase in the number of operational vehicles deployed at the airport, resulting in higher consumption of vehicle-related consumables, and the procurement of two additional Aircraft Rescue and Fire Fighting ("ARFF") vehicles during the Third Control Period, the tyres and other consumables relating to which are accounted for under this head;

ii. **Housekeeping materials:** higher consumption of housekeeping materials, commensurate with the increased operational requirements at the terminals;

iii. **Repairs and maintenance:** a higher requirement of consumables and spares for repairs and maintenance activities undertaken across the airport; and

iv. **Security screening:** an increase in the requirement of Explosive Trace Detection consumables, arising from the enhanced testing requirements prescribed by the Bureau of Civil Aviation Security (BCAS).

2.6.58. The Authority observes that the aforesaid drivers are, in substance, consequential upon the operational and statutory obligations of the Airport Operator. The Authority notes, in particular, that the consumption of ETD consumables is governed by the screening and testing norms prescribed by BCAS, compliance with which is mandatory and is not within the control of the Airport Operator. Similarly, the consumables relating to the ARFF fleet arise from the deployment of rescue and fire fighting vehicles, which are required to be maintained in a state of continuous operational readiness in terms of the applicable aerodrome licensing and safety requirements.

2.6.59. The Authority further observes that Consumables are, by their very nature, recurring operational items consumed in the course of day-to-day airport operations, the requirement of which varies directly with the scale and intensity of operations, the size of the operational fleet and the extent of the asset base under maintenance.

2.6.60. The Authority has verified the Consumables expenses based on the relevant documents, including the CA certificates and also considered the examination carried out through its Independent Tariff Consultant. Based on the review of CIAL's submissions, supporting documents and the justifications furnished for the variation, and considering that Consumables form a small proportion of the total Operating Expenses of the airport and have moved in line with the recovery in traffic and the addition of operational assets during the Third Control Period.

2.6.61. Considering the nature of the expenditure, the mandatory operational, safety and security requirements underlying the increase, and the verification carried out as above, the Authority found the Consumables expenses to be reasonable and necessary for airport operations. Accordingly, the Authority proposes to allow Rs. 21.10 Crores towards Consumables as submitted by CIAL for true-up of the Third Control Period.

Other operational expenses:

2.6.62. The Authority has examined the Other operational expenses submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, clarifications furnished in response to the queries raised by the Authority, supporting details submitted by CIAL, and the review carried out by the Independent Tariff Consultant.

2.6.63. The details of the Other operational expenses submitted by CIAL vis-à-vis the amount approved by the Authority in the Tariff Order for the Third Control Period are set out in the table below:

Table 72: Comparison of Other operational expenses as submitted by CIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by CIAL **(A)**	9.21	10.47	14.55	16.90	18.35	69.48
As approved in the Third Control Period **(B)**	3.98	4.15	4.32	4.49	4.68	21.62
Difference **(B-A)**	(5.23)	(6.32)	(10.23)	(12.41)	(13.67)	(47.86)

2.6.64. The Authority notes that the Other operational expenses submitted by CIAL aggregate to Rs. 69.48 Crores for the Third Control Period, as against Rs. 21.62 Crores approved by the Authority in the Tariff Order for the Third Control Period, reflecting an increase of Rs. 47.86 Crores, i.e. about 221% over the approved amount.

2.6.65. In view of the significant variation under this head, the Authority had sought a detailed break-up of the expenses and justification for the increase. CIAL has submitted that this expense head comprises various operational and year-specific items and is inherently variable in nature. Based on the break-up furnished by CIAL, the expenses under this head include Hajj-related expenses, prompt payment discount / collection charges paid to airlines, operational area expenses such as Advanced Surface Movement Guidance and Control System (ASMGCS), tree-cutting compensation, aerodrome licence renewal, flight calibration for Precision Approach Path Indicator (PAPI) lights, Wildlife Hazard Management (WHM) expenses, expenditure towards lights, equipment and signages, spectrum charges, survey expenses, Very High Frequency (VHF) equipment rental paid to Airports Authority of India (AAI), No Objection Certificate (NOC)-related expenses and water sampling charges. The Authority further notes that the said expenses also include Medical Inspection room expenses, Airport Council International (ACI) membership and survey fees, facilitation expenses towards inline baggage screening and housekeeping, Digi Yatra-related expenses, seminar / conference expenses and other miscellaneous operating items.

2.6.66. The Authority further notes that the amount submitted by CIAL under this head also includes donations aggregating to Rs. 2.09 Crores, comprising Rs. 0.03 Crores in FY 2021-22, Rs. 0.01 crore in FY 2022-23 and Rs. 2.05 Crores in FY 2024-25. The Authority is of the view that

donations do not constitute allowable aeronautical operating expenses and, accordingly, such expenditure cannot be considered for tariff determination. Accordingly, the Authority proposes to exclude donations amounting to Rs. 2.09 Crores from the Other operational expenses submitted by CIAL.

2.6.67. The Authority observes that, excluding donations, the balance expenditure under this head pertains to operational, regulatory and service-related items, the requirement for which may vary significantly depending on the operational needs of the relevant year. Having regard to the nature of the expenditure, the detailed break-up and justification furnished by CIAL, and the review carried out by the Independent Tariff Consultant, the Authority proposes to allow Other operational expenses of Rs. 67.39 Crores for the Third Control Period, after excluding donations of Rs. 2.09 Crores.

BHS and X-Ray Operational Expenditure:

2.6.68. The Authority notes that CIAL has claimed the operational expenses relating to the Baggage Handling System (BHS) and the X-ray screening systems for true-up of the Third Control Period under a separate sub-head, as against the amount of Rs. 36.24 Crores approved by the Authority under the head Common User Terminal Equipment (CUTE) in the Tariff Order for the Third Control Period. The Authority has examined the said expenses based on the submissions made by CIAL, the clarifications furnished against the queries raised by the Authority, the supporting details submitted, and the review carried out by the Independent Tariff Consultant.

2.6.69. The BHS and X-ray operational expenses claimed by CIAL for true-up of the Third Control Period are set out in the table below:

Table 73: BHS and X-ray operational expenses submitted by CIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
BHS Operational Expens **(A)**	7.46	8.66	8.90	9.34	10.27	44.63

2.6.70. The Authority notes that the BHS and X-ray operational expenses claimed by CIAL aggregate to Rs. 44.63 Crores for the Third Control Period. The Authority observes that these systems form part of the core passenger and baggage processing infrastructure of the terminals. The BHS is required for the transport, sorting and reconciliation of departing baggage, and the X-ray systems are required for the screening of passengers, cabin baggage and hold baggage in terms of the norms prescribed by the Bureau of Civil Aviation Security ("BCAS").

2.6.71. The Authority further notes that the expenditure under this head comprises the operation and upkeep of security and baggage screening systems which are required to be maintained in a continuous state of serviceability, and that the level of expenditure is driven by traffic volumes, hours of system operation, screening throughput and the maintenance intensity of the installed equipment

2.6.72. The Authority further notes that the expenses under this head are operationally driven and may vary depending on traffic levels, system usage, screening throughput, maintenance intensity and operational requirements during the relevant period. Considering the nature of the expenditure and the supporting details furnished by CIAL, and the review carried out by the Independent Tariff Consultant, the

Authority is of the view that the BHS and X-ray operational expenses submitted by CIAL are reasonable and necessary in the context of airport operations. Accordingly, the Authority proposes to allow Rs. 44.63 Crores towards BHS and X-ray operational expenses as submitted by CIAL for true-up of the Third Control Period.

Cargo Handling Expenses

2.6.73. The Authority examines the Cargo Handling expenses submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, clarifications furnished in response to the queries raised by the Authority, supporting details submitted by CIAL, and the review carried out by the Independent Tariff Consultant.

2.6.74. The Authority notes that no amount was approved by the Authority towards this expense head in the Tariff Order for the Third Control Period. The details of the Cargo Handling expenses submitted by CIAL are set out in the table below:

Table 74: Cargo Handling expenses submitted by CIAL for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by CIAL	0.00	0.91	9.47	14.78	16.19	41.35

2.6.75. The Authority notes that CIAL has submitted Cargo Handling expenses of Rs. 41.35 crore for the Third Control Period, although no amount was approved by the Authority under this head in the Tariff Order for the Third Control Period. In this regard, the Authority had sought justification for incurring this expenditure and for the increase in such expenses during the period.

2.6.76. The Authority notes CIAL's submission that the Cargo Handling expenses have been incurred pursuant to a regulatory requirement. CIAL has submitted that the BCAS, vide its letter dated 18 October 2021, directed CIAL to discontinue the existing Common User Domestic Cargo Terminal, the same not being compliant with AVSEC Order No. 11/2015, and to transition to a Regulated Agent model. The Authority further notes CIAL's submission that, in order to ensure uninterrupted cargo operations while complying with the said directive, its Board of Directors approved the appointment of a Regulated Agent through a competitive tender process for a period of five years for handling both domestic and international cargo operations.

2.6.77. The Authority observes that the expenditure under this head does not arise from any discretionary decision of the Airport Operator, but is a direct consequence of the directive issued by BCAS, being the statutory authority in the matter of civil aviation security, requiring discontinuance of the CUDCT and transition to the Regulated Agent model in terms of AVSEC Order No. 11/2015.

2.6.78. The Authority further observes that the expenditure under this head appears in the Third Control Period for the reason that the change in the operating model, from a revenue-share arrangement to an opex arrangement, resulted in the cost of cargo handling being borne by CIAL as an operating expense, in place of the erstwhile arrangement under which no such cost was incurred.

2.6.79. Considering the statutory basis on which the expenditure has been incurred, the competitive process adopted for appointment of the Regulated Agent, the explanation and supporting details furnished by CIAL, and the examination carried out by the Authority through the Independent Tariff Consultant, the Authority finds the Cargo Handling expenses to be reasonable and necessary for airport operations.

Accordingly, the Authority proposes to allow Rs. 41.35 Crores towards Cargo Handling expenses as submitted by CIAL for true-up of the Third Control Period.

CSR Expenses

2.6.80. The Authority has examined the CSR Expenses submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, supporting details submitted by CIAL, and the review carried out by the Independent Tariff Consultant. The details of the CSR Expenses submitted by CIAL for the Third Control Period are set out in the table below:

Table 75: CSR expenses submitted by CIAL for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by CIAL	2.45	1.14	1.92	6.36	13.38	25.25

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

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

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

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

2.6.84. In view of the above, the Authority proposes not to consider CSR Expenses of Rs. 25.25 Crores submitted by CIAL as part of aeronautical operating expenses for the Third Control Period.

Admin & General Expense

2.6.85. The Authority has examined the Administration and General expenses submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, clarifications furnished in response to the queries raised by the Authority, supporting details submitted by CIAL, and the review carried out by the Independent Tariff Consultant.

2.6.86. The Authority notes that this head includes repairs to office equipment, rent, rates and taxes, printing and stationery, telephone, postage and communication, travelling expenses, insurance, advertisement and publicity, loss on sale of assets, bank charges, auditors' remuneration, professional charges,

provision for doubtful debts / advances, directors' sitting fees, flood mitigation expenses and additional compensation to land owners. The details of the Administration and General expenses submitted by CIAL vis-à-vis the amount approved by the Authority in the Tariff Order for the Third Control Period are set out in the table below:

Table 76: Comparison of Admin & General expenses as submitted by CIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
Repairs to office equipment	1.00	1.26	1.70	2.58	5.11	11.65
Rent	0.07	0.08	0.08	0.08	0.08	0.39
Rates & Taxes	1.8	2.06	1.82	2.84	2.81	11.33
Printing & Stationery	0.13	0.42	0.41	0.25	0.24	1.45
Telephone, Postage & Communication	0.42	0.64	0.72	0.80	0.69	3.27
Travelling Expenses	1.38	3.19	3.92	3.95	4.8	17.24
Insurance	6.33	7.09	7.74	8.75	9.92	39.83
Advertisement	0.8	4.10	7.84	8.47	7.45	28.66
Loss on Sale of Asset	0.00	0.01	7.04	0.00	13.8	20.85
Bank Charges	0.05	0.08	0.17	0.05	0.04	0.39
Auditors' Remuneration	0.09	0.1	0.19	0.33	0.13	0.84
Professional Charges	0.7	2.06	2.68	2.98	3.41	11.83
Provision for Doubtful Debts / Advances	5.61	10.34	1.8	-1.8	0	15.95
Directors' Sitting Fees	0.1	0.19	0.22	0.15	0.16	0.82
Flood mitigation expenses	0.16	0.00	0.00	0.00	2.15	2.31
Additional compensation to land owners	0.00	0.76	3.14	0.09	0.33	4.32
Total Administrative Costs as submitted by CIAL (A)	**18.65**	**32.37**	**39.46**	**29.51**	**51.14**	**171.13**
As approved in the Third Control Period (B)	**17.38**	**30.01**	**19.29**	**21.07**	**22.16**	**109.91**
Variation (B - A)	(1.27)	(2.36)	(20.17)	(8.44)	(28.98)	(61.22)

2.6.87. The Authority notes that the Administration and General expenses submitted by CIAL aggregate to Rs. 171.13 Crores for the Third Control Period, as against Rs. 109.91 Crores approved by the Authority in the Tariff Order for the Third Control Period, reflecting an increase of Rs. 61.22 Crores over the approved amount.

2.6.88. The Authority notes that repairs to office equipment amount to Rs. 11.65 Crores during the Third Control Period. The Authority is of the view that this expenditure relates to upkeep of administrative office equipment and associated systems used for discharge of corporate and operational support functions and is therefore in the nature of recurring business expenditure. Considering the nature of the expenditure and the supporting details furnished by CIAL, the Authority proposes to allow the same.

2.6.89. The Authority notes that rent expenses aggregate to Rs. 0.39 Crores for the Third Control Period. The Authority further notes CIAL's submission, furnished in response to the query raised by the Authority, that the said amount comprises rent paid towards the Head Office premises and rent paid to the Greater Cochin Development Authority (GCDA) towards car park space for CIAL officials. Considering the recurring nature of this expenditure and the supporting break-up furnished by CIAL, the Authority proposes to allow the same.

2.6.90. The Authority notes that Rates and Taxes amount to Rs. 11.33 Crores during the Third Control Period. In response to the Authority's query, CIAL has submitted that these expenses comprise statutory levies and taxes payable to various government authorities, including building tax, land tax, rates and taxes, filing fees with Registrar of Companies, and expenditure towards revenue stamps / stamp paper. The Authority notes that the major components under this head are building tax of Rs. 6.97 Crores, constituting about 61.52% of the total Rates and Taxes, and other rates and taxes of Rs. 4.13 Crores, constituting about 36.45% of the total. The Authority is of the view that such expenditure is statutory and mandatory in nature and is incurred to ensure compliance with applicable laws and regulations. Accordingly, the Authority proposes to allow the same.

2.6.91. The Authority notes that printing and stationery expenses of Rs. 1.45 Crores, telephone, postage and communication expenses of Rs. 3.27 Crores, bank charges of Rs. 0.39 Crores, directors' sitting fees of Rs. 0.82 Crores and auditors' remuneration of Rs. 0.84 Crores together aggregate to Rs. 6.77 Crores, representing about 3.96% of the total Administration and General expenses submitted by CIAL. These are relatively small and recurring administrative expenses incurred in the ordinary course of business. Considering the nature and scale of such expenditure and the supporting details furnished by CIAL, the Authority proposes to allow the same.

2.6.92. The Authority notes that travelling expenses amount to Rs. 17.24 Crores during the Third Control Period. The break-up furnished by CIAL indicates that the major components under this head comprise taxi hire charges of Rs. 10.00 Crores, constituting about 58.00% of total travelling expenses, tour expenses of Rs. 4.26 Crores, foreign tour expenses of Rs. 2.80 Crores, and smaller amounts towards accommodation for office guests / consultants, local conveyance and directors' travel. CIAL has submitted that such expenditure was incurred for stakeholder meetings, regulatory consultations, participation in industry forums and conferences, route development initiatives, vendor engagements, training programmes and other business development activities. Considering the nature of such expenditure, the detailed break-up furnished by CIAL, and the review carried out by the Independent Tariff Consultant, the Authority proposes to allow the travelling expenses as submitted.

2.6.93. The Authority notes that insurance expenses aggregate to Rs. 39.83 crore during the Third Control Period and are in the range of about 0.23% to 0.27% of gross assets. In this regard, CIAL has submitted that the said expenditure represents premium paid towards a comprehensive insurance programme comprising around 12 policies covering operational, asset, liability, employee, cyber and other business risks. CIAL has further submitted that the insurance contracts are awarded annually through a competitive tender process in which both public sector and private insurance companies participate, and that the premium therefore reflects prevailing market rates discovered through competitive bidding. Considering the nature and extent of insurance coverage, the linkage of such expenditure to the asset base and operational risk profile of the airport, and the competitive procurement process adopted by CIAL, the Authority considers the insurance expenses to be reasonable and proposes to allow the same for the Third Control Period.

2.6.94. The Authority notes that advertisement expenses amount to Rs. 28.66 Crores during the Third Control Period, representing about 16.75% of the total Administration and General expenses submitted by CIAL. In response to the Authority's query, CIAL has submitted that the said expenditure comprises advertisement and publicity expenses of Rs. 21.31 Crores and tender advertisement expenses of Rs. 7.35 Crores. CIAL has further submitted that such expenditure was incurred towards facility inaugurations and project launches, including the General Aviation Terminal, Import Cargo Terminal, IT-related projects, APHO Hospital, airside facilities and other associated facilities, as well as airport marketing and business development initiatives such as exhibitions, route development conferences and industry events. The Authority notes that such expenditure has been incurred in connection with operational, commercial and capacity augmentation initiatives during the Third Control Period. The aeronautical allocation of such common expenditure shall be dealt with in the subsequent section relating to allocation of aeronautical expenses. Subject thereto, the Authority proposes to allow the advertisement expenses as submitted.

2.6.95. The Authority notes that CIAL has claimed a loss on sale / deletion of assets of Rs. 20.85 Crores for the Third Control Period. This is about 12.18% of the total Administration and General expenses submitted by CIAL. The Authority had sought the list of assets from CIAL covered under this head, with their book value, useful life, accumulated depreciation, sale value including the justification for their claim. In this regard, CIAL vide email dated 29.6.2026 has submitted the asset deletion schedule for the relevant years, which the Authority has examined through its Independent Tariff Consultant.

2.6.96. The Authority notes from the asset deletion schedule that the loss mainly relates to assets deleted or retired after asset verification, and to older assets / systems that were replaced. These include Terminal 3 interior works, Common Use Passenger Processing System (CUPPS), Common Use Self Service (CUSS), Baggage Reconciliation System (BRS) and networking assets, Ground Support Equipment (GSE) related civil and electrical works, drainage and allied infrastructure, and certain plant and equipment items. The Authority through its independent consultant notes that the claim is the written-down value (WDV) of these assets on the date they were removed from the books of account.

2.6.97. The Authority also notes that some of the deletions relate to assets found unserviceable or non-existent during physical verification made by the Tariff Consultant at the airport. In addition, where systems are replaced before the end of their useful life, the unrecovered value of the replaced assets cannot automatically be charged to users without showing that the replacement was necessary, and that all available realisation from the old assets was obtained and accounted for. Therefore, such losses in asset upkeep, record-keeping or custody are within the operator's control and should not be passed on to airport users through tariff.

2.6.98. The Authority observes that loss on sale / deletion of an asset is the WDV of the asset minus the amount realised on its disposal. The loss can be determined only after the disposal proceeds are known. However, despite specific request, CIAL has not provided the sale value or scrap realisation for the deleted assets.

2.6.99. The Authority notes that the gross block and accumulated depreciation of the retired assets have been removed from the Regulatory Asset Base, and that no depreciation or return is claimed on these assets for the rest of the Third Control Period. However, this only confirms that the assets have been removed from the books. It does not establish the loss actually incurred, which depends on the disposal proceeds.

2.6.100. In view of the above, and since the disposal proceeds were not furnished despite the Authority's specific request, the Authority therefore proposes not to allow the loss on sale / deletion of assets of Rs. 20.85 Crores claimed by CIAL for true-up of the Third Control Period. Further, the Authority directs the airport operator to provide detailed information on the sale proceedings to substantiate the claim under loss of sale of Assets.

2.6.101. The Authority notes that professional charges amount to Rs. 11.83 Crores during the Third Control Period. CIAL has submitted that such expenses are driven by statutory and professional charges in relation to right issue of shares, consultancy for air services development strategy and airline route development, and increased fieldwork fees for Airport Council International – Airport Service Quality (ACI-ASQ) survey. The further break-up furnished by CIAL indicates that professional and consultancy related expenses at a broader level comprise legal charges of Rs. 3.50 Crores, consultancy expenses of Rs. 3.29 Crores, professional charges of Rs. 4.79 Crores, arbitration expenses of Rs. 0.24 Crores and other minor items.. The Authority notes that the aeronautical allocation of legal, consultancy, arbitration and other professional charges shall be dealt with in the subsequent section relating to allocation of aeronautical expenses. Subject thereto, the Authority proposes to allow the professional charges as submitted.

2.6.102. The Authority notes that provision for doubtful debts / advances amounts to Rs. 15.95 Crores during the Third Control Period, constituting about 9.32% of the total Administration and General expenses submitted by CIAL. The Authority is of the view that such provision does not represent actual operating expenditure incurred for provision of airport services and is therefore not allowable for tariff determination purposes. Accordingly, the Authority proposes to disallow provision for doubtful debts / advances in full.

2.6.103. The Authority notes that flood mitigation expenses amount to Rs. 2.31 Crores during the Third Control Period, as against Rs. 11.49 Crores approved by the Authority in the Tariff Order for the Third Control Period. In this regard, the Authority had sought clarification on the variation vis-à-vis the approved amount, the rationale for incurring the expenditure, and the locations / assets in respect of which such expenditure was incurred. CIAL has submitted that the project approved by the Authority in the Third Control Period order pertained to Chowwara Bridge under its flood mitigation programme. CIAL has further submitted that the said project has subsequently been integrated with works relating to Puliyampally and Madathimoola bridges under “Operation Pravah”, its broader flood mitigation programme undertaken in accordance with the KITCO report. CIAL has stated that the total cost of these three-bridge works has been revised from Rs. 41 Crores to Rs. 35 Crores based on current market prices, comprising Chowwara Bridge of Rs. 10 Crores, Puliyampally Bridge of Rs. 14 Crores and Madathimoola Bridge of Rs. 11 Crores. CIAL has further submitted that, against the total estimated cost of Rs. 35 crore, actual expenditure of Rs. 2.31 Crore has been incurred during the Third Control Period towards the said works and the balance expenditure of about Rs. 32.69 Crore is proposed to be incurred in FY 2026-27. Considering the nature of such expenditure and its relevance to continuity and protection of airport operations, the Authority proposes to allow the flood mitigation expenses as submitted by CIAL for the Third Control Period.

2.6.104. The Authority notes that additional compensation to landowners amounts to Rs. 4.32 Crores during the Third Control Period. In this regard, the Authority sought justification from CIAL, along with supporting documentary evidence. The Authority notes CIAL's submission that the said amount comprises compensation, together with interest on enhanced compensation, payable to landowners

over whose properties KSEB laid the 110 kV double-circuit line to CIAL's substation, the said work having been executed by KSEB as a deposit work at CIAL's cost.

2.6.105. The Authority has verified that the cost of land considered for the purpose of Return on Land remains unchanged and does not include the said expenditure, and that no Return on Land has accordingly been claimed by CIAL thereon. The Authority notes that the compensation was payable pursuant to the directions of the Hon'ble High Court and that the expenditure has been audited by the statutory auditors and recorded in the books of account. Accordingly, the Authority proposes to allow the additional compensation to landowners as submitted by CIAL for true-up of the Third Control Period.

2.6.106. In view of the above, the Authority proposes to allow the Administration and General expenses submitted by CIAL for the Third Control Period, except provision for doubtful debts / advances, subject to treatment of aeronautical allocation of common expenses in the subsequent section relating to allocation of aeronautical expenses as per the following table:

Table 77: Admin & General expenses proposed by the Authority for True up for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Repairs to office equipment	1.00	1.26	1.7	2.58	5.11	11.65
Rent	0.07	0.08	0.08	0.08	0.08	0.39
Rates & Taxes	1.8	2.06	1.82	2.84	2.81	11.33
Printing & Stationery	0.13	0.42	0.41	0.25	0.24	1.45
Telephone, Postage & Communication	0.42	0.64	0.72	0.8	0.69	3.27
Travelling Expenses	1.38	3.19	3.92	3.95	4.8	17.24
Insurance	6.33	7.09	7.74	8.75	9.92	39.83
Advertisement	0.8	4.1	7.84	8.47	7.45	28.66
Loss on Sale of Asset	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges	0.05	0.08	0.17	0.05	0.04	0.39
Auditors' Remuneration	0.09	0.1	0.19	0.33	0.13	0.84
Professional Charges	0.7	2.06	2.68	2.98	3.41	11.83
Provision for Doubtful Debts / Advances	0.00	0.00	0.00	0.00	0.00	0.00
Directors' Sitting Fees	0.1	0.19	0.22	0.15	0.16	0.82
Flood mitigation expenses	0.16	0	0	0	2.15	2.31
Additional compensation to landowners	0	0.76	3.14	0.09	0.33	4.32
Total Admin and General expenses proposed to be considered by the Authority	**13.03**	**22.03**	**30.63**	**31.32**	**37.32**	**134.33**

Working Capital Interest

2.6.107. The Authority has examined the Working Capital Interest submitted by CIAL for true-up of the Third Control Period with reference to the submissions made by CIAL, clarifications furnished in response to the queries raised by the Authority, and the review carried out by the Independent Tariff Consultant.

2.6.108. The details of the Working Capital Interest submitted by CIAL vis-à-vis the amount approved by the Authority in the Tariff Order for the Third Control Period are set out in the table below:

Table 78: Comparison of Working Capital Interest as submitted by CIAL for True up and as approved in the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As submitted by CIAL **(A)**	6.76	0.33	0.00	0.07	0.40	7.56

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
As approved in the Third Control Period **(B)**	9.36	5.57	0.00	0.00	0.00	14.93
Difference **(B-A)**	2.60	5.24	0.00	(0.07)	(0.40)	7.37

2.6.109. The Authority notes that the Working Capital Interest submitted by CIAL aggregates to Rs. 7.56 Crores for the Third Control Period, as against Rs. 14.93 Crores approved by the Authority in the Tariff Order for the Third Control Period, reflecting a decrease of Rs. 7.37 Crores, i.e. about 49.36% vis-à-vis the approved amount.

2.6.110. The Authority notes that, at the time of determination of tariff for the Third Control Period, Working Capital Interest had been considered as a prudential measure / safety net, having regard to the uncertainty prevailing due to the COVID-19 pandemic and the possibility of delays in receipt of payments. CIAL has submitted that, during the Third Control Period, payments were received in a timely manner, resulting in lower actual working capital requirements and consequently lower Working Capital Interest.

2.6.111. The Authority observes that the lower Working Capital Interest claimed by CIAL is consistent with the rationale submitted by CIAL and reflects lower actual financing requirement towards working capital during the Third Control Period. Considering that the actual claim is lower than the amount approved by the Authority in the Tariff Order for the Third Control Period, and based on the review carried out by the Independent Tariff Consultant, the Authority proposes to allow the Working Capital Interest as submitted by CIAL for the Third Control Period.

2.6.112. Based on the above analysis, the Authority proposes Operating Expenses for the True up of the Third Control Period as provided below:

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

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Payment to Employees	86.66	103.07	108.78	128.10	132.26	558.87
Repair & Maintenance	25.90	32.77	36.23	38.48	39.02	172.40
Utility Costs	25.43	28.99	32.61	32.86	32.04	151.93
Safety & Security Expenses	6.98	7.55	7.33	12.66	15.13	49.65
Vehicle Repair & Maintenance	1.28	1.59	2.26	3.67	3.09	11.89
Housekeeping Expenses	8.02	10.42	11.40	12.39	13.75	55.98
Consumables	2.46	3.32	4.82	5.27	5.23	21.10
Other operating expenses	9.18	10.45	14.55	14.85	18.35	67.39
BHS & X-ray Operational Expenses	7.46	8.66	8.90	9.34	10.27	44.63
Cargo Handling Expenses	0.00	0.91	9.47	14.78	16.19	41.35
Admin & General Expenses	13.03	22.03	30.63	31.32	37.32	134.33
Working Capital Interest	6.76	0.33	0.00	0.07	0.40	7.56
Total	**193.16**	**230.09**	**266.98**	**303.79**	**323.05**	**1317.08**

Aeronautical Allocation of Operating Expenses for True up of the Third Control Period

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

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

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

S.No.	Details of Expense	Allocation as per the Authority
1.	Employee Costs	Employees have been bifurcated into direct Aeronautical, direct Non-Aeronautical and common. Common employees further bifurcated in the proportion of direct Aeronautical and direct Non-Aeronautical employees. Total employee costs then bifurcated into Aero and Non-Aero in the respective proportion of their numbers.
2.	Repair & Maintenance	These expenses have been bifurcated using the Gross Block Ratio (Aeronautical Gross Block to Total Gross Block.)
3.	Utility Costs	Utilities costs have been considered as net of revenues from concessionaires and the net amount so obtained have been considered as 100% aeronautical.
4.	Safety & Security Expenses	These expenses have been bifurcated using the Terminal Building Ratio
6.	Housekeeping Expenses	These expenses have been bifurcated using the Terminal Building Ratio
7.	Consumables	These expenses have been bifurcated using the Terminal Building Ratio
8.	Other operating expenses	These expenses have been bifurcated using the Terminal Building Ratio
9.	BHS & X-ray Operational Expenses (CUTE)	BHS and X-ray operational expenses are considered as 100% aeronautical
10.	Cargo Handling Expenses	Cargo handling expenses are considered as 100% aeronautical
11.	Working Capital Interest	Working Capital interest has been segregated using the Gross Block Ratio (Aeronautical Gross Block to Total Gross Block)

Allocation of Admin & General Expenses

2.6.115. The Authority notes that CIAL has segregated all expenses under the head Administration & General between Aeronautical and Non-Aeronautical Services by uniformly applying the Employee Allocation Ratio. The Authority observes that Admin & General expenses comprise a range of heads which are driven by materially different cost drivers, and that the application of a single allocation ratio across all such heads does not adequately reflect the manner in which the underlying costs are incurred. The Authority is of the view that Admin & General expenses are required to be segregated on the basis of cost drivers appropriate to the nature of each expense head, and has accordingly examined the

constituent heads of Admin & General expenses for the purpose of true-up of the Third Control Period, as set out in the ensuing paragraphs.

2.6.116. The Authority observes that expenses in the nature of Repairs to Office Equipment, Printing & Stationery, Telephone, Postage & Communication, Directors' Sitting Fees, Professional Charges (excluding legal expenses) and Auditor's Remuneration are incurred in support of the corporate and administrative functions of the airport and are driven by the deployment of manpower rather than by any identifiable asset or facility. The Authority, therefore, proposes to segregate these expenses by applying the Employee Allocation Ratio.

2.6.117. The Authority observes that expenses in the nature of Insurance, Bank Charges arise in relation to the assets deployed at the airport and are driven by the asset base rather than by manpower. The Authority accordingly proposes to segregate the said expenses by applying the Gross Block Ratio, being the ratio of Aeronautical Gross Block to Total Gross Block. In respect of Rates & Taxes and Compensation to Landowners, the Authority observes that such expenses relate to the land and terminal infrastructure of the airport, and accordingly proposes to segregate the same by applying the Terminal Allocation Ratio.

2.6.118. The Authority notes that Travel expenses comprise accommodation for office guests and consultants, conveyance reimbursement, local conveyance, taxi hire charges (including those relating to AAI), tour expenses, foreign tour expenses, and travelling and hotel accommodation of Directors. The Authority observes that such expenditure is general in nature, is incurred in relation to the overall business of the airport, and is not traceable to any specific service line, asset or revenue stream so as to permit segregation on the basis of direct identification. In the absence of any more precise cost driver, the Authority proposes to segregate Travel expenses in the ratio of 50:50 between Aeronautical and Non-Aeronautical Services.

2.6.119. In respect of Legal expenses, the Authority proposes to segregate the expenditure having regard to the nature of the actual expense incurred. The Authority observes that legal expenses of a common nature are incurred in relation to the business of the airport as a whole and are not capable of direct attribution to either Aeronautical or Non-Aeronautical Services. In the absence of any identifiable cost driver for such common expenditure, the Authority proposes to apportion the same in the ratio of 50:50 between Aeronautical and Non-Aeronautical Services.

2.6.120. The Authority further observes that Flood Mitigation expenses are incurred towards protection of the airside and terminal infrastructure and towards ensuring uninterrupted and safe airport operations, and are therefore aeronautical in character. Accordingly, the Authority proposes to consider Flood Mitigation expenses as wholly Aeronautical.

2.6.121. In respect of Advertisement expenses, the Authority proposes to segregate the expenditure at a broad level into three categories, namely, expenses directly attributable to Aeronautical Services, expenses directly attributable to Non-Aeronautical Services, and common expenses. The Authority observes that tender advertisements relating to airport operations and aeronautical capital works, together with statutory and operational notices, are Aeronautical in nature, whereas advertisement and publicity relating to commercial, retail, hospitality and other non-aeronautical business lines is Non-Aeronautical in nature. The Authority further observes that a substantial portion of the expenditure is incurred towards institutional publicity, brand promotion and corporate communication of the airport as a whole, the benefits of which accrue to both segments and which is not capable of direct attribution

to either. Accordingly, the Authority proposes to allocate such common advertisement expenses in the ratio of 50:50 between Aeronautical and Non-Aeronautical Services

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

Table 81: Aeronautical allocation of Operating Expenses as proposed by the Authority for the Third Control Period

Particulars (FY ending March 31)	2022	2023	2024	2025	2026
Employee Costs	96.38%	96.54%	97.06%	97.05%	97.70%
Repair & Maintenance	91.66%	91.78%	92.00%	86.47%	86.71%
Utility Costs	100.00%	100.00%	100.00%	100.00%	100.00%
Safety & Security Expenses	90.84%	90.84%	90.84%	90.84%	90.84%
Vehicle Repair & Maintenance	90.84%	90.84%	90.84%	90.84%	90.84%
Housekeeping Expenses	90.84%	90.84%	90.84%	90.84%	90.84%
Consumables	90.84%	90.84%	90.84%	90.84%	90.84%
Other operating expenses	90.84%	90.84%	90.84%	90.84%	90.84%
BHS & X-ray Operational Expenses (CUTE)	100.00%	100.00%	100.00%	100.00%	100.00%
Cargo Handling Expenses	100.00%	100.00%	100.00%	100.00%	100.00%
Admin & General Expenses (Advertisement)	50.00%	76.00%	71.92%	27.94%	50.36%
Admin & General Expenses (Travel)	50.00%	50.00%	50.00%	50.00%	50.00%
Admin & General Expenses (Legal)	52.08%	59.17%	66.03%	66.01%	50.92%
Admin & General Expenses (Insurance, Bank charges etc)	91.66%	91.78%	92.00%	86.47%	86.71%
Admin & General Expenses (Rates & Taxes, Compensation to landowners)	90.84%	90.84%	90.84%	90.84%	90.84%
Admin & General Expenses (Others)	96.38%	96.54%	97.06%	97.05%	97.70%
Working Capital Interest	91.66%	91.78%	92.00%	86.47%	86.71%

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

Table 82: Aeronautical Operating Expenses proposed to be considered by the Authority for the True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Payment to Employees	83.52	99.51	105.58	124.31	129.22	542.13
Repair & Maintenance	23.74	30.07	33.33	33.28	33.84	154.26
Utility Costs	25.43	28.99	32.61	32.86	32.04	151.93
Safety & Security Expenses	6.34	6.86	6.66	11.50	13.74	45.10
Vehicle Repair & Maintenance	1.16	1.45	2.05	3.33	2.81	10.80
Housekeeping Expenses	7.29	9.47	10.35	11.26	12.49	50.86
Consumables	2.23	3.02	4.38	4.79	4.76	19.17
Other operating expenses	8.34	9.5	13.22	13.49	16.67	61.22
BHS & X-ray Operational Expenses	7.46	8.66	8.90	9.34	10.27	44.62
Cargo Handling Expenses	0.00	0.91	9.47	14.78	16.19	41.36
CSR Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Admin & General Expenses	10.60	18.16	24.98	21.33	29.31	104.38
Working Capital Interest	6.19	0.31	0.00	0.06	0.35	6.91
Total	**182.31**	**216.89**	**251.54**	**280.32**	**301.68**	**1232.73**

2.6.124. In view of the above, the Authority proposes to consider Aeronautical Operating Expenses of Rs. 1232.73 Crores as per Table 82 for the True up of the Third Control Period as against CIAL's submission of Rs. 1313.76 Crores.

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

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

2.7. True Up of Fair Rate of Return (FRoR) for the Third Control Period

CIAL's submission for WACC for the Third Control Period

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

Cost of Equity

2.7.2. CIAL has considered cost of equity as approved by the Authority in the Tariff Order for the Third Control Period i.e. 15.16%.

Cost of Debt

2.7.3. CIAL has considered effective cost of debt i.e. 7.39% for the Third Control Period computed based on the debt outstanding in each of the years of the Control Period. The basis for the cost of debt towards True Up for the Third Control Period is as shown in the table below:

Table 83: Basis for Cost of Debt submitted by CIAL

(Rs. in Crore)

Debt* (in INR cr.)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026#
Cost of debt (%)	6.35%	7.60%	7.70%	7.80%	7.80%
Total closing debt	555	591	502	391	163
Average debt	566	573	547	447	277
Weighted average cost of debt	7.39%				

2.7.4. CIAL had initially submitted the Cost of Debt for FY 2025-26 on a projections basis as part of its MYTP for the Fourth Control Period. Subsequently, pursuant to the clarifications sought and finalisation of accounts for FY 2025-26, CIAL submitted the actual debt movement and interest cost for FY 2025-26. The details of the actual debt movement and effective cost of debt submitted by CIAL for FY 2025-26 are shown in the table below:

Table 84: Actual Debt Movement and Effective Cost of Debt submitted by CIAL for FY 2025-26

(Rs. in Crore)

Particulars	FY26
Closing debt	161.2
Current maturities of long term debt	115.3
Total closing debt	**276.5**
Average debt	**334**
Interest rate	**7.30%**

2.7.5. The Authority notes that the actual effective cost of debt for FY 2025-26 submitted by CIAL works out to 7.30%, as against the projected effective cost of debt of 7.80% submitted earlier in the MYTP.

2.7.6. Accordingly, after taking into account the revised submission for cost of debt submitted by CIAL, the weighted average cost of debt work out as 7.33%.

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

Gearing Ratio

2.7.8. CIAL has considered a gearing ratio of 48:52, i.e., 48% debt and 52% equity, for computation of the Weighted Average Cost of Capital for the Third Control Period.

Calculation of WACC:

2.7.9. CIAL considered the same methodology for calculation of WACC as adopted by the Authority in the Tariff Order for the Third Control Period and the WACC as calculated by CIAL stands at 11.40% with normative debt and equity at 48% and 52% respectively. The calculation of WACC is shown in the table below:

Table 85: WACC submitted by CIAL for the Third Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.16%	52.00%	7.88%
Debt	7.33%	48.00%	3.52%
WACC			11.40%

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

2.7.10. Decision 7.6.1 *"Authority decides to consider cost of equity as 15.16 % as recommended by the Study on Determinants of Cost of Capital of CIAL (refer Para 7.2.4)."*

2.7.11. Decision 7.6.2 *"Authority decides to consider cost of debt as 7.8% as submitted by CIAL and true up the same based on actuals at the time of tariff determination for the next control period (refer Para 7.2.2)."*

2.7.12. Decision 7.6.3 *"Authority decides to consider a notional debt equity ratio of 48%:52% for the Third Control Period as recommended by the Study on Determinants of Cost of Capital of CIAL. The debt equity ratio will not be trued up during the tariff determination for the Fourth Control Period (refer Para 7.5.1)."*

2.7.13. Decision 7.6.4 *"Authority decides to consider RSD as part of the notional debt to arrive at FRoR for the Third Control Period (refer Para 7.5.3)."*

2.7.14. Decision 7.6.5 *"Authority decides to consider the Fair Rate of Return as given in Para 7.2.9 (Table 142) for the Third Control Period based on the above-mentioned cost of debt, cost of equity and notional debt equity ratio."*

2.7.15. The year-wise effective cost of debt as assessed during the Third Control Period is presented below:

Table 86: Year-wise Effective Cost of Debt as per the Tariff Order for the Third Control Period

(Rs. in Crore)

FY ending March	FY22	FY23	FY24	FY25	FY26
Average Principal	822.4	1049.9	1166.8	1044.4	872.9
Effective Cost of Debt	7.8%	7.8%	7.8%	7.8%	7.8%
Weighted Average Cost of Debt for the Third Control Period	**7.80%**				

2.7.16. Based on the above, the Authority vide decision no. 7.2.9 in the Tariff Order for the Third Control Period decided to consider the WACC / Fair Rate of Return (FRoR) of 11.63% for the Third Control Period, computed as follows:

Table 87: WACC decided by the Authority as per the Tariff Order for the Third Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.16%	52.00%	7.88%
Debt	7.80%	48.00%	3.75%
WACC / FRoR			**11.63%**

Authority's Examination regarding True up of WACC for the third Control Period

2.7.17. The Authority examined the submission made by CIAL and notes that CIAL has adopted Cost of Equity at 15.16% which is consistent with the decision taken by the Authority during the tariff determination for the Third Control Period. Hence, the Authority proposes to consider the Cost of Equity at 15.16% towards True Up for the Third Control Period.

2.7.18. The Authority notes CIAL's submission of Cost of Debt at 7.33% towards True Up for the Third Control Period. The Authority notes that the calculation is based on the weighted average of the year-wise effective cost of debt computed on the average principal outstanding during the Third Control Period. Accordingly, the year-wise effective cost of debt as submitted by CIAL is 6.35% (FY22), 7.60% (FY23), 7.70% (FY24), 7.80% (FY25) and 7.30% (FY26), resulting in a weighted average cost of debt of 7.33% for the Third Control Period. The Authority finds the submission of CIAL towards the Weighted Cost of Debt of 7.33% reasonable as the same based on the actual cost of debt and is within the cost of debt approved by the Authority during the determination of Third Control Period. The Authority consistent with the decision taken at the time of tariff determination for the Third Control Period proposes to consider the normative debt-equity proportion of 48:52 as decided in Order No. 08/2021-22 for the Third Control Period.

Table 88: Cost of Debt proposed to be considered by the Authority for True Up of the Third Control Period

(Rs. in Crore)

FY ending March	FY22	FY23	FY24	FY25	FY26
Average Principal	565.67	572.73	547.64	447.93	333.91
Effective Cost of Debt	6.35%	7.60%	7.70%	7.80%	7.30%
Weighted Average Cost of Debt for the Third Control Period	**7.33%**				

Gearing Ratio

2.7.19. The Authority notes that CIAL has considered a gearing ratio of 48:52, i.e., 48% debt and 52% equity, for computation of the Weighted Average Cost of Capital for the Third Control Period and the same has been considered for the purpose of computation of WACC.

WACC

2.7.20. Based on the above, the resulting WACC proposed to be considered by the Authority towards True Up for the Third Control Period works out to 11.40% , in line with CIAL's submission, as shown in the table below:

Table 89: WACC proposed to be considered by the Authority towards True Up for the Third Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.16%	52.00%	7.88%
Debt	7.33%	48.00%	3.52%
WACC			**11.40%**

2.8. True up of Aeronautical Taxes for the Third Control Period

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

2.8.1. CIAL has submitted that the total taxes payable have been bifurcated into aeronautical and non-aeronautical taxes based on the methodology adopted by AERA in its Third Control Period Order for CIAL. As per the said Order, the total tax has been apportioned between aeronautical and non-aeronautical activities based on the percentage share of aeronautical PBT and non-aeronautical PBT.

2.8.2. CIAL has further submitted that, for the purpose of tax computation, the actual tax amount as per the income tax returns has been considered for the period from FY 2022 to FY 2024. For FY 2025 and FY 2026, the estimated tax as per the Profit and Loss Statement has been considered for computation.

2.8.3. The calculations of aeronautical tax and non-aeronautical tax submitted by CIAL are set out below:

Table 90: Aeronautical Taxes submitted by CIAL towards true up for the Third Control Period

(Rs. in Crore)

Tax computation (in INR cr.)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Aero revenues	248.3	519.7	661.7	748.9	787.1
Aero opex	184.6	232.3	267.5	294.3	328.3
Aero depreciation	119.0	112.8	119.1	116.6	122.5
Interest expense	43.4	35.6	40.3	30.9	24.8
PBT	-98.7	138.9	234.9	307.1	311.6
Tax rate applicable	25.2%	25.2%	25.2%	25.2%	25.2%
Aero Tax (A)	0.0	35.0	59.1	77.3	78.4
Non-aero revenues	162.4	241.1	341.9	376.8	417.1
Non-aero opex	16.8	17.1	18.8	25.4	30.8
Non-aero Depreciation	13.3	12.6	12.7	12.3	18.3
Interest	3.9	3.2	3.5	4.8	3.8
PBT	128.3	208.2	306.9	334.3	364.3
Tax rate applicable	25.2%	25.2%	25.2%	25.2%	25.2%
Non-aero tax (B)	32.3	52.4	77.2	84.2	91.7
Aero Tax % (A/(A+B))	0%	40%	43%	48%	46%

Tax as per IT returns till FY24 and Tax as per P&L statement for FY25 and FY26	0.0	44.5	136.9	170.7	190.0
Aero Tax for ARR	0.0	17.8	59.4	81.7	87.6

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

2.8.4. Decision No. 11.5.1: *"Authority decides to not consider 30% Non-Aeronautical Revenue as part of the Aeronautical revenue base for Aeronautical tax determination as detailed in Para 11.2.4."*

2.8.5. Decision No. 11.5.2: *"Authority decides to consider Aeronautical tax as detailed in Para 11.4.1 (Table 185) above for the Third Control Period and true up the same based on actuals at the time of tariff determination for the Fourth Control Period."*

2.8.6. The Aeronautical Taxes decided by the Authority for the Third Control Period are shown in the table below:

Table 91**: Aeronautical Taxes decided by the Authority in the Tariff Order for the Third Control Period**

(Rs. in Crore)

Particulars (INR Cr.)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
Aeronautical Tax						
Aeronautical Revenues	276.51	494.42	651.95	763.66	832.11	3018.64
30% Non-Aero Revenues	-	-	-	-	-	-
Aeronautical OPEX	188.96	212.14	213.25	231.46	252.14	1097.94
Aeronautical Depreciation	115.26	139.11	155.14	163.03	171.38	743.92
Interest	64.37	85.87	90.01	84.37	72.46	397.07
Aeronautical PBT	(92.07)	57.30	193.55	284.79	336.13	779.70
Tax Rate applicable (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	0.00	14.42	48.72	71.68	84.60	219.42
Non-Aeronautical Tax						
Non-Aero Revenues	121.09	179.53	222.41	243.24	273.85	1040.11
Non-Aeronautical OPEX	19.76	21.86	23.35	24.71	28.11	117.79
Non-Aeronautical Depreciation	24.39	16.82	18.13	15.37	16.35	91.05
Interest	13.89	18.07	20.23	17.65	17.10	86.94
Non-Aeronautical PBT	63.05	122.78	160.71	185.50	212.30	744.33
Tax rate applicable (%)	25.17%	25.17%	25.17%	25.17%	25.17%	
Non-Aeronautical Tax	15.87	30.90	40.45	46.69	53.44	187.35
Aeronautical Tax %	0.00%	31.82%	54.64%	60.56%	61.29%	
Total Tax Projected	0.00	45.32	89.16	118.36	138.03	390.87
Aeronautical Tax for ARR	0.00	14.42	48.71	71.68	84.60	219.41

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

2.8.7. The Authority notes CIAL's submission that the total taxes payable have been bifurcated into aeronautical and non-aeronautical taxes based on the methodology adopted by AERA in its Third Control Period Order for CIAL. The Authority further notes that such bifurcation has been carried out based on the percentage share of aeronautical PBT and non-aeronautical PBT.

2.8.8. The Authority also notes CIAL's submission that, for the purpose of tax computation, the actual tax amount as per the income tax returns has been considered for FY 2022 to FY 2024, while for FY 2025 and FY 2026, the estimated tax as per the Profit and Loss Statement has been considered.

2.8.9. The Authority has relied upon the judgement of Hon'ble Supreme Court dated 11.07.2022 and worked out corporate tax based on regulatory accounts/regulatory building block. The Authority notes that Aeronautical Taxes are to be computed only on earnings pertaining to regulated charges after adjustment of accumulated losses. In case accumulated losses are available, the same are to be set off against the earnings pertaining to regulated charges before computing the tax liability.

2.8.10. Based on the above, the Authority proposes the Aeronautical Taxes for True Up for the Third Control Period as shown in the table below:

Table 92: Aeronautical Taxes proposed to be considered by the Authority for True Up for the Third Control Period

(Rs. in Crore)

Particulars	Ref	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Aeronautical revenue	(A)	248.27	519.67	661.74	748.91	789.54	**2968.14**
Expenditure / Allowances:							
Operation and Maintenance Expenditure	(B)	182.31	216.89	251.54	280.32	301.68	**1232.73**
Depreciation	(C)	110.65	105.00	109.81	110.29	114.38	**550.14**
Interest expenses	(D)	48.41	56.65	57.42	58.46	55.08	**276.02**
Sub-total (E) = (B + C + D)	(E)	341.37	378.54	418.77	449.07	471.13	**2058.89**
Earnings pertaining to the Regulated Charges (F) = (A) – (E)	(F)	-93.11	141.13	242.97	299.84	318.41	**909.24**
Accumulated Losses:							
Opening Accumulated Losses	(G)	0.00	93.11	0.00	0.00	0.00	**93.11**
Current year losses	(H)	93.11	0.00	0.00	0.00	0.00	**93.11**
Current year set-off	(I)	0.00	93.11	0.00	0.00	0.00	**93.11**
Closing Accumulated Losses (K) = (H+ I – J)	(J)	93.11	0.00	0.00	0.00	0.00	**93.11**
Earning on which normal tax is calculated	(K)	0.00	48.01	242.97	299.84	318.41	**909.24**
Tax Rate	(L)	25.17%	25.17%	25.17%	25.17%	25.17%	
Aeronautical Tax	(M)	**0.00**	**12.09**	**61.16**	**75.47**	**80.14**	**228.86**

2.8.11. In view of the above, the Authority proposes to consider the Aeronautical Taxes as Rs. 228.86 Crores towards True Up for the Third Control Period.

2.9. True up of Non-Aeronautical Revenue for the Third Control Period

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

2.9.1. CIAL has submitted the Non-Aeronautical Revenue for the Third Control Period as per the table below:

Table 93: Non-Aeronautical Revenue submitted by CIAL for True Up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Duty Free Revenues	62.26	113.84	112.95	110.23	116.68	**515.95**
Non-Aero Royalties						
Royalty - Engineering	0.04	0.21	0.22	0.40	0.22	**1.09**
Royalty – Security	0.43	0.75	1.21	2.43	2.84	**7.66**
Royalty – Terminal Handling & Valet	30.69	0.33	0.25	0.23	0.18	**31.68**
License Fees						
License Fee – Car Park	4.23	9.34	13.90	16.10	16.91	**60.48**
License Fee – Catering	1.73	3.76	4.89	5.90	6.88	**23.16**
Other License Fees						
Other Food & Beverage	0.54	1.45	2.66	3.70	5.57	**13.92**
Retail Shops	4.68	14.43	20.72	24.32	29.19	**93.34**
Hoarding/Board/ Advertisement	2.12	5.36	1.72	12.65	16.08	**37.94**
Food & Beverage	6.62	16.29	24.24	21.99	23.71	**92.85**
Lounge	7.85	20.20	30.47	36.34	45.27	**140.13**
Land Space (excluding BPCL fuel hydrant)	1.95	2.36	2.55	2.69	3.17	**12.73**
Baggage Wrapping Space	3.99	8.83	11.51	12.13	11.35	**47.81**
Forex Counter	4.14	7.87	18.18	22.41	23.88	**76.49**
Space Rentals excl. CGF	12.34	14.79	14.33	15.74	16.84	**74.03**
Star Hotel	-	-	-	0.82	4.79	**5.61**
0484 Aero Lounge	-	-	-	0.83	3.61	**4.44**
Miscellaneous	(0.03)	-	(0.48)	0.43	-	**(0.08)**
Miscellaneous- Rent & Services	0.37	0.74	10.54	1.35	2.85	**15.84**
Interest Income	7.15	7.42	59.96	72.20	69.81	**216.53**
Other Income	8.62	7.12	4.93	6.83	10.53	**38.02**
Income from Golf Course and Facilities, &Trade Fair Centre	2.69	5.99	7.11	7.11	6.79	**29.70**
Total NAR	**162.40**	**241.07**	**341.87**	**376.85**	**417.14**	**1,539.33**
Cross Subsidisation (30% of NAR)	**(48.72)**	**(72.32)**	**(102.56)**	**(113.05)**	**(125.14)**	**(461.80)**

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

2.9.2. The Authority, in the Tariff Order for the Third Control Period, had concluded as under in respect of non-Aeronautical Revenue:

i. **Decision No. 10.6.1:** *"Authority decides to consider airline space rentals and land lease rentals from agencies related to Aeronautical services like Ground Handling as Aeronautical Revenue."*

ii. **Decision No. 10.6.2***: "Authority decides to consider the contractual royalty and rents paid by CDRSL as Duty-Free revenues of CIAL and true up the same based on actuals and after due diligence at the time of determination of tariff for the Fourth Control Period."*

iii. **Decision No. 10.6.3:** *"Authority decides to consider lease rentals paid by Coast Guard Navy as Non-Aeronautical revenue."*

iv. **Decision No. 10.6.4:** *"Authority decides to consider Non-Aeronautical Revenue as detailed in Para 10.5.7 (Table 182) for determination of tariff for the Third Control Period."*

v. **Decision No. 10.6.5**: *"Authority decides to true up Non-Aeronautical Revenue for the Third Control Period based on actuals at the time of determination of tariff for the next control period."*

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

Table 94: Non-Aeronautical Revenue decided by the Authority in the Third Control Period Tariff Order

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Duty Free Revenues	33.18	51.42	70.34	78.27	86.9	**320.12**
Non-Aeronautical Royalties						
Royalty - Engineering	0.37	0.41	0.45	0.49	0.54	**2.25**
Royalty – Security	0.91	1	1.1	1.21	1.34	**5.57**
Royalty – Terminal Handling & Valet	0.23	0.25	0.28	0.3	0.33	**1.39**
License Fees						
License Fee – Car Park	6.97	10.68	12.95	11.56	12.72	**54.88**
License Fee – Catering	1.82	2.79	3.38	3.76	4.17	**15.91**
Other License Fees						
F&B	16.9	28.11	34.84	38.58	42.31	**160.74**
Retail Shops	13.73	21.4	25.85	28.42	31.26	**120.67**
Hoarding/Board	12.79	19.83	21.81	23.99	26.39	**104.81**
Land Space (excluding BPCL)	1.9	2.09	2.29	2.53	2.79	**11.59**
Baggage Wrapping Space	5.34	5.87	6.46	7.11	7.82	**32.59**
Forex Counter	4.93	7.77	10.52	11.14	11.74	**46.08**
Forex Counter–SBT and Federal Bank	2.56	3.93	4.76	5.29	5.88	**22.42**
Antenna Space	2.31	2.5	2.74	3.01	3.31	**13.87**
ATM	1.61	1.77	1.95	2.14	2.36	**9.82**
Duty Free Shop Rentals	0.88	0.95	1.02	1.09	1.18	**5.12**
Mobile Counter	0.74	1.2	1.64	1.81	1.99	**7.37**
Miscellaneous	1.9	2.36	2.59	2.83	3.1	**12.78**

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Interest Income	1.34	0.88	0.88	0.88	6.44	**10.41**
Other Income	6.4	7.21	7.79	8.23	8.71	**38.35**
Income from Golf Course, Trade Fair Centre, and Commercial complex	4.28	7.13	8.78	10.59	12.57	**43.36**
Total Non-Aeronautical Revenue	**121.09**	**179.53**	**222.41**	**243.24**	**273.85**	**1,040.11**
30% for Cross Subsidisation	**36.33**	**53.86**	**66.72**	**72.97**	**82.16**	**312.03**

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

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

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

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

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

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

Table 95: Comparison of various NAR items as approved in the Third Control Period Tariff Order and as submitted by CIAL for True-Up of the Third Control Period

(Rs. in Crore)

S. No	Particulars	3rd CP Order (A)	CIAL's Submission (B)	Variance (C = B−A)	Reason for Variation
1	Duty Free Revenues	320.12	515.95	195.83	• Significant outperformance driven by stronger-than-projected international passenger growth and elevated consumer spending patterns • Higher per-pax spending at Duty-Free.
2	Interest Income	10.41	216.53	206.12	• Significant income generated from unutilised capex funds parked in the bank
3	Other Income	38.35	38.02	(0.33)	• Marginal variation in revenue driven by minor fluctuations in demand for security training services • Changes in visitor footfall to the visitor's gallery based on accompanying passenger numbers and public admission fee policies.

4	Income from Golf Course and Facilities, Trade Fair Centre	43.36	29.70	(13.66)	• Lower revenue driven by reduced golf memberships and fluctuating demand for rental space within the Trade Fair Centre.
	Total	**412.24**	**800.20**	**387.96**	

Table 96: Comparison of Non-Aeronautical Royalties for True-Up of the Third Control Period

(Rs. in Crore)

S. No	Particulars	3rd CP Order (A)	CIAL's Submission (B)	Variance (C = B−A)	Reason for Variation
1	Royalty-Engineering	2.25	1.09	(1.16)	• Variation in revenue driven by changes in royalty income from third-party engineering service providers. • Addition and migration of carrier-wise service arrangements.
2	Royalty-Security	5.57	7.66	2.09	• Higher revenue driven by increase in security ground handling services. • Addition of airlines availing security services from SpiceJet and gradual outsourcing of security functions by previously self-handling airlines.
3	Royalty-Terminal Handling and Valet	1.39	31.68	30.29	• Varied revenue driven by cessation of one-time royalty income from COVID-19 testing unit operations at the terminal. • Decline primarily attributable to the non-recurring nature of this revenue stream, while underlying terminal handling and valet revenues continued to grow in line with airport operations.
	Total	**9.21**	**40.43**	**31.22**	

Table 97: Comparison of Revenue from License Fees for True-Up of the Third Control Period

(Rs. in Crore)

S. No	Particulars	3rd CP Order (A)	CIAL's Submission (B)	Variance (C = B−A)	Reason for Variation
1	License Fee-Car Park	54.88	60.48	5.60	• Car park revenues impacted by COVID-19 during FY21–FY23. • Revenue growth from FY24 onwards driven by new car park contract with Gateway Security Group incorporating fixed monthly licence fee and 5% annual escalation.
2	License Fee-Catering Services	15.91	23.16	7.25	• Catering revenues impacted by COVID-19 during FY21–FY23. • Revenue growth from FY24 onwards driven by recovery in passenger traffic, with CIAL earning 13% revenue share from catering operators as per catering contracts.

S. No	Particulars	3rd CP Order (A)	CIAL's Submission (B)	Variance (C = B−A)	Reason for Variation
	Total	**70.79**	**83.64**	**12.85**	

Table 98: Comparison of Revenue from Licenses- Others for True Up of the Third Control Period

(Rs. in Crore)

S. No	Particulars	3rd CP Order (A)	CIAL's Submission (B)	Variance (C = B−A)	Reason for Variation
1	Other Food & Beverage	-	13.92	13.92	• Other F&B revenues impacted by COVID-19 during FY21–FY23. • Revenue growth in FY26 driven by commissioning of additional F&B outlets under the T1 Courtyard project. • F&B outlets outside terminal buildings and outside the scope of TFS (T1) and CAFS (T3) contracts.
2	Retail Shops	120.67	93.34	(27.33)	• Retail revenues impacted by COVID-19 during FY21–FY23. • Revenue growth in FY26 driven by commissioning of additional retail outlets under the T1 Courtyard project outside the Terminal 1 building.
3	Hoarding/Board/ Advertisement	104.81	37.94	(66.87)	• Advertising revenues impacted by COVID-19 during FY21–FY23. • Revenue growth from FY25 onwards driven by new 10-year advertising contract with Laqshya under which CIAL receives the higher of Minimum Annual Guarantee (MAG) or revenue share. • FY25 reflects the first full year of Laqshya's operations, while a portion of FY24 advertising revenue was recorded under Miscellaneous Rent & Services due to interim in-house management by CIAL.
4	Food and Beverage	160.74	92.85	(67.89)	• Food and beverage revenue impacted by COVID-19 during FY21–FY23. • Post-recovery, revenues grew in line with passenger traffic with significant increase in FY26 driven by commissioning of expanded Terminal 3 lounge. • Revenue performance supported by new lounge and F&B contracts with CAFS and TFS effective from January 2026, under which CIAL receives the higher of revenue share or licence fee.

S. No	Particulars	3rd CP Order (A)	CIAL's Submission (B)	Variance (C = B−A)	Reason for Variation
5	Lounge	--	140.13	140.13	• Lounge revenue impacted by COVID-19 during FY21–FY23. • Post-recovery, revenues grew in line with passenger traffic with significant increase in FY26 driven by commissioning of expanded Terminal 3 lounge. • Revenue performance supported by new lounge and F&B contracts with CAFS and TFS effective from January 2026, under which CIAL receives the higher of revenue share or license fee.
6	Land Lease (excluding BPCL fuel hydrant)	11.59	12.73	1.14	• Land rental revenues (excluding CGF) vary based on land requirements of different stakeholders and scale of their operations at CIAL.
7	Baggage Wrapping Space	32.59	47.81	15.22	• Baggage wrapping and meet & greet revenues impacted by COVID-19 during FY21–FY23. • Revenue performance from FY25 onwards driven by new 5-year contract with Speedwings effective from November 2024, under which CIAL receives market-discovered fixed licence fee with 5% annual escalation through competitive bidding process.
8	Forex Counter (incl. Forex Counter- SBT and Federal Bank)	68.5	76.49	7.99	• Forex counter revenues impacted by COVID-19 during FY21–FY23. • Revenue growth from FY24 onwards driven by new 5-year contract with Ebix providing fixed monthly licence fee with 5% annual escalation, with FY25 reflecting first full year of operations under the contract.
9	Space Rentals excl. CGF	-	74.03	74.03	• Contract-linked escalation. • Space rental revenues (excluding CGF) vary based on space requirements of concessionaires and scale of their operations at CIAL.
10	Star Hotel	-	5.61	5.61	• CIAL entered contract for Star Hotel in November 2024. • FY25 reflects partial-year revenues, while FY26 represents revenues from full year of operations. • FY25 revenues impacted as operations were in stabilization phase.
11	0484 Lounge	-	4.44	4.44	• Revenue increased in FY26 due to commissioning of lounge, restaurant, spa and bar facilities in addition to full year of room operations.

S. No	Particulars	3rd CP Order (A)	CIAL's Submission (B)	Variance (C = B−A)	Reason for Variation
					• FY25 reflected partial-year revenue from room operations as rooms were commissioned during the year. • Revenue earned based on the higher of MAG or revenue share under concession agreement.
12	Miscellaneous	12.78	(0.08)	(12.86)	• Accounting adjustment in the books. • Negative entry under miscellaneous income in FY24 due to ledger reclassification adjustment, whereby amount has been shifted and appropriately recorded under another non-aero revenue head.
13	Miscellaneous-Rent & Services	-	15.84	15.84	• Revenues variable as they comprise diverse income streams such as telephone charges, airside driving permits, promotional activities, prepaid taxi surcharges and other ancillary services. • Significant increase in FY24 primarily driven by CIAL's temporary in-house management of advertising operations during transition between advertising concessionaires, resulting in advertisement revenue being recorded under Miscellaneous Rent & Services.
14	Mobile Counter	7.37	-	(7.37)	• CIAL revised its reporting framework for non-aeronautical revenues effective FY22. • Detailed break-up of revenue streams such as Forex Counters (SBT and Federal Bank), Antenna Space, ATMs, Duty Free Shop rentals and Mobile Counters no longer separately disclosed as these have been consolidated under other non-aeronautical revenue heads.
15	Antenna Space	13.87	-	(13.87)	• CIAL revised its reporting framework for non-aeronautical revenues effective FY22. • Detailed break-up of revenue streams such as Forex Counters (SBT and Federal Bank), Antenna Space, ATMs, Duty Free Shop rentals and Mobile Counters no longer separately disclosed as these have been consolidated under other non-aeronautical revenue heads.
16	ATM	9.82	-	(9.82)	• CIAL revised its reporting framework for non-aeronautical revenues effective FY22. • Detailed break-up of revenue streams such as Forex Counters (SBT and Federal Bank), Antenna Space, ATMs, Duty Free Shop rentals and Mobile Counters no longer separately

S. No	Particulars	3rd CP Order (A)	CIAL's Submission (B)	Variance (C = B−A)	Reason for Variation
					disclosed as these have been consolidated under other non-aeronautical revenue heads.
17	Duty Free Shop Rentals	5.12	-	(5.12)	• CIAL revised its reporting framework for non-aeronautical revenues effective FY22. • Detailed break-up of revenue streams such as Forex Counters (SBT and Federal Bank), Antenna Space, ATMs, Duty Free Shop rentals and Mobile Counters no longer separately disclosed as these have been consolidated under other non-aeronautical revenue heads.
	Total	**547.86**	**615.05**	**67.19**	

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

(i) higher per-passenger realization in Duty Free Revenue driven by per pax growth and per-pax spending,

(ii) higher cash and bank balance due to unutilised capex amount,

(iii) renegotiation of Minimum Annual Guarantees and rates with CIAL's Concessionaires,

(iv) area additions and new lease arrangements under Space and Land Rentals, and

(v) reclassification of certain revenue streams.

2.9.7. The Non-Aeronautical Revenue proposed to be considered by the Authority for True-up of the Third Control Period, based on the above treatment, is set out below:

Table 99: Non-Aeronautical Revenue proposed to be considered by the Authority for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Duty Free Revenues	62.26	113.84	112.95	110.23	116.68	**515.95**
Non-Aero Royalties						
Royalty - Engineering	0.04	0.21	0.22	0.40	0.22	**1.09**
Royalty – Security	0.43	0.75	1.21	2.43	2.84	**7.66**
Royalty – Terminal Handling & Valet	30.69	0.33	0.25	0.23	0.18	**31.68**
License Fees						
License Fee – Car Park	4.23	9.34	13.90	16.10	16.91	**60.48**
License Fee – Catering	1.73	3.76	4.89	5.90	6.88	**23.16**
Other License Fees						

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Other Food & Beverage	0.54	1.45	2.66	3.70	5.57	**13.92**
Retail Shops	4.68	14.43	20.72	24.32	29.19	**93.34**
Hoarding/Board/ Advertisement	2.12	5.36	1.72	12.65	16.08	**37.94**
Food & Beverage	6.62	16.29	24.24	21.99	23.71	**92.85**
Lounge	7.85	20.20	30.47	36.34	45.27	**140.13**
Land Space(excluding BPCL fuel hydrant)	1.95	2.36	2.55	2.69	3.17	**12.73**
Baggage Wrapping Space	3.99	8.83	11.51	12.13	11.35	**47.81**
Forex Counter	4.14	7.87	18.18	22.41	23.88	**76.49**
Space Rentals excl. CGF	12.34	14.79	14.33	15.74	16.84	**74.03**
Star Hotel	-	-	-	0.82	4.79	**5.61**
0484 Aero Lounge	-	-	-	0.83	3.61	**4.44**
Miscellaneous	(0.03)	-	(0.48)	0.43	-	**(0.08)**
Miscellaneous- Rent & Services	0.37	0.74	10.54	1.35	2.85	**15.84**
Interest Income	7.15	7.42	59.96	72.20	69.81	**216.53**
Other Income	8.62	7.12	4.93	6.83	10.53	**38.02**
Income from Golf Course and Facilities, Trade Fair Centre	2.69	5.99	7.11	7.11	6.79	**29.70**
Total NAR	**162.40**	**241.07**	**341.87**	**376.85**	**417.14**	**1,539.33**
30% Cross Subsidisation	**(48.72)**	**(72.32)**	**(102.56)**	**(113.05)**	**(125.14)**	**(461.80)**

2.9.8. In view of the above, the Authority proposes to consider Non-Aeronautical Revenue of **Rs. 1,539.33 Crores** and the derived cross subsidy of **Rs. 461.80 Crores** as per **Table 99** for True-Up of the Third Control Period, which is in line with CIAL's submission as per **Table 93**.

2.10. True up of Aeronautical Revenues for the Third Control Period

CIAL's submission regarding True up of Aeronautical Revenues for the Third Control Period as per MYTP for the Fourth Control Period

2.10.1. CIAL as part of True Up for the Third Control Period has submitted the Actual Aeronautical Revenues generated during the Third Control Period as per the table below:

Table 100: Actual Aeronautical Revenues submitted by CIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Landing Fee	85.34	140.25	160.36	179.92	193.77	**759.64**
Parking & Housing Fee	3.19	1.29	1.80	2.24	2.50	**11.03**
Aerobridge Charges	7.39	11.77	14.47	15.69	16.42	**65.74**
Passenger Service Fee (FC)	18.46	3.76	0.05	0.00	0.00	**22.27**

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
User Development Fee	0.00	114.60	189.78	231.78	237.07	**773.23**
Inline X Ray Screening Charges	24.07	40.47	50.28	57.04	59.42	**231.28**
Airline, GH and Cargo rentals	19.86	23.57	23.17	25.37	27.91	**119.88**
Rentals - Fuel hydrant	5.40	18.21	19.58	21.04	22.62	**86.86**
Royalty-Ground Handling	35.36	88.39	110.68	117.02	120.56	**472.01**
Revenue - Cute Services	21.72	40.61	48.08	50.85	58.06	**219.32**
Income from Cargo Operations	27.47	36.76	43.49	47.94	48.81	**204.46**
Total	**248.27**	**519.67**	**661.74**	**748.91**	**787.14**	**2965.73**

2.10.2. The Authority further notes that CIAL, vide its submission dated 17.06.2026, furnished revised aeronautical revenue estimates incorporating the actual financial and operational performance for FY 2025-26.

Table 101 : Revised Aeronautical Revenues submitted by CIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Landing Fee	85.3	140.2	160.4	179.9	191.64	**757.44**
Parking & Housing Fee	3.2	1.3	1.8	2.2	2.77	**11.3**
Aerobridge Charges	7.4	11.8	14.5	15.7	16.14	**65.5**
Passenger Service Fee (FC)	18.5	3.8	0.1	0.0	0.00	**22.3**
User Development Fee	0.0	114.6	189.8	231.8	236.00	**772.2**
Inline X Ray Screening Charges	24.1	40.5	50.3	57.0	61.81	**233.7**
Airline, GH and Cargo rentals	19.86	23.57	23.17	25.37	26.65	**118.63**
Rentals - Fuel hydrant	5.40	18.21	19.58	21.04	22.62	**86.86**
Royalty-Ground Handling	35.36	88.39	110.68	117.02	124.62	**476.06**
Revenue - Cute Services	21.72	40.61	48.08	50.85	52.02	**213.29**
Income from Cargo Operations	27.5	36.8	43.5	47.9	52.84	**208.49**
Total	**248.27**	**519.67**	**661.74**	**748.91**	**787.12**	**2965.71**

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

Table 102: Aeronautical Revenue considered by the Authority for the Third Control Period in the Tariff Order

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Landing Fee	85.11	126.34	168.79	196.94	223.38	**800.56**
Parking & Housing Fee	1.58	2.46	3.30	4.04	4.72	**16.09**
Aerobridge Charges	6.64	9.90	12.54	14.40	15.87	**59.35**
Passenger Service Fee (FC)	20.68	0.00	0.00	0.00	0.00	**20.68**

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
User Development Fee	0.00	121.29	191.33	242.78	256.81	**812.21**
Inline X Ray Screening Charges	25.53	38.14	47.71	55.28	64.74	**231.41**
Airline, GH and Cargo rentals	21.27	23.77	25.99	26.07	28.43	**125.54**
Rentals - Fuel hydrant	3.81	4.29	4.82	5.42	6.10	**24.44**
Royalty-Ground Handling	53.78	78.36	93.34	103.00	113.64	**442.12**
Revenue - Cute Services	26.32	40.27	49.03	54.43	60.41	**230.46**
Income from Cargo Operations	31.79	49.60	55.10	61.28	58.00	**255.78**
Total	**276.51**	**494.42**	**651.95**	**763.66**	**832.11**	**3018.64**

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

2.10.4. The Authority through its independent consultant has verified the actual aeronautical revenue as submitted by CIAL towards True-up for the Third Control Period based on audited financial statements for FY 2021-22 to FY 2024-25 and the actual figures for FY 2025-26 as certified by the statutory auditors. In this regard, CIAL has, on 03.08.2026, submitted the Independent Auditor's Certificate dated 30.07.2026 issued by M/s Varma & Varma, Chartered Accountants on the "Statement of Revenues earned by Cochin International Airport Limited during the period from 1st April 2021 to 31st March 2026", a copy of which is enclosed at ANNEXURE III.

2.10.5. The Authority notes that CIAL, vide its letter no. CIAL/FIN/AERA/MYTP/CP4/2 dated 14.11.2025, requested the Authority to maintain the aeronautical tariff for the 4th Quarter of FY 2025-26 (January-March 2026) at the same level as applicable till December 2025, citing high Capital Expenditure (Capex) Requirements in the Fourth Control Period, Carry Forward Shortfall to address the accumulated Under-recovery in the 3rd Control Period due to slower than expected recovery in actual traffic from COVID-19 as justification.

2.10.6. The Authority has analyzed the operators request through the Independent Consultant and notes that, on the basis of the information available in MYTP and subsequent clarifications thereon, even if the aeronautical tariff for the 4th Quarter of FY 2025-26 (January-March2026) is maintained at the same level as applicable till December,2025 there would be no likelihood of over recovery as there would actually be under recovery.

2.10.7. In view of the above, the Authority decided to maintain the Landing, Parking and Night parking, UDF, Aerobridge, In-line X-Ray Screening charges and Cargo Service tariff as applicable from 01.04.2025 to 31.12.2025 (as per Annexure I) even for the last quarter of FY 2025-26 i.e. 01.01.2026 to 31.03.2026 vide order dated 28.11.2025.

2.10.8. The Authority notes that, pursuant to its order dated 28.11.2025, CIAL was allowed to continue levying the existing aeronautical tariff during the last quarter of FY 2025-26, and that the resultant aeronautical revenue for FY 2025-26 has since been certified by the statutory auditors vide their certificate dated 30.07.2026. Based on the above, the Authority proposes to consider the said certified Aeronautical Revenue as part of the True-up for the Third Control Period.

2.10.9. The revised Aeronautical Revenues proposed to be considered by the Authority for true up for the Third Control Period is as shown in the table below:

Table 103: Aeronautical Revenues proposed to be considered by the Authority towards True Up for the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Landing Fee	85.34	140.25	160.36	179.92	191.64	757.51
Parking & Housing Fee	3.19	1.29	1.80	2.24	2.77	11.30
Aerobridge Charges	7.39	11.77	14.47	15.69	16.14	65.47
Passenger Service Fee (FC)	18.46	3.76	0.05	0.00	0.00	22.27
User Development Fee	0.00	114.60	189.78	231.78	236.00	772.16
Inline X Ray Screening Charges	24.07	40.47	50.28	57.04	61.81	233.67
Airline, GH and Cargo rentals	19.86	23.57	23.17	25.37	27.00	118.97
Rentals - Fuel hydrant	5.40	18.21	19.58	21.04	22.62	86.86
Royalty-Ground Handling	35.36	88.39	110.68	117.02	126.70	478.14
Revenue - Cute Services	21.72	40.61	48.08	50.85	52.02	213.29
Income from Cargo Operations	27.47	36.76	43.49	47.94	52.84	208.49
Aeronautical Revenues based on Actuals	**248.27**	**519.67**	**661.74**	**748.91**	**789.54**	**2968.14**

2.11. True up of Aggregate Revenue Requirement for the Third Control Period

CIAL's submission regarding Aggregated Revenue Requirement (ARR) for True up of the Third Control Period

2.11.1. The Aggregate Revenue Requirement and True Up submitted by CIAL for the Third Control Period as per MYTP and subsequent submissions in that regards for the Fourth Control Period is as shown in the table below:

Table 104: ARR submitted by CIAL for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Average RAB (A)	1,576.35	1,533.55	1,526.56	1,527.65	1,533.41	
FRoR (B)	11.40%	11.40%	11.40%	11.40%	11.40%	
Return on RAB (C = A * B)	179.74	174.86	174.06	174.19	174.84	877.69
Return on Land (D)	8.18	9.27	9.36	9.45	9.01	45.27
Aero Depreciation (E)	118.99	112.79	119.09	116.59	122.47	589.93
Aero O&M Expense (F)	184.57	232.29	267.45	294.34	328.29	1,306.94
Aero Taxes (G)	0.00	17.81	59.37	81.71	87.59	246.47
Working Capital Interest (H)	6.19	0.31	0.00	0.06	0.35	
Gross Target Revenue (I = C+D+E+F+G+H)	497.67	547.32	629.34	676.33	722.55	3,073.21
Less: 30% of NAR (J)	(48.72)	(72.32)	(102.56)	(113.05)	(125.14)	(461.80)
Net Target Revenue before prior true-up	448.95	475.00	526.78	563.28	597.40	2,611.41
True up for the Second Control Period (K)	286.32	-	-	-	-	286.32

ARR	**735.27**	**475.00**	**526.78**	**563.28**	**597.40**	2,897.73
Actual Aero Revenue (L)	248.27	519.67	661.74	748.91	787.12	2,965.71
Under recovery/(Over recovery)	487.00	(44.67)	(134.96)	(185.64)	(189.71)	(67.98)
Future Value Factor (M)	1.72	1.54	1.38	1.24	1.11	
Under recovery/(Over recovery) as on 1st April 2027	835.61	-68.80	-186.59	-230.38	-211.34	138.49
True Up for the Third Control Period to be carried forward to the Fourth Control Period						**138.49**

Aggregate Revenue Requirement decided by the Authority during Tariff determination of the Third Control Period

2.11.2. The Authority estimated the Aggregate Revenue Requirement and true up for the Third Control Period at the time of tariff determination for the Third Control Period which can be seen in the table below:

i. Decision 14.6.1. Authority decides to consider the eligible ARR for the Third Control Period for CIAL as detailed in Para 14.5.13 (Table 191).

ii. Decision 14.6.2 Authority decides to allow CIAL to recover the expected shortfall of INR 294.12 Cr. (as on 31st March 2022) in the Fourth Control Period subject to true up of the Third Control Period.

Table 105: Aggregate Revenue Requirement decided by the Authority during tariff determination of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	**2022**	**2023**	**2024**	**2025**	**2026**	**Total**
Average RAB (A)	1,671.29	1,860.92	1,986.92	2,103.29	2,182.14	
FRoR (B)	11.63%	11.63%	11.63%	11.63%	11.63%	
Return on RAB (C = A*B)	194.32	216.37	231.02	244.55	253.72	1,140.00
Return on Land (D)	9.15	9.15	9.15	9.15	9.15	45.74
Depreciation (E)	115.26	139.11	155.14	163.03	171.38	743.92
Operating Expenditure (F)	188.96	212.14	213.25	231.46	252.14	1,097.94
Tax (G)	0.00	14.42	48.71	71.68	84.60	219.41
Gross ARR (H = C+D+E+F+G)	**507.68**	**591.19**	**657.27**	**719.87**	**770.99**	**3,247.01**
Less: Non-Aero Revenue (I)	-36.33	-53.86	-66.72	-72.97	-82.16	-312.03
Add: True up of Previous CP (J)	286.32					286.32
ARR (K = H-I+J)	**757.68**	**537.34**	**590.55**	**646.90**	**688.83**	**3,221.30**
PV factor (L)	1.00	0.90	0.80	0.72	0.64	
PV of ARR as on 31 March 2022 (M = K*L)	**757.68**	**481.37**	**473.93**	**465.08**	**443.64**	**2,621.70**
Projected aeronautical revenues (N)	276.51	494.42	651.95	763.66	832.11	3,018.64
PV of aero revenues as on 31 March 2022 (O = L*N)	276.51	442.92	523.21	549.02	535.92	2,327.57

Shortfall (-) / Over-recovery (+) as on 31 March 2022 (R = Q-O)	**481.17**	**38.45**	**-49.28**	**-83.94**	**-92.28**	**294.12**

Authority' examination and proposal regarding ARR for True up of the Third Control Period

2.11.3. The Authority, based on the examination of various building blocks based on actuals till FY'25 and unaudited financial statements for FY'26, has determined the ARR for the Third Control Period:

Table 106: Aggregate Revenue Requirement proposed to be considered by the Authority for True up of the Third Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2022	2023	2024	2025	2026	Total
Average RAB **(A)** {Refer **Table 46**}	1,588.34	1,552.95	1,553.68	1,561.40	1,571.79	
FRoR **(B)** {Refer**Table 89**}	11.40%	11.40%	11.40%	11.40%	11.40%	
Return on RAB **(C = A * B)**	181.11	177.07	177.15	178.04	179.22	**892.59**
Return on Land **(D)** {refer Table 50}	8.18	9.27	9.36	9.45	9.01	**45.27**
Aero Operating Expenses **(E)** {refer Table 82}	182.31	216.89	251.54	280.32	301.68	**1,232.73**
Aero Depreciation **(F)** {refer Table 42}	110.65	105.00	109.81	110.29	114.38	**550.14**
Aero Taxes **(G)** {refer **Table 92**}	-	12.09	61.16	75.47	80.14	**228.86**
Gross ARR **(H = C+D+E+F+G)**	482.24	520.32	609.02	653.57	684.43	**2,949.59**
Less: 30% of NAR **(I)** {refer Table 99}	**48.72**	**72.32**	**102.56**	**113.05**	**125.14**	**461.80**
Net ARR **(J=H - I)**	**433.52**	**448.00**	**506.46**	**540.52**	**559.29**	**2,487.79**
Actual Aeronautical Revenues **(K) {refer Table 103}**	**248.27**	**519.67**	**661.74**	**748.91**	**789.54**	**2,968.14**
Less: Under recovery of Second Control Period as on 31 March 2022 **(L)**	286.32					**286.32**
Shortfall (+) / Over-recovery (-) as on 31 March 2022 **(M=J-K+L)**	471.58	(71.67)	(155.28)	(208.40)	(230.26)	**(194.03)**
PV factor **(N)**	1.72	1.54	1.38	1.24	1.11	
PV of Shortfall / (Over-recovery) on 31 March 2027 (O)	**809.14**	**(110.39)**	**(214.68)**	**(258.63)**	**(256.51)**	**(31.07)**

2.11.4. The Authority has considered unaudited actual figures for FY 2026, (as the audited financial statements for said fiscal year were unavailable at the time of the issuance of this Consultation Paper) for various building blocks necessary for the true-up of the Third Control Period. The Airport Operator is advised to submit the actual audited financial statement for FY 26 during the Stakeholder Consultation Process so that the Authority shall consider the audited financial statements of FY 2026 for the computation of Tariff in the final Tariff Order**.**

2.12. Authority's Proposals regarding True up for the Third Control Period

Based on the material before it and based on its examination, the Authority proposes the following regarding True up for the Third Control Period as part of tariff determination for the Fourth Control Period.

2.12.1. To consider Traffic for True up of the Third Control Period based on Actuals as per **Table 8.**

2.12.2. To consider the Aeronautical Capital Expenditure for True-up of the Third Control Period as per **Table 35.**

2.12.3. To consider Aeronautical Depreciation and Regulatory Asset Base (RAB) for True up of the Third Control Period as per **Table 42 and Table 46** respectively.

2.12.4. To consider the FRoR for True up for the Third Control Period as per **Table 89**

2.12.5. To consider Aeronautical Operation and Maintenance Expenses for True up of the Third Control Period as per **Table 82.**

2.12.6. To consider Aeronautical Taxes for True Up of the Third Control Period as per **Table 92.**

2.12.7. To consider Non-Aeronautical Revenue True up for the Third Control Period as per **Table 99**.

2.12.8. To consider Aeronautical Revenues for True up for the Third Control Period as per **Table 103.**

2.12.9. To consider Over recovery of Rs 31.07 Cr (as per **Table 106**) till the Third Control Period for the tariff determination for the Fourth Control Period.

Examination of MYTP for the Fourth Control Period

3. TRAFFIC FOR THE FOURTH CONTROL PERIOD

3.1. CIAL's submission regarding traffic projections for the Fourth Control Period

3.1.1. CIAL, in its MYTP submission, has stated that the traffic projections in respect of passenger traffic, Air Traffic Movements (ATM) and cargo for Cochin International Airport, Cochin ("CIA") for the Fourth Control Period (i.e., FY 2026-27 to FY 2030-31) have been developed on the basis of a segment-wise build-up of domestic and international traffic, factoring in historical CAGR-based trend extrapolation, prevailing industry outlook, and qualitative adjustments to account for the structural characteristics of the airport's principal catchment markets.

3.1.2. CIAL has submitted that the passenger traffic at CIA stood at 11.2 million in FY 2024-25, making it the eighth largest airport in India in terms of passengers handled. CIAL has further submitted that CIA is the largest international airport in the State of Kerala and serves as an important gateway for domestic as well as international passengers, comprising a significant share of Non-Resident Keralites ("NRK") and tourists, and that in FY 2024-25 CIA ranked fifth among Indian airports in terms of international passenger traffic, behind only Delhi, Mumbai, Bengaluru and Chennai.

3.1.3. The historical passenger traffic at CIA for the period FY 2019-20 to FY 2025-26 as submitted by CIAL is presented in the table below.

Table 107 : Historical Passenger Traffic at CIA

(in Million)

Particulars (FY ending March 31)	2020	2021	2022	2023	2024	2025	2026 (E)
Domestic	5.0	1.5	2.5	4.7	5.6	5.9	6.28
International	4.7	0.9	2.2	4.2	4.9	5.3	5.68
Total	**9.7**	**2.5**	**4.8**	**8.9**	**10.5**	**11.2**	**11.96**

Passenger Traffic

Domestic Passenger Traffic

3.1.4. 3.1.4. CIAL has submitted that CIA has witnessed significant growth over the last decade, driven by a growing economy, rising international travel, increased capacity addition by airlines, and growing leisure, business (MICE) and medical tourism in the State of Kerala. CIAL has further submitted that domestic traffic at CIA grew at a CAGR of 15% and international traffic at a CAGR of 16% during the period FY 2000-01 to FY 2018-19.

3.1.5. CIAL has submitted that the significant surge in aircraft orders by Indian airlines, with over 1,200 new aircraft ordered in the past year alone, reflects the robust growth and future potential of the Indian aviation sector. CIAL has stated that this influx of new aircraft, comprising a mix of narrow-body and wide-body aircraft, is expected to bolster the capacity of Indian airlines to meet growing demand both domestically and internationally, and to enhance the operational flexibility and route network of Indian carriers. CIAL has submitted that the strategic move to expand fleets underscores the confidence of Indian carriers in the long-term growth prospects of the sector and supports the projected increase in passenger traffic at CIA.

3.1.6. CIAL has accordingly submitted that, driven by State and Central Government initiatives as well as the emergence of financially and operationally stronger domestic airlines, domestic traffic at CIA is expected to grow significantly over the medium term, and has projected domestic passenger traffic to

reach 10.22 million by FY 2030-31, based on the historical 10-year CAGR of 10.2% observed during FY 2013-14 to FY 2023-24.

International Passenger Traffic

3.1.7. CIAL has submitted that, notwithstanding disruptions from floods, airline shutdowns and the COVID-19 pandemic, international traffic at CIA has rebounded strongly. CIAL has stated that in FY 2024-25, CIA handled 5.24 million international passengers, surpassing the pre-COVID level of 4.93 million international passengers recorded in FY 2018-19.

3.1.8. CIAL has accordingly projected international passenger traffic to grow at 7.7% per annum, in line with the historical 10-year CAGR observed between FY 2009-10 and FY 2019-20, the said period representing a pre-pandemic steady-state benchmark.

ATM

3.1.9. CIAL has submitted that domestic ATMs at CIA increased from 38,463 in FY 2019-20 to 44,248 in FY 2024-25, while international ATMs increased from 29,267 to 31,820 over the same period. The historical ATMs at CIA as submitted by CIAL are presented in the table below.

Table 108 : Historical Air Traffic Movements at CIA

(in Nos.)

Particulars (FY ending March 31)	2020	2021	2022	2023	2024	2025	2026 (E)
Domestic	38,463	18,857	25,649	35,490	40,603	44,248	44,892
International	29,267	8,129	17,546	25,742	29,601	31,820	33,477
Total	**67,730**	**26,986**	**43,195**	**61,232**	**70,204**	**76,068**	**78,369**

3.1.10. CIAL has submitted that ATMs at CIA have been forecast using the passenger traffic projections together with a forecast of passengers per ATM for the domestic and international segments respectively, so as to maintain internal consistency between the passenger and ATM forecasts.

3.1.11. In respect of domestic ATMs, CIAL has submitted that domestic passengers per ATM have increased in recent years as airlines deploy larger aircraft, such as the A321neo, on domestic routes, and that given the strong order book for A321neo aircraft this trend is expected to continue, leading to further growth in domestic passengers per ATM and, correspondingly, to domestic ATM growth lagging behind domestic passenger traffic growth.

3.1.12. In respect of international ATMs, CIAL has submitted that the Indian aviation landscape is on the brink of change, as wide-body orders of around 140 aircraft are set to alter market dynamics and enhance the international presence of Indian airlines with direct connectivity to destinations worldwide. CIAL has submitted that this trend is further supported by the Ministry of Civil Aviation ("MoCA"), which has been encouraging long-haul flights from Indian airports to destinations in Europe and America.

3.1.13. CIAL has further submitted that a new emigration trend has been emerging in Kerala, with increased migration to farther countries in North America and Europe. CIAL has stated that whereas in the first two decades of the 21st century people from Kerala moved predominantly towards Middle Eastern countries for livelihood, in recent years they have begun moving in large numbers to farther regions, as reflected in the share of emigrants to non-GCC countries growing from 10.8% in 2018 to 19.5% in 2023 as per the Kerala Migration Survey (KMS) 2023 Report. CIAL has submitted that such farther destinations are expected to be served by wide-body aircraft, that the Cochin–London service previously

started by Air India was a significant success, and that CIAL is presently in discussions with multiple foreign airlines that plan to operate at least one wide-body aircraft with direct connectivity to Europe. CIAL has accordingly submitted that this anticipated increase in wide-body movements is expected to drive growth in international passengers per ATM, causing international ATM growth to lag behind international passenger traffic growth

Cargo

3.1.14. CIAL has submitted that the cargo traffic forecasts for the Fourth Control Period have been developed on a segment-wise basis, with segment-specific growth rates applied on the base year volumes, as detailed hereunder:

i. **Domestic Outbound Cargo and International Export Cargo:** Presently supported primarily by belly-hold capacity available on scheduled aircraft movements, growth in these segments is expected to closely track the expansion of domestic and international ATMs respectively. Accordingly, CIAL has projected domestic outbound cargo and international export cargo to grow at a CAGR of 5.1% and 6.4% respectively over the Fourth Control Period; and

ii. **Domestic Inbound Cargo and International Import Cargo:** Expected to follow historical trends, with projected CAGRs of 3.8% and 5.7% respectively during the Fourth Control Period, consistent with the segment-wise growth observed in the recent past:

3.1.15. CIAL has further submitted that, in order to address the structural under-performance of cargo traffic witnessed during the Third Control Period and to augment cargo throughput at CIA over the Fourth Control Period, the Airport Operator has undertaken a series of strategic initiatives, as detailed hereunder:

i. Integrated Pack House Facility for Export Promotion: CIAL has initiated steps to engage a consultancy for conducting a feasibility study for an Integrated Pack House facility, which is expected to be a critical enabler for the movement of perishable cargo to European destinations, in light of the European Union regulatory requirement that perishable cargo must originate from an APEDA-certified warehouse to comply with stringent quality and safety standards;

ii. Engagement of GDP Consultant for Pharma Cargo: CIAL is in the process of engaging a Good Distribution Practices ("GDP") consultant to carry out a gap audit study, with the objective of developing the requisite infrastructure and compliance framework for handling pharmaceutical products through CIA;

iii. Bonded Warehouse Facility for Import Promotion: CIAL has approached the Customs authorities for the provision of bonded warehouse facilities at the existing import cargo terminal, with a view to promoting transshipment business by enabling value addition and subsequent re-export of import cargo arriving at Cochin, on a model akin to the Free Trade Zone ("FTZ") concept. Two prospective entities have already approached CIAL for the said facility, with one request currently under process;

iv. Alignment with TCSHA Policy for International Transshipment: In line with the Government of India's Trans-shipment Cargo for Sea and Air ("TCSHA") policy, which promotes international-to-international cargo movement without re-scanning at the connection point, CIAL is in the process of obtaining design-stage approval from the Bureau of Civil Aviation Security ("BCAS"). Upon receipt of the said approval, an uplift in international transshipment volumes is anticipated;

v. Business Summits for Multimodal Logistics and E-commerce: CIAL has conducted business summits to promote multimodal logistics and e-commerce cargo movement, with the objective of integrating sea and rail connectivity with air cargo, thereby reducing logistics cost and transit time and enhancing cargo throughput through CIA; and

vi. Strengthening Domestic Outbound Cargo Movement: Domestic outbound cargo tonnage at CIA is largely contingent on aircraft scheduling patterns, and a reduction in outward movement has been observed. The said constraint is being addressed by augmenting cargo terminal utilization through the handling of bonded international cargo.

3.1.16. Based on the above methodology, CIAL has submitted the traffic projections for the Fourth Control Period. The growth rates considered for each traffic category, namely Passenger Traffic, ATM, and Cargo Traffic, are presented in the table below:

Table 109: Growth Rates considered by CIAL towards Traffic Projections for the Fourth Control Period

Particulars (FY ending March 31)	2027	2028	2029	2030	2031
Passenger Traffic					
Domestic	10.23%	10.23%	10.23%	10.23%	10.23%
International	7.73%	7.73%	7.73%	7.73%	7.73%
ATM					
Domestic	6.42%	6.55%	6.67%	6.78%	6.88%
International	5.86%	5.89%	5.92%	5.95%	5.98%
Cargo					
Domestic	4.25%	4.25%	4.26%	4.26%	4.26%
International	6.30%	6.30%	6.30%	6.30%	6.30%

3.1.17. Accordingly, CIAL, in its MYTP, has submitted the traffic projections for the Fourth Control Period, projecting total passenger traffic of 78.10 Mn, ATMs of 4,72,300 nos. and cargo of 412.53 thousand MT over the Fourth Control Period, as detailed in the table below:

Table 110: Traffic Projections submitted by CIAL for the Fourth Control Period

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Passenger Traffic (Mn)						
Domestic	6.90	7.60	8.40	9.30	10.20	42.40
Domestic YoY Growth	*10.23%*	*10.23%*	*10.23%*	*10.23%*	*10.23%*	
International	6.10	6.60	7.10	7.60	8.20	35.60
International YoY Growth	*7.73%*	*7.73%*	*7.73%*	*7.73%*	*7.73%*	
Total	**13.00**	**14.20**	**15.50**	**16.90**	**18.50**	**78.10**
Air Traffic Movements (000						
Domestic	47.80	50.90	54.30	58.00	62.00	273.00
Domestic YoY Growth	*6.42%*	*6.55%*	*6.67%*	*6.78%*	*6.88%*	
International	35.40	37.50	39.70	42.10	44.60	199.30
International YoY Growth	*5.86%*	*5.89%*	*5.92%*	*5.95%*	*5.98%*	
Total	**83.20**	**88.40**	**94.00**	**100.10**	**106.60**	**472.30**
Cargo Projection (000						
Domestic	18.09	18.86	19.66	20.50	21.37	98.49
Domestic YoY Growth	*4.25%*	*4.25%*	*4.26%*	*4.26%*	*4.26%*	
International	55.37	58.86	62.57	66.52	70.71	314.04

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
International YoY Growth	*6.30%*	*6.30%*	*6.30%*	*6.30%*	*6.30%*	
Total	**73.47**	**77.72**	**82.24**	**87.02**	**92.09**	**412.53**

3.2. Authority's Examination regarding Traffic Projections for the Fourth Control Period

3.2.1. The Authority has carefully examined the traffic projections submitted by CIAL in respect of Cochin International Airport, Cochin ("CIA") for the Fourth Control Period (i.e., FY 2026-27 to FY 2030-31):

Passenger Traffic and ATM

3.2.2. The Authority has examined the segment-wise passenger forecasting methodology adopted by CIAL, comprising

i. base-year recalibration with FY 2025-26 actuals,

ii. historical CAGR-based extrapolation anchored to long-period observation windows, and

iii. qualitative adjustments to account for prevailing supply-side disruptions and geopolitical developments.

The Authority is of the view that the said methodology is broadly consistent with established forecasting practices and represents a methodologically sound framework for traffic projections.

3.2.3. The Authority notes that the use of the historical 10-year CAGR as the anchor for domestic passenger traffic growth lends a reasonable degree of robustness to the projections, as it captures a sufficiently long observation window encompassing both pre-pandemic and post-pandemic traffic patterns and thereby smoothens the cyclical distortions arising from the COVID-19 disruption. Similarly, the use of the FY 2009-10 to FY 2019-20 historical growth rate of 7.7% as the steady-state benchmark for international passenger traffic represents a pre-pandemic reference period and provides a defensible benchmark for normalised international growth.

3.2.4. The Authority further notes that the ATM forecasting methodology adopted by CIAL, comprising derivation of ATMs from the passenger forecast through the passengers-per-ATM ratios for the domestic and international segments respectively, is methodologically appropriate and ensures internal consistency between the passenger and ATM forecasts.

3.2.5. The Authority has also taken cognizance of the International Air Transport Association ("IATA") report on the Air Passenger Market Analysis for the month of March 2026. The key highlights of the said IATA report are as follows:

- The industry's total Revenue Passenger-Kilometer ("RPK") increased by 2.1% YoY in March, continuing to exceed historical records. Available Seat-Kilometer ("ASK") fell by 1.7% YoY lagging demand growth;
- The Passenger Load Factor ("PLF") improved by 3.1 percentage points compared to the previous year, reaching 83.6%, an all-time high for March;
- Domestic traffic overall grew by 6.5% YoY. China led the main markets this month with a 13.7% rise in RPK. All monitored markets showed stable demand growth, although seat capacity in some areas stabilised; and

- International passenger traffic for the industry declined marginally by 0.6% YoY in March. Capacity on international routes fell by 6.2% YoY. With capacity contracting more than demand, the international PLF rose by 4.7 percentage points to 84.1%, marking the highest March PLF on record for the international segment.

3.2.6. The Authority has further reviewed the historical traffic performance at CIA, including the traffic growth rates witnessed over the preceding five financial years. The Authority observes that the actual passenger traffic during the Third Control Period fell below the projections approved at the time of tariff determination, with a cumulative variation of (8.53%). The Authority further notes that the actual passenger traffic at CIA for FY 2025-26 has fallen below the corresponding projections originally submitted by CIAL, on account of (i) near-term capacity disruptions in the Indian aviation sector affecting domestic traffic, and (ii) the ongoing West Asia crisis affecting international Gulf-sector traffic, both of which have moderated the pace of traffic growth in the latter half of FY 2025-26.

3.2.7. In view of the above, the Authority, through its Independent Consultant, sought clarification from CIAL on the rationale for considering the growth rates adopted in the traffic projections, having regard to the FY 2025-26 actuals trending below the originally projected levels, and directed CIAL to submit a revised traffic forecast for the Fourth Control Period.

3.2.8. In response, CIAL has submitted a revised traffic forecast for the Fourth Control Period, developed by

i. updating the base-year figures for FY 2025-26 with actuals, and

ii. recalibrating the segment-wise growth assumptions to factor in the prevailing supply-side and geopolitical considerations.

The rationale furnished by CIAL in respect of each traffic category is set out hereunder.

Domestic Passenger Traffic

3.2.9. The Authority notes that domestic passenger traffic at CIAL grew by 1.93% in FY 2025-26. The Authority further notes CIAL's submission that growth during the year was impacted by operational challenges faced by the Indian aviation sector, including aircraft groundings, delays in fleet induction and network rationalisation by airlines, which constrained domestic capacity growth during the year**.**

3.2.10. CIAL has further submitted that the domestic passenger traffic forecast for the Fourth Control Period has accordingly been revised to a CAGR of 8.3%, aligned with the historical 10-year CAGR observed during FY 2014-15 to FY 2024-25 and corroborated by prevailing industry growth outlooks. CIAL has stated that the revised forecast explicitly factors in supply-side constraints, including aircraft shortages, engine availability issues, and systemic pressures on airline balance sheets, which are expected to moderate route expansion and frequency additions in the near to medium term.

International Passenger Traffic

3.2.11. CIAL has submitted that the international traffic profile at CIA is highly dependent on Gulf routes, and is therefore disproportionately exposed to geopolitical and economic developments in West Asia. CIAL has stated that, in light of the ongoing West Asia crisis, the international passenger traffic growth for FY 2025-26 has been reduced to 2.5%, reflecting sustained uncertainty, flight disruptions, and volatile passenger sentiment on key Gulf sectors.

3.2.12. CIAL has further submitted that the international passenger traffic growth has been projected at 4% for FY 2026-27, recognising that the impact of the geopolitical situation is likely to extend into the early part of the said financial year, followed by a gradual demand recovery. CIAL has stated that from FY 2027-28 onwards the growth has been normalised to 7.7%, consistent with the historical growth rate observed during FY 2009-10 to FY 2019-20.

Air Traffic Movements

3.2.13. CIAL has submitted that the domestic and international ATM forecasts have been revised by updating the FY 2025-26 base year figures with actuals, and that the ATM growth assumptions have been linked with the revised passenger traffic estimates, in accordance with the passengers-per-ATM growth assumptions adopted in the original submission.

Cargo Traffic

3.2.14. CIAL has submitted that the domestic and international cargo traffic forecasts have similarly been updated on the basis of the FY 2025-26 actual volumes, with the segment-wise growth assumptions adopted in the original submission being carried forward.

3.2.15. The revised growth rates considered by CIAL for each traffic category, namely Passenger Traffic, ATM and Cargo Traffic, are presented in the table below

Table 111 : Revised Growth Rates considered by CIAL towards Traffic Projections for the Fourth Control Period

Particulars (FY ending March 31)	2027	2028	2029	2030	2031
Passenger Traffic					
Domestic	*8.32%*	*8.32%*	*8.32%*	*8.32%*	*8.32%*
International	*4.00%*	*7.73%*	*7.73%*	*7.73%*	*7.73%*
ATM					
Domestic	*4.71%*	*4.83%*	*4.94%*	*5.04%*	*5.14%*
International	*2.21%*	*5.91%*	*5.94%*	*5.97%*	*5.99%*
Cargo					
Domestic	*4.24%*	*4.26%*	*4.25%*	*4.25%*	*4.26%*
International	*6.29%*	*6.28%*	*6.29%*	*6.29%*	*6.29%*

3.2.16. Accordingly, CIAL has submitted revised traffic projections for the Fourth Control Period, projecting total passenger traffic of 71.41 Mn, ATMs of 4,21,867 nos. and cargo of 428.90 thousand MT over the Fourth Control Period, as detailed in the table below:

Table 112 : Revised Traffic Projections submitted by CIAL for the Fourth Control Period

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Passenger Traffic (Mn)						
Domestic	6.54	7.09	7.68	8.32	9.01	**38.63**
Domestic YoY Growth	*8.32%*	*8.32%*	*8.32%*	*8.32%*	*8.32%*	
International	5.62	6.05	6.52	7.02	7.57	**32.78**
International YoY Growth	*4.00%*	*7.73%*	*7.73%*	*7.73%*	*7.73%*	
Total	**12.16**	**13.14**	**14.20**	**15.34**	**16.58**	**71.41**
Air Traffic Movements (000's Nos)						
Domestic	43.59	45.70	47.95	50.37	52.96	**240.57**
Domestic YoY Growth	*4.71%*	*4.83%*	*4.94%*	*5.04%*	*5.14%*	

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
International	32.20	34.10	36.13	38.29	40.58	**181.30**
International YoY Growth	*2.21%*	*5.91%*	*5.94%*	*5.97%*	*5.99%*	
Total	**75.79**	**79.80**	**84.08**	**88.66**	**93.54**	**421.87**
Cargo Projection (000's MT)						
Domestic	17.92	18.69	19.48	20.31	21.17	**97.57**
Domestic YoY Growth	*4.24%*	*4.26%*	*4.25%*	*4.25%*	*4.26%*	
International	58.44	62.11	66.02	70.17	74.59	**331.33**
International YoY Growth	*6.29%*	*6.28%*	*6.29%*	*6.29%*	*6.29%*	
Total	**76.36**	**80.80**	**85.50**	**90.48**	**95.76**	**428.90**

Domestic Passenger Traffic

3.2.17. The Authority, through its Independent Consultant, has examined the revised domestic passenger traffic projections submitted by CIAL. The Authority observes that the subdued growth recorded during FY 2025-26 was attributable, inter alia, to aircraft groundings, constraints in aircraft and engine availability, delays in fleet induction and network rationalisation undertaken by airlines.

3.2.18. The Authority is of the considered view that the aforesaid factors are largely temporary and that continuation of the moderated growth assumption throughout the Fourth Control Period may not adequately reflect the underlying growth potential of domestic passenger traffic at CIA.

3.2.19. Accordingly, the Authority, through its Independent Consultant, has undertaken an independent assessment based on the projected growth of domestic passenger traffic at the national level and the historical relationship between domestic traffic at CIA and the corresponding national traffic.

3.2.20. The Authority notes that domestic passenger traffic at the national level is projected to increase to approximately 620 million passengers in FY 2029-30. The Authority considers that the national domestic passenger traffic trajectory provides a reasonable basis for assessing the prospective growth of domestic passenger traffic at CIA.

3.2.21. Based on the aforesaid assessment, the Authority proposes domestic passenger traffic of 6.64 million, 7.32 million, 8.23 million, 9.26 million and 10.42 million for FY 2026-27 to FY 2030-31, respectively, aggregating to approximately 41.87 million passengers, as against 38.63 million passengers projected by CIAL.

3.2.22. The Authority considers that the aforesaid projections provide a more reasonable basis for traffic determination, having regard to the expected growth in national domestic passenger traffic, the historical performance of CIA and the anticipated progressive easing of prevailing supply-side constraints.

International Passenger Traffic

3.2.23. The Authority has examined the revised international passenger traffic projections submitted by CIAL. The Authority notes that international traffic at CIA is significantly dependent on Gulf-sector operations and is therefore particularly exposed to geopolitical and economic developments in West Asia.

3.2.24. The Authority observes that the growth rate of 4.00% considered for FY 2026-27 appropriately reflects the near-term impact of prevailing geopolitical uncertainty, while the growth rate of 7.73% considered from FY 2027-28 onwards reflects progressive normalisation towards the historical pre-pandemic growth trajectory.

3.2.25. Accordingly, the Authority proposes to consider international passenger traffic of 5.62 million, 6.05 million, 6.52 million, 7.02 million and 7.57 million for FY 2026-27 to FY 2030-31 respectively, aggregating to approximately 32.78 million passengers, in line with CIAL's revised submission.

Air Traffic Movements

3.2.26. The Authority has examined the domestic and international ATM projections in conjunction with the corresponding passenger traffic forecasts. The Authority notes that the ATM projections should remain internally consistent with the passenger traffic projections and appropriately reflect the expected movement in passengers handled per ATM.

Domestic ATMs

3.2.27. Consequent to the revision in domestic passenger traffic, the Authority, through its Independent Consultant, has reassessed domestic ATMs based on the national-average traffic analysis and the corresponding relationship between passenger traffic and aircraft movements.

3.2.28. Accordingly, the Authority proposes domestic ATMs of 44.23 thousand, 47.18 thousand, 51.41 thousand, 56.09 thousand and 61.26 thousand for FY 2026-27 to FY 2030-31, respectively, aggregating to approximately 260.17 thousand ATMs, as against 240.57 thousand ATMs projected by CIAL.

3.2.29. The Authority considers that the revised domestic ATM projections are consistent with the domestic passenger traffic trajectory proposed by the Authority and provide a reasonable assessment of the aircraft movements required to support the projected traffic.

International ATMs

3.2.30. Since the Authority proposes to retain the international passenger traffic projections submitted by CIAL, no consequential revision to the international ATM projections is considered necessary.

3.2.31. Accordingly, the Authority proposes international ATMs of 32.20 thousand, 34.10 thousand, 36.13 thousand, 38.29 thousand and 40.58 thousand, aggregating to approximately 181.30 thousand ATMs, in line with CIAL's revised submission.

3.2.32. Based on the foregoing, the Authority proposes aggregate passenger traffic of approximately 74.65 million passengers and aggregate ATMs of approximately 441.47 thousand movements during the Fourth Control Period. The detailed projections proposed by the Authority are presented in Table 113.

Cargo Demand

3.2.33. The Authority has carefully examined the cargo forecasting methodology adopted by CIAL for CIA, comprising segment-wise projections of domestic outbound, domestic inbound, international export and international import cargo, with FY 2025-26 base-year volumes updated with actuals and segment-specific growth rates applied thereon.

3.2.34. The Authority notes that CIAL has duly recognized the structural distinctiveness of cargo flows at CIA, particularly (i) the dependence of domestic outbound and international export cargo on belly-hold capacity available on scheduled aircraft movements, and (ii) the historical trend-based growth trajectory for domestic inbound and international import cargo. The said segment-wise approach is methodologically sound and represents a more granular treatment than a uniform aggregate-level forecast, which would not adequately capture the divergent dynamics across the cargo segments at CIA.

3.2.35. The Authority further notes that the projected segment-wise CAGR of 4.1% for domestic outbound cargo, 6.4% for international export cargo, 3.8% for domestic inbound cargo and 5.7% for international import cargo reflects the differing growth drivers across cargo segments and appears reasonable having regard to the historical performance of the airport. The Authority is of the view that the projections appropriately capture the expected expansion in international cargo, particularly export cargo, while also reflecting the relatively moderate growth anticipated in domestic cargo volumes. Accordingly, the Authority considers the cargo growth assumptions adopted by CIAL to be reasonable.

3.2.36. The Authority has also taken cognizance of the strategic cargo-development initiatives undertaken by CIAL, including

i. the proposed Integrated Pack House facility for APEDA-compliant perishable exports to European destinations,

ii. the engagement of a GDP consultant for the development of pharma cargo handling infrastructure,

iii. the bonded warehouse facility for transshipment-based import cargo,

iv. the international transshipment regime under the TCSHA policy,

v. the multimodal logistics and e-commerce promotion initiatives, and

vi. the augmentation of cargo terminal utilization through bonded international cargo handling.

The Authority is of the view that the said initiatives, if successfully implemented, may provide further upside to the projected cargo trajectory over the Fourth Control Period.

3.2.37. Based on the foregoing, the projected Passenger Traffic, ATM and Cargo Traffic proposed to be considered by the Authority for the Fourth Control Period is presented in the table below.

Table 113: Traffic proposed by the Authority for the Fourth Control Period

Particulars (FY ending March 31)	**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
Passenger Traffic (Mn)						
Domestic Pax submitted by Operator	6.54	7.09	7.68	8.32	9.01	38.63
Domestic Pax Proposed by Authority	6.64	7.32	8.23	9.26	10.42	**41.87**
Domestic YoY Growth submitted by Operator	*8.32%*	*8.32%*	*8.32%*	*8.32%*	*8.32%*	
Domestic YoY Growth Proposed by Authority	*10.00%*	*10.20%*	*12.50%*	*12.50%*	*12.50%*	
International Pax submitted by Operator	5.62	6.05	6.52	7.02	7.57	32.78
International Pax proposed by Authority	5.62	6.05	6.52	7.02	7.57	32.78
International YoY Growth submitted by Operator	*4.00%*	*7.73%*	*7.73%*	*7.73%*	*7.73%*	
International YoY Growth proposed by Authority	*4.00%*	*7.73%*	*7.73%*	*7.73%*	*7.73%*	
Total Pax Traffic submitted by Operator	**12.16**	**13.14**	**14.20**	**15.34**	**16.58**	**71.41**
Total Pax Traffic proposed by Authority	**12.26**	**13.37**	**14.75**	**16.28**	**17.99**	**74.65**
Total Pax YoY Growth submitted by Operator	*6.28%*	*8.05%*	*8.05%*	*8.05%*	*8.05%*	
Total Pax YoY Growth proposed by Authority	*7.12%*	*9.07%*	*10.34%*	*10.39%*	*10.45%*	
Air Traffic Movements (000' Nos)	**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
Domestic ATM submitted by Operator	43.59	45.70	47.95	50.37	52.96	240.57
Domestic ATM Proposed by Authority	44.23	47.18	51.41	56.09	61.26	**260.17**
Domestic ATM YoY Growth submitted by Operator	*4.71%*	*4.83%*	*4.94%*	*5.04%*	*5.14%*	

Domestic ATM YoY Growth Proposed by Authority	*6.26%*	*6.65%*	*8.99%*	*9.09%*	*9.21%*	
International ATM submitted by Operator	32.20	34.10	36.13	38.29	40.58	181.30
International ATM proposed by Authority	32.20	34.10	36.13	38.29	40.58	181.30
International ATM YoY Growth submitted by Operator	*2.21%*	*5.91%*	*5.94%*	*5.97%*	*5.99%*	
International ATM YoY Growth proposed by Authority	*2.21%*	*5.91%*	*5.94%*	*5.97%*	*5.99%*	
Total ATM submitted by Operator	**75.79**	**79.80**	**84.08**	**88.66**	**93.54**	**421.87**
Total ATM proposed by Authority	**76.44**	**81.28**	**87.54**	**94.37**	**101.84**	**441.47**
Total ATM YoY Growth submitted by Operator	*3.64%*	*5.29%*	*5.37%*	*5.44%*	*5.51%*	
Total ATM YoY Growth proposed by Authority	*4.52%*	*6.34%*	*7.71%*	*7.80%*	*7.91%*	
Cargo Projection (000's MT)	**2027**	**2028**	**2029**	**2030**	**2031**	**Total**
Domestic Cargo submitted by Operator	17.92	18.69	19.48	20.31	21.17	97.57
Domestic Cargo Proposed by Authority	17.92	18.69	19.48	20.31	21.17	97.57
Domestic Cargo YoY Growth submitted by Operator	*4.24%*	*4.26%*	*4.25%*	*4.25%*	*4.26%*	
Domestic Cargo YoY Growth Proposed by Authority	*4.24%*	*4.26%*	*4.25%*	*4.25%*	*4.26%*	
International Cargo submitted by Operator	58.44	62.11	66.02	70.17	74.59	331.33
International Cargo proposed by Authority	58.44	62.11	66.02	70.17	74.59	331.33
International Cargo YoY Growth submitted by Operator	*6.29%*	*6.28%*	*6.29%*	*6.29%*	*6.29%*	
International Cargo YoY Growth proposed by Authority	*6.29%*	*6.28%*	*6.29%*	*6.29%*	*6.29%*	
Total Cargo submitted by Operator	**76.36**	**80.80**	**85.50**	**90.48**	**95.76**	**428.90**
Total Cargo proposed by Authority	**76.36**	**80.80**	**85.50**	**90.48**	**95.76**	**428.90**
Total Cargo YoY Growth submitted by Operator	*5.80%*	*5.81%*	*5.82%*	*5.82%*	*5.84%*	
Total Cargo YoY Growth proposed by Authority	*5.80%*	*5.81%*	*5.82%*	*5.82%*	*5.84%*	

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

Based on the material before it and its analysis detailed above, the Authority proposes the following with respect to Traffic projections for the Fourth Control Period:

3.3.1. To consider Traffic projections as per **Table 113** for the Fourth Control Period.

3.3.2. To True up the traffic volume (Passenger, ATM and cargo) on the basis of actual Traffic achieved in the Fourth Control Period while determining tariff for the Fifth Control Period.

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

4.1. Background

4.1.1. Regulatory Asset Base ("RAB") is one of the essential elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement for an Airport Operator. To encourage private sector participation in airport development and operations, investors must be fairly compensated for the capital investment made. At the same time, to safeguard the interests of airport users, it must be ensured that the aeronautical capital additions are necessary, reasonable and justified.

4.1.2. Cochin International Airport Limited ("CIAL") has submitted its Multi Year Tariff Proposal ("MYTP") for the Fourth Control Period in respect of Cochin International Airport, Cochin ("CIA"). As part of the MYTP, CIAL has submitted its capital expenditure plan for the Fourth Control Period along with details of project-wise capital expenditure, proposed capitalisation, asset allocation between aeronautical and non-aeronautical activities, depreciation and Regulatory Asset Base.

4.1.3. The Authority observed that the assessment of airport development and its phasing is a technical matter, which requires analysis by the domain expert. Independent Consultant, PwC, hereinafter referred to as the Independent Consultant, has analyzed the tendering procedures adopted by CIAL and the relevant contract agreements related to the CAPEX submitted by CIAL for the Fourth Control Period. The Authority, through its Independent Consultant, has carried out an analysis of the submissions made by CIAL regarding capital additions and RAB, and has performed the following:

i. Examined the proposal of CIAL in terms of the projected traffic, designated capacity and project scope with reference to passenger growth, aircraft movements, cargo volumes, stand requirements and operational needs, and assessed the necessity and cost effectiveness of the proposal;

ii. Examined the proposed building standards, terminal sizing, airside layouts, pavement works and associated infrastructure, including the cost thereon submitted by CIAL, with reference to applicable IMG / IATA / ICAO / AAI / DGCA / BCAS norms and planning standards;

iii. Analyzed the reasonableness of the proposed cost with reference to the details of rates and quantities submitted by CIAL, applicable CPWD Schedule of Rates, CPWD Plinth Area Rates, market benchmarks, awarded contract values and other Government / industry approved norms;

iv. Sought documentary evidence and verified the process of approval of CAPEX projects, including the bidding process for award of various work orders / contracts, procurement methodology, bidder participation and the reasonableness of the implementation schedule and completion timelines submitted by CIAL;

v. Sought and verified various technical reports, traffic studies, BOQs, cost estimates and break-up, detailed justifications and explanations, and copies of LoI / LoA / purchase orders / work orders / contracts / change orders and other supporting documents, as applicable, submitted by CIAL; and

vi. Reviewed the submissions presented as part of the independent technical and cost assessment undertaken by independent consultant, including its review of the tendering procedures adopted by CIAL and the relevant contract agreements related to the capital expenditure submitted by CIAL.

4.1.4. The capital expenditure plan submitted by CIAL for the Fourth Control Period broadly comprises capital expenditure on projects deferred from the Third Control Period and new projects proposed for the Fourth Control Period, as detailed below:

(a). **Projects deferred from the Third Control Period** comprising of the Terminal 3 airside works, the Terminal 3 northern expansion works and certain other minor projects, which were delayed on account of the cash-flow constraints faced by CIAL owing to the impact of the COVID-19 pandemic.

(b). **New projects proposed for the Fourth Control Period** comprising of, the Terminal 1 expansion, airside works (including runway recarpeting and upgradation of Airfield Ground Lighting, construction of parking bays and taxiway links), fire-related works, information technology (IT) projects and certain other projects.

4.1.5. The total capital expenditure proposed by CIAL for the Fourth Control Period **is Rs. 3,981.72 crore**, comprising Rs**. 3,855.82 crore of Project value (Hard Cost, Soft Cost, Indexation)** and **Interest During Construction (IDC) of Rs. 125.90 crore**.

4.1.6. The Authority notes that CIAL has witnessed steady traffic growth over the previous control periods and has emerged as one of the major international gateways in India. CIAL has submitted that the airport handled 11.44 million passengers in FY 2025-26, and that its traffic profile is distinctive in being materially weighed towards international traffic, which historically accounted for close to half of total passenger throughput. CIAL has further submitted that, during the period FY 2015 to FY 2020, domestic passenger traffic recorded a Compound Annual Growth Rate (CAGR) of approximately 13.5% while international passenger traffic recorded a CAGR of approximately 4.7%, and that this growth is expected to continue during the Fourth Control Period, requiring timely augmentation of terminal, airside, landside and support infrastructure.

4.1.7. With this background, the Authority has examined the capital expenditure proposed by CIAL for the Fourth Control Period, considering the historical traffic trends, future traffic estimates, capacity augmentation needs and the airport's land constraints, so that only essential, reasonable and efficient capex is considered as part of the RAB for the Fourth Control Period. The Authority has undertaken this examination with a view to encourage necessary investment in airport infrastructure while maintaining a balanced approach between sustainable airport operations of CIAL and the interests of airport users.

4.1.8. Further, along with the necessity of the proposed capex, the Authority has also assessed the feasibility of implementing the proposed projects within the Fourth Control Period. It is imperative that CIAL completes the proposed capex within the envisaged timelines, as otherwise airport users may bear the burden of capex funding requirements in the form of higher tariff without having access to the corresponding facilities and service benefits.

4.1.9. Towards this objective, the Authority, through its Independent Consultant, M/s PricewaterhouseCoopers (PwC), has examined in detail the capital expenditure, aeronautical allocation, depreciation and Regulatory Asset Base submitted by CIAL for the Fourth Control Period.

4.1.10. Based on the above examination, the Authority has rationalised the capital expenditure for certain projects proposed by CIAL based on verification of item rates, review of project scope, assessment of quantities, optimisation of the proposed capacity augmentation and evaluation of the necessity and timing of the respective works. Accordingly, the Authority proposes to consider capital additions for the Fourth Control Period as detailed in the subsequent paragraphs. However, in respect of projects mandated by regulatory or statutory requirements, or projects incurred for improving operational efficiency, safety, security and service quality, the Authority will true up the costs on actual incurrence basis, subject to evaluation of reasonableness, efficiency, actual capitalization, asset allocation and put-to-use status at the time of determination of tariff for the next Control Period.

4.2. CIAL's submission regarding Capital Expenditure (CAPEX) for the Fourth Control Period

4.2.1. CIAL has submitted that India is projected to become the world's third largest economy by 2030 and is already the world's third largest aviation market. As per CIAL's submission, India's domestic air transport demand is expected to grow significantly, supported by a growing economy, rising incomes and an unprecedented aircraft-order pipeline of Indian carriers, and international traffic to and from India is also expected to increase as India becomes increasingly integrated with the global economy.

4.2.2. CIAL has submitted that Cochin International Airport occupies a distinctive position within the Indian aviation network, serving as the principal gateway for the State of Kerala and for its large Non-Resident Keralite (NRK) diaspora, with a traffic base that is materially concentrated on Gulf and West Asia routes and is complemented by leisure, business (MICE) and medical tourism traffic. CIAL has further submitted that, given this concentration, its international traffic remains disproportionately exposed to geopolitical and macroeconomic developments in the West Asia region, and that the Ministry of Civil Aviation ("MoCA") has formulated an International Aviation Hub Strategy to develop aviation hubs in India and to position the country as an aviation hub of choice by 2030 and for passengers from across the world by 2047.

4.2.3. CIAL has submitted that the continued development of Cochin International Airport as an efficient international gateway is aligned with the vision set out by MoCA. CIAL has stated that, Cochin already operates as a mature international gateway, and that its objective for the Fourth Control Period is therefore to consolidate and future-proof this established international traffic base while selectively strengthening connectivity, rather than to create hub traffic afresh. CIAL has further submitted that, in view of the near-term volatility on Gulf sectors, the capital expenditure programme has been planned on a phased and modular basis consistent with CIAL's long-standing modular expansion philosophy, so that capacity is added in step with demand and the risk of premature or stranded investment is minimised.

4.2.4. CIAL has submitted that the augmentation of passenger-handling capacity during the Fourth Control Period is driven by well-documented capacity constraints. In respect of domestic operations, CIAL has submitted, based on an independent need-assessment study, that the domestic terminal (Terminal 1) is presently operating at approximately 70% to 80% peak-hour utilisation, that peak-hour demand is

projected to breach the existing peak-hour capacity of 3,150 passengers by 2029, and that an additional terminal area of approximately 40,000 sq. m. is accordingly required, necessitating the commissioning of the expanded domestic terminal by 2029. In respect of the Terminal 3 pier, CIAL has submitted that the development of the northern side of the T3 pier and the associated parking bays had already been examined and approved by the Authority in the Third Control Period, based on operational feedback and the applicable Airport Development Reference Manual norms, and that the balance works stand carried forward into the Fourth Control Period.

4.2.5. CIAL has also submitted that it has undertaken a range of ecosystem and service-enhancement initiatives that support the sustained development of the airport, including the repurposing of the erstwhile Terminal 2 into a dedicated General Aviation / Business Jet terminal integrating tourism, international summits and business conferences. CIAL has further submitted that its planned commercial and passenger-experience developments for the Fourth Control Period — including the Commercial Zone, convention-centre enhancements, wellness and landside-utilisation projects, and an AI-based digital passenger platform — are intended to enhance non-aeronautical value, operational efficiency and passenger experience at Cochin International Airport.

4.2.6. CIAL has submitted that it does not undertake a formal periodic Master Plan Update exercise and, having regard to the land constraints at the Airport, follows a modular and phased approach wherein infrastructure requirements are assessed and augmented on a project-wise basis in line with actual and projected traffic demand. CIAL has further submitted that this approach enables careful prioritisation and optimisation of capital investments and avoids premature creation of capacity. In respect of the proposed expansion of the domestic terminal (Terminal 1), CIAL has relied upon an independent Need Assessment study, while the remaining Capital Expenditure programme has been formulated based on the identified operational requirements of the Airport.

4.2.7. CIAL has submitted that Cochin International Airport handled 11.44 million passengers in FY 2025-26, comprising 6.04 million domestic and 5.40 million international passengers, reflecting a prevailing terminal capacity utilisation of approximately 82% against the existing terminal capacity of 14 MPPA, thereby necessitating capacity augmentation during the Fourth Control Period. CIAL has further submitted that it proposes to add approximately 1.4 MPPA to the international terminal (Terminal 3) by FY 2027-28 and approximately 4 MPPA to the domestic terminal (Terminal 1) by FY 2029-30, thereby increasing the overall terminal capacity of the airport from 14 MPPA to approximately 15.4 MPPA and subsequently to approximately 19.4 MPPA over the Fourth Control Period.

Table 114 : Terminal capacity trajectory submitted by CIAL for the Fourth Control Period

Terminal (MPPA)	FY26	FY27	FY28	FY29	FY30	FY31
T1 – Domestic	7	7	7	7	11	11
T3 – International	7	7	8.4	8.4	8.4	8.4
Overall Capacity	**14**	**14**	**15.4**	**15.4**	**19.4**	**19.4**

4.2.8. CIAL has submitted that Terminal 1, originally developed as the international terminal and commissioned in 1999, was last renovated in 2018 to repurpose it into a dedicated domestic terminal, without any addition to its capacity or terminal area at that time. CIAL has further submitted, based on the independent Need Assessment, that the domestic terminal is presently operating at approximately 70% to 80% peak-hour utilisation, that peak-hour demand is projected to breach the existing peak-hour

capacity of 3,150 passengers by 2029, and that an additional terminal area of approximately 40,000 sq. m. is accordingly required, necessitating the commissioning of the expanded domestic terminal by 2029.

4.2.9. With respect to the international terminal, CIAL has submitted that Terminal 3 was commissioned in March 2017 with a pier configuration enabling aircraft docking on three sides, of which the southern and eastern apron bays were commissioned in 2017. CIAL has submitted that, in anticipation of growth in wide-body aircraft operations, it proposes the development of the northern side of the Terminal 3 pier, including apron expansion incorporating two Multi Aircraft Ramp Systems (MARS) capable of accommodating either two wide-body or four narrow-body aircraft along with additional Code C narrow-body aprons and remote bays, together with associated boarding-bridge connectivity and integrated performance-improvement works within Terminal 3, based on the capacity assessment under the ADRM and BCAS framework. CIAL has submitted that the development of the northern side of the Terminal 3 pier and the associated apron works had been examined and approved by the Authority in the Third Control Period, and that the balance works stand carried forward into the Fourth Control Period.

4.2.10. The Authority notes that CIAL has proposed various airside projects for the Fourth Control Period, including the Terminal 3 apron expansion and associated works, construction of parking bays 37 to 40 together with extension of taxiway J up to H and construction of taxiway K and the taxiway west of A to the isolation parking bay, a new link near C1, revamping of the Instrument Landing System (ILS) for Runway 27, installation of Bridge-Mounted Equipment, and replacement of Visual Docking Guidance Systems (VDGS) across various stands of Terminals 1 and 3. CIAL has submitted that these works are required to augment airfield capacity, improve airside circulation, meet the projected stand requirement and enhance operational safety and efficiency.

4.2.11. CIAL has submitted that the proposed new link near C1 is intended to provide a vertical taxi link between Taxiway C and Runway 09 to improve wide-body aircraft maneuverability when Taxiway C1 is unavailable, thereby supporting efficient air traffic flow and reducing operational constraints. CIAL has further submitted that the revamping of ILS Runway 27 is necessitated as the existing system has exceeded its service life, and that the installation of fixed, electrically driven Bridge-Mounted Ground Power Units and Pre-Conditioned Air units, as a green initiative, is intended to reduce Auxiliary Power Unit usage, emissions and apron congestion.

4.2.12. CIAL has submitted that the aggregate capital expenditure proposed for the Fourth Control Period in respect of the aforesaid projects is Rs.1,311.45 crore, the major contribution to which is towards the Terminal 3 expansion (development of the northern side of the T3 pier, including apron expansion, MARS, associated boarding-bridge connectivity and integrated Terminal 3 works) and the Construction of Parking Bays Phase 2, together with associated taxiway and airside works. CIAL has submitted that the balance thereof relates to the replacement and refurbishment of ageing assets, systems and equipment based on end-of-life and end-of-support considerations, so as to maintain safety, reliability and service quality across the airport.

4.2.13. CIAL has also submitted information technology and digital capital expenditure for the Fourth Control Period as part of its smart-airport initiatives, comprising the BHS sortation system for Terminal 3, replacement of the existing CT X-Ray Machines for Hold Baggage (4 nos.) in Terminal 3, revamp of Security Equipment, Radiological Detection Equipment, revamp of BDDS Equipment, revamp of the

Security Operations Centre (SOC), an AI-based Digital Platform, HCI (Hyper-Converged Infrastructure) revamp, and IAMS–ERP implementation. CIAL has submitted that these initiatives are intended to enhance operational efficiency, passenger experience, security and data-driven airport operations.

4.2.14. CIAL has submitted certain mandatory and security-related capital expenditure requirements based on the directions of BCAS, including hold-baggage CT X-Ray machines, full body scanners and radiological detection equipment. CIAL has submitted that these security works are aeronautical in nature and are accordingly proposed to be treated as part of the aeronautical Regulatory Asset Base for the Fourth Control Period.

4.2.15. CIAL has submitted that the overall capital expenditure proposed for the Fourth Control Period is required to cater to the projected growth in passenger traffic, aircraft movements and cargo volumes, to increase terminal and airside capacity, and to maintain operational efficiency, safety, security and service quality standards at Cochin International Airport.

4.2.16. CIAL, in its MYTP for the Fourth Control Period, has submitted the Capital Expenditure, Depreciation and Regulatory Asset Base for the period FY 2026-27 to FY 2030-31. CIAL has submitted that the capital expenditure proposed for the Fourth Control Period is required to cater to the projected growth in passenger traffic, air traffic movements and cargo at Cochin International Airport, and the need to augment terminal and airside capacity in a phased, modular manner consistent with the airport's land constraints.

4.2.17. CIAL has submitted that the capital expenditure proposed for the Fourth Control Period broadly comprises the following two categories:

- **Projects deferred from the Third Control Period** comprising of the Terminal 3 airside works, the Terminal 3 northern expansion works and certain other minor projects, which were delayed on account of the cash-flow constraints faced by CIAL owing to the impact of the COVID-19 pandemic.
- **New projects proposed for the Fourth Control Period** comprising of, the Terminal 1 expansion, airside works (including runway recarpeting and upgradation of Airfield Ground Lighting, construction of parking bays and taxiway links), fire-related works, information technology (IT) projects and certain other projects.

4.2.18. CIAL has submitted that the aforesaid capital expenditure programme is directed towards augmentation of passenger terminal and airside capacity, replacement and refurbishment of ageing assets, and compliance with regulatory, safety, security and service-quality requirements, so that adequate capacity and service standards are maintained in step with the projected traffic growth at the airport.

Projects proposed for the Fourth Control Period

4.2.19. In its MYTP, CIAL has submitted that the following projects are proposed to be implemented under the Fourth Control Period:

Table 115: Projects proposed by CIAL for implementation from FY 2026-27 to FY 2030-31

(Rs. In Cr.)

S. No.	Category	Project Description	Total Capex submitted by CIAL (Rs. Cr)	Capitalization
		Projects deferred from TCP		
A.1		Construction of parking bays phase 2	191.38	FY 2027
A.2		"Development of Northern side T3	687.33	FY 2028
A.3		Other Projects	265.24	FY 2029
A		**Sub Total (Projects deferred from TCP)**	**1143.95**	
		New Projects proposed in FCP		
B		T1 expansion and associated airside work	1049.34	FY 2030
C.1	**Airside Projects**	Runway Recarpeting with upgradation of AGL	260.00	FY 2030
C.2		Relocation of IPB	100.00	FY 2031
C.3		Construction of parking bays 37 to 40, extension of taxiway J up to H, construction of taxiway K and taxiway west of A to Isolation parking bay	70.20	FY 2029
C.4		New link near C1	20.00	FY 2028 & FY 2031
C.5		ILS 27 REVAMPING	16.90	FY 2030
C.6		Bridge Mounted Equipment	40.00	FY 2029
C.7		Replacement of VDGS in various stand of T1 and T3	18.00	FY 2028
C		**Subtotal (Airside Projects)**	**525.10**	
D.1	**IT Projects**	BHS sortation system for T3	33.00	FY 2028
D.2		CT X-Ray Machines Hold Baggage (4 nos.) - Existing T3 replacement	47.00	FY 2028
D.2		Security Equipment - Revamp	63.10	FY 2029
D.3		Radiological Detection Equipment	26.00	FY 2027
D.4		BDDS Equipment Revamp	20.00	FY 2031
D.5		SOC Revamp	15.00	FY 2031
D.6		AI based Digital platform	14.20	FY 2027
D.7		HCI Revamp	11.00	FY 2027
D.8		IAMS- ERP	8.00	FY 2027
D		**Subtotal (IT Projects)**	**237.14**	
E.1	**Fire and safety related projects**	Fire station building renovation and allied infrastructure facility.	30.00	FY 2029
E.2		FOD management system for R/W and T/w	30.00	FY 2031
E.3		Turntable Ladder	15.00	FY 2027
E.4		Emergency escape stair for immediate evacuation from the aircraft	11.90	FY 2027
E.5		Recovery equipment purchase	10.00	FY 2031
E.6		Major building fire protection and smoke management systems	10.00	FY 2031
E.7		Apron Algae cleaning machine	8.00	FY 2031
E		**Subtotal (Fire and safety related projects)**	**114.90**	
F		Airport buildings projects other than terminal	50.00	FY 2030
G		Roads	26.05	FY 2027

S. No.	Category	Project Description	Total Capex submitted by CIAL (Rs. Cr)	Capitalization
H		Sustainability	20.00	FY 2027
I		Cargo	10.00	FY 2029
J		Miscellaneous projects	383.15	FY 2031
K		Commercial projects	296.20	FY 2031
Total Capex submitted by CIAL			**3,855.82**	

Summary of Capital Expenditure

4.2.20. The Capital expenditure summary submitted by CIAL is as follows:

Table 116 : Summary of Capital Expenditure submitted by CIAL

(Rs. In Cr.)

Project / Particulars	Amount
Construction of Parking Bays Phase 2	191.38
T3 expansion	687.33
Other Projects	265.24
T1 expansion	1049.34
Airside Projects	525.10
IT Projects	237.14
Fire and safety related Projects	114.90
Airport Buildings	50.00
Roads	26.05
Sustainability	20.00
Cargo	10.00
Miscellaneous	383.15
Commercial Projects	296.20
Total Additions excluding IDC	**3,855.82**
IDC	125.90
Total Additions including IDC	**3,981.72**

4.2.21. Further to the above, CIAL, through its submission dated 20.07.2026, has submitted the revised Capital Expenditure for the Fourth Control Period. The revision in the proposed Capital Expenditure is primarily on account of updated cost estimates based on prices discovered through competitive tendering processes, awarded contract values and budgetary quotations received for various projects The revised Capex submission is as follow:

Table 117 : Revised CAPEX Projects proposed by CIAL for the Fourth Control Period

(Rs. In Cr.)

S. No.	Category	Project Description	Hard Cost	Soft Cost	IDC	Total Capex	Capitalization
		Projects deferred from TCP					
A.1		Construction of parking bays phase 2	177.2	14.18	9.95	201.33	FY 2027
A.2		"Development of Northern side T3	730.4	58.43	41	829.83	FY 2028
A.3		Other Projects	317.85	13.39	0	331.24	FY 2029

S. No.	Category	Project Description	Hard Cost	Soft Cost	IDC	Total Capex	Capitalization
A		**Subtotal (Projects deferred from TCP)**	**1,225.45**	**86.01**	**50.95**	**1362.39**	
		New Projects proposed in FCP					
B		T1 expansion and associated airside work	971.61	77.73	54.54	1103.88	FY 2030
C.1	**Airside Projects**	Runway Recarpeting with upgradation of AGL	252.42	7.57	13.52	273.51	FY 2030
C.2		Relocation of IPB	92.59	7.41	5.2	105.20	FY 2031
C.3		Construction of parking bays 37 to 40, extension of taxiway J up to H, construction of taxiway K and taxiway west of A to Isolation parking bay	65	5.2	3.65	73.85	FY 2029
C.4		New link near C1	19.41	0.59	0	20.00	FY 2028 & FY 2031
C.5		ILS 27 REVAMPING	16.4	0.5	0	16.90	FY 2030
C.6		Bridge Mounted Equipment	38.84	1.16	0	40.00	FY 2029
C.7		Replacement of VDGS in various stand of T1 and T3	17.48	0.52	0	18.00	FY 2028
C		**Subtotal (Airside Projects)**	**502.16**	**22.94**	**22.36**	**547.46**	
D.1	**IT Projects Fire and safety related projects**	BHS sortation system for T3	32.04	0.96	0	33.00	FY 2028
D.2		CT X-Ray Machines Hold Baggage (4 nos.) - Existing T3 replacement	45.63	1.37	0	47.00	FY 2028
D.3		Security Equipment – Revamp	61.11	1.83	0	62.94	FY 2029
D.4		Radiological Detection Equipment	25.24	0.76	0	26.00	FY 2027
D.5		BDDS Equipment Revamp	19.42	0.58	0	20.00	FY 2031
D.6		SOC Revamp	14.56	0.44	0	15.00	FY 2031
D.7		AI based Digital platform	13.79	0.41	0	14.20	FY 2027
D.8		HCI Revamp	33.98	1.02	0	35.00	FY 2027
D.9		IAMS- ERP	13.59	0.41	0	14.00	FY 2027
D		**Subtotal (IT Projects)**	**259.36**	**7.78**	**0**	**267.14**	
E.1		Fire station building renovation and allied infrastructure facility.	29.13	0.87	0	30.00	FY 2029
E.2	**Fire and safety related projects**	FOD management system for R/W and T/w	29.13	0.87	0	30.00	FY 2031
E.3		Turntable Ladder	14.56	0.44	0	15.00	FY 2027
E.4		Emergency escape stair for immediate evacuation from the aircraft	11.55	0.35	0	11.90	FY 2027

S. No.	Category	Project Description	Hard Cost	Soft Cost	IDC	Total Capex	Capitalization
E.5		Recovery equipment purchase	9.71	0.29	0	10.00	FY 2031
E.6		Major building fire protection and smoke management systems	9.71	0.29	0	10.00	FY 2031
E.7		Apron Algae cleaning machine	7.77	0.23	0	8.00	FY 2031
E.8		Apron Algae cleaning machine - capitalization shifted from FY26 to FY27	4.7	0.14	0	4.84	FY 2027
E.9		Airside driving simulator – for operations - capitalization shifted from FY26 to FY27	9.07	0.27	0	9.34	FY 2027
E		**Subtotal (Fire and safety related projects)**	**125.32**	**3.76**	**0**	**129.08**	
F.1		Additional Rooms in West Block Terrace	9.71	0.29	0	10.00	FY 2027
F.2		Construction of DVOR building and Associated works	9.71	0.29	0	10.00	FY 2028
F.3		Radar building	9.71	0.29	0	10.00	FY 2030
F.4		Substation upgradation	14.56	0.44	0	15.00	FY 2030
F.5		CIAL MedCare Centre	4.85	0.15	0	5.00	FY 2030
G		Roads	25.24	0.76	0	26.00	FY 2027
H.1		Hydrogen Bus	9.71	0.29	0	10.00	FY 2027
H.2		Waste to energy	9.71	0.29	0	10.00	FY 2027
I		Cargo	9.26	0.74	0	10.00	FY 2029
J		Miscellaneous projects	383.16	0	0	383.16	FY 2031
K		Commercial projects	296.2	0	0	296.20	FY 2031
Total Capex submitted by CIAL			**3,865.72**	**201.75**	**127.85**	**4,195.31**	

Total Capital Additions proposed for the Fourth Control Period

4.2.22. Based on the above, CIAL has submitted total capital additions for the Fourth Control Period as follows:

Project deferred from TCP

4.2.23. CIAL has proposed the following 3 Projects under Deferred Projects from TCP (A) in the MYTP Submission:

A.1 Construction of parking bays phase 2

A.2 Development of northern side of T3 pier

A.3 Other Projects

A.1 Construction of parking bays phase 2

4.2.24. CIAL has submitted that the Construction of Parking Bays Phase II project is a deferred capital expenditure project carried forward from the Third Control Period. Terminal 3 was originally designed with a pier structure permitting aircraft docking and parking on the southern (runway-facing), eastern and northern sides. While the southern and eastern apron facilities were commissioned as part of the first phase of Terminal 3, the northern side of the pier was earmarked for future expansion.

4.2.25. CIAL has submitted that the development of parking bays on the northern side of Terminal 3 formed part of the original Terminal 3 development plan conceived in FY2014. However, in order to expedite the commissioning of Terminal 3 to cater to growing traffic demand, the northern apron development was deferred and scheduled for implementation subsequently. CIAL has further submitted that the project was later planned for execution during the Third Control Period but was delayed due to the adverse impact of the COVID-19 pandemic on passenger traffic and the resulting funding and cash flow constraints.

4.2.26. CIAL has submitted that the Construction of Parking Bays Phase II project was approved by the Authority as part of the capital expenditure programme for the Third Control Period and was considered while determination of tariffs for the Third Control Period. CIAL has further submitted that, in accordance with the observations of the Authority regarding projects not yet commenced, stakeholder consultations were reconducted through AUCC meetings held during FY2024, wherein the project received stakeholder endorsement.

4.2.27. CIAL has submitted that, in anticipation of the increasing share of wide-body aircraft operations at Indian airports, it has reviewed the apron configuration proposed for the northern side of Terminal 3. Accordingly, the scope of the Construction of Parking Bays Phase II project includes:

- Development of two Multi Aircraft Ramp System (MARS) bays capable of accommodating either two wide-body aircraft or four narrow-body aircraft;
- Development of four Code-C contact aircraft parking bays;
- Development of three remote aircraft parking bays;
- Associated apron, taxi lane, utility and airside infrastructure works; and
- Installation of facilities required for aircraft docking and apron operations.

4.2.28. CIAL has submitted that the revised apron configuration has been designed considering the expected increase in wide-body aircraft operations. CIAL has submitted that Indian airlines have placed significant orders for wide-body aircraft and that policy initiatives of the Ministry of Civil Aviation are expected to support growth in long-haul international connectivity from Indian airports.

4.2.29. CIAL has further submitted that Cochin International Airport handles one of the highest volumes of international passenger traffic in India and expects increasing demand for direct long-haul services to destinations in Europe and North America. CIAL has submitted that changing migration patterns from Kerala towards non-GCC countries, together with ongoing discussions with international airlines, are expected to increase demand for wide-body aircraft operations at the Airport.

4.2.30. CIAL has submitted that the project is required to enhance apron capacity and support future air traffic growth. According to CIAL, the project is expected to:

- Increase aircraft parking and contact stand capacity for international operations;
- Facilitate accommodation of both narrow-body and wide-body aircraft through flexible MARS configurations;
- Improve operational efficiency and aircraft turnaround performance through provision of additional contact bays;
- Support future growth in international traffic and long-haul connectivity; and
- Optimise utilisation of the limited land available on the northern side of Terminal 3 for long-term capacity creation.

4.2.31. CIAL has submitted that the project has progressed to the implementation stage and major civil work contracts have been awarded. CIAL has submitted that the Construction of Parking Bays Phase II project is planned to be commissioned in FY2027.

Development of Northern Side of Terminal 3 Pier

4.2.32. CIAL has submitted that the Development of Northern Side of Terminal 3 Pier is a deferred capital expenditure project carried forward from the Third Control Period and is proposed in conjunction with the Construction of Parking Bays Phase II project:

4.2.33. CIAL has submitted that Terminal 3 was originally designed for a peak-hour capacity of 2,000 Peak Hour Passengers (PHP) in both departure and arrival areas based on the Airport Development Reference Manual (ADRM) prevailing at the time of design. However, based on subsequent capacity assessments undertaken using the latest ADRM standards and operational experience gained since commissioning of Terminal 3, certain enhancements and modifications have been identified as necessary to maintain the desired level of service.

4.2.34. CIAL has submitted that the apron layout for the northern side of Terminal 3 has been revised to incorporate two MARS bays capable of accommodating wide-body aircraft operations. According to CIAL, the revised apron configuration necessitates the development of an integrated terminal structure on the northern side to provide boarding bridge connectivity and passenger processing facilities for the proposed aircraft stands.

4.2.35. CIAL has submitted that the scope of the Development of Northern Side of Terminal 3 Pier project includes:

- Expansion of the Terminal 3 pier from approximately 35 metres to 55 metres in width;
- Development of a triangular three-level structure integrated with the existing Terminal 3 building to provide connectivity to the proposed northern apron facilities;
- Provision of boarding bridge connectivity and associated passenger handling facilities;
- Capacity enhancement measures identified through ADRM and BCAS assessments;
- Civil, electrical and mechanical works associated with the pier development; and

- IT-related infrastructure works including baggage handling system augmentation, CT X-ray hold baggage screening machines, additional full-body scanners and other operational systems required for regulatory compliance.

4.2.36. CIAL has submitted that the project is required to address capacity constraints identified through terminal capacity assessments and to facilitate optimal utilisation of the proposed northern apron development. CIAL has further submitted that undertaking these works simultaneously with the apron expansion would minimise future operational disruptions and avoid the need for major construction activities within an operational terminal environment at a later stage.

4.2.37. According to CIAL, the Development of Northern Side of Terminal 3 Pier project is expected to:

- Enhance peak-hour passenger processing and boarding capacity;
- Provide boarding bridge connectivity to the proposed northern apron stands;
- Improve passenger convenience and level of service;
- Augment baggage handling and security screening infrastructure in line with regulatory requirements;
- Support future international traffic growth and increasing wide-body aircraft operations; and
- Avoid future operational disruptions by integrating terminal development with apron expansion works.

4.2.38. CIAL has submitted that the project was endorsed by stakeholders through the AUCC consultation process conducted during FY2024. CIAL has further submitted that major civil works packages have been awarded and the project is planned to be commissioned in FY2028.

Other Projects

4.2.39. CIAL has submitted that, in addition to the major capacity augmentation projects proposed for the Fourth Control Period, it intends to undertake various safety, security, operational, cargo infrastructure and support facility projects. These projects comprise a mix of deferred works carried forward from the Third Control Period, replacement of ageing assets, regulatory compliance initiatives and operational enhancement measures.

4.2.40. CIAL has submitted that a number of projects proposed under this category were approved by the Authority in the Third Control Period and subsequently deferred due to revised implementation priorities and the impact of the COVID-19 pandemic. These include the Regulator-cum-Bridge, Grading of Side Strip Phase III, CIAL Administrative Block, Modification and Mechanisation of the Existing Export Warehouse, CT-based Hand Baggage X-BIS and ATRS units for Terminals 1 and 3, replacement of passenger boarding bridges at Terminal 1, procurement of Aircraft Crash Fire Tenders (ACFTs) and the Emergency Rescue Vehicle (ERV).

4.2.41. CIAL has further submitted that certain projects are being undertaken to comply with evolving operational, safety and security requirements prescribed by BCAS, DGCA and other regulatory agencies. These include installation of Full Body Scanners at Terminals 1 and 3, enhancement of CCTV surveillance infrastructure, procurement of Emergency Crash Foam Tender and augmentation of airport

security and emergency response systems. Several of these projects have already been competitively tendered and awarded and are planned to be capitalised based on actual costs incurred.

4.2.42. CIAL has submitted that the remaining projects, including installation of Ground Power Units (GPU) and Pre-Conditioned Air (PCA) systems south of Terminal 3 and completion of the Regulator-cum-Bridge works, are intended to improve operational efficiency, strengthen airside infrastructure, support environmental and flood mitigation objectives and enhance the overall level of service at the airport. CIAL has submitted that the proposed project costs are based on Authority-approved costs, awarded contract values, departmental estimates, budgetary quotations and prevailing market rates, as applicable, and will be finalized through detailed design and competitive procurement processes wherever required.

Table 118 : Break-up of Other Projects deferred from Third Control Period

Code	Project Description	Total Capex submitted by CIAL (Rs. Cr)	Capitalization
A.3.1	Regulator cum bridge	39.40	FY 2029
A.3.2	Grading of side strip Phase III	12.00	FY 2029
A.3.3	CIAL Administrative Block	11.00	FY 2029
A.3.4	Mechanisation of Export Warehouse after modification	10.30	FY 2029
A.3.5	Modification of Existing Export Warehouse	10.00	FY 2028
A.3.6	CT based Hand Baggage X-BIS - T1 and T3 and ATRS units	75.04	FY 2028
A.3.7	Body scanners for T1 & T3	37.10	FY 2027
A.3.8	Replacement of Aerobrioges for T1	15.00	FY 2028
A.3.9	Regulator cum bridge	0.60	FY 2029
A.3.10	Aircraft Crash Fire Tender (ACFT) Procurement	15.00	FY 2027
A.3.11	Aircraft Crash Fire Tender (ACFT) Procurement	15.00	FY 2029
A.3.12	Emergency Crash Foam Tender Procurement	14.20	FY 2027
A.3.14	Emergency Rescue Vehicle (ERV)	10.60	FY 2027
A.3.15	CCTV Surveillance System	52.00	FY 2027
A.3.16	GPU and PCA south of T3 (10 nos)	14.00	FY 2027
	Total	**331.24**	

New Projects Proposed under Fourth Control Period

Terminal 1 (domestic) expansion and associated airside works

4.2.43. CIAL has submitted that it proposes to undertake the expansion and modernization of Terminal 1 together with associated airside infrastructure works during the Fourth Control Period. CIAL has submitted that Terminal 1 was originally developed in 1999 for international operations and was subsequently converted into a domestic terminal following the commissioning of Terminal 3 in March 2017. CIAL has further submitted that, while Terminal 1 was refurbished in 2018, the terminal is now required to be expanded to cater to the projected growth in domestic passenger traffic and to address operational and infrastructure constraints within the existing facility.

4.2.44. CIAL has submitted that it has undertaken a detailed need assessment study through KPMG to evaluate the future domestic terminal capacity requirements at the Airport. According to CIAL, the study assessed historical traffic trends, passenger forecasts, peak-hour demand, airline network expansion potential and existing infrastructure constraints. CIAL has submitted that the existing domestic terminal has an installed capacity of approximately 7 million passengers per annum (MPPA) and handled around

6.04 million passengers during FY2026. CIAL has further submitted that domestic passenger traffic is expected to continue growing strongly over the medium to long term and that the peak-hour demand of the existing terminal is expected to exceed available capacity levels by FY2029, thereby necessitating expansion of the terminal and associated infrastructure.

4.2.45. CIAL has submitted that, based on the findings of the KPMG study, it proposes to expand Terminal 1 by approximately 50,000 square metres through demolition of the existing domestic cargo building and expansion of the terminal towards the western side. CIAL has submitted that the proposed expansion is expected to increase the terminal's capacity by approximately 4 MPPA, increasing the overall capacity of Terminal 1 from about 7 MPPA to 11 MPPA. CIAL has further submitted that the expanded terminal would incorporate additional passenger processing facilities, baggage handling systems, security screening infrastructure, passenger amenities, transfer facilities and operational areas required to accommodate future passenger growth and improve the overall level of service at the Airport.

4.2.46. CIAL has further submitted that the existing terminal faces various operational and infrastructure limitations, including constraints in baggage handling facilities, limited flexibility in passenger processing areas, absence of dedicated transfer facilities, restricted space for future capacity augmentation and operational limitations associated with the current terminal layout. According to CIAL, the proposed expansion would address these constraints while providing the capacity required to accommodate projected future traffic growth.

4.2.47. CIAL has further submitted that the project includes associated airside infrastructure works comprising development of approximately 125,000 square metres of additional apron area together with associated taxiways, utilities and supporting airside infrastructure. CIAL has submitted that these works are required to provide adequate aircraft parking capacity and operational flexibility corresponding to the expanded terminal capacity and projected growth in aircraft movements.

4.2.48. According to CIAL, the proposed project would enhance passenger handling capacity, improve operational efficiency, support future domestic traffic growth, facilitate improved passenger experience and ensure that the airport infrastructure remains adequate to meet the projected demand over the planning horizon. CIAL has further submitted that the project is currently in the planning stage and that detailed design, options assessment and capital cost estimation are being undertaken through a Project Management Consultant.

Airside Projects

4.2.49. CIAL has submitted various airside infrastructure projects for the Fourth Control Period aimed at maintaining airfield safety, enhancing operational efficiency and supporting future airport expansion plans. The proposed projects include runway recarpeting with Airfield Ground Lighting (AGL) upgradation, relocation of the Isolation Parking Bay (IPB), construction of additional aircraft parking bays and taxiway infrastructure, development of a new taxiway link near Taxiway C1, revamping of navigational aid infrastructure, installation of bridge-mounted Ground Power Units (GPU) and Pre-Conditioned Air (PCA) systems, and replacement of Visual Docking Guidance Systems (VDGS).

4.2.50. CIAL has submitted that the last major runway recarpeting and strengthening works were completed in FY2021. Based on the assessed pavement life, the next runway recarpeting is proposed in FY2030 and would be undertaken along with the upgradation of the existing AGL system, including provision of CAT III-compliant airfield lighting and associated control and monitoring systems.

4.2.51. CIAL has submitted that the relocation of the Isolation Parking Bay (IPB) is necessitated by the proposed expansion of Terminal 1 and associated airside development. CIAL has further submitted that an additional land parcel is proposed to be acquired during FY2029 for relocation of the IPB and development of the associated airside infrastructure.

4.2.52. CIAL has submitted that the construction of Parking Bays 37 to 40, extension of Taxiway J up to Taxiway H, construction of Taxiway K and a taxiway connecting Taxiway A to the relocated IPB are projects carried forward from the Third Control Period. According to CIAL, these projects were approved by the Authority in the Third Control Period but deferred due to their linkage with the commissioning of Parking Bays Phase II on the northern side of Terminal 3 and are now proposed for implementation during the Fourth Control Period.

4.2.53. CIAL has further submitted that the remaining projects, including the new taxiway link near Taxiway C1, ILS/DVOR infrastructure works, installation of sixteen bridge-mounted GPU and PCA units across Terminal 3 and Terminal 1 aprons, and replacement of sixteen VDGS units at Terminal 1 and Terminal 3 stands, are intended to improve aircraft manoeuvrability, operational resilience, airside efficiency, environmental performance and aircraft stand management capabilities.

IT Projects

4.2.54. CIAL has submitted various information technology and security infrastructure projects during the Fourth Control Period to enhance passenger processing, baggage handling capability, cybersecurity, operational efficiency and regulatory compliance. The proposed projects include a Baggage Handling System (BHS) Sortation System for Terminal 3, replacement of CT-based Hold Baggage Screening systems, security equipment revamp, Radiological Detection Equipment (RDE), Bomb Detection and Disposal System (BDDS) revamp, Security Operations Centre (SOC) revamp, an AI-based Digital Platform, Hyper-Converged Infrastructure (HCI) revamp and modernization of the Integrated Airport Management System (IAMS-ERP).

4.2.55. CIAL has submitted that the BHS-related projects are intended to enhance baggage processing efficiency and support future passenger growth. The proposed work includes implementation of a sortation system for Terminal 3 and replacement of ageing CT-based Hold Baggage Screening equipment. CIAL has further submitted that the sortation system forms part of the broader baggage handling augmentation planned for Terminal 3.

4.2.56. CIAL has submitted that the Security Equipment Revamp, Radiological Detection Equipment and BDDS Revamp projects are proposed to address equipment obsolescence and comply with evolving BCAS security requirements. According to CIAL, these projects would strengthen airport security infrastructure and improve security screening and threat detection capabilities.

4.2.57. CIAL has further submitted that the proposed SOC Revamp, HCI Revamp and IAMS-ERP projects are intended to improve system reliability, cybersecurity preparedness, technology resilience and integration across airport operations. CIAL has also proposed development of an AI-based Digital Platform aimed at enhancing passenger experience and supporting digital transformation initiatives across the Airport. CIAL has submitted that several of these projects have either progressed to the procurement stage or are already under implementation.

Fire and Safety related projects

4.2.58. CIAL has submitted various fire, rescue and safety related projects during the Fourth Control Period aimed at strengthening emergency preparedness, operational safety and regulatory compliance. The proposed projects include renovation of the existing fire station and allied infrastructure, a Foreign Object Debris (FOD) Management System for runway and taxiway operations, Turntable Ladder, Emergency Escape Stair, Recovery Equipment, Major Building Fire Protection and Smoke Management Systems, Apron Algae Cleaning Machines and an Airside Driving Simulator.

4.2.59. CIAL has submitted that the proposed projects are intended to enhance aircraft rescue and firefighting capabilities, improve emergency response preparedness and strengthen preventive safety measures across the airport. CIAL has further submitted that the fire station renovation project would modernize existing emergency response infrastructure, while the proposed FOD management system would enhance airside safety through detection and management of foreign object debris on runways and taxiways.

4.2.60. CIAL has submitted that the Turntable Ladder, Emergency Escape Stair and Recovery Equipment projects are intended to augment the airport's emergency rescue and aircraft recovery capabilities. CIAL has further submitted that the Major Building Fire Protection and Smoke Management Systems project would support compliance with prevailing safety standards across airport facilities.

4.2.61. CIAL has submitted that the Apron Algae Cleaning Machines are required to maintain airside pavement conditions, particularly during Kerala's monsoon season, while the Airside Driving Simulator is intended to strengthen training and competency development for operational personnel. CIAL has further submitted that certain projects under this category have already progressed to implementation through competitive procurement processes.

Airport Building Projects

4.2.62. CIAL has submitted various airport building projects during the Fourth Control Period to support airport operations, utility infrastructure and passenger services. The proposed projects include construction of additional rooms at the West Block Terrace, construction of DVOR and associated buildings, development of radar infrastructure, substation upgradation and establishment of a CIAL MedCare Centre.

4.2.63. CIAL has submitted that the additional rooms at the West Block are proposed to accommodate office functions being relocated as part of terminal development and operational requirements. CIAL has further submitted that the DVOR and radar building projects are required to facilitate the installation and operation of navigational and surveillance infrastructure proposed by AAI.

4.2.64. CIAL has submitted that the substation upgradation project is intended to strengthen electrical infrastructure and improve system reliability, while the proposed MedCare Centre is aimed at enhancing medical response capability and passenger welfare facilities at the Airport. CIAL has further submitted that certain projects under this category have already progressed to implementation.

Road Projects

4.2.65. CIAL has submitted that it proposes to undertake landscaping and beautification works along the Airport Approach Road during the Fourth Control Period. According to CIAL, the project is intended to enhance the visual appeal of the airport approach corridor, improve the passenger experience and support the airport's broader environmental and aesthetic objectives. CIAL has further submitted that

implementation of the project has commenced and subsequent phases are proposed during the Control Period.

Sustainability Projects

4.2.66. CIAL has submitted various sustainability initiatives during the Fourth Control Period in line with its environmental objectives. The proposed projects include procurement of hydrogen-powered buses and development of a waste-to-energy facility within the airport premises.

4.2.67. CIAL has submitted that the hydrogen bus project is intended to support adoption of cleaner transportation solutions within the airport ecosystem. CIAL has further submitted that the waste-to-energy project aims to strengthen waste management practices, reduce dependence on landfill disposal and promote sustainable resource utilization through energy recovery from waste generated at the Airport.

Cargo Project

4.2.68. CIAL has submitted that it proposes to develop a new Domestic Cargo Complex during the Fourth Control Period. CIAL has submitted that the project is linked to the proposed expansion of Terminal 1, under which the existing domestic cargo facility is proposed to be demolished for terminal development purposes.

4.2.69. According to CIAL, the proposed cargo complex would provide replacement cargo handling infrastructure and ensure continuity of domestic cargo operations while supporting future growth in cargo traffic at the Airport.

Miscellaneous Projects

4.2.70. CIAL has submitted miscellaneous capital expenditure projects during the Fourth Control Period comprising a number of smaller projects aimed at sustaining airport operations, improving infrastructure reliability and enhancing safety, security and passenger service levels.

4.2.71. CIAL has submitted that the programme includes civil works such as road and drainage improvements, minor airside pavement and fencing upgrades, terminal refurbishments and utility augmentation works. The programme also includes IT and security-related investments covering CCTV systems, access control, perimeter security, communications infrastructure, cybersecurity enhancements and passenger information systems.

4.2.72. CIAL has further submitted that the miscellaneous programme includes electrical and utility improvements, firefighting and emergency response assets, medical and safety infrastructure, passenger amenities, operational equipment, vehicles and other support facilities required for efficient airport operations. According to CIAL, these investments are intended to maintain operational readiness, regulatory compliance and service quality across the Airport.

4.3. Authority's examination regarding Capex for the Fourth Control Period

4.3.1. The Authority, while analysing the Aeronautical Capital Expenditure proposed by CIAL for the Fourth Control Period, has appropriately rationalised the projected CAPEX after taking into account the

essentiality, scheduling and reasonableness of the cost estimates in respect of the proposed capital works, as detailed in the following paragraphs.

4.3.2. The Independent Consultant appointed by the Authority has performed an in-depth analysis of the submissions made by CIAL in respect of Aeronautical Capital Additions, Depreciation and Regulatory Asset Base. In this respect, the Independent Consultant has performed the following functions:

(i) Reviewed the detailed cost breakdown for major construction items submitted by CIAL, including the technical details, Bill of Quantities, drawings and layouts, and also considered the responses of CIAL to the clarifications sought in relation to the CAPEX plan from time to time;

(ii) Sought supporting documents towards the process of approval of the capital addition projects, including the process followed 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 CIAL during the Fourth Control Period, including the stage of tendering, award and physical progress of the works;

(iv) Undertook a detailed review of the minutes of the Airport Users Consultative Committee meetings submitted by CIAL in respect of the capital expenditure projects; and

(v) Undertook a site visit to Cochin Airport on 11.02.2026, focusing specifically on the review of current airport operations and the proposed airport development plans, and the costing and capitalisation schedule of the proposed CAPEX projects.

4.3.3. The Authority's Independent Consultant has also reviewed the rates of civil works as provided in the cost break-up files submitted by CIAL as part of its MYTP submission, with reference to the applicable CPWD rates, and observed that the rates were broadly in line with the said rates.

4.3.4. The Authority notes that the Hard Cost submitted by CIAL for the proposed projects is inclusive of applicable GST and indexation. Accordingly, the Authority has examined the reasonableness of the project costs on the same basis, and the Hard Cost proposed by the Authority pursuant to such examination is also inclusive of applicable GST and indexation

4.3.5. The Authority further notes that the project costs submitted by CIAL have been examined on a gross-cost basis, including applicable GST, so as to ensure consistency between the costs proposed by CIAL and the costs assessed by the Authority for the purpose of evaluating the reasonableness of the proposed capital expenditure projects. The Authority clarifies that the treatment of GST, including the availability and utilisation of Input Tax Credit ("ITC"), shall be examined separately while determining the admissible capital cost and the resulting depreciation, Regulatory Asset Base and Aggregate Revenue Requirement, in accordance with the applicable regulatory principles. Accordingly, the cost assessments set out in the following paragraphs are presented on a GST-inclusive basis and should not be construed as a determination regarding the admissibility of GST for tariff purposes

4.3.6. A detailed account of the Airport Users Consultative Committee meetings convened by CIAL is presented in the following paragraphs

Airport Users Consultative Committee (AUCC)

4.3.7. The Authority notes that, in terms of the applicable Airport Guidelines, the Airport Operator is required to conduct consultations with airport users in respect of the capital expenditure proposed to be undertaken at the airport. Such consultations provide an opportunity to the stakeholders to examine the necessity, scope, sizing, phasing and cost implications of the proposed capital expenditure projects and to provide their views thereon prior to their consideration by the Authority for tariff determination purposes.

4.3.8. The Authority notes CIAL's submission that the projects relating to the Construction of Parking Bays (Phase II) and the Development of the Northern Side of Terminal 3 Pier along with associated Terminal 3 works formed part of the original Terminal 3 development plan and were subsequently rescheduled for implementation. The Authority further notes CIAL's submission that these projects were placed before the stakeholders through the Airport Users Consultative Committee ("AUCC") process and were endorsed during the consultations conducted in FY 2014 and FY 2019.

4.3.9. The Authority further notes that, in the Tariff Order for the Third Control Period (Order No. 08/2021-22 dated 24 August 2021), it had observed that projects which had not commenced or been awarded may warrant fresh stakeholder consultation, considering the changes in the business and operating environment since the earlier consultations were undertaken. The Authority notes that, pursuant thereto, CIAL reconducted the AUCC process in respect of the aforesaid major capital expenditure projects and held Stage I and Stage II consultations on 9 October 2023 and Stage III consultation on 8 December 2023, wherein the stakeholders endorsed the proposed developments.

4.3.10. The Authority notes that the capital expenditure programme proposed by CIAL for the Fourth Control Period comprises both deferred projects carried forward from the Third Control Period and new projects planned for implementation during the Fourth Control Period. The Authority observes that a comprehensive consultation process covering the entire Fourth Control Period capital expenditure programme would facilitate stakeholder participation and provide greater transparency regarding the proposed investments and their tariff implications.

4.3.11. The Authority is of the view that stakeholder consultation constitutes an important element of the regulatory framework, as airport users are ultimately affected by the tariff consequences arising from capital expenditure undertaken at the airport. Such consultations enable stakeholders to assess the need, scope, phasing and cost of the proposed projects and to provide informed comments on the proposed capital expenditure programme. The Authority further notes that the capital expenditure proposed by CIAL for the Fourth Control Period is substantial and is expected to have a material impact on the Aggregate Revenue Requirement and aeronautical tariffs.

4.3.12. Accordingly, the Authority recommends that CIAL conduct AUCC consultations covering all capital expenditure projects proposed for implementation during the Fourth Control Period, including both deferred projects and new projects, during the consultation stage. The Authority further recommends that CIAL place before the stakeholders the project scope, cost estimates, implementation timelines and expected benefits of the proposed projects and submit the minutes of the AUCC meetings, together with the stakeholders' comments and CIAL's responses thereto, for the Authority's record and examination.

4.3.13. The Authority accordingly proposes to consider the capital expenditure in respect of the aforesaid new projects for the purpose of tariff determination for the Fourth Control Period, subject to completion of

the consultation process as aforesaid within the timeline stipulated hereinabove, and further subject to true-up at the time of tariff determination for the Fifth Control Period on the basis of actual capitalisation, cost efficiency and reasonableness

4.3.14. For the purpose of detailed evaluation, the proposed capital expenditure has been categorised under the following broad heads in line with the submission made by CIAL:

A. Capital Expenditure projects deferred from TCP

B. Capital Expenditure projects related to T1 expansion

C. Capital Expenditure projects related to Airside Works

D. Capital Expenditure projects related to IT Works

E. Capital Expenditure projects related to Fire and Safety Works

F. Capital Expenditure projects related to Other Works

G. Miscellaneous Projects

4.3.15. The Authority notes that CIAL has proposed a total Capital Expenditure of Rs. 4,195.31 Crores, comprising projects deferred from the Third Control Period and new projects proposed for the Fourth Control Period. Of the total proposed Capital Expenditure, projects deferred from the Third Control Period aggregate to Rs. 1,362.39 Crores, while new projects proposed for the Fourth Control Period amount to Rs. 2,832.92 Crores. The Authority further notes that the Hard Cost submitted by CIAL amounts to Rs. 3,865.72 Crores and comprises Passenger Terminal Works, Airfield Works, IT Works, Fire and Safety Works and Other Works.

(A) Capital Expenditure projects deferred from TCP

4.3.16. The Authority notes that CIAL has proposed seventeen projects under Deferred Works, comprising projects envisaged for the Third Control Period but not completed or capitalised during the said Control Period. The Authority, through its Independent Consultant, has examined the said projects with reference to their need and necessity, operational and safety requirements and reasonableness of cost. CIAL has submitted a Hard Cost of Rs. 1,225.45 Crores and a Total Project Cost of Rs. 1,362.40 Crores towards the Deferred Works, as set out in the table below.:

Table 119: Breakup of Deferred Projects from TCP submitted by CIAL

(Rs. in Cr.)

Project Code	Project	Hard Costs	Total Project Costs
A.1	Construction of parking bays phase 2	177.20	201.33
A.2	Development of Northern side T3	730.40	829.83
A.3.1	Regulator cum bridge	36.48	39.40
A.3.2	Grading of side strip Phase III	11.11	12.00
A.3.3	CIAL Administrative Block	10.19	11.00
A.3.4	Mechanisation of Export Warehouse after modification	9.54	10.30
A.3.5	Modification of Existing Export Warehouse	9.26	10.00
A.3.6	CT based Hand Baggage X-BIS - T1 and T3 and ATRS units	72.85	75.04
A.3.7	Body scanners for T1 & T3	36.02	37.10

A.3.8	Replacement of Aerobrioges for T1	14.56	15.00
A.3.9	Regulator cum bridge	0.56	0.60
A.3.10	Aircraft Crash Fire Tender (ACFT) Procurement	14.56	15.00
A.3.11	Aircraft Crash Fire Tender (ACFT) Procurement	14.56	15.00
A.3.12	Emergency Crash Foam Tender Procurement	13.79	14.20
A.3.13	Emergency Rescue Vehicle (ERV)	10.29	10.60
A.3.14	CCTV Surveillance System	50.49	52.00
A.3.15	GPU and PCA south of T3	13.59	14.00
	Grand Total	**1225.45**	**1362.39**

A.1. Construction of Parking Bays Phase 2

4.3.17. The Authority notes that CIAL has proposed the development of aircraft parking bays under Phase 2 of the Terminal 3 apron for augmentation of the aircraft parking capacity at the airport, with a specific focus on wide-body aircraft operations, with capitalisation proposed in FY 2027. The proposed development comprises two Multi Aircraft Ramp System (MARS) stands, each capable of accommodating either two wide-body aircraft or four narrow-body aircraft, four Code C narrow-body aprons and three remote bays, spread over an area of approximately 1,50,000 sqm on the northern side of the Terminal 3 building.



Figure 1 : Aerial view of proposed Parking bays

4.3.18. The Authority notes that the said project was examined and approved by the Authority at the time of tariff determination for the Third Control Period at a cost of Rs. 156.22 Crores, with capitalisation envisaged in FY 2025, and that the project could not be completed and capitalised within the said Control Period. CIAL has accordingly proposed to shift the said capital expenditure to the Fourth Control Period, with capitalisation now proposed in FY 2027.

4.3.19. The Authority notes CIAL's submission that the implementation timelines of the project were impacted by the funding constraints arising on account of the COVID-19 pandemic, which resulted in postponement of project initiation, and that CIAL adopted a cautious approach so as to align the investment with stabilisation of traffic demand

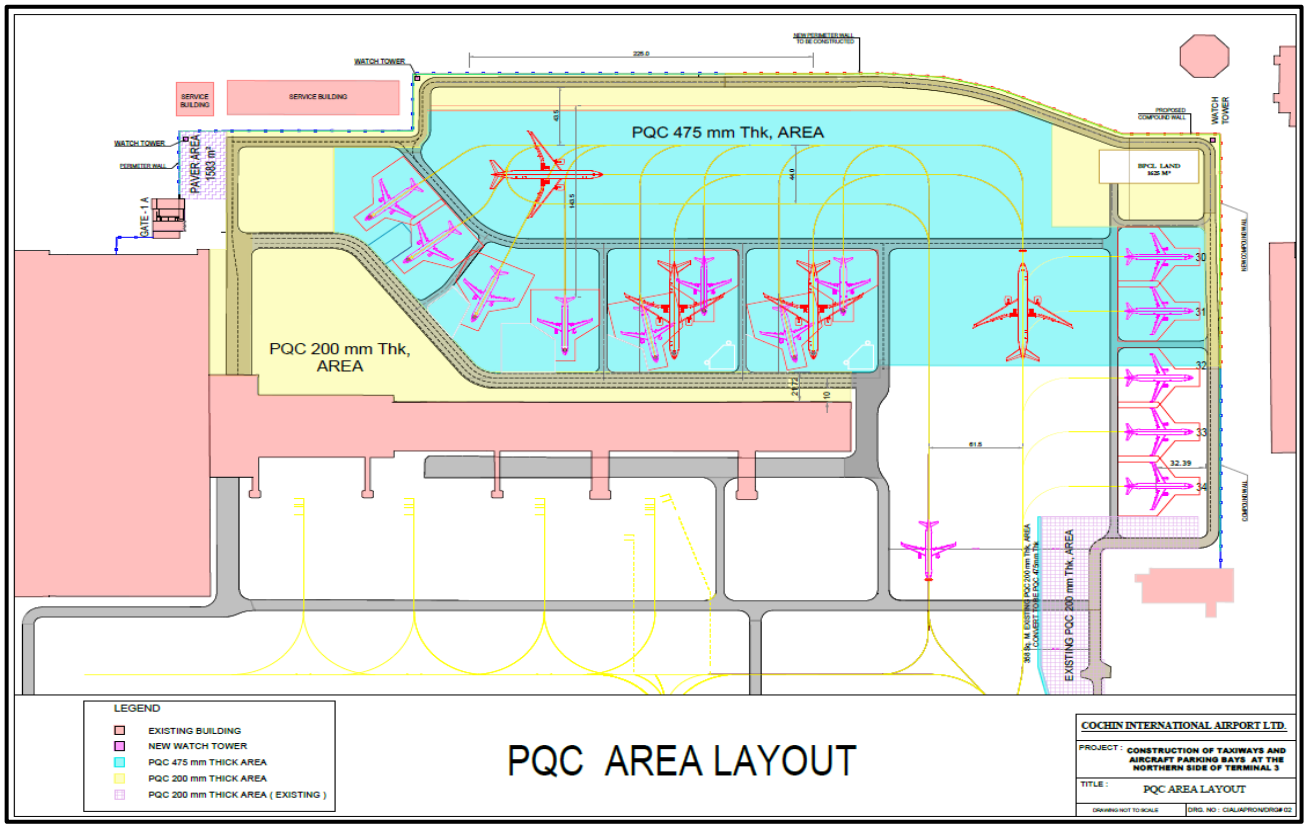


Figure 2 : Proposed layout of Parking bays

4.3.20. The Authority notes CIAL's submission that, since MARS stands require a larger area as compared to standard Code C stands, the same cannot be accommodated in a straight line along the Terminal 3 pier alongside the eight Code C contact bays, and that the design, orientation and location of the proposed aprons have accordingly been arrived at so as to provide the additional length required, enabling the aprons to be accommodated on the northern side of the terminal building.

Need Assesment

4.3.21. The Authority notes CIAL's submission in its MYTP that the Indian aviation landscape is at an inflection point on account of outstanding wide-body aircraft orders of approximately 140 aircraft placed by Indian carriers, which are expected to alter market dynamics and enhance the international

presence of Indian airlines through direct connectivity to a wider range of destinations worldwide, and that consequently, in the coming decade, airports in the country, including Cochin Airport, are expected to witness a growing share of wide-body aircraft operations.

4.3.22. The Authority notes CIAL's further submission that Cochin Airport handled the fifth-highest international passenger traffic among Indian airports in FY 2025, after Delhi, Mumbai, Bengaluru and Chennai airports, and that the trend of increase in wide-body operations is also being supported by the Ministry of Civil Aviation, which has been encouraging long-haul flights from Indian airports to destinations in Europe and America.

4.3.23. The Authority also notes CIAL's submission with respect to the changing migration pattern in the State of Kerala, wherein migration, which was predominantly directed towards the Middle Eastern countries during the first two decades of the 21st century, has in recent years shifted increasingly towards farther destinations in North America and Europe, with the share of emigrants to non-GCC countries having grown from 10.8% in 2018 to 19.5% in 2023 as per the Kerala Migration Survey 2023 Report, and that such farther destinations are expected to be served predominantly by wide-body aircraft.

4.3.24. The Authority further notes CIAL's submission that the Cochin–London direct service earlier operated by Air India was a significant success, that CIAL anticipates additional direct connections to European routes served by wide-body aircraft, and that CIAL is presently in discussions with multiple foreign airlines proposing to operate at least one wide-body aircraft with direct connectivity to Europe, in anticipation of which CIAL has re-evaluated its Terminal 3 apron expansion plans so as to incorporate the requirement of wide-body aprons.

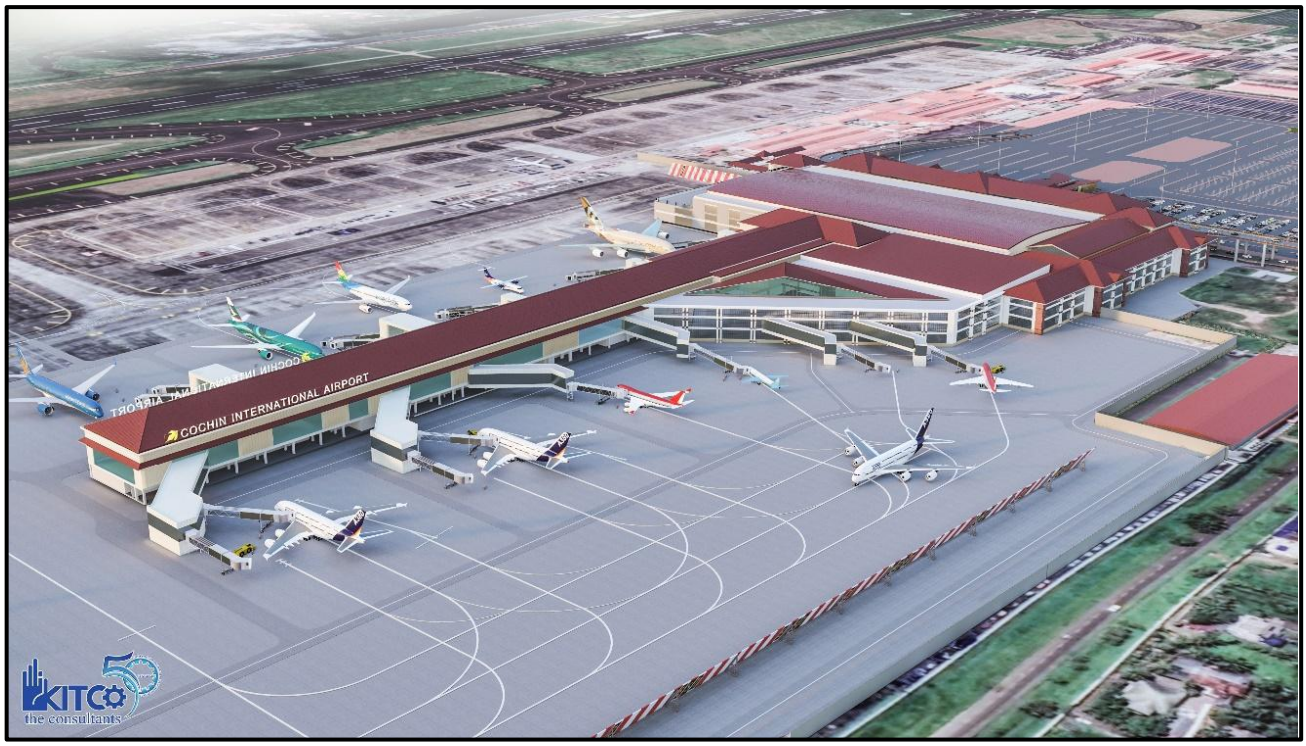


Figure 3 : Proposed Parking bays and apron

4.3.25. The Authority notes that the requirement of aircraft parking stands at Cochin Airport, comprising two MARS stands, four Code C narrow-body aprons and three remote bays, was examined by the Authority at the time of tariff determination for the Third Control Period and the project was approved accordingly. Having regard to the said approval, the projected growth in wide-body aircraft operations, the demographic and connectivity trends specific to the Cochin catchment and CIAL's position as a leading international gateway among Indian airports, the Authority is of the view that the proposed development of parking bays under Phase 2 continues to be necessary and prudent for implementation during the Fourth Control Period.

Procurement and status of implementation

4.3.26. The Authority notes that the project has been awarded through a competitive tendering process. Pursuant to the Notice Inviting Tender dated 16 September 2023, eight bidders participated in the tender. As against the estimated cost put to tender of Rs. 195.51 Crores, the contract was awarded at Rs. 178.26 Crores (inclusive of GST), representing a saving of 8.82% over the estimated cost put to tender. Authority further notes that, notwithstanding the awarded contract value, CIAL has sought consideration of a lower project cost of Rs. 177.20 Crores under this head, based on the item-rate nature of the contract and its projection of the actual cost likely to be incurred upon completion of the works. Accordingly, the Authority proposes to consider the project cost of Rs. 177.20 Crores, subject to actual capitalization and true-up based on the expenditure ultimately incurred.

4.3.27. The Authority further notes that the work order for the project has been already issued and that the works are presently under execution, and that the project is scheduled for completion in FY 2027.

Examination of cost

4.3.28. CIAL has submitted a hard cost of Rs. 177.20 Crores, soft cost of Rs. 14.18 Crores and Interest During Construction of Rs. 9.95 Crores, aggregating to a total project cost of Rs. 201.33 Crores for the project.

4.3.29. The Authority notes that, for the purpose of assessing the reasonableness of the costs proposed by CIAL for airside pavement works during the Fourth Control Period, it is necessary to update the benchmark normative rate prescribed by the Authority under Order No. 07/2016-17 dated 13 June 2016 after considering the impact of inflation and changes in the applicable GST rates. Accordingly, the Authority has escalated the benchmark rate using actual inflation up to FY 2025-26 and forecast inflation thereafter. The inflation-adjusted normative rate for airside pavement works is set out in Table 120 below:

Table 120 : Inflation-adjusted Normative Cost for Airside Pavement Works

(Rs. In Cr.)

Financial Year	Inflation Rate	Inflation-adjusted Normative Rate (Rs. /sqm)
FY 2016	-	4,952
FY 2017	1.73%	5,038
FY 2018	2.96%	5,187
FY 2019	4.26%	5,408
FY 2020	1.67%	5,498
FY 2021	1.31%	5,570
FY 2022	7.14%	5,968
FY 2023	9.41%	6,529
FY 2024	-0.70%	6,484

Financial Year	Inflation Rate	Inflation-adjusted Normative Rate (Rs. /sqm)
FY 2025	2.30%	6,633
FY 2026	0.40%	6,660
FY 2027	4.25%	6,943
FY 2028	3.70%	7,200
FY 2029	3.70%	7,466
FY 2030	3.70%	7,742
FY 2031	3.70%	8,029

Source: Office of the Economic Adviser, Government of India and RBI Survey of Professional Forecasters on Macroeconomic Indicators (101st Round)

4.3.30. The Authority notes that the inflation-adjusted normative rate applicable for FY 2027, being the proposed year of capitalisation of the project, works out to Rs. 6,943 per sqm. The Authority has adopted the said benchmark rate for the purpose of assessing the reasonableness of the pavement works proposed under the project.

4.3.31. The Authority notes that the aforesaid normative benchmark covers pavement construction works and associated airside infrastructure ordinarily required for apron development. However, site-specific enabling works such as soil stabilisation are not covered under the benchmark and require separate assessment. Accordingly, the Authority has assessed the cost of soil stabilisation works at Rs. 3,345.18 per sqm, derived on the basis of the Delhi Schedule of Rates, 2023 and adjusted for inflation.

4.3.32. The composite normative rate for the proposed apron development accordingly works out to Rs. 10,287.93 per sqm, and the normative cost of civil works for the proposed apron area of 1,50,000 sqm is derived as follows

4.3.33. The composite normative rate for the apron works accordingly works out to Rs. 10,287.93 per sqm, and the cost of civil works for the apron area of 1,50,000 sqm works out to Rs. 154.32 Crores, as follows.

Table 121 : Derivation of normative cost of civil works for Parking Bays

(Rs. In Cr.)

Particulars	Rate (Rs. per sqm)	Area (sqm)	Cost (Rs. in Crores)
Pavement works (inflation-adjusted normative rate, inclusive of 18% GST)	6,942.74	1,50,000	104.14
Soil stabilisation works (as per DSR 2023, adjusted for inflation)	3,345.18	1,50,000	50.18
Total civil works	**10,287.92**	**1,50,000**	**154.32**

4.3.34. The Authority notes that the aforesaid amount pertains to civil works only, and that the electrical works associated with the apron development, computed at 10% of the civil works, work out to Rs. 15.43 Crores. Accordingly, the total hard cost of the project derived on the basis of the normative approach works out to Rs. 169.75 Crores.

Table 122 : Cost Assessment for Construction of Parking Bays

(Rs. in Cr.)

Particulars	Cost submitted by CIAL	Cost based on Normative Approach
Pavement works (1,50,000 sqm)	—	104.14
Soil stabilisation works (1,50,000 sqm)	—	50.18
Sub-total – Civil works	**162.04**	**154.32**

Particulars	Cost submitted by CIAL	Cost based on Normative Approach
Electrical works (at 10% of civil works)	15.17	15.43
Total hard cost	**177.20**	**169.75**

4.3.35. The Authority observes that the hard cost of Rs. 177.20 Crores submitted by CIAL is higher than the cost of Rs. 169.75 Crores derived on the basis of the normative approach by Rs. 7.45 Crores, representing a variation of 4.39%. The Authority is of the view that the variation is not material, particularly having regard to the fact that the works have been awarded through a competitive tendering process in which eight bidders participated, at a discount of 8.82% to the estimated cost put to tender, and that the works are presently under execution. Accordingly, the Authority proposes to consider the hard cost of the project as submitted by CIAL

4.3.36. Accordingly, the Authority proposes to consider a hard cost of Rs. 177.20 Crores towards the Construction of Parking Bays (Phase 2), for capitalisation in FY 2027, subject to efficiency and reasonableness of the cost, actual capitalization.

Table 123: Cost Assessment for Construction of Parking Bays (Phase 2)

(Rs. in Cr.)

Particulars	Amount
Hard cost submitted by CIAL	177.20
Hard cost proposed to be considered by the Authority	177.20

A.2. Development of Northern side T3.

4.3.37. The Authority notes that CIAL has proposed the Development of the Northern Side of Terminal 3 ("the Associated T3 Works"), comprising the construction of terminal built-up area of approximately 48,003 sqm on the northern side of the Terminal 3 pier, together with the associated passenger-processing, services and interface facilities, with capitalisation proposed in FY 2028. The Authority notes that the proposed development will augment the passenger handling capacity of Terminal 3 from 7 MPPA to 8.4 MPPA.

4.3.38. The Authority further notes that the said works do not constitute a fresh proposal for capacity augmentation, but had earlier been examined and approved by the Authority in the Tariff Order for the Third Control Period, and could not be completed and capitalised within the said Control Period on account of the impact of the COVID-19 pandemic on traffic demand and the consequent funding constraints faced by CIAL

Background

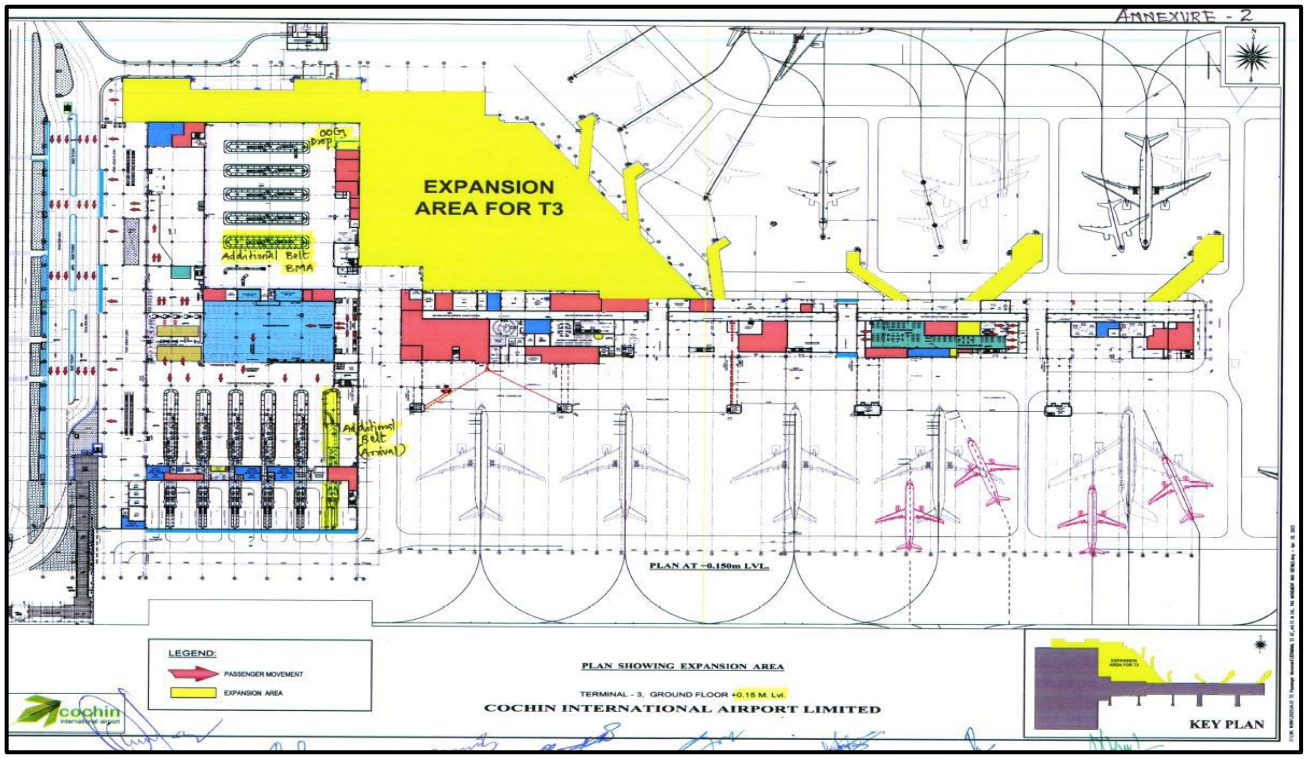


Figure 4 : Proposed Terminal 3 (International) expansion plans

4.3.39. The Authority notes that Terminal 3 was originally conceptualised in FY 2014 with a pier configuration designed to enable aircraft docking on three sides, namely the southern, eastern and northern sides, with the corresponding terminal integration planned to be delivered in phases. The Authority further notes that, to meet immediate traffic growth and accelerate early operationalisation, the southern and eastern apron facilities were commissioned as part of Phase-I and inaugurated in March 2017, while the northern apron and its associated terminal works were strategically deferred. The Authority notes that these deferred works remained part of the approved long-term capacity roadmap, having been endorsed by stakeholders through AUCC consultations held in FY 2014 and FY 2019.

4.3.40. The Authority notes that the said project was examined and approved by the Authority at the time of tariff determination for the Third Control Period at a total cost of Rs. 178.79 Crores, with capitalization envisaged in FY 2025. The Authority further notes that the project could not be completed and capitalized during the Third Control Period and that CIAL has accordingly proposed to carry forward the balance capital expenditure pertaining to the project for consideration during the Fourth Control Period.

4.3.41. The Authority notes that the said works were rescheduled for execution post-2021 but were further deferred on account of the severe and unanticipated impact of the COVID-19 pandemic on traffic demand and funding availability. The Authority further notes that, following the recovery and stabilisation of the aviation sector, the works were taken up during the Third Control Period with the approval of the Authority and fresh AUCC consultations conducted in FY 2023.

Need Assesment

4.3.42. The Authority notes that, since the original planning of Terminal 3, the operating environment has undergone a significant change, with the Indian aviation sector witnessing a progressive shift towards the induction of wide-body aircraft, supported by airline fleet plans, the policy direction of the Ministry of Civil Aviation and increasing long-haul international demand. The Authority further notes that, for CIAL, this trend is reinforced by its role as a major international gateway, the growing demand for direct connectivity to Europe and North America, and the changing migration and travel patterns from Kerala towards long-haul destinations.

4.3.43. The Authority notes that, in response to the aforesaid trend, CIAL has re-evaluated the northern apron configuration to incorporate Multi Aircraft Ramp System (MARS) stands, providing the flexibility to handle both wide-body and narrow-body aircraft. The Authority observes that this configuration change, while strategic and future-oriented, has direct physical implications on the apron geometry, orientation, boarding-bridge connectivity and terminal interface. The Authority accordingly notes that the associated terminal works, in particular the introduction of a triangular, three-level structure at the head of the Terminal 3 pier, are apron-driven and geometry-driven, and are an outcome of airside-landside integration requirements rather than an independent exercise in space augmentation.

4.3.44. The Authority notes that the Associated T3 Works are being executed within a fully operational brownfield environment with significant land and interface constraints, particularly on the northern side of the Terminal 3 pier. The Authority further notes that the development is required to be accommodated within a limited land envelope while maintaining ongoing terminal operations, preserving safety and security zones, aligning with fixed apron geometry and aircraft movement areas, and avoiding future operational disruptions. The Authority is of the view that, in such a constrained context, the opportunities for re-optimising layouts or redistributing functions are limited, and the planning outcomes are necessarily influenced more by physical constraints and integration requirements than by theoretical space-planning norms.

Assessment of capacity requirement

4.3.45. The Authority notes that the design and scope of the Associated T3 Works have been subject to extensive institutional scrutiny. The Authority observes that the Bureau of Civil Aviation Security ("BCAS") has undertaken an assessment of the existing Terminal 3 infrastructure and evaluated the performance and capacity of the key passenger-processing checkpoints against the peak-hour traffic at Terminal 3. The Authority notes that the BCAS study identified capacity constraints at critical facilities, including check-in counters, security screening, emigration and immigration areas, thereby indicating the need for infrastructure augmentation.

4.3.46. The Authority observes from the above that the peak-hour load at the check-in, security screening and emigration facilities has exceeded the available capacity by Summer 2024, thereby establishing a clear and immediate operational need for the proposed augmentation. The Authority further notes that CIAL has determined the enhanced space requirements for Terminal 3 on the basis of the said capacity assessment carried out by BCAS, and that the findings were presented to and endorsed by stakeholders during the AUCC meetings held on 9 October 2023 and 8 December 2023. The Authority is therefore of the view that the proposed Terminal 3 augmentation is driven by regulatory capacity assessments and is necessary during the Fourth Control Period.

Assessment of terminal sizing against IMG norms

4.3.47. The Authority notes that a substantial portion of the additional built-up area within the Associated T3 Works arises not from discretionary space augmentation but from requirements mandated by statutory authorities and key stakeholders, including BCAS, the fire authorities and CISF.

4.3.48. The Authority notes that the proposed increase in terminal built-up area appears higher than what may ordinarily be envisaged based solely on the incremental passenger handling capacity proposed by CIAL. The Authority has therefore examined the justification furnished by CIAL in support of the proposed terminal area. In this regard, the Authority notes that approximately 10,300 sqm of the proposed terminal expansion is attributable to mandatory statutory and security requirements stipulated by BCAS, CISF, fire authorities and applicable building regulations and is therefore not discretionary in nature. The Authority further notes that the overall terminal area is also influenced by the proposed apron configuration, including the introduction of MARS stands and the resultant pier geometry, as well as the requirement to execute the project within a constrained brownfield operating environment where optimisation of the terminal footprint is limited by existing operational interfaces, land availability and other site-specific constraints.

4.3.49. In view of the foregoing, the Authority is of the view that the reasonableness of the proposed terminal area cannot be assessed solely with reference to normative space standards linked to passenger throughput. Having regard to the statutory requirements, apron-driven design considerations, operational requirements associated with the proposed terminal facilities and the constraints inherent in brownfield development, the Authority is of the preliminary view that the proposed terminal area is adequately justified and may be considered for the purpose of tariff determination, subject to actual capitalization, asset allocation and true-up.

Procurement and status of implementation

4.3.50. The Authority notes that the project has progressed to the procurement and construction stage, with the major civil works already awarded through a competitive tendering process. The Authority notes that the design and Project Management Consultancy works, the terminal civil works, the interior design works for the departure and arrival terminals and the Baggage Handling System works have been awarded, and that the piling works are approximately 50% complete, while the MEP works are presently at the tendering stage. The Authority notes that the substantial progress achieved and the prior award of the works establish that the project is under active execution.

Examination of cost

4.3.51. CIAL has submitted a hard cost of Rs. 730.40 Crores for the project.

4.3.52. The Authority notes that, having regard to the present stage of execution of the project and the balance scope of works remaining to be completed, including the interior works, Baggage Handling System and MEP works, the commissioning of the project is likely to extend beyond the timeline proposed by CIAL. Accordingly, the Authority proposes to consider capitalisation of the project in FY 2029, being one financial year later than that proposed by CIAL, and has assessed the cost of the project with reference to the inflation-adjusted normative rate applicable for the said year.

4.3.53. The Authority notes that, for the purpose of assessing the reasonableness of the costs proposed by CIAL for terminal building works during the Fourth Control Period, it is necessary to derive an updated

benchmark normative rate after considering historical inflation and the prevailing indirect tax regime. The Authority has considered the benchmark normative rate of Rs. 1,00,000 per sqm (inclusive of taxes) adopted in earlier regulatory assessments and adjusted the same for the differential impact of GST. Thereafter, the benchmark rate has been escalated using actual inflation rates up to FY 2025-26 and forecast inflation rates thereafter. The inflation-adjusted normative rates for terminal building works are set out in Table 124 below.

Table 124 : Derivation of normative cost of civil works for Parking Bays

(Rs. In Cr)

Financial Year	Inflation Rate	Inflation-adjusted Normative Rate (Rs. /sqm)
FY 2021	-	105,357
FY 2022	7.14%	112,879
FY 2023	9.41%	123,501
FY 2024	-0.70%	122,637
FY 2025	2.30%	125,458
FY 2026	0.40%	125,965
FY 2027	4.25%	131,321
FY 2028	3.70%	136,180
FY 2029	3.70%	141,218
FY 2030	3.70%	146,443
FY 2031	3.70%	151,862

Source: Office of the Economic Adviser, Government of India and RBI Survey of Professional Forecasters on Macroeconomic Indicators (101st Round)

4.3.54. The Authority notes that the inflation-adjusted normative rate applicable for FY 2029, being the revised year of capitalisation proposed to be considered by the Authority for the project, works out to Rs. 1,41,218 per sqm. The Authority has adopted the said benchmark rate for assessment of the proposed terminal works.

4.3.55. Applying the aforesaid normative rate to the proposed terminal built-up area of 48,003 sqm, the normative cost of the terminal works works out to Rs. 677.89 Crores.

4.3.56. With respect to the full body scanners forming part of the project, the Authority notes that CIAL has submitted a cost of Rs. 11.11 Crores. The Authority has examined the reasonableness of the proposed cost with reference to the procurement details submitted by CIAL, and notes that CIAL has recently awarded a contract, through a competitive process, for the supply, installation, testing and commissioning of 16 full body scanners proposed to be capitalized during the Fourth Control Period. Based on the competitively discovered rates under the said contract, duly adjusted for inflation, the Authority has independently assessed the cost of the proposed full body scanners at Rs. 11.42 Crores.

4.3.57. The Authority observes that the cost submitted by CIAL is marginally lower than the cost so assessed and is adequately supported by the underlying procurement documents. Accordingly, the Authority is of the view that the cost proposed by CIAL is reasonable and does not warrant any rationalisation, and proposes to consider a cost of Rs. 11.11 Crores towards the full body scanners, as submitted by CIAL, subject to actual capitalization and true-up.

4.3.58. With respect to the Utility relocation works forming part of the project, the Authority notes that the proposed facility is ancillary to the terminal development project and is intended to accommodate utility and support infrastructure necessary for the operation of the expanded terminal. The Authority has

examined the proposed cost in the context of the overall terminal development works and notes that the cost of the Utility relocation works represents approximately 2% of the terminal hard cost proposed to be considered by the Authority. Considering the scope of the facility and its role in supporting terminal operations, the Authority is of the view that the proposed cost is commensurate with the scale of the underlying terminal development and is therefore reasonable. Accordingly, the Authority proposes to consider a cost of Rs. 13.06 Crores towards the Utility relocation works, subject to actual capitalization and true-up.

4.3.59. Accordingly, the total hard cost of the project proposed to be considered by the Authority works out to Rs. 702.06 Crores, as against Rs. 730.40 Crores submitted by CIAL.

4.3.60. The Authority observes that the total Project Management Consultancy ("PMC") contract awarded by CIAL amounts to Rs. 73.20 Crores, which works out to approximately 10% of the hard cost submitted by CIAL. The Authority notes that PMC services have been competitively procured and the contract is presently under execution. However, the Authority further notes that, for the purpose of tariff determination, CIAL has not sought consideration of the entire awarded PMC cost and has instead proposed PMC charges of Rs. 36.52 Crores, equivalent to 5% of the hard cost submitted by it.

4.3.61. The Authority notes that PMC charges are generally expected to remain commensurate with the scale and complexity of the underlying capital works and, as a prudence measure, are ordinarily considered up to 5% of the associated hard cost. Accordingly, considering that CIAL has itself restricted its claim to 5% of the hard cost, the Authority proposes to consider PMC charges of Rs. 36.52 Crores.

4.3.62. The Authority further notes that, consequent to the deferral of the capitalisation of the project by one financial year to FY 2029 against the proposed FY 2028, the Interest During Construction has been re-computed, duly adjusted for inflation, and works out to Rs. 41.19 Crores as against Rs. 41.00 Crores submitted by CIAL

Table 125 : Cost Assessment for Development of Northern Side of Terminal 3

(Rs. In Cr.)

Particulars	Cost submitted by CIAL	Cost proposed to be considered by the Authority
Terminal works (48,003 sqm @ Rs. 1,42,359 per sqm)	706.23	677.89
Full body scanners	11.11	11.11
Utility relocation works	13.06	13.06
Total hard cost	**730.40**	**702.06**

4.3.63. The Authority notes that the Construction of Parking Bays (Phase 2), examined separately above, constitutes the associated airside works of the Development of the Northern Side of Terminal 3. The Authority notes that the two projects are intrinsically linked, the apron geometry having driven the terminal configuration, and have accordingly been assessed on a consistent basis.

4.3.64. Accordingly, the Authority proposes to consider a hard cost of Rs. 702.06 Crores, towards the Development of the Northern Side of Terminal 3, for capitalisation in FY 2029, subject to efficiency and reasonableness of the cost, actual capitalization.

Table 126 Cost Assessment for Development of Northern Side of Terminal 3

(Rs. In Cr.)

Particulars	Amount
Hard cost submitted by CIAL	730.40
Hard cost proposed to be considered by the Authority	702.06

4.3.65. The Authority notes that the Construction of Parking Bays (Phase 2), examined separately above, constitutes the associated airside works of the Development of the Northern Side of Terminal 3. The Authority notes that the two projects are intrinsically linked, the apron geometry having driven the terminal configuration, and have accordingly been assessed on a consistent basis.

4.3.66. Accordingly, the Authority proposes to consider the hard cost of Rs. 702.06 Crores towards the Development of the Northern Side of Terminal 3, with IDC to be re-computed, subject to efficiency and reasonableness of the cost, actual capitalization

A.3. Other Projects

4.3.67. The Authority notes that CIAL has proposed a number of other capital expenditure projects for the Fourth Control Period, comprising security screening and surveillance equipment, rescue and fire-fighting vehicles, cargo / warehouse works, terminal equipment and miscellaneous airside and civil works. The Authority notes that these projects are relatively smaller in value and have been examined by the Authority, along with its Independent Consultant, with reference to their necessity, scope, cost reasonableness and implementation status. The Authority notes that, in respect of the projects earlier approved under the Third Control Period Order but subsequently deferred, CIAL has proposed the same cost as approved thereunder, and that the cost so proposed is, in each case, within the cost approved under the Third Control Period Order.

A.3.1. Regulator cum Bridge

4.3.68. The Authority notes that CIAL has proposed the construction of the Regulator-cum-Bridge for flood regulation and the continued airside serviceability of the Airport, at a total project cost of Rs. 39.40 Crores, with capitalisation proposed in FY 2029. The Authority further notes that the project was approved vide Para 6.5.4 of the Tariff Order for the Third Control Period at a cost of Rs. 41.73 Crores as a one-time aeronautical capital expenditure, in view of its role in mitigating flood risk to the Airport. CIAL has submitted that the project could not be implemented during the Third Control Period because its execution depends on the Angamaly–Kundannoor Bypass proposed by the National Highways Authority of India, the alignment of which passes close to the proposed site. CIAL has accordingly proposed the project for capitalisation in the Fourth Control Period.

4.3.69. The Authority notes that the proposed Regulator-cum-Bridge is located outside the airport boundary. The Authority is of the view that capital expenditure proposed for inclusion in the Regulatory Asset Base should not only be for any specific item falling within the airport premises but should also bear a clear, direct and demonstrable linkage with the passengers and airlines from whom its cost is recovered through aeronautical charges. Flood regulation and drainage infrastructure located outside the airport premises also serves the surrounding areas and the wider catchment. The primary responsibility for developing and funding such infrastructure ordinarily rests with the State Government, which is responsible for regional drainage and flood management. The Authority further notes that the

Government of Kerala holds a 33.38% equity stake in CIAL. The State Government is, therefore, both the authority responsible for regional flood management and a principal stakeholder in the Airport.

4.3.70. In this context, the Authority is of the view that allowing the entire cost of the project would place on airport users the burden of infrastructure located outside the airport premises. The Authority, however, recognises two further considerations. First, the proposed works have a direct bearing on the protection of airport assets against flooding and on the safe and efficient conduct of airport operations. Second, the project was examined and approved by the Authority as aeronautical capital expenditure in the Tariff Order for the Third Control Period, and its implementation was deferred for reasons beyond the control of CIAL. Having regard to the benefit of the project to both the Airport and the wider region, its prior approval in the Third Control Period, and the role of the State Government as the authority responsible for regional flood management and as a significant shareholder in CIAL, the Authority considers it appropriate that the cost of the project be shared equally between airport users and the State Government.

4.3.71. The Authority further notes that, because the Regulator-cum-Bridge is located outside the airport boundary, it would not form part of the aeronautical assets of the Airport. Its inclusion as proposed by the Airport Operator in the Regulatory Asset Base would entitle CIAL to return on RAB and depreciation, over the entire useful life, on an asset situated outside the airport premises. The Authority, therefore, does not consider it appropriate to include the said expenditure in the Regulatory Asset Base. Instead, in view of the direct bearing of the project on flood protection and the continued serviceability of the Airport, the Authority proposes to allow CIAL's share of the cost (50%), as a one-time Operating Expenditure [Refer para 8.2.89(iii)].

4.3.72. The above consideration of the one-time operating expenditure is subject to the following conditions:

i. The ownership of the Regulator-cum-Bridge shall vest in name of the Airport Operator after completion of the project. CIAL shall submit documentary evidence in this regard at the time of true-up of the Fourth Control Period.

ii. The expenditure shall be trued up at the time of determination of tariff for the Fifth Control Period, based on the 50% of the expenditure on the project (Refer Para 4.3.70) subject to prudence check, efficiency and reasonableness of the cost.

A.3.2. Regulator cum Bridge (electrical works)

4.3.73. The Authority notes that CIAL has proposed electrical works associated with the Regulator cum Bridge at a **total** project cost of Rs. 0.60 Crores, with capitalisation in FY 2029. As these works form an integral part of the Regulator cum Bridge, the Authority proposes to apply the same treatment as set out in paragraphs 4.3.69 **to** 4.3.**72, thereby allowing Rs. 0.30 Crores (i.e. 50% of Rs. 0.60 Crores).** The expenditure shall be trued up at the time of determination of tariff for the Fifth Control Period, based on the 50% of the expenditure on the project subject to prudence check, efficiency and reasonableness of the cost.

A.3.3. Grading of Side Strip (Phase III)

4.3.74. The Authority notes that CIAL has proposed the Grading of Side Strip (Phase III) for the continued serviceability and safety of the runway strip in accordance with the applicable DGCA CAR requirements. The Authority notes that the cost of Rs. 12.00 Crores proposed by CIAL is within the

cost approved under the Third Control Period Order. The Authority, along with its Independent Consultant, accordingly proposes to consider the cost as submitted by CIAL, with capitalisation in FY 2029.

A.3.4. CIAL Administrative Block

4.3.75. The Authority notes that CIAL has proposed the construction of the CIAL Administrative Block, which is a common-use facility serving the administrative functions of the airport. The Authority notes that the cost of Rs. 11.00 Crores proposed by CIAL is within the cost approved under the Third Control Period Order. The Authority, accordingly proposes to consider the cost as submitted by CIAL, with capitalisation in FY 2029.

A.3.5. Mechanisation of Export Warehouse (after modification)

4.3.76. The Authority notes that CIAL has proposed the Mechanisation of the Export Warehouse (after modification) to enhance the cargo handling capability and operational efficiency of the export cargo terminal. The Authority notes that the cost of Rs. 10.30 Crores proposed by CIAL is within the cost approved under the Third Control Period Order. The Authority, accordingly proposes to consider the cost as submitted by CIAL, with capitalisation in FY 2028.

A.3.6. Modification of Existing Export Warehouse

4.3.77. The Authority notes that CIAL has proposed the Modification of the Existing Export Warehouse to support the enhanced cargo handling requirements of the airport. The Authority notes that the cost of Rs. 10.00 Crores proposed by CIAL is within the cost approved under the Third Control Period Order. The Authority, accordingly proposes to consider the cost as submitted by CIAL, with capitalisation in FY 2028.

A.3.7. CT-based Hand Baggage X-BIS (T1 & T3) and ATRS units

4.3.78. The Authority notes that CIAL has proposed the procurement of CT-based Hand Baggage X-BIS units, comprising 6 units each for Terminals 1 and 3 (i.e., 12 units in aggregate), together with the ATRS units, in compliance with the mandatory requirements stipulated by the Bureau of Civil Aviation Security ("BCAS"). The Authority is accordingly of the view that the said equipment is necessary and statutorily mandated. The Authority notes that the cost of Rs. 75.04 Crores proposed by CIAL is within the cost approved under the Third Control Period Order. The Authority, accordingly, proposes to consider the cost as submitted by CIAL, with capitalisation in FY 2027.

A.3.8. Body Scanners for T1 & T3

4.3.79. The Authority notes that procurement of Body Scanners was approved in the Tariff Order for the Third Control Period at a cost of Rs. 28.26 Crores. The Authority further notes that CIAL has proposed procurement of 16 Body Scanners for Terminals 1 and 3 in compliance with the requirements stipulated by BCAS. The Authority notes CIAL's submission that the project formed part of the approved Capital Expenditure for the Third Control Period; however, procurement of the Body Scanners could not be completed during the said Control Period as BCAS had placed the procurement on hold. Accordingly, the balance scope of the project has been proposed for capitalization during the Fourth Control Period. The Authority is of the view that the proposed equipment is essential from a security and regulatory compliance perspective.

4.3.80. The Authority further notes that the procurement has since been undertaken through a competitive tendering process and the work has been awarded. The cost of Rs. 37.10 Crores proposed by CIAL has been examined with reference to the awarded contract value and other procurement documents furnished by CIAL. Considering that the proposed cost is based on competitively discovered rates and relates to equipment mandated from a regulatory and security standpoint, the Authority is of the view that the proposed cost is reasonable. Accordingly, the Authority proposes to consider a cost of Rs. 37.10 Crores towards procurement of Body Scanners, with capitalization in FY 2028, subject to actual capitalization and true-up.

A.3.9. Replacement of Aerobridges for T1

4.3.81. The Authority notes that CIAL has proposed the Replacement of 4 Aerobridges for Terminal 1 to maintain the operational reliability and serviceability of the passenger boarding bridges at the terminal. The Authority has examined the reasonableness of the proposed cost with reference to the cost of comparable Passenger Boarding Bridges considered by the Authority for Noida International Airport. The Authority notes that the benchmark cost, after adjusting for differences in the timing of procurement and applicable inflation, works out to approximately Rs. 4.43 Crores per aerobridge. Accordingly, the benchmarked cost for 4 aerobridges is approximately Rs. 17.72 Crores, as against the cost of Rs. 15.00 Crores proposed by CIAL. In view of the above, the Authority is of the view that the proposed cost is reasonable and justified. Accordingly, the Authority proposes to consider the cost of Rs. 15.00 Crores as submitted by CIAL, with capitalization in FY 2029, subject to efficiency and reasonableness of the cost, actual capitalization.

A.3.10. Aircraft Crash Fire Tender (ACFT) Procurement

4.3.82. The Authority notes that CIAL has proposed the procurement of an Aircraft Crash Fire Tender (ACFT) to maintain the mandatory rescue and fire-fighting capability of the airport in accordance with the applicable DGCA and ICAO requirements. The Authority is accordingly of the view that the said procurement is necessary and prudent.

4.3.83. The Authority notes that CIAL has submitted a cost of Rs. 14.56 Crores towards the procurement of the said ACFT. The Authority has examined the reasonableness of the said cost with reference to the actual cost incurred by CIAL towards the procurement of two Aircraft Crash Fire Tenders during FY 2024 at a cost of Rs. 16.13 Crores, which works out to Rs. 8.07 Crores per unit. Adjusting the said cost for inflation till the proposed year of capitalisation (i.e. FY 2027), the cost of one ACFT works out to Rs. 8.58 Crores.

4.3.84. Accordingly, the Authority proposes to consider a cost of Rs. 8.58 Crores towards the procurement of the Aircraft Crash Fire Tender, as against Rs. 14.56 Crores submitted by CIAL, with capitalisation in FY 2027, subject to efficiency and reasonableness of the cost, actual capitalization.

A.3.11. Aircraft Crash Fire Tender (ACFT) Procurement

4.3.85. The Authority notes that CIAL has proposed the procurement of a further Aircraft Crash Fire Tender (ACFT) to maintain the mandatory rescue and fire-fighting capability of the airport in accordance with the applicable DGCA and ICAO requirements. The Authority is accordingly of the view that the said procurement is necessary and prudent.

4.3.86. The Authority notes that CIAL has submitted a cost of Rs. 14.56 Crores towards the procurement of the said ACFT. Consistent with the approach adopted in respect of the Aircraft Crash Fire Tender examined at paragraph 4.3.83 above, the Authority has examined the reasonableness of the said cost with reference to the actual cost of Rs. 8.07 Crores per unit incurred by CIAL towards the procurement of two Aircraft Crash Fire Tenders during FY 2024, duly adjusted for inflation up to FY 2029, being the proposed year of capitalisation, on the basis of which the cost of one ACFT works out to Rs. 9.22 Crores.

4.3.87. Accordingly, the Authority proposes to consider a cost of Rs. 9.22 Crores towards the procurement of the Aircraft Crash Fire Tender, as against Rs. 14.56 Crores submitted by CIAL, with capitalisation in FY 2029, subject to efficiency and reasonableness of the cost, actual capitalization.

A.3.12. Emergency Crash Foam Tender Procurement

4.3.88. The Authority notes that CIAL has proposed the procurement of an Emergency Crash Foam Tender to maintain the mandatory rescue and fire-fighting capability of the airport in accordance with the applicable DGCA / ICAO requirements. The Authority is accordingly of the view that the said procurement is necessary and prudent. The Authority notes that the work has already been awarded, and that, on the basis of the awarded work order, the cost of the said procurement works out to Rs. 10.24 Crores, as against Rs. 14.20 Crores submitted by CIAL. The Authority, accordingly proposes to consider the cost of Rs. 10.24 Crores based on the awarded work order, with capitalisation in FY 2027.

A.3.13. Emergency Rescue Vehicle (ERV)

4.3.89. The Authority notes that CIAL has proposed the procurement of an Emergency Rescue Vehicle (ERV) to maintain the mandatory rescue and emergency response capability of the airport in accordance with the applicable DGCA / ICAO requirements. The Authority is accordingly of the view that the said procurement is necessary and prudent. The Authority notes that the cost of Rs. 10.60 Crores proposed by CIAL is within the cost approved under the Third Control Period Order. The Authority, accordingly proposes to consider the cost as submitted by CIAL, with capitalisation in FY 2027.

A.3.14. CCTV Surveillance System

4.3.90. The Authority notes that CIAL had proposed the revamping of the CCTV System as part of the Third Control Period Order, in compliance with the guidelines issued by BCAS. The Authority notes that the requirements of the project have since been revised to provide for 4,100 full-HD cameras of 4 MP resolution, as against the existing 3,300 cameras; an upgrade of the total storage capacity from 6.7 petabytes (PB) to 8.9 PB; and the integration of server-based analytics, including face detection and recognition, speed detection, queue management and automatic number plate recognition (ANPR), in line with industry standards. The Authority notes that the said revision in specifications has resulted in a revision of the cost from Rs. 43.8 Crores to Rs. 52.00 Crores.

4.3.91. The Authority further notes that the project was approved under the Tariff Order for the Third Control Period with capitalization envisaged in FY 2025. The Authority notes that, owing to a revision in the project requirements and scope, the project was completed in FY 2026 and is presently awaiting audit confirmation for capitalization. The Authority further notes that the work has been awarded through a competitive bidding process. Based on its examination of the awarded contract value, the Authority notes that the Hard cost of the project works out to Rs. 50.49 Crores, as against Rs. 50.49 Crores submitted by CIAL. Having regard to the statutory requirement, the enhanced scope of the project and

the competitively discovered cost, the Authority is of the view that the cost is reasonable. Accordingly, the Authority proposes to consider the hard cost of Rs. 50.49 Crores based on the awarded contract value, with capitalization in FY 2027, subject to efficiency and reasonableness of the cost, actual capitalization.

A.3.15.GPU and PCA (south of T3)

4.3.92. The Authority notes that CIAL has proposed the provision of 10 sets of Ground Power Units (GPU) and Pre-Conditioned Air (PCA) units on the south of Terminal 3 to support fixed electrical ground power and pre-conditioned air supply to aircraft, in place of auxiliary power units, thereby improving operational efficiency and reducing emissions. The Authority notes that the cost of Rs. 14.00 Crores proposed by CIAL is within the cost approved under the Third Control Period Order. The Authority accordingly proposes to consider the cost as submitted by CIAL, with capitalisation in FY 2027.

4.3.93. Accordingly, the Authority proposes to consider the cost of the Other Capital Expenditure Projects as submitted by CIAL, as set out in the table below:

Table 127: Cost Assessment for Other Projects

(Rs. In Cr.)

S. No.	Particulars	Hard Cost submitted by CIAL	Hard Cost proposed to be considered by the Authority
1	Regulator cum bridge	36.48	0.00
2	Regulator cum bridge – Electrical works	0.56	0.00
3	Grading of side strip – Phase III	11.11	11.11
4	CIAL Administrative Block	10.19	10.19
5	Mechanisation of Export Warehouse after modification	9.54	9.54
6	Modification of Existing Export Warehouse	9.26	9.26
7	CT based Hand Baggage X-BIS – T1 and T3 and ATRS units (6 each)	72.85	72.85
8	Body scanners for T1 and T3 (16 nos.)	36.02	36.02
9	Replacement of Aerobridges for T1 (4 nos.)	14.56	14.56
10	Aircraft Crash Fire Tender (ACFT) Procurement	14.56	8.58
11	Aircraft Crash Fire Tender (ACFT) Procurement	14.56	9.22
12	Emergency Crash Foam Tender Procurement	13.79	10.24
13	Emergency Rescue Vehicle (ERV)	10.29	10.29
14	CCTV Surveillance System	50.49	50.49
15	GPU and PCA south of T3 (10 nos.)	13.59	13.59
	Total – Other Projects	**317.85**	**265.93**

4.3.94. Accordingly, the Authority proposes to consider a hard cost of Rs. 265.93 Crores towards the Other Capital Expenditure Projects, as against Rs. 317.85 Crores submitted by CIAL, subject to efficiency and reasonableness of the cost, actual capitalization.

B. Terminal 1 Expansion and Associated Airside Works

4.3.95. The Authority notes that CIAL has proposed the Expansion of Terminal 1 together with the associated airside works, being the single largest capital expenditure project proposed for the Fourth Control Period, with capitalisation proposed in FY 2030. The Authority notes that the project comprises the expansion of the existing domestic Terminal 1 by approximately 50,005 sqm of built-up area, together with the associated passenger processing systems, security equipment, baggage handling system, information technology systems and Digi Yatra infrastructure, and the associated airside works comprising the construction of apron over an area of approximately 1,25,000 sqm. The Authority notes that the project results in a capacity addition of 4 MPPA to the existing domestic terminal capacity of 7 MPPA, thereby enhancing the domestic terminal capacity to 11 MPPA

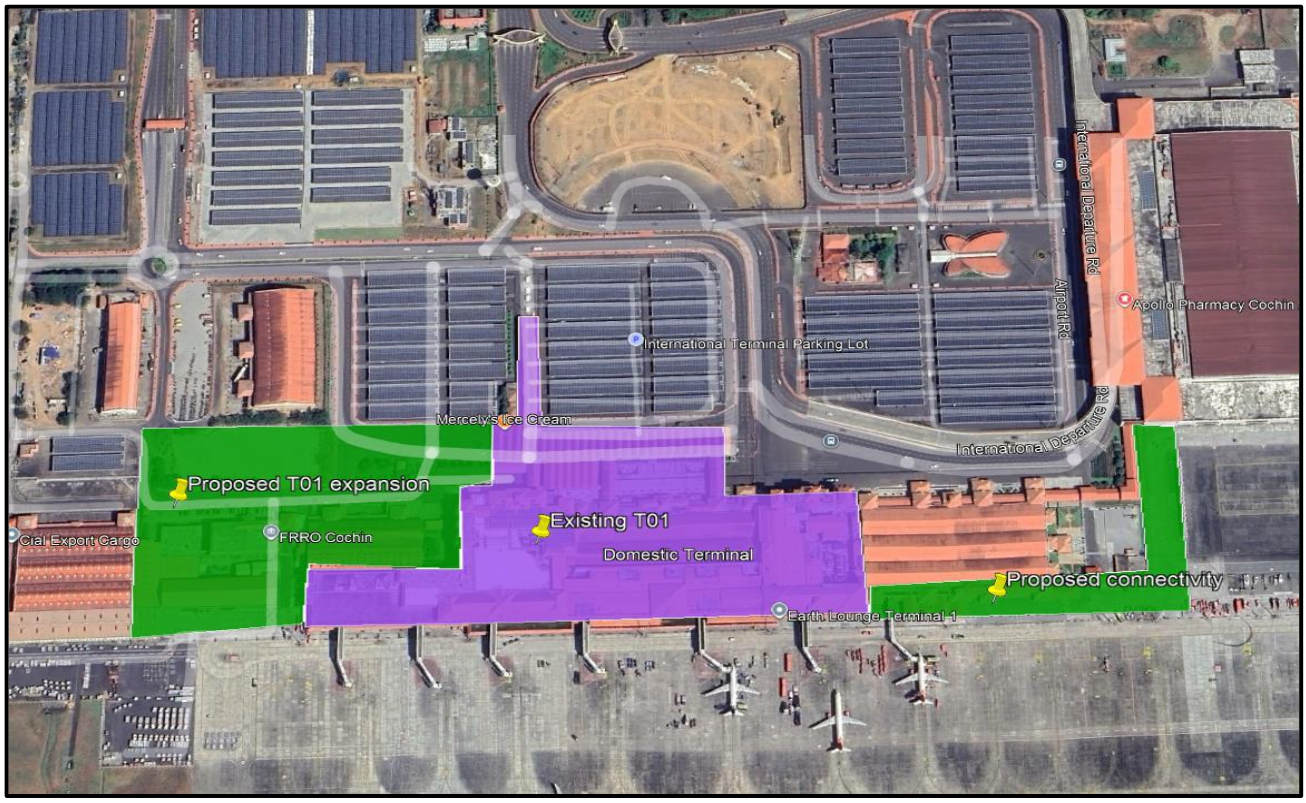


Figure 5 : Proposed Terminal 1 (Domestic) expansion

Need Assesment

4.3.96. The Authority notes that CIAL has, in support of the proposed expansion, submitted a Need Assessment study for the domestic terminal expansion. The Authority has examined the necessity of the project with reference to the said study, the projected passenger traffic, the peak-hour passenger demand vis-à-vis the available capacity, and the operational and layout constraints of the existing terminal.

4.3.97. The Authority notes that the domestic passenger traffic at CIAL has grown at a compound annual growth rate of approximately 15% during the period FY 2001 to FY 2019, and that the domestic traffic in FY 2026 stood at approximately 6.04 million passengers. The Authority further notes that, based on the traffic forecast undertaken in the Need Assessment study, the domestic passenger traffic is projected

to grow at a compound annual growth rate of approximately 11.3% to reach approximately 17.5 million passengers by FY 2035.

4.3.98. The Authority notes that the peak-hour passenger handling capacity of the existing domestic terminal is assessed at approximately 3,150 passengers as per IMG norms and approximately 2,880 passengers as per BCAS norms. The Authority notes that, as per the Need Assessment study, the peak-hour passenger demand is projected to breach the existing capacity of the terminal in FY 2029, thereby necessitating the commissioning of the expanded terminal by that year. The Authority observes that the existing terminal is presently operating at approximately 70% capacity utilisation on the institutional approach and approximately 80% on the actual schedule-analysis basis, which corroborates the impending capacity constraint.

4.3.99. The Authority further notes that, in addition to the capacity constraint, the existing domestic terminal is beset with several layout, infrastructure and transfer-facility related constraints, including the safety risk and capacity limitation of the existing baggage handling system, which is split into two parts and can handle only around 1,200 bags per hour; the absence of a dedicated Domestic-to-Domestic and International-to-Domestic transfer facility, resulting in a higher Minimum Connect Time; the constraint on simultaneous operation of aerobridge gates 1 and 2 on account of common access; the limited number of remote gates; and the absence of an out-of-gauge baggage belt. The Authority is of the view that these constraints further establish the necessity of the proposed expansion.

4.3.100. In view of the projected traffic growth, the impending breach of peak-hour capacity in FY 2029, and the operational and layout constraints of the existing terminal, the Authority is of the view that the proposed Terminal 1 expansion and associated airside works are necessary and prudent for implementation during the Fourth Control Period.

Examination of cost

4.3.101. CIAL has submitted a hard cost of Rs. 971.61 Crores, for the project.

4.3.102. The Authority notes that the project is presently at the planning stage, the detailed design, options analysis and capital cost estimates being under development through a Design and Project Management Consultant whose appointment is at an advanced stage of a competitive tender process, and that the cost proposed by CIAL therefore represents a preliminary estimate prepared on the basis of the identified scope of work and the high-level area assessment set out in the Need Assessment study.

4.3.103. The Authority notes that, having regard to the present stage of the project, the appointment of the Design and Project Management Consultant being yet to be concluded, and the detailed design, options analysis and cost estimation being yet to be undertaken, the commissioning of the project is likely to extend beyond the timeline proposed by CIAL. Accordingly, the Authority proposes to consider capitalisation of the project in FY 2031, being one financial year later than that proposed by CIAL, and has assessed the cost of the project with reference to the inflation-adjusted normative rates applicable for the said year.

4.3.104. For the purpose of examination, the Authority, through its Independent Consultant, has assessed the project across its three principal components, namely the terminal expansion works, the Digi Yatra implementation and the associated airside works, as discussed in the following paragraphs

Terminal Expansion Works (Civil, MEP, Equipment and Passenger Processing Systems)

4.3.105. The Authority notes that the terminal expansion works comprise the civil works for the terminal expansion, the electrical works, the baggage handling system together with the CT-based hold baggage X-BIS, the security equipment comprising X-BIS, DFMD, ETD, FBS and ATRS, the passenger processing systems and the information technology equipment, in order to augment the passenger handling capacity of the domestic terminal and to address the layout, safety and transfer-facility constraints identified in the Need Assessment study. CIAL has submitted a cost of Rs. 854.02 Crores towards the said works.

4.3.106. The Authority, vide Order No. 07/2016-17 dated 13 June 2016 on "In the matter of Normative Approach to Building blocks in Economic Regulation of Major Airports – Capital costs Regarding", specified a benchmark normative cost for terminal building works, which has been revised in subsequent tariff determinations after factoring in escalation in construction costs, updated specifications and prevailing market conditions. The ceiling cost specified in the said Order was inclusive of taxes applicable at that time, i.e., 12%, and has accordingly been uplifted by 6% to reflect the prevailing GST rate of 18%. On the said basis, the inflation-adjusted normative rate applicable for FY 2031, being the year of capitalisation of the project, works out to Rs. 1,51,862 per sqm.

4.3.107. Applying the aforesaid normative rate to the proposed terminal built-up area of 50,005 sqm, the cost of the terminal expansion works on a normative basis works out to Rs. 759.38 Crores. The Authority observes that the cost of Rs. 854.02 Crores submitted by CIAL exceeds the cost so derived, and accordingly proposes to consider the cost of the terminal expansion works at Rs. 759.38 Crores.

Digi Yatra Implementation

4.3.108. The Authority notes that CIAL has proposed the implementation of the Digi Yatra system at the expanded Terminal 1, comprising the boarding gates, registration kiosks and e-boarding gates required for biometric, contactless passenger processing at the terminal, at a submitted cost of Rs. 18.52 Crores.

4.3.109. For the assessment of the said cost, the Authority has adopted the actual cost incurred by CIAL on the in-house Digi Yatra implementation carried out at the existing Terminal 1 during the Third Control Period, being Rs. 7.92 Crores in FY 2025, duly indexed for inflation up to FY 2031, on the basis of which the cost works out to Rs. 9.25 Crores. Accordingly, the Authority proposes to consider the cost of the Digi Yatra implementation at Rs. 9.25 Crores, as against Rs. 18.52 Crores submitted by CIAL.

Associated Airside Works

4.3.110. The Authority notes that the associated airside works primarily comprise the construction of apron and parking bays, together with the associated airside civil and electrical works, to be undertaken in conjunction with the Terminal 1 expansion, over a total apron area of approximately 1,25,000 sqm, at a submitted cost of Rs. 99.07 Crores.

4.3.111. Applying the inflation-adjusted normative rate for airside pavement works applicable for FY 2031, being Rs. 8,029 per sqm and inflation adjusted cost of soil stablisation works for FY 2031 being Rs. 3,868 Crores, to the apron area of 1,25,000 sqm, the cost of the associated airside works on a normative basis works out to Rs. 148.71 Crores. The Authority observes that the cost of Rs. 99.07 Crores submitted by CIAL is within the cost so derived and is accordingly found to be reasonable. The Authority therefore proposes to consider the cost of the associated airside works at Rs. 99.07 Crores.

4.3.112. The Authority further proposes to consider Interest During Construction at Rs. 50.51 Crores, as against Rs. 54.54 Crores submitted by CIAL, consequent to the rationalisation in the hard cost and the deferral of the capitalisation of the project by one financial year as aforesaid

Table 128 : Cost Assessment for Terminal 1 Expansion and Associated Airside Works

(Rs. In Cr.)

Particulars	Cost submitted by CIAL	Cost proposed to be considered by the Authority
Terminal expansion works (50,005 sqm @ Rs. 1,51,862 per sqm)	854.02	759.39
Digi Yatra implementation	18.52	9.25
Associated airside works (1,25,000 sqm @ Rs. 8,029 per sqm)	99.07	99.07
Total hard cost	**971.61**	**867.70**

4.3.113. Accordingly, the Authority proposes to consider a hard cost of Rs. 867.70 Crores towards the Terminal 1 Expansion and Associated Airside Works, for capitalisation in FY 2031, subject to efficiency and reasonableness of the cost, actual capitalization.

C. Airside Projects

4.3.114. The Authority notes that CIAL has proposed certain airside capital expenditure projects for the Fourth Control Period, comprising runway recarpeting with upgradation of AGL, relocation of Isolation Parking Bay, construction of additional aircraft parking bays and associated taxiway works, development of a new link near C1, revamping of navigational aids, bridge mounted equipment and replacement of VDGS at various stands of Terminal 1 and Terminal 3. The Authority notes that these projects are primarily related to airside safety, operational efficiency, pavement upkeep, taxiway network optimisation, aircraft stand availability and compliance with operational requirements.

4.3.115. The Authority, through its Independent Consultant, has examined the necessity, scope, timing and cost reasonableness of each of the proposed airside projects. The cost assessment has been carried out with reference to the nature of each work, including actual cost incurred in comparable works, normative rates adjusted for inflation, CPWD DSR 2023 for relevant civil and ground preparation works, awarded work orders, prevailing market rates and benchmarking with comparable airports, wherever applicable.

C.1. Runway Recarpeting with Upgradation of AGL

4.3.116. The Authority notes that CIAL has proposed runway recarpeting together with upgradation of the Airfield Ground Lighting (AGL) system during the Fourth Control Period, with capitalisation proposed in FY 2030. The Authority notes that runway recarpeting is a recurring and essential airside maintenance activity required to preserve the structural integrity, riding quality, surface friction characteristics and operational safety of the runway pavement. The Authority further notes that the last runway recarpeting was undertaken in FY 2021 and that, considering the pavement maintenance cycle of approximately nine years, the next recarpeting has been proposed in FY 2030.

4.3.117. The Authority notes that the proposed work also includes upgradation of the AGL and other allied airfield lighting systems, which are critical for safe aircraft operations, particularly during night operations, low visibility conditions and adverse weather. The Authority is of the view that the proposed recarpeting, together with the AGL upgradation, is necessary and prudent from the perspective of

runway safety, continued airworthiness of the pavement infrastructure and operational resilience of the airport.

Examination of cost

4.3.118. CIAL has submitted a hard cost of Rs. 252.42 Crores, comprising Rs. 194.17 Crores towards the runway recarpeting works and Rs. 58.25 Crores towards the AGL upgradation works on a hard cost basis.

Runway Recarpeting Works

4.3.119. The Authority notes that CIAL has submitted a hard cost of Rs. 194.17 Crores towards the runway recarpeting works. The Authority has examined the reasonableness of the said cost with reference to the actual cost incurred by CIAL on the previous runway recarpeting undertaken in FY 2021, being Rs. 97.90 Crores, duly adjusted for inflation up to the proposed year of capitalisation, on the basis of which the cost works out to Rs. 136.08 Crores. Accordingly, the Authority proposes to consider a hard cost of Rs. 136.08 Crores towards the runway recarpeting works.

Upgradation of Airfield Ground Lighting

4.3.120. The Authority notes that CIAL has submitted a hard cost of Rs. 58.25 Crores towards the upgradation of the AGL system. The Authority has examined the reasonableness of the said cost with reference to the actual cost incurred by CIAL on the AGL works undertaken in FY 2021, being Rs. 36.40 Crores, duly adjusted for inflation up to the proposed year of capitalisation, on the basis of which the cost works out to Rs. 50.60 Crores. Accordingly, the Authority proposes to consider a hard cost of Rs. 50.60 Crores towards the AGL upgradation works.

Table 129 : Cost Assessment for Runway Recarpeting with Upgradation of AGL Works

(Rs. In Cr.)

Particulars	Cost submitted by CIAL	Cost proposed to be considered by the Authority
Runway recarpeting works – hard cost	194.17	136.08
AGL upgradation works – hard cost	58.25	50.60
Total hard cost	**252.42**	**186.67**

4.3.121. Accordingly, the Authority proposes to consider a hard cost of Rs. 186.67 Crores, , towards the Runway Recarpeting with Upgradation of AGL, for capitalisation in FY 2030.

C.2. Relocation of Isolation Parking Bay

4.3.122. The Authority notes that CIAL has proposed relocation of the Isolation Parking Bay (IPB) for capitalization in FY 2030-31. The Authority notes that the relocation is necessitated on account of the proposed expansion of Terminal 1 and the associated airside development. The Authority is of the view that the Isolation Parking Bay constitutes an essential airside safety facility required for handling aircraft under emergency, security and isolation situations and, therefore, its relocation is necessary to facilitate the proposed development while maintaining the required operational safety capability.

4.3.123. The Authority notes that the proposed relocation involves development of an Isolation Parking Bay over an area of approximately 1,05,000 sqm, including the associated taxiway connectivity. The Authority has examined the reasonableness of the cost proposed by CIAL with reference to the Authority's normative benchmark for airside pavement works and applicable rates for soil stabilization and associated site preparation works. The Authority notes that the cost derived based on the normative

benchmark rate of Rs. 8,029 per sqm for pavement works together with soil stabilization cost of Rs. 3,868 per sqm is higher than the cost proposed by CIAL. Accordingly, the Authority considers the cost proposed by CIAL to be reasonable.

Table 130 : Benchmarking of Isolation Parking Bay Relocation Cost

(Rs. In Cr.)

Particulars	Quantity / Area	Rate considered by the Authority (Rs. /sqm)	Cost based on Normative Approach (Rs. Crores)
Pavement Works	1,05,000 sqm	8,029	84.30
Soil Stabilization Works	1,05,000 sqm	3,868	40.61
Total Hard Cost based on Benchmarking			**124.91**

Note: The Authority has derived the normative cost by applying the benchmark rate for airside pavement works specified by the Authority and the soil stabilization rate based on CPWD DSR 2023, duly adjusted for inflation for the year FY 2030-31.

4.3.124. Based on the above, since the cost derived through the above benchmarking exercise is higher than the cost proposed by CIAL, therefore Authority proposes to consider the cost submitted by CIAL i.e. hard cost of Rs. 92.59 Crores, towards relocation of the Isolation Parking Bay.

Table 131 : Cost assessment for Relocation of Isolation Parking Bays works

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed to be considered by the Authority (Rs. Crores)
Hard Cost	92.59	92.59

C.3. Construction of Parking Bays 37 to 40, Extension of Taxiway J up to H, Construction of Taxiway K and Taxiway West of A to Isolation Parking Bay

4.3.125. The Authority notes that CIAL has proposed construction of Parking Bays 37 to 40, extension of Taxiway J up to Taxiway H, construction of Taxiway K and construction of taxiway west of Taxiway A up to the Isolation Parking Bay, for capitalization in FY 2028-29. The Authority notes that the project forms part of the airport's broader airside capacity augmentation programme and is intended to improve aircraft parking capacity and operational flexibility through the development of additional aircraft stands and associated taxiway connectivity.

4.3.126. The Authority notes that the project was originally submitted by CIAL as part of the Third Control Period MYTP and was approved by the Authority during the Third Control Period. However, considering its linkage with the implementation of Parking Bays Phase II on the northern side of Terminal 3, the project was deferred to the Fourth Control Period. The Authority observes that the proposed works therefore represent the continuation of an already approved airside development plan.

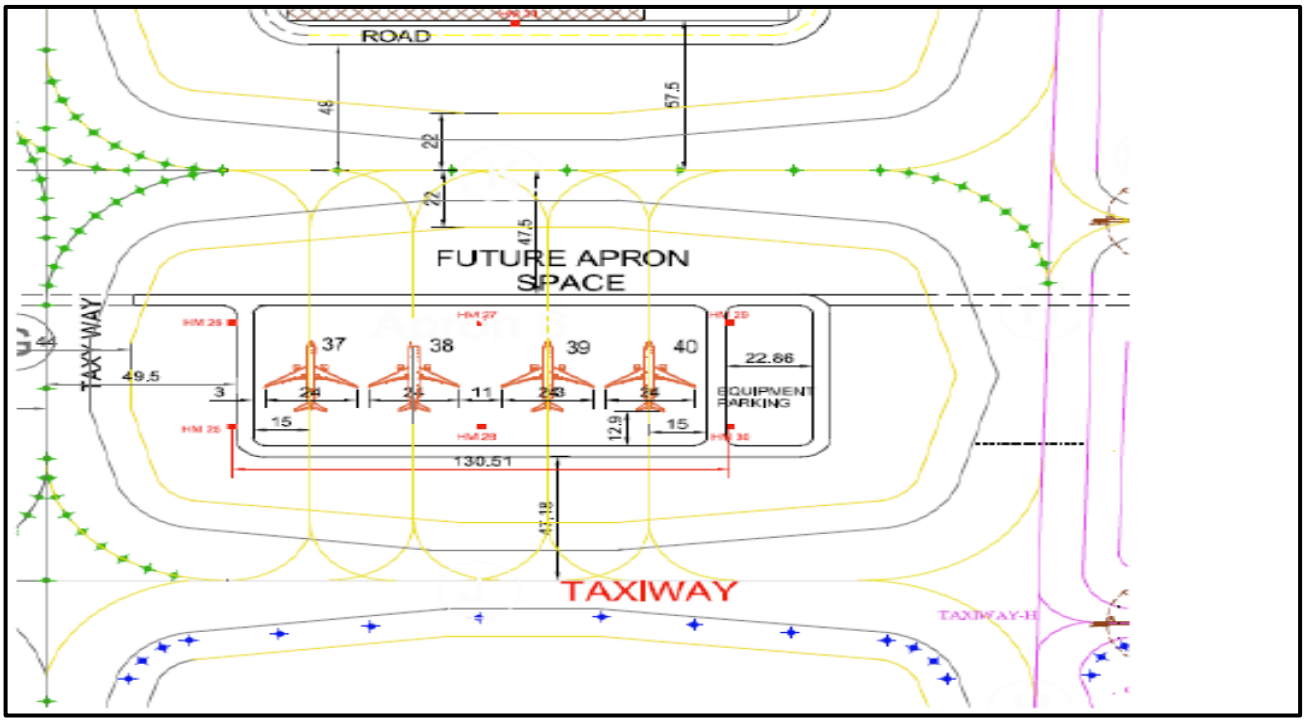


Figure 6 : Proposed extension of Taxiway J up to isolated parking bay

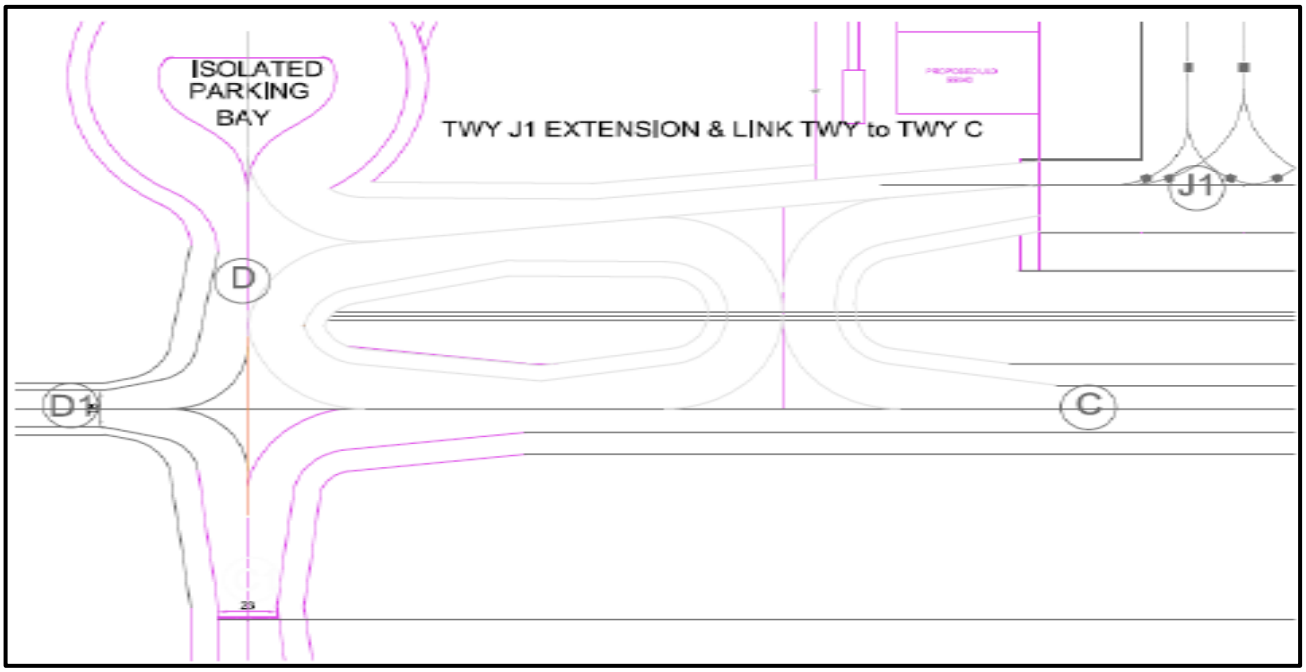


Figure 7 : Proposed Construction of parking bays 37 to 40

4.3.127. The Authority further notes that the proposed works comprise development of four additional aircraft parking bays together with extension and construction of associated taxiways over an area of approximately 69,250 sqm. The Authority notes that the additional taxiway connectivity is intended to improve airside circulation, reduce potential congestion and enhance operational efficiency. Further,

the development of Parking Bays 37 to 40 would facilitate productive utilisation of the airside land parcel enclosed between Taxiway J and Taxiway K while addressing parking requirements for non-scheduled aircraft operations.

4.3.128. The Authority has examined the reasonableness of the cost proposed by CIAL with reference to the Authority's normative benchmark for airside pavement works and the soil stabilization rate derived from CPWD DSR 2023, duly adjusted for inflation. The Authority notes that the cost derived through the normative benchmarking exercise is higher than the cost proposed by CIAL. Accordingly, the Authority considers the cost proposed by CIAL to be reasonable.

Table 132 : Benchmarking of Cost for Construction of Parking Bays 37 to 40 and Associated Taxiways

(Rs. In Cr.)

Particulars	Quantity / Area	Rate considered by the Authority (Rs. /sqm)	Cost based on Normative Approach (Rs. Crores)
Pavement Works	69,250 sqm	7,466	51.70
Soil Stabilization Works	69,250 sqm	3,597	24.91
Total Hard Cost based on Benchmarking			**76.61**

Note: The Authority has derived the normative cost based on the benchmark rate of Rs. 7,466 per sqm for airside pavement works and the soil stabilization rate of Rs. 3,597 per sqm derived from CPWD DSR 2023 and adjusted for inflation for FY 2028-29

4.3.129. The Authority notes that the hard cost derived through the above benchmarking exercise is higher than the hard cost of Rs. 65.00 Crores proposed by CIAL. Accordingly, the Authority proposes to consider the cost submitted by CIAL.

Table 133 : Cost assessment for Construction of Parking Bays 37 to 40, Extension of Taxiway J up to H, Construction of Taxiway K and Taxiway West of A to Isolation Parking Bay Bays works

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed to be considered by the Authority (Rs. Crores)
Hard Cost	65.00	65.00

C.4. New Link near C1

4.3.130. The Authority notes that CIAL has proposed construction of a new taxiway link between Taxiway C1 and Taxiway C2 for capitalization in FY 2030-31. The Authority notes that the proposed link is intended to improve the manoeuvrability of wide-body aircraft departing from Runway 09, particularly in situations where Taxiway C1 is unavailable for operations.

4.3.131. The Authority further notes that, during the ongoing strengthening of Taxiway C1 to rigid pavement, airline operators highlighted the requirement for an additional taxiway link in this area. The Authority observes that the proposed link would enhance operational flexibility, reduce runway and taxiway occupancy time and provide an alternative route for aircraft movements, thereby improving airside operational efficiency and safety.

4.3.132. Authority notes that the proposed work involves development of a taxiway link over an area of approximately 14,100 sqm. The Authority has examined the reasonableness of the cost proposed by CIAL with reference to the Authority's normative benchmark for airside pavement works and the soil stabilization rate derived from CPWD DSR 2023, duly adjusted for inflation.

Table 134 : Benchmarking of Cost for New Taxiway Link near C1

(Rs. In Cr.)

Particulars	Quantity / Area	Rate considered by the Authority (Rs. /sqm)	Cost based on Normative Approach (Rs. Crores)
Pavement Works	14,100 sqm	8,029	11.32
Soil Stabilization Works	14,100 sqm	3,868	5.45
Total Hard Cost based on Benchmarking			**16.77**

Note: The Authority has derived the normative cost based on the benchmark rate of Rs. 8,029 per sqm for airside pavement works and the soil stabilization rate of Rs. 3,868 per sqm derived from CPWD DSR 2023 and adjusted for inflation for the year FY 2030-31.

4.3.133. The Authority notes that the hard cost derived through the above benchmarking exercise is lower than the hard cost proposed by CIAL. Accordingly, the Authority proposes to consider the hard cost derived based on the normative benchmarking approach.

4.3.134. Accordingly, the Authority proposes to consider hard cost of Rs. 16.77 Crores, towards the construction of the New Taxiway Link near C1, with capitalization proposed in FY 2030-31.

Table 135 : Cost assessment for New Link C1 works proposed by the Authority for the Fourth Control Period

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed to be considered by the Authority (Rs. Crores)
Hard Cost	19.42	16.77

C.5. ILS 27 Revamping, ILS Runway 09 Revamping and DVOR Revamping

4.3.135. The Authority notes that CIAL has proposed expenditure towards revamping of navigational aid infrastructure during the Fourth Control Period, comprising ILS Runway 27 Revamping, ILS Runway 09 Revamping and DVOR Revamping. The Authority notes that these works form part of the planned replacement and upgradation of navigational aid infrastructure at the airport and are proposed for implementation in accordance with the replacement schedule of Airports Authority of India (AAI).

4.3.136. The Authority further notes that while the navigational aid equipment is provided by AAI, the expenditure proposed by CIAL pertains to the associated civil and allied infrastructure works required for installation, integration and commissioning of the systems. The Authority is therefore of the view that the proposed expenditure is necessary for implementation of the navigational aid revamping programme at the airport.

4.3.137. The Authority notes that a substantial portion of the proposed works has already been awarded. The Authority has examined the scope of works, awarded contracts through competitive bidding and cost proposed by CIAL and finds the same to be reasonable.

4.3.138. Accordingly, the Authority proposes to consider a project cost of Rs. 16.90 Crores, comprising hard cost of Rs. 16.41 Crores and soft cost of Rs. 0.49 Crores, towards ILS Runway 27 Revamping, ILS Runway 09 Revamping and DVOR Revamping, with capitalization proposed between FY 2026-27 and FY 2029-30, subject to efficiency and reasonableness of the cost, actual capitalization. The Authority further directs CIAL to ensure that, in accordance with the applicable regulatory principles, the assets

being replaced are duly retired and de-capitalised from the Regulatory Asset Base, along with the associated accumulated depreciation, upon commissioning of the replacement assets.

Table 136 : Cost assessment for ILS 27 Revamping, ILS Runway 09 Revamping and DVOR Revamping works proposed by the Authority for the Fourth Control Period

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed to be considered by the Authority (Rs. Crores)
Hard Cost	16.41	16.41

C.6. Bridge Mounted Equipment

4.3.139. The Authority notes that CIAL has proposed procurement and installation of Bridge Mounted Equipment comprising Ground Power Units (GPU) and Pre-Conditioned Air (PCA) units for contact stands proposed to be operationalised during the Fourth Control Period. The Authority notes that the proposed scope comprises installation of 8 GPU/PCA units for the new Terminal 3 apron in FY 2027-28 and 8 GPU/PCA units for the Terminal 1 apron in FY 2028-29.

4.3.140. The Authority notes that GPU and PCA systems facilitate the supply of electrical power and conditioned air to aircraft at contact stands without the need for continuous operation of aircraft Auxiliary Power Units (APUs). The Authority is of the view that the provision of GPU and PCA units is necessary for efficient operation of the proposed contact stands and would contribute towards improved operational efficiency and environmental performance at the airport.

4.3.141. The Authority notes that the cost proposed by CIAL has been assessed with reference to the cost of comparable equipment recently procured for Noida International Airport. The Authority has examined the benchmark cost of such equipment and, after suitably adjusting the same for inflation and the proposed year of procurement, has derived the cost proposed to be considered for the purpose of tariff determination. The Authority is of the view that the resultant cost is reasonable and commensurate with prevailing market rates for similar equipment.

Table 137 : Cost assessment for Bridge Mounted Equipment works

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed to be considered by the Authority (Rs. Crores)
Hard Cost	38.83	25.43

4.3.142. Accordingly, the Authority proposes to consider a hard cost of Rs. 25.43 Crores towards procurement and installation of Bridge Mounted Equipment (GPU and PCA Units), with capitalization proposed in FY 2027-28 and FY 2028-29.

C.7. Replacement of VDGS in Various Stands of T1 and T3

4.3.143. The Authority notes that CIAL has proposed replacement of Visual Docking Guidance System (VDGS) units in various stands of Terminal 1 and Terminal 3. The proposed scope comprises replacement of 16 VDGS units together with centralized automation software. The Authority notes that VDGS forms an integral part of aircraft stand operations and facilitates safe, accurate and efficient docking of aircraft at contact stands. The Authority is therefore of the view that replacement of the existing VDGS units is necessary to maintain operational efficiency and service reliability at the airport.

4.3.144. The Authority notes that the cost proposed by CIAL has been assessed with reference to the cost of comparable Visual Docking Guidance System (VDGS) equipment considered for Noida International Airport. The Authority has examined the benchmark cost and, after adjusting the same for inflation and differences in the timing of procurement, has derived the cost proposed to be considered. Considering that the benchmark is based on comparable airport infrastructure and includes the associated software and system integration components, the Authority is of the view that the proposed cost is reasonable and accordingly proposes to consider the same for the purpose of tariff determination.

4.3.145. The Authority notes that the cost derived through the above benchmarking exercise is lower than the cost proposed by CIAL. Accordingly, the Authority proposes to consider the cost derived based on the benchmarking exercise for determination of the allowable project cost.

4.3.146. Accordingly, the Authority proposes to consider a hard cost of Rs. 14.34, towards replacement of VDGS units in various stands of Terminal 1 and Terminal 3, with capitalization proposed in FY 2027-28, subject to actual capitalization, asset allocation and true-up. The Authority further directs CIAL to ensure that, in accordance with the applicable regulatory principles, the assets being replaced are duly retired and de-capitalised from the Regulatory Asset Base, along with the associated accumulated depreciation, upon commissioning of the replacement assets.

Table 138 : Cost assessment for Replacement of VDGS in Various Stands of T1 and T3 works

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed to be considered by the Authority (Rs. Crores)
Hard Cost	17.48	14.34

4.3.147. Accordingly, based on the examination of the airside projects discussed above, the Authority proposes to consider the cost of the airside projects as set out in the table below:

Table 139: Cost Assessment for Airside Works

(Rs. In Cr.)

Particulars	Amount
Hard cost submitted by CIAL	502.16
Hard cost proposed to be considered by the Authority	417.22

4.3.148. Accordingly, the Authority proposes to consider hard cost of Rs. 417.22 Crores, towards the Airside Projects, as against Rs. 502.16 Crores submitted by CIAL.

D. IT Projects

4.3.149. The Authority notes that CIAL has proposed various baggage handling, aviation security and information technology projects during the Fourth Control Period. The Authority has examined the necessity, scope, implementation status and cost reasonableness of the proposed projects with reference to awarded contracts, prices discovered through competitive bidding, historical procurement costs, prevailing market rates and applicable regulatory and security requirements

D.1. BHS Sortation System for Terminal 3

4.3.150. The Authority notes that CIAL has proposed implementation of a BHS Sortation System for the existing Terminal 3 to improve baggage segregation, reduce manual intervention, minimise system downtime and enhance operational reliability.

4.3.151. The Authority notes that the proposed works form part of the contract for Design, Supply, Installation, Testing and Commissioning of the Baggage Handling System awarded through competitive tendering for the Terminal 3 development project. The Authority has examined the awarded contract value and the cost attributable to the sortation system and finds the same to be reasonable.

4.3.152. Accordingly, the Authority proposes to consider a project cost of Rs. 33.00 Crores, comprising hard cost of Rs. 32.04 Crores and soft cost of Rs. 0.96 Crores, towards the BHS Sortation System for Terminal 3, with capitalization proposed in FY 2027-28, subject to efficiency and reasonableness of the cost, actual capitalization.

Table 140 : Cost of BHS Sortation System for Terminal 3 proposed by the Authority

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed by the Authority (Rs. Crores)
Hard Cost	32.04	32.04

D.2. CT X-Ray Machines for Hold Baggage Screening (4 Nos.) – Existing T3 Replacement

4.3.153. The Authority notes that CIAL has proposed replacement of four CT-based inline Hold Baggage Screening machines installed at Terminal 3. The Authority notes that the replacement is intended to ensure continued reliability of hold baggage screening operations and compliance with applicable aviation security requirements.

4.3.154. The Authority has examined the cost proposed by CIAL with reference to the competitive tender floated by CIAL for procurement of six identical CT-based inline Hold Baggage Screening machines. The Authority further notes that the rates discovered through the said tender are broadly consistent with indicative international prices observed for comparable CT-based Hold Baggage Screening systems supplied by leading OEMs. Having regard to the fact that the proposed cost is based on competitively discovered rates for equipment of identical specification and configuration and is broadly aligned with prevailing market prices for comparable systems, the Authority is of the view that the proposed cost is reasonable.

4.3.155. Accordingly, the Authority proposes to consider a project cost of Rs. 47.00 Crores, comprising hard cost of Rs. 45.63 Crores and soft cost of Rs. 1.37 Crores, towards replacement of CT X-Ray Machines for Hold Baggage Screening, with capitalization proposed in FY 2027-28, subject to efficiency and reasonableness of the cost, actual capitalization. The Authority further directs CIAL to ensure that, in accordance with the applicable regulatory principles, the assets being replaced are duly retired and de-capitalised from the Regulatory Asset Base, along with the associated accumulated depreciation, upon commissioning of the replacement assets.

Table 141 : Cost of CT X-Ray Machines for Hold Baggage Screening proposed by the Authority

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed by the Authority (Rs. Crores)
Hard Cost	45.63	45.63

D.3. Security Equipment Revamp

4.3.156. The Authority notes that CIAL has proposed phased replacement of security screening equipment at the Airport on completion of its useful operational life. CIAL has submitted that the equipment will be

replaced in phases through competitive tendering, based on age, end-of-life replacement requirements and BCAS specifications. The proposed scope comprises **50 X-Ray Baggage Inspection Systems** (X-BIS) within the passenger terminals, **38 Explosive Trace Detectors** (ETD), **53 Door Frame Metal Detectors** (DFMD), **4 Registered Baggage X-BIS** at the cargo terminal and **2 Pallet Screening X-BIS**. CIAL has further submitted that the estimate is based on prevailing market rates for equipment conforming to current BCAS specifications, informed by the rates discovered in its recent procurements and adjusted for escalation to the respective years of procurement.

4.3.157. The Authority notes that the proposed equipment forms an integral part of the aviation security infrastructure at the Airport and is required to be deployed in accordance with the requirements stipulated by BCAS. The Authority further notes that BCAS has directed the phased replacement of existing single-view X-ray machines at civil airports with dual-view X-ray machines. The Authority is accordingly of the view that phased replacement of ageing and unserviceable security equipment is necessary to maintain regulatory compliance and the operational reliability of the screening infrastructure at the Airport.

4.3.158. The Authority, through its Independent Consultant, undertook a detailed item-wise benchmarking exercise to assess the reasonableness of the proposed cost. For this purpose, the Independent Consultant referred to the published prices of comparable equipment from leading Original Equipment Manufacturers (OEMs) and suppliers. The benchmarked rates, after incorporating applicable GST, currency conversion and indexation up to FY 2029 (the proposed year of capitalisation), were compared with the cost submitted by CIAL. The outcome of the benchmarking assessment for each category of equipment is set out below.

4.3.159. **X-BIS within passenger terminals:** The Authority notes that the X-BIS proposed within the passenger terminals are required to be of dual-view configuration in line with the BCAS directions. Based on the published OEM price of comparable dual-view X-BIS, the benchmarked rate works out to approximately Rs. 0.95 Crores per unit. Accordingly, the benchmarked cost of 50 units works out to approximately Rs. 47.50 Crores.

4.3.160. **Explosive Trace Detectors:** Based on the prevailing market prices of airport-grade trace detectors certified for aviation security screening, the benchmarked rate works out to approximately Rs. 0.25 Crores per unit. Accordingly, the benchmarked cost of 38 units works out to approximately Rs. 9.64 Crores.

4.3.161. **Door Frame Metal Detectors:** Based on the prevailing market prices of multi-zone DFMDs conforming to international airport screening standards, the benchmarked rate works out to approximately Rs. 0.07 Crores per unit. Accordingly, the benchmarked cost of 53 units works out to approximately Rs. 3.70 Crores.

4.3.162. **Registered Baggage X-BIS at the cargo terminal**: Based on the published OEM price of comparable dual-view X-BIS of larger tunnel size suited to registered baggage and cargo screening, the benchmarked rate works out to approximately Rs. 1.06 Crores per unit. Accordingly, the benchmarked cost of 4 units works out to approximately Rs. 4.25 Crores.

4.3.163. **Pallet Screening X-BIS:** Based on the published OEM price of comparable pallet screening X-BIS, the benchmarked rate works out to approximately Rs. 2.99 Crores per unit. Accordingly, the benchmarked cost of 2 units works out to approximately Rs. 5.97 Crores.

4.3.164. Based on the item-wise benchmarking exercise undertaken through its Independent Consultant, the Authority notes that the aggregate benchmarked cost of the proposed equipment works out to approximately Rs. 71.07 Crores, as against the cost of Rs. 61.11 Crores submitted by CIAL. The Authority observes that the cost submitted by CIAL is within the benchmarked cost and is commensurate with the prevailing market rates for comparable equipment conforming to applicable BCAS specifications. Accordingly, the Authority considers the proposed cost to be reasonable and does not find it necessary to undertake any rationalisation. Considering the mandatory nature of the equipment and the fact that the final cost will be discovered through competitive procurement, the Authority proposes to consider the cost as submitted by CIALs.

4.3.165. Accordingly, the Authority proposes to consider a hard cost of Rs. 61.11 Crores towards Security Equipment Revamp, with capitalisation in FY 2028-29, subject to efficiency and reasonableness of the cost, actual capitalization. The Authority further directs CIAL to ensure that, in accordance with the applicable regulatory principles, the assets being replaced are duly retired and de-capitalised from the Regulatory Asset Base, along with the associated accumulated depreciation, upon commissioning of the replacement assets.

Table 142 : Cost of Security Equipment Revamp proposed by the Authority

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed by the Authority (Rs. Crores)
Hard Cost	61.11	61.11

D.4. Radiological Detection Equipment

4.3.166. The Authority notes that CIAL has proposed installation of Radiological Detection Equipment pursuant to BCAS requirements. The proposed scope comprises vehicle, pedestrian and baggage portal monitors together with associated control room infrastructure and ancillary equipment.

4.3.167. The Authority notes that the work has been awarded through competitive tendering. The Authority has examined the awarded contract value and associated implementation costs and finds the same to be reasonable.

4.3.168. Accordingly, the Authority proposes to consider a project cost of Rs. 26.00 Crores, comprising hard cost of Rs. 25.24 Crores and soft cost of Rs. 0.76 Crores, towards Radiological Detection Equipment, with capitalization proposed in FY 2026-27, subject to efficiency and reasonableness of the cost, actual capitalization.

D.5. BDDS Equipment Revamp

4.3.169. The Authority notes that CIAL has proposed the upgradation of the existing Bomb Detection and Disposal Squad (BDDS) equipment at the Airport, which has become outdated. CIAL has submitted that the proposed scope comprises the procurement of 1 Threat Containment Vessel (TCV), 2 Suspect Luggage Containment Vessels (SLCV), 1 Remotely Operated Vehicle (ROV), 1 Real Time Viewing System (RTVS), 1 Non-Linear Junction Detector (NLJD), 1 Fiberscope, 1 Deep Search Metal Detector (DSMD), and 1 lot of bomb blankets, stethoscopes, CROT and other items. The project is intended to ensure that the BDDS team at the Airport remains equipped with serviceable equipment, in compliance with BCAS requirements, for responding to bomb threat contingencies.

4.3.170. The Authority notes that BDDS equipment forms an integral part of the aviation security infrastructure at the Airport and is required for the detection, identification, containment and safe handling of suspected explosive devices. The Authority is accordingly of the view that the upgradation of outdated BDDS equipment is necessary to maintain operational preparedness and compliance with applicable BCAS requirements.

4.3.171. The Authority, through its Independent Consultant, undertook a detailed item-wise benchmarking exercise to assess the reasonableness of the proposed cost. For the major items, the Independent Consultant referred to the cost of comparable equipment procured through public tenders by airport operators and security agencies, and to published market prices of comparable equipment. For the NLJD and Fiberscope, it referred to the rates discovered by CIAL in its procurements during the Third Control Period. The benchmarked rates, after incorporating applicable taxes and indexation up to FY 2031 (the proposed year of capitalisation), were compared with the cost submitted by CIAL. The outcome of the benchmarking assessment is set out below.

4.3.172. **Threat Containment Vessel:** Based on the cost of TCVs procured for airports through public tender, duly indexed, the benchmarked cost of 1 TCV works out to approximately Rs. 12.15 Crores.

4.3.173. **Suspect Luggage Containment Vessels: Based** on the cost of SLCVs procured by central security agencies through public tender, the benchmarked cost of 2 SLCVs works out to approximately Rs. 4.72 Crores.

4.3.174. **Other BDDS equipment**: Based on the cost of comparable equipment, the benchmarked cost works out to approximately Rs. 1.05 Crores for the ROV, Rs. 1.39 Crores for the RTVS, Rs. 0.16 Crores for the NLJD, Rs. 0.20 Crores for the Fiberscope and Rs. 0.09 Crores for the DSMD.

4.3.175. Based on the item-wise benchmarking exercise undertaken through its Independent Consultant, the Authority notes that the aggregate benchmarked cost of the proposed equipment works out to approximately Rs. 19.76 Crores, excluding the lot of bomb blankets and other ancillary items, as against the cost of Rs. 19.42 Crores submitted by CIAL. The Authority observes that the cost submitted by CIAL is within the benchmarked cost and is commensurate with the prevailing market rates for comparable BDDS equipment conforming to applicable specifications. Accordingly, the Authority considers the proposed cost to be reasonable and does not find it necessary to undertake any rationalisation.

4.3.176. Accordingly, the Authority proposes to consider a hard cost of **Rs. 19.42 Crores** towards BDDS Equipment Revamp, with capitalisation in **FY 2030-31**, subject to efficiency and reasonableness of the cost, actual capitalization

D.6. Security Operations Centre (SOC) Revamp

4.3.177. The Authority notes that CIAL has proposed revamp of the Security Operations Centre (SOC) to enhance monitoring, surveillance and security management capabilities at the airport.

4.3.178. The Authority notes that the work has already been awarded through a competitive procurement process at a cost of Rs. 11.38 Crores. The Authority has examined the awarded contract value and further compared the same with the cost of similar Security Operations Centre (SOC) works undertaken by CIAL during the Third Control Period, after making appropriate adjustments for inflation and

differences in timing of execution. Based on the aforesaid assessment, the Authority is of the view that the awarded cost is reasonable and commensurate with the scope of the proposed works.

4.3.179. Accordingly, the Authority proposes to consider hard cost of Rs. 11.38 Crores, towards the Security Operations Centre Revamp, with capitalization proposed in FY 2030-31, subject to efficiency and reasonableness of the cost, actual capitalization.

Table 143 : Cost of Security Operations Centre (SOC) Revamp proposed by the Authority

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed by the Authority (Rs. Crores)
Hard Cost	14.56	11.38

D.7. AI-Based Digital Platform

4.3.180. The Authority notes that CIAL has proposed implementation of an AI-Based Digital Platform comprising customer-facing digital applications and supporting backend systems intended to enhance passenger experience, operational efficiency and digital service delivery at the Airport.

4.3.181. The Authority notes that the procurement process for the proposed platform has been completed through a competitive tendering process and that the lowest evaluated bid amounts to Rs. 13.50 Crores. The Authority has examined the scope of the proposed platform and the corresponding awarded contract value and notes that the cost proposed by CIAL is based on competitively discovered market rates. Considering that the proposed cost is supported by a completed competitive procurement process and represents the lowest evaluated responsive bid, the Authority is of the view that the awarded contract value provides a reasonable basis for determination of the project cost. The Authority further notes that only expenditure of a capital nature shall be considered for tariff determination and any recurring or operational expenditure shall be excluded at the time of true-up.

4.3.182. Accordingly, the Authority proposes to consider hard cost of Rs. 13.50, towards the AI-Based Digital Platform, with capitalization proposed in FY 2026-27, subject to award and execution of the contract, segregation of recurring expenditure, actual capitalization, asset allocation and true-up.

Table 144 : Cost of AI-Based Digital Platform proposed by the Authority

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed by the Authority (Rs. Crores)
Hard Cost	13.79	13.50

D.8. Hyper-Converged Infrastructure Revamp

4.3.183. The Authority notes that CIAL has proposed replacement and upgradation of Hyper-Converged Infrastructure servers approaching the end of vendor support in order to maintain availability, compatibility and performance of critical IT systems.

4.3.184. The Authority notes that the proposed cost is based on ongoing competitive procurement and finds the same to be reasonable.

4.3.185. Accordingly, the Authority proposes to consider hard cost of Rs. 33.98 Crores, towards HCI Revamp, with capitalization proposed in FY 2026-27, subject to final awarded cost, subject to efficiency and reasonableness of the cost, actual capitalization.

D.9. IAMS-ERP

4.3.186. The Authority notes that CIAL implemented the Integrated Airport Management System (IAMS) in 2014 to support procurement, finance, human resources, contract management, payroll and other administrative functions. The Authority further notes that the existing system comprises SAP ECC, middleware and Airport Operational Database components integrated with various operational and business systems across the airport.

4.3.187. The Authority notes that SAP ECC is approaching the end of vendor support and CIAL has proposed migration to SAP HANA together with the associated middleware upgrades and migration of third-party integrations. The Authority is of the view that the proposed upgradation is necessary to ensure continued system supportability, compatibility, cybersecurity compliance and business continuity.

4.3.188. The Authority notes that the proposed SAP upgrade comprises two distinct components, namely (i) implementation and consulting services for execution of the SAP upgrade project, and (ii) procurement of SAP HANA software licences and associated upgradation, migration and integration works. The Authority notes that the appointment of the implementation consultant has already been undertaken through a competitive procurement process, with the contract awarded at a value of approximately Rs. 6.00 Crores. The Authority further notes that the cost of SAP HANA software and associated upgradation works has been estimated at approximately Rs. 8.00 Crores based on a budgetary quotation obtained by CIAL from a reputed information technology service provider. The Authority has examined the scope of the proposed works and the underlying cost estimates and notes that the proposed expenditure is supported by a combination of competitively discovered rates and market-based quotations. Considering the nature and scope of the proposed SAP upgradation project, including migration to the SAP HANA platform and associated implementation requirements, the Authority is of the view that the proposed cost is reasonable and commensurate with prevailing market rates for similar enterprise resource planning (ERP) upgradation projects.

4.3.189. Accordingly, the Authority proposes to consider hard cost of Rs. 13.59 Crores, towards IAMS-ERP, with capitalization proposed in FY 2026-27, subject to segregation of capital and recurring expenditure, actual capitalization, asset allocation and true-up

Table 145 : Cost of IAMS-ERP proposed by the Authority

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed to be considered by the Authority (Rs. Crores)
Hard Cost	13.59	13.59

4.3.190. Accordingly, the Authority proposes to consider the cost of the IT Projects as set out in the table below:

Table 146: Cost Assessment for IT Projects

(Rs. In Cr.)

Particulars	Amount
Hard cost submitted by CIAL	259.36
Hard cost proposed to be considered by the Authority	255.90

4.3.191. Accordingly, the Authority proposes to consider the total cost of Rs. 255.90 Crores towards the IT Projects, as against Rs. 259.36 Crores submitted by CIAL.

E. Fire and Safety related Projects

4.3.192. The Authority notes that CIAL has proposed various fire, rescue and operational safety related projects during the Fourth Control Period. The Authority has examined the necessity, scope, implementation status and cost reasonableness of the proposed projects with reference to MYTP submissions, prevailing CPWD rates, market rates for comparable specialised equipment, competitively awarded work orders and the proposed implementation timelines.

E.1. Fire Station Building Renovation and Allied Infrastructure Facility

4.3.193. The Authority notes that the existing airport fire station is more than 25 years old and requires renovation and expansion to meet the operational requirements of Airport Fire and Rescue Services. The proposed works comprise renovation and development of approximately 50,000 sq. ft. of built-up area, including operational facilities, vehicle bays, staff accommodation, training facilities and storage areas for firefighting and rescue equipment. CIAL has proposed capitalization of the project in FY 2029

4.3.194. The Authority has examined the reasonableness of the proposed cost with reference to CPWD rates duly adjusted for inflation and proposes to consider a project cost of Rs. 25.25 Crores towards the Fire Station Building Renovation and Allied Infrastructure Facility, as against Rs. 30.00 Crores submitted by CIAL. The Authority also proposes to consider capitalization of the project in FY 2029, in line with the timeline submitted by CIAL subject to efficiency and reasonableness of the cost, actual capitalization.

E.2. FOD Management System for Runway and Taxiway

4.3.195. The Authority notes that CIAL has proposed implementation of a Foreign Object Debris (FOD) Management System for the runway and taxiways. As per CIAL's submission, the system would integrate automated detection technologies, comprising sensors, radar and high-resolution cameras, with periodic manual inspections for continuous monitoring of airside surfaces. It would also include rapid-response vehicles fitted with sweepers, vacuums and magnetic bars for prompt removal of detected debris. CIAL has proposed capitalization of the project in FY 2031.

4.3.196. The Authority is of the view that the proposed system would strengthen airside safety by enabling timely detection and removal of foreign object debris, thereby reducing the risk of damage to aircraft and disruption to runway operations. The Authority notes that automated FOD detection systems have been deployed at several major international airports, including Singapore Changi, Dubai International, Hong Kong International, Boston Logan and Seattle-Tacoma, in line with FAA Advisory Circular 150/5220-24 and ICAO Annex 14. The Authority further notes that such systems are supplied by a limited number of specialised international OEMs.

4.3.197. The Authority has examined the reasonableness of the proposed cost with reference to the procurement of a comparable system at Hong Kong International Airport. In 2015, the Airport Authority Hong Kong awarded contracts aggregating HK$ 280 million for the design, supply, installation and maintenance of an automated FOD detection system covering the two runways then in operation at that airport. To account for differences in price levels between the two economies, the Authority has converted the said value into Indian Rupees using the Purchasing Power Parity (PPP) conversion factors published by the World Bank. On this basis, the value works out to approximately Rs. 102 Crores, or approximately Rs. 51 Crores per runway. The Authority notes that the cost of Rs. 29.13 Crores proposed by CIAL for its single runway and associated taxiways is considerably lower than the PPP-adjusted per-runway reference. This is so even though CIAL's scope also includes debris-removal equipment. While the

reference value does not segregate the cost of equipment, installation and maintenance, it provides a reasonable indication of the cost of such systems. Having regard to the specialised nature of the system, its importance for runway safety and the fact that the final cost will be discovered through competitive procurement, the Authority considers the proposed cost to be reasonable.

4.3.198. Accordingly, the Authority proposes to consider a project cost of Rs. 29.13 Crores towards the FOD Management System for Runway and Taxiway, with capitalization in FY 2031, in line with the timeline submitted by CIAL, subject to efficiency and reasonableness of the cost, actual capitalization.

E.3. Turntable Ladder

4.3.199. The Authority notes that CIAL has proposed procurement of a Turntable Ladder for high-reach firefighting and rescue operations at airport facilities, including the Air Traffic Control Tower and other elevated structures. CIAL has proposed capitalization of the project in FY 2027.

4.3.200. The Authority notes that the work has been competitively procured. Based on the competitively discovered cost, the Authority proposes to consider a project cost of Rs. 14.56 Crores. The Authority also proposes to consider capitalization of the project in FY 2027, in line with the timeline submitted by CIAL, subject to efficiency and reasonableness of the cost, actual capitalization.

E.4. Emergency Escape Stair for Immediate Evacuation from Aircraft

4.3.201. The Authority notes that CIAL has proposed procurement of an Emergency Escape Stair for facilitating evacuation of passengers during aircraft emergencies. The equipment is intended to support emergency response operations where conventional evacuation arrangements may not be available. CIAL has proposed capitalization of the project in FY 2027.

4.3.202. The Authority notes that the procurement has been undertaken through a competitive tendering process and the contract has already been awarded. The Authority has examined the awarded contract value and notes that, while the competitively discovered cost amounts to Rs. 11.77 Crores, CIAL has sought consideration of a hard cost of Rs. 11.55 Crores for the purpose of tariff determination. Considering that the proposed cost is based on a competitively procured contract and relates to equipment required for emergency response and passenger safety, the Authority is of the view that the hard cost proposed by CIAL is reasonable. Accordingly, the Authority proposes to consider a hard cost of Rs. 11.55 Crores towards the project and capitalization in FY 2027, in line with the timeline submitted by CIAL, subject to efficiency and reasonableness of the cost, actual capitalization.

E.5. Recovery Equipment Purchase

4.3.203. The Authority notes that CIAL has proposed augmentation of its aircraft recovery equipment for the recovery of disabled aircraft following accidents, incidents or runway excursions. CIAL has submitted that, with the increase in aircraft movements at the Airport, the existing recovery kit is proposed to be upgraded with advanced and reliable equipment to ensure rapid response and to minimise disruption to airside operations in the event of an aircraft incident. CIAL has proposed capitalization of the project in FY 2031.

4.3.204. The Authority notes that the capability to promptly remove a disabled aircraft from the runway or movement area is an essential element of aerodrome emergency preparedness, and that any prolonged obstruction of the runway may result in significant disruption to airport operations. The Authority is

accordingly of the view that augmentation of the recovery equipment is necessary, having regard to the growth in traffic and aircraft movements at the Airport.

4.3.205. The Authority has examined the reasonableness of the proposed cost with reference to the cost of aircraft recovery equipment procured by CIAL during the Third Control Period. That equipment was procured through two competitive tenders at an aggregate cost of Rs. 5.13 Crores, and its capitalization has been verified with reference to the Fixed Asset Register. The said cost, adjusted for inflation up to FY 2031, works out to approximately Rs. 6.21 Crores.

4.3.206. The Authority notes that the cost proposed by CIAL is higher than the inflation-adjusted cost of the equipment procured earlier. In this regard, the Authority notes that the present project is not a like-for-like replacement of the equipment procured during the Third Control Period. The Authority further notes that the Airport is a Code E aerodrome, and its recovery equipment is required to be capable of handling the larger aircraft types operating at the Airport. The Authority also notes that CIAL has estimated the cost based on prevailing market rates, applicable duties and escalation to the proposed year of procurement, since such specialised equipment is largely sourced from international manufacturers. Accordingly, the Authority is of the view that the cost of the earlier procurement which was not capable of handling Code E aircraft, though a relevant reference, does not fully reflect the scope of the present project.

4.3.207. Having regard to the operational necessity and specialised nature of the equipment, the enhanced scope of the project and the fact that the final cost will be discovered through competitive procurement, the Authority accordingly proposes to consider a project cost of Rs. 9.71 Crores towards Recovery Equipment Purchase, with capitalization in FY 2031, in line with the timeline submitted by CIAL, subject to finalisation of equipment specifications, competitive procurement, actual capitalization and true-up. The Authority further proposes that, at the time of true-up, the expenditure shall be examined with reference to the scope and specifications of the equipment actually procured.

E.6. Major Building Fire Protection and Smoke Management Systems

4.3.208. The Authority notes that fire safety audits conducted for airport facilities have identified the requirement for augmentation of existing fire protection and smoke management systems. The proposed scope includes modifications, replacement and augmentation of firefighting systems, fire alarm systems, sprinkler systems and smoke extraction systems. CIAL has proposed capitalization of the project in FY 2031.

4.3.209. The Authority has examined the proposed cost with reference to applicable CPWD rates adjusted for inflation and proposes to consider a project cost of Rs. 9.71 Crores. The Authority also proposes to consider capitalization of the project in FY 2031, in line with the timeline submitted by CIAL, subject to efficiency and reasonableness of the cost, actual capitalization.

E.7. Additional Apron Algae Cleaning Machine

4.3.210. The Authority notes that CIAL has proposed procurement of an additional Apron Algae Cleaning Machine in FY 2030-31 for mechanised cleaning of apron pavements. CIAL has proposed capitalization of the project in FY 2031.

4.3.211. The Authority has examined the cost with reference to the competitively procured cost of the first machine in FY 2026-27 and suitably adjusted the same for inflation. Accordingly, the Authority

proposes to consider a project cost of Rs. 5.60 Crores, as against Rs. 8.00 Crores submitted by CIAL. The Authority also proposes to consider capitalization of the project in FY 2031, in line with the timeline submitted by CIAL, subject to efficiency and reasonableness of the cost, actual capitalization.

E.8. Apron Algae Cleaning Machine, Capitalisation Shifted to FY 2027

4.3.212. The Authority notes that the project relates to procurement of the first Apron Algae Cleaning Machine which has already been awarded through competitive tendering. The Authority further notes that capitalization of the project has been shifted from FY 2025-26 to FY 2026-27. CIAL has proposed capitalization of the project in FY 2027.

4.3.213. Based on the awarded contract value, the Authority proposes to consider a project cost of Rs.4.70 Crores. The Authority also proposes to consider capitalization of the project in FY 2027, in line with the timeline submitted by CIAL, subject to efficiency and reasonableness of the cost, actual capitalization.

E.9. Airside Driving Simulator, Capitalisation Shifted to FY 2027

4.3.214. The Authority notes that CIAL has procured an Airside Driving Simulator to facilitate training and assessment of personnel engaged in airside vehicle operations. CIAL has proposed capitalization of the project in FY 2027.

4.3.215. The Authority notes that the project has been awarded through a competitive tendering process and that the capitalization of the project has been shifted to FY 2026-27. The Authority has examined the awarded contract value and notes that the hard cost proposed by CIAL amounts to Rs. 9.07 Crores. Considering that the cost is based on a competitively awarded contract and that the proposed simulator is intended to enhance airside driving training and operational safety, the Authority is of the view that the proposed cost is reasonable. Accordingly, the Authority proposes to consider a project cost of Rs. 9.07 Crores, as submitted by CIAL, and capitalization of the project in FY 2027, subject to efficiency and reasonableness of the cost, actual capitalization.

4.3.216. Accordingly, the Authority proposes to consider the cost of the Fire and Safety Projects as set out in the table below:

Table 147: Cost Assessment for Fire related and safety works proposed by the Authority for Fourth Control Period

(Rs. In Cr.)

Particulars	Amount
Hard cost submitted by CIAL	125.32
Hard cost proposed to be considered by the Authority	119.27

4.3.217. Accordingly, the Authority proposes to consider a total cost of Rs. 119.27 Crores towards the Fire and Safety related Projects, as against Rs. 125.32 Crores submitted by CIAL.

F. Airport buildings projects other than terminal

4.3.218. The Authority notes that CIAL has proposed various airport building and utility infrastructure projects during the Fourth Control Period. The Authority has examined the necessity, scope and cost reasonableness of the proposed projects with reference to CIAL's MYTP submissions, prevailing CPWD rates duly adjusted for inflation and the proposed implementation timelines.

F.1. Additional Rooms in West Block Terrace

4.3.219. The Authority notes that augmentation of the pre-embarkation security area at Terminal 1 necessitates relocation of the existing CIAL offices from the first floor of the West Block. Accordingly, CIAL has proposed construction of additional rooms over the West Block terrace, comprising office space, storage areas, toilet facilities, viewers' gallery and associated civil, electrical and plumbing works.

4.3.220. The Authority has examined the proposed cost with reference to prevailing CPWD rates adjusted for inflation. The Authority notes that the cost derived through such assessment is higher than the cost proposed by CIAL. Accordingly, the Authority proposes to hard cost of Rs. 9.71 Crores, with capitalization proposed in FY 2026-27, subject to efficiency and reasonableness of the cost, actual capitalization.

F.2. Construction of DVOR Building and Associated Works

4.3.221. The Authority notes that AAI has proposed installation of a new DVOR and associated navigational aids for Runways 09 and 27. CIAL's scope comprises construction of the associated building and civil infrastructure required for installation of the navigational aids, including foundations, access roads and associated site development works.

4.3.222. The Authority has examined the proposed cost with reference to prevailing CPWD rates adjusted for inflation and proposes to consider hard cost of Rs. 6.52 Crores, as against Rs. 9.71 Crores submitted by CIAL, with capitalization proposed in FY 2027-28, subject to efficiency and reasonableness of the cost, actual capitalization.

F.3. Radar Building

4.3.223. The Authority notes that AAI has proposed installation of an additional radar system to strengthen the reliability and resilience of Air Traffic Management services. While the radar equipment will be provided by AAI, CIAL has proposed development of the associated radar building and supporting infrastructure.

4.3.224. The Authority has examined the proposed cost with reference to prevailing CPWD rates adjusted for inflation. The Authority notes that the cost derived through such assessment is higher than the cost proposed by CIAL. Accordingly, the Authority proposes to consider hard cost of Rs. 9.71 Crores, with capitalization proposed in FY 2029-30, subject to efficiency and reasonableness of the cost, actual capitalization.

F.4. Substation Upgradation

4.3.225. The Authority notes that CIAL has proposed augmentation of the 110 kV power plant and utility substations to replace ageing equipment, provide additional standby capacity and improve the reliability of electrical supply to critical airport facilities.

4.3.226. The Authority has examined the component-wise cost with reference to prevailing market prices of equipment of comparable capacity and specification. Accordingly, the Authority proposes to consider hard cost of Rs. 14.56,with capitalization proposed in FY 2029-30, subject to efficiency and reasonableness of the cost, actual capitalization.

F.5. CIAL MedCare Centre

4.3.227. The Authority notes that CIAL has proposed development of a MedCare Centre to provide immediate medical assistance and short-term medical care facilities for passengers, airline personnel and airport staff. The proposed scope comprises consultation, treatment, diagnostic and supporting facilities together with associated building services.

4.3.228. The Authority has examined the proposed cost with reference to prevailing CPWD rates adjusted for inflation and proposes to consider hard cost of Rs. 3.56 Crores, as against Rs. 4.85 Crores submitted by CIAL, with capitalization proposed in FY 2029-30, subject to efficiency and reasonableness of the cost, actual capitalization.

4.3.229. Accordingly, the Authority proposes to consider the cost of Airport Building Projects Other than Terminal as set out in the table below:

Table 148: Cost Assessment for Airport Buildings Other than Terminal

(Rs. In Cr.)

Particulars	Amount
Hard cost submitted by CIAL	48.54
Hard cost proposed to be considered by the Authority	44.06

4.3.230. Accordingly, the Authority proposes to consider hard cost of Rs. 44.06 Crores, towards Airport Building Projects Other than Terminal, as against Rs. 48.54 Crores submitted by CIAL. The proposed costs shall be subject to efficiency and reasonableness of the cost, actual capitalization.

G. Road Project

4.3.231. The Authority notes that CIAL has proposed landscaping works along the Airport Approach Road covering an approximate stretch of 3 km. The proposed scope comprises development of hardscape and softscape elements, irrigation infrastructure, sculptures and other associated landscape features intended to enhance the airport approach corridor and improve the visual environment of the airport.

4.3.232. The Authority notes that Phase I of the project, comprising civil and hardscape works, has been awarded through competitive tendering. The Authority has examined the awarded cost for Phase I and assessed the cost of the balance scope with reference to prevailing CPWD DSR rates and PARS Horticulture and Landscape rates, duly adjusted for inflation.

4.3.233. Based on the above assessment, the Authority proposes to consider hard cost of Rs. 20.02 Crores, as against Rs. 25.24 Crores submitted by CIAL, with capitalization proposed in FY 2026-27, subject to efficiency and reasonableness of the cost, actual capitalization.

Table 149: Cost Assessment for Road Project

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed to be considered by the Authority (Rs. Crores)
Hard Cost	25.24	20.02

4.3.234. Accordingly, the Authority proposes to consider hard cost of Rs. 20.02 Crores, towards Road Projects, as against Rs. 25.24 Crores submitted by CIAL. The proposed cost shall be subject to efficiency and reasonableness of the cost, actual capitalization.

H. Sustainability Project

4.3.235. The Authority notes that CIAL has proposed Sustainability Projects during the Fourth Control Period comprising procurement of Hydrogen Buses and implementation of a Waste-to-Energy Project. The Authority has examined the necessity, scope and cost reasonableness of the proposed projects with reference to market prices of comparable equipment, awarded work orders and the proposed implementation timelines.

H.1. Hydrogen Buses

4.3.236. The Authority notes that BPCL has established a Green Hydrogen Plant within the CIAL premises and CIAL has proposed procurement of two Hydrogen Fuel Cell Buses to utilise the hydrogen produced from the facility. The Authority notes that the project is intended to promote low-emission airport mobility and support CIAL's sustainability initiatives.

4.3.237. The Authority has examined the reasonableness of the proposed cost with reference to the indicative prices of Hydrogen Fuel Cell Buses of comparable capacity and specification available from OEM sources. The Authority notes that the proposed cost is broadly in line with the prices indicated by manufacturers for similar hydrogen fuel cell buses and is therefore reflective of prevailing market rates for such vehicles. Considering the specialised nature of the technology, the limited availability of comparable vehicles in the domestic market and the proposed deployment of the buses for utilisation of green hydrogen produced within the Airport premises, the Authority is of the view that the proposed cost is reasonable. Accordingly, the Authority proposes to consider hard cost of Rs. 9.71 Crores, towards procurement of Hydrogen Fuel Cell Buses, with capitalization proposed in FY 2026-27, subject to efficiency and reasonableness of the cost, actual capitalization.

H.2. Waste-to-Energy Project

4.3.238. The Authority notes that CIAL has proposed augmentation of the existing Material Recovery Facility through improved waste segregation, automated composting and installation of a Waste-to-Energy facility. The proposed project is intended to improve waste recovery and utilisation while reducing dependence on landfill disposal.

4.3.239. The Authority notes that the project has progressed to the procurement stage. The Authority has examined the cost with reference to the work-order value awarded via competitive bidding process and proposes to consider hard cost of Rs. 8.14 Crores, as against Rs. 9.71 Crores submitted by CIAL, with capitalization proposed in FY 2026-27, subject to efficiency and reasonableness of the cost, actual capitalization.

4.3.240. Accordingly, the Authority proposes to consider the cost of Sustainability Projects as set out in the table below

Table 150: Cost Assessment for Sustainability Project

(Rs. In Cr.)

Particulars	Amount
Hard cost submitted by CIAL	19.42
Hard cost proposed to be considered by the Authority	17.85

4.3.241. Accordingly, the Authority proposes to consider hard cost of Rs. 17.85 Crores, as against Rs. 19.42 Crores submitted by CIAL. The proposed costs shall be subject to efficiency and reasonableness of the cost, actual capitalization.

I. New Domestic Cargo Terminal

4.3.242. The Authority notes that the existing Domestic Cargo Terminal is required to be relocated on account of the proposed western expansion of Terminal 1. Accordingly, CIAL has proposed development of a new Domestic Cargo Complex to ensure continuity of domestic cargo operations at the airport.

4.3.243. The Authority further notes that the proposed scope comprises cargo handling facilities, office accommodation, loading and unloading areas, utility services and associated civil, electrical and plumbing infrastructure. The Authority also notes CIAL's submission regarding the projected growth in domestic cargo traffic during the Fourth Control Period.

4.3.244. The Authority has examined the proposed cost with reference to prevailing CPWD rates adjusted for inflation. The Authority notes that the cost proposed by CIAL is reasonable and proposes to consider the same for tariff determination.

4.3.245. Accordingly, the Authority proposes to consider hard cost of Rs. 9.26 Crores, , with capitalization proposed in FY 2028-29.

Table 151: Cost Assessment for New Domestic Cargo Terminal

(Rs. In Cr.)

Particulars	Cost submitted by CIAL (Rs. Crores)	Cost proposed to be considered by the Authority (Rs. Crores)
Hard Cost	9.26	9.26

4.3.246. Accordingly, the Authority proposes to consider a total project cost of Rs. 9.26 Crores towards the New Domestic Cargo Terminal, as submitted by CIAL, subject to efficiency and reasonableness of the cost, actual capitalization

J. Miscellaneous projects

4.3.247. The Authority notes that CIAL has proposed Miscellaneous Capital Expenditure comprising a large number of works and asset procurements relating to civil infrastructure, information technology and communication systems, electrical and utility infrastructure, ARFF and emergency response facilities, operational equipment, security systems and passenger amenities. The proposed works primarily comprise replacement of ageing or end-of-life assets, minor modifications required to maintain the serviceability of existing infrastructure, augmentation arising from operational and regulatory requirements, and procurement of equipment necessary for the continuity of airport operations.

4.3.248. The Authority observes that CIAL has furnished an item-wise schedule of 201 works and asset procurements distributed across the Fourth Control Period, indicating the nature of each asset, functional area, proposed year of capitalisation and estimated cost. Given the large number of items and their relatively small individual value, the Authority, through its Independent Consultant, has undertaken a broad-level review of the proposed programme with reference to the nature of the assets, replacement requirements, operational necessity and the supporting cost basis furnished by CIAL. As part of this review, the cost of approximately 20 line items, being works already awarded or works for

which budgetary quotations have been obtained, was examined with reference to the respective work orders and quotations.

4.3.249. The Authority is of the view that timely replacement and augmentation of these assets is necessary to maintain operational efficiency, safety, security, reliability and passenger service standards at the Airport.

4.3.250. The Authority notes that work orders or budgetary quotations have been furnished for only approximately 20 of the 201 line items proposed under this head. For the remaining line items, CIAL has not furnished adequate cost substantiation, such as detailed estimates, bills of quantities or quotations, to enable an examination of the proposed cost. In the absence of adequate supporting documentation for a substantial majority of the programme, the Authority, through its Independent Consultant, has carried out a prudence review of the proposed expenditure as a whole.

4.3.251. Having regard to the operational necessity of the proposed works and the extent of cost substantiation available at this stage, the Authority proposes to consider 75% of the hard cost submitted by CIAL towards Miscellaneous Capital Expenditure. Accordingly, the Authority proposes to consider a hard cost of Rs. 287.37 Crores, as against Rs. 383.16 Crores submitted by CIAL, resulting in a rationalisation of Rs. 95.79 Crores, as set out in the table below.

Table 152: Cost Assessment for Miscellaneous projects

(Rs. In Cr)

Particulars	Amount
Hard cost submitted by CIAL	383.16
Hard cost proposed to be considered by the Authority	287.37

4.3.252. The expenditure proposed to be considered under this head shall be subject to competitive procurement, wherever applicable, exclusion of repairs and maintenance expenditure, elimination of duplication with separately approved capital projects, appropriate asset allocation and actual capitalisation. The actual expenditure incurred shall be examined at the time of true-up, with reference to work orders, invoices and other supporting documents, subject to the efficiency and reasonableness of the cost and a prudence check.

K. Commercial projects

4.3.253. The Authority notes that, as part of the MYTP submitted for the Fourth Control Period, CIAL has proposed various Commercial Projects. The Authority further notes that the said projects pertain to development of commercial facilities at the Airport and have been classified by CIAL as Non-Aeronautical assets.

4.3.254. The Authority notes that the proposed projects are intended to support Non-Aeronautical activities at the Airport and are outside the Aeronautical Regulatory Asset Base. Accordingly, the Authority has not undertaken a detailed prudence review of the individual projects for the purpose of determination of Aeronautical tariffs.

4.3.255. The Authority notes that CIAL has proposed Capital Expenditure of Rs. 296.20 Crores towards the aforesaid Commercial Projects during the Fourth Control Period.

Summary of Capex Projects Proposed in Fourth Control Period

Table 153: Summary of Capex Projects Proposed by the Authority in Fourth Control Period

(Rs. In Cr.)

Project Code	Projects	Hard Cost submitted by CIAL (Rs. in Cr)	Hard Cost proposed to be considered by the Authority (Rs. in Cr)
A.1	Construction of Parking Bays Phase 2	177.20	177.20
A.2	Development of Northern Side of T3	730.40	702.06
A.3	Other Projects	317.85	265.93
B	T1 Expansion and Associated Airside Works	971.61	867.70
C.1	Runway Recarpeting with Upgradation of AGL	252.43	186.67
C.2	Relocation of IPB	92.59	92.59
C.3	Construction of Parking Bays 37 to 40, Extension of Taxiway J up to H, Construction of Taxiway K and Taxiway West of A to Isolation Parking Bay	65.00	65.00
C.4	New Link near C1	19.42	16.77
C.5	ILS 27 Revamping, ILS Runway 09 and DVOR Revamping	16.41	16.41
C.6	Bridge Mounted Equipment	38.83	25.43
C.7	Replacement of VDGS in Various Stands of T1 and T3	17.48	14.34
D.1	BHS Sortation System for T3	32.04	32.04
D.2	CT X-Ray Machines Hold Baggage (4 Nos.) - Existing T3 Replacement	45.63	45.63
D.3	Security Equipment Revamp	61.11	61.11
D.4	Radiological Detection Equipment	25.24	25.24
D.5	BDDS Equipment Revamp	19.42	19.42
D.6	SOC Revamp	14.56	11.38
D.7	AI-Based Digital Platform	13.79	13.50
D.8	HCI Revamp	33.98	33.98
D.9	IAMS-ERP	13.59	13.59
E.1	Fire Station Building Renovation and Allied Infrastructure Facility	29.13	25.25
E.2	FOD Management System for Runway and Taxiway	29.13	29.13
E.3	Turntable Ladder	14.56	14.56
E.4	Emergency Escape Stair for Immediate Evacuation from Aircraft	11.55	11.55
E.5	Recovery Equipment Purchase	9.71	9.71
E.6	Major Building Fire Protection and Smoke Management Systems	9.71	9.71
E.7	Apron Algae Cleaning Machine	7.77	5.60
E.8	Apron Algae Cleaning Machine - Capitalisation shifted from FY 2026 to FY 2027	4.70	4.70
E.9	Airside Driving Simulator for Operations - Capitalisation shifted from FY 2026 to FY 2027	9.07	9.07
F	Airport Building Projects Other than Terminal	48.54	44.06
G	Roads Projects	25.24	20.02
H	Sustainability Projects	19.42	17.85
I	Cargo Projects	9.26	9.26
J	Miscellaneous Projects	383.16	287.37
K	Commercial Projects	296.20	296.20
	Total	**3,865.72**	**3,480.04**

Indexation, Taxes, Soft Cost and IDC

4.3.256. In addition to the project-wise assessment of capital expenditure undertaken in the preceding paragraphs, the Authority has examined certain cross-cutting cost elements forming part of the capital expenditure proposed by CIAL for the Fourth Control Period, namely (i) indexation / price escalation, (ii) taxes and duties, (iii) soft cost comprising Design & Engineering Consultancy, Project Management Consultancy (PMC) and contingency, and (iv) Interest During Construction (IDC).

Indexation

4.3.257. The Authority notes that CIAL has incorporated escalation on future expenditure within the estimated cost of the respective capital projects proposed during the Fourth Control Period. Accordingly, indexation does not appear as a separate line item in CIAL's submission and is embedded within the estimated project cost of the individual projects.

4.3.258. The Authority further notes that project costs submitted by CIAL are inclusive of the impact of escalation to the respective year of anticipated expenditure. The Authority has examined the reasonableness of the projected costs by adopting inflation assumptions considered appropriate for the Fourth Control Period and has assessed the project costs accordingly.

4.3.259. For the purpose of assessment of project costs, the Authority has considered WPI inflation of 4.25% for FY 2026-27 and 3.70% per annum for FY 2027-28 to FY 2030-31. The aforesaid inflation assumptions have been applied, wherever required, while evaluating the reasonableness of project costs relating to unawarded and uncommitted scope.

4.3.260. Since the capital expenditure submitted by CIAL is inclusive of indexation and the Authority's project-wise assessment has likewise been undertaken on escalated costs, no separate adjustment towards indexation has been carried out. Accordingly, the impact of indexation stands embedded within the hard cost proposed to be considered by the Authority for the respective projects.

Taxes and Duties

4.3.261. The Authority notes that CIAL has not submitted taxes and duties, including GST and customs duty, as a separate cost component and that the applicable taxes have been embedded within the estimated cost of the respective projects.

4.3.262. The Authority notes that the project costs assessed in the preceding paragraphs are inclusive of applicable taxes. The Authority further notes that, to the extent Input Tax Credit ("ITC") is available in respect of capital expenditure incurred by CIAL, the corresponding tax component should not form part of the capitalised cost for tariff determination purposes.

4.3.263. In the absence of project-specific information regarding the actual availability and utilisation of ITC during the Fourth Control Period, the Authority proposes, on a provisional basis, to rationalise the assessed capital expenditure by 3% of the project cost towards the expected benefit of Input Tax Credit. The Authority is of the view that such adjustment appropriately recognises the likely recovery of a portion of the GST incidence through the ITC mechanism while ensuring that only the net cost borne by the Airport Operator is considered for tariff determination purposes.

4.3.264. The Authority further proposes that the aforesaid adjustment shall be subject to true-up at the time of determination of tariffs for the next Control Period based on the actual capital expenditure incurred, the

actual taxes paid, the extent of Input Tax Credit availed and utilised by CIAL, and the supporting documentary evidence furnished by CIAL.

Soft Cost

4.3.265. The Authority notes that CIAL has proposed soft cost comprising Design & Engineering Consultancy and PMC together with contingency. The Authority has examined the proposed methodology with reference to regulatory precedent, industry practice and the nature and scale of the proposed capital works.

4.3.266. The Authority is of the view that consideration of Design & Engineering Consultancy and PMC at 5% of hard cost and contingency at 3% of hard cost is reasonable for the proposed works. Accordingly, the Authority has applied the aforesaid percentages on the hard cost proposed to be considered for the Fourth Control Period.

4.3.267. Based on the revised hard cost proposed by the Authority, Design & Engineering Consultancy and PMC works out to Rs. 97.70 Crores as against Rs.106.16 Crores submitted by CIAL, while contingency works out to Rs. 86.89 Crores as against Rs. 95.59 Crores submitted by CIAL. The reduction is consequential to the rationalisation of the underlying hard cost of the respective projects.

4.3.268. The Authority further notes that, pursuant to the adjustment towards Input Tax Credit ("ITC") proposed in the Taxes and Duties section above, the hard cost considered for the purpose of computation of Design & Engineering Consultancy, PMC and contingency has undergone a consequential revision. Accordingly, the Authority proposes to consider Design & Engineering Consultancy and PMC of Rs. 95.21 Crores and Contingency of Rs. 84.68 Crores, aggregating to a total Soft Cost of Rs.179.90 Crores for the Fourth Control Period. The aforesaid amounts shall be subject to true-up based on the actual capital expenditure incurred, tax incidence and supporting documents furnished by CIAL

Interest During Construction

4.3.269. The Authority notes that CIAL has claimed IDC of Rs. 127.85 Crores in respect of the projects proposed during the Fourth Control Period.

4.3.270. The Authority further notes that, consequent to the project-wise assessment of capital expenditure and the revised cost proposed to be considered for the respective projects, IDC has been recomputed wherever applicable based on the capital cost proposed to be considered and the capitalization profile of the respective projects.

4.3.271. Accordingly, the Authority proposes to consider IDC of Rs. 120.16 Crores as against Rs. 127.85 Crores submitted by CIAL. Any variation arising from actual project execution, debt utilisation, financing cost and capitalization schedule may be examined at the time of true-up based on actual capitalization and supporting records

4.3.272. The Authority further notes that, consequent to the adjustment towards Input Tax Credit ("ITC") proposed in the Taxes and Duties section above and the resultant revision in the capital cost proposed to be considered, Interest During Construction has been recomputed. Accordingly, the Authority proposes to consider Interest During Construction of Rs. 117.49 Crores for the Fourth Control Period. The aforesaid amount shall be subject to true-up based on the actual project execution schedule, debt utilisation, financing cost and capitalisation profile of the respective projects

Project-wise Capex including Hard Cost, Indexation, Taxes, Soft Cost and IDC

4.3.273. Accordingly, after considering the project-wise rationalisation in costs, adjustment towards Input Tax Credit, and the consequential revision in Soft Cost and Interest During Construction, the project-wise total capital expenditure, including hard cost, indexation, taxes, soft cost and IDC, as submitted by CIAL and proposed to be considered by the Authority, is provided below:

Table 154: Project-wise Capex proposed to be considered by the Authority

(Rs. In Cr.)

Project Code	Projects	Total Cost submitted by CIAL, including IDC (Rs. in Crores)	Total Cost proposed to be considered by the Authority, including IDC (Rs. in Crores)	Variation (Rs. in Crores)
A.1	Construction of Parking Bays Phase 2	201.33	196.47	4.86
A.2	Development of Northern Side of T3 Pier	829.83	778.78	51.05
A.3	Other Projects	331.24	269.25	61.99
B	T1 Expansion and Associated Airside Works	1,103.88	962.53	141.35
C.1	Runway Recarpeting with Upgradation of AGL	273.51	197.13	76.38
C.2	Relocation of IPB	105.20	102.66	2.54
C.3	Construction of Parking Bays 37 to 40, Extension of Taxiway J up to H, Construction of Taxiway K and Taxiway West of A to Isolation Parking Bay	73.85	71.98	1.87
C.4	New Link near C1	20.00	16.84	3.16
C.5	ILS Runway 27, ILS Runway 09 and DVOR Revamping	16.90	16.46	0.44
C.6	Bridge-Mounted Equipment	40.00	25.52	14.48
C.7	Replacement of VDGS at Various Stands of T1 and T3	18.00	14.40	3.6
D.1	BHS Sortation System for T3	33.00	32.16	0.84
D.2	CT X-Ray Machines for Hold Baggage Screening, 4 Nos., Existing T3 Replacement	47.00	45.81	1.19
D.3	Security Equipment Revamp	62.94	61.34	1.6
D.4	Radiological Detection Equipment	26.00	25.34	0.66
D.5	BDDS Equipment Revamp	20.00	19.49	0.51
D.6	SOC Revamp	15.00	11.43	3.57
D.7	AI-Based Digital Platform	14.20	13.56	0.64
D.8	HCI Revamp	35.00	34.11	0.89
D.9	IAMS-ERP	14.00	13.64	0.36
E.1	Fire Station Building Renovation and Allied Infrastructure Facility	30.00	25.35	4.65
E.2	FOD Management System for Runway and Taxiway	30.00	29.24	0.76
E.3	Turntable Ladder	15.00	14.62	0.38
E.4	Emergency Escape Stair for Immediate Evacuation from Aircraft	11.90	11.60	0.3
E.5	Recovery Equipment Purchase	10.00	9.75	0.25

Project Code	Projects	Total Cost submitted by CIAL, including IDC (Rs. in Crores)	Total Cost proposed to be considered by the Authority, including IDC (Rs. in Crores)	Variation (Rs. in Crores)
E.6	Major Building Fire Protection and Smoke Management Systems	10.00	9.75	0.25
E.7	Additional Apron Algae Cleaning Machine	8.00	5.62	2.38
E.8	Apron Algae Cleaning Machine, Capitalisation Shifted from FY 2025-26 to FY 2026-27	4.84	4.72	0.12
E.9	Airside Driving Simulator for Operations, Capitalisation Shifted from FY 2025-26 to FY 2026-27	9.34	9.10	0.24
F	Airport Building Projects Other than Terminal	50.00	44.23	5.77
G	Road Projects	26.00	20.10	5.9
H	Sustainability Projects	20.00	17.92	2.08
I	Cargo Projects	10.00	9.73	0.27
J	Miscellaneous Projects	383.16	279.99	103.17
K	Commercial Projects	296.20	288.66	7.54
Total		**4,195.31**	**3,689.29**	**506.02**

Total Capex proposed to be considered by the Authority

4.3.274. Based on the above examination of indexation, taxes, soft cost and IDC, read together with the project-wise assessment of hard cost, the capital expenditure proposed to be considered by the Authority for the Fourth Control Period is summarised below.

Table 155: Overall Capex proposed to be considered by the Authority

(Rs. Cr.)

Particulars	Submitted by CIAL	Proposed to be considered
Hard Cost (including indexation)	3,865.72	3,391.56
Design & Engineering Consultancy and PMC (5%)	106.16	95.21
Contingency (3%)	95.59	84.68
Total with Soft Cost	**4,067.47**	**3,571.80**
Interest During Construction (IDC)	127.85	117.49
Total (with IDC)	**4,195.31**	**3,689.29**

4.3.275. The reduction of **Rs. 506.02 Crores** is mainly attributable to the following factors:

i. Rationalisation of the hard cost of major projects, including the Terminal 1 expansion and associated airside works and T3 expansion works based on scope, area-based assessment and applicable benchmarks.

ii. Rationalisation of the cost of airside and pavement works, including runway recarpeting with AGL upgradation, based on applicable normative / benchmark rates.

iii. Rationalisation of the cost of other capital works, including airside equipment, airport buildings, roads, sustainability and fire-related projects, based on scope and benchmark assessment.

iv. Provisional adjustment towards Input Tax Credit (ITC) at 3% of the assessed project cost, to reflect the likely availability of GST credit on capital expenditure.

v. Consequential re-computation of soft cost and IDC in proportion to the revised hard cost of the respective projects, as detailed in the section on Indexation, Taxes, Soft Cost and IDC above.

4.3.276. Accordingly, the Authority proposes to consider a total capital expenditure of Rs. 3,689.29 Crores (inclusive of soft cost and IDC) for the Fourth Control Period, as against Rs. 4,195.31 Crores proposed by CIAL, along with the re-phasing of the capitalisation of the Terminal 3 and Terminal 1 expansion projects.

4.3.277. The Authority proposes to reduce 1% of the uncapitalized project cost from the ARR / Target Revenue as re-adjustment in case any particular capital project is not completed/capitalized as per the approved capitalization schedule. It is further proposed that where the delay in completion of the project is beyond the timeline specified in the approved capitalization schedule due to reasons beyond the control of CIAL or its contracting agency, CIAL may submit appropriate justification and supporting documentation before the Authority. The Authority may consider such delay at the time of true-up during the next tariff determination exercise only where the justification furnished by CIAL is found acceptable by the Authority. The re-adjustment in the ARR/Target Revenue is intended to protect the interests of stakeholders who are paying for services provided by CIAL and to incentivize timely commissioning and capitalization of assets in accordance with the approved CAPEX plan and capitalization schedule.

Asset Allocation

4.4. CIAL's submissions on Asset Allocation methodology for the Fourth Control Period

4.4.1. CIAL has submitted that the assets proposed to be capitalised during the Fourth Control Period have been segregated into aeronautical, non-aeronautical and common assets based on the nature and intended use of each asset. Assets used exclusively for the provision of aeronautical services have been considered 100% aeronautical, while commercial assets have been considered 100% non-aeronautical. Common assets have been apportioned based on the relevant terminal area ratio or employee ratio, depending upon the nature and usage of the asset.

Allocation of Assets into Aeronautical and Non-Aeronautical Assets

4.4.2. CIAL has submitted that the assets proposed to be capitalized during the Fourth Control Period have been segregated into aeronautical and non-aeronautical assets based on the nature and use of the respective assets.

4.4.3. CIAL has submitted that projects deferred from the Third Control Period have been allocated in accordance with the asset allocation methodology adopted in the Third Control Period.

4.4.4. CIAL has further submitted that, for the proposed T1 Expansion and associated airside works, terminal-related assets have been allocated based on the terminal area ratio, while airside and security-related assets have been considered as aeronautical.

4.4.5. CIAL has submitted that Airside, Fire, Airport Building, Roads, Sustainability and Cargo projects have been considered as aeronautical assets.

4.4.6. CIAL has submitted that the allocation of IT Projects and Miscellaneous Projects has been carried out based on the usage of the respective assets.

4.4.7. CIAL has submitted that Commercial Projects have been classified as non-aeronautical assets and requested that the asset allocation may be trued up based on actual capitalization and usage at the time of true-up.

4.4.8. CIAL has applied the above allocation principles to the Capital Expenditure proposed for the Fourth Control Period. The category-wise allocation basis submitted by CIAL is set out in the table below:

Table 156 : Allocation Basis submitted by CIAL for Assets Proposed to be Capitalised during the Fourth Control Period

Project Category	Allocation Basis submitted by CIAL
Projects deferred from the Third Control Period	Allocated based on the classification and allocation basis applicable to the respective assets
Terminal 1 expansion and associated airside works	Common terminal works allocated based on the Terminal 1 area ratio; airside, security and passenger-processing assets considered aeronautical
Airside projects	Considered aeronautical
IT projects	Classified as aeronautical, non-aeronautical or common based on the nature and usage of the respective assets
ARFF, fire and safety-related projects	Considered aeronautical
Airport building projects other than terminal buildings	Considered aeronautical
Road projects	Considered aeronautical
Sustainability projects	Considered aeronautical
Cargo projects	Considered aeronautical
Miscellaneous projects	Classified as aeronautical, non-aeronautical or common based on the nature and usage of the respective assets
Commercial projects	Considered non-aeronautical

Terminal Building Ratio

4.4.9. CIAL has submitted that Common assets relating to the passenger terminal buildings have been apportioned between Aeronautical and Non-Aeronautical activities based on the respective terminal area ratios. For the purpose of computing the terminal area ratios, CIAL has excluded the Common areas from the denominator and considered only the areas directly attributable to Aeronautical and Non-Aeronautical activities. The terminal area ratio computation submitted by CIAL is set out in the table below:

Table 157: Terminal Building Ratio computation submitted by CIAL

S. No.	Particulars	Unit of measurement	Value
1	**International Terminal (T3)**		
	Total Terminal Area	sq. m.	146,528
	Excluded Area	sq. m.	1,910
	Aeronautical Area	sq. m.	132,373
	Non-Aeronautical Area	sq. m.	12,245
	Non-Aeronautical Area Ratio	%	8.47%

S. No.	Particulars	Unit of measurement	Value
	Aeronautical Area Ratio	**%**	**91.53%**
2	**Domestic Terminal (T1)**		
	Total Terminal Area	sq. m.	69,929
	Aeronautical Area	sq. m.	62,512
	Non-Aeronautical Area	sq. m.	7,417
	Non-Aeronautical Area Ratio	%	10.61%
	Aeronautical Area Ratio	**%**	**89.39%**
3	**Combined Passenger Terminals (T1 & T3)**		
	Total Terminal Area	sq. m.	216,457
	Excluded Area	sq. m.	1,910
	Combined Aeronautical Area	sq. m.	194,885
	Combined Non-Aeronautical Area	sq. m.	19,662
	Combined Non-Aeronautical Area Ratio	%	9.16%
	Combined Terminal Building Ratio	%	**90.84%**

4.4.10. The principal allocation ratios applied by CIAL to Common assets proposed to be capitalised during the Fourth Control Period are set out in the table below:

Table 158 : Common Asset Allocation Ratios Applied by CIAL

Nature of Common Asset	Allocation Basis	Aeronautical Ratio
Common assets specifically relating to Terminal 3	Terminal 3 area ratio	91.53%
Common assets specifically relating to Terminal 1	Terminal 1 area ratio	89.39%
Assets serving the passenger terminals generally	Combined terminal area ratio	90.84%
Assets used commonly by CIAL employees	Employee ratio	97.30%
Assets used exclusively for aeronautical activities	Direct classification	100.00%
Assets used exclusively for commercial or non-aeronautical activities	Direct classification	0.00%

4.4.11. Accordingly, the common civil, electrical and IT works forming part of the Terminal 3 expansion have been allocated at 91.53% to aeronautical activities. The common civil, electrical and IT works forming part of the Terminal 1 expansion have been allocated at 89.39% to aeronautical activities. Common terminal-related assets serving the passenger terminals generally have been allocated at 90.84%, while common assets supporting CIAL employees, including the CIAL Administrative Block and eligible common employee-related IT assets, have been allocated at 97.30% to aeronautical activities.

4.4.12. CIAL has classified runway, taxiway, apron, Airfield Ground Lighting, Instrument Landing System, aerobridges, Visual Docking Guidance System, Baggage Handling System, passenger-processing systems, aviation security equipment, ARFF equipment, fire and safety assets, navigational-aid buildings and associated infrastructure as aeronautical assets based on their direct use in airport operations and provision of aeronautical services. Commercial projects, including the Commercial

Zone, Golf Course-related development, Convention Centre-related works, Wellness Centre, retail infrastructure and other commercial developments, have been classified as non-aeronautical assets.

4.4.13. Based on the project-wise classification and allocation ratios applied to the Capital Expenditure proposed for the Fourth Control Period, CIAL has submitted the asset-class-wise allocation set out in the table below:

Table 159: Asset-Class-wise Allocation submitted by CIAL for the Fourth Control Period

(Rs. In Cr.)

S. No.	Projects	Amount (Rs. crore)	Aeronautical (%)	Aeronautical Cost
A	**Projects deferred from the Third Control Period**			
A.1	Construction of Parking Bays Phase 2	201.33	100.00%	201.33
A.2	Development of Northern Side of T3 Pier	829.83	93.14%	774.16
A.3	Other Projects	331.24	99.91%	330.94
	Subtotal: Projects deferred from the Third Control Period	**1,362.39**	**95.80%**	**1,306.43**
B	T1 Expansion and Associated Airside Works	1,103.88	94.79%	1,045.70
C	Airside Projects	547.46	100.00%	547.46
D	IT Projects	267.14	99.03%	264.56
E	Fire and Safety-related Projects	129.08	100.00%	129.08
F	Airport Building Projects other than Terminal Buildings	50.00	100.00%	50.00
G	Road Projects	26.00	100.00%	26.00
H	Sustainability Projects	20.00	100.00%	20.00
I	Cargo Projects	10.00	100.00%	10.00
J	Miscellaneous Projects	383.16	96.90%	371.27
K	Commercial Projects	296.20	0.00%	0.00
	Total Capital Expenditure submitted by CIAL	**4,195.31**	**89.86%**	**3,770.50**

4.4.14. Based on the above project-wise allocation, CIAL has submitted total Capital Expenditure of Rs. 4,195.31 Crores, including IDC, for the Fourth Control Period. Of the said amount, Rs. 3,770.50 Crores, representing 89.86%, has been allocated to Aeronautical activities, while the balance amount of Rs. 424.81 Crores, representing 10.13%, has been allocated to Non-Aeronautical activities. CIAL has proposed that the Aeronautical portion of the capital additions may be considered for determination of depreciation and the Regulatory Asset Base for the Fourth Control Period.

4.5. Authority's Examination on asset allocation methodology for the Fourth Control Period

4.5.1. The Authority has examined the asset allocation methodology and the project-wise aeronautical allocation ratios applied by CIAL in respect of the capital expenditure proposed for the Fourth Control Period. The examination has been undertaken with reference to the nature and intended use of the

respective assets, their direct or common usage in the provision of aeronautical and non-aeronautical services, the terminal area statements submitted by CIAL, the employee allocation ratio and the asset allocation methodology adopted by the Authority in the case of other major airports.

4.5.2. The Authority notes that CIAL has classified the assets proposed for the Fourth Control Period into the following broad categories:

i. assets directly attributable to aeronautical services, allocated at 100% to aeronautical activities;

ii. assets directly attributable to non-aeronautical services, allocated at 0% to aeronautical activities;

iii. common assets relating to the passenger terminals, allocated using the applicable terminal area ratio; and

iv. common assets relating to employees, allocated using the employee allocation ratio.

Terminal Area Ratio

4.5.3. CIAL has proposed terminal-specific aeronautical allocation ratios of 89.39% for Terminal 1 and 91.53% for Terminal 3. CIAL has further proposed an overall terminal allocation ratio of 90.84% for assets serving both terminals or terminal-related assets not attributable exclusively to either Terminal 1 or Terminal 3.

4.5.4. The Authority has examined the terminal area ratios submitted by CIAL with reference to the norms prescribed by the Inter-Ministerial Group (IMG) on airport terminal planning. The Authority notes that the IMG norms recognize that commercial and retail facilities within airport terminals, including food and beverage outlets, retail counters, car rental facilities, vending areas and other passenger amenities, normally account for **8% to 12% of the overall terminal area**. The IMG further notes that, for larger airports handling annual passenger traffic in excess of 10 million passengers, the proportion of commercial area could be even higher.

4.5.5. The Authority notes that terminal-related assets support both aeronautical and non-aeronautical activities and that the relative distribution of terminal areas may evolve over the Fourth Control Period, particularly in view of the proposed expansion and reconfiguration of Terminal 1 and Terminal 3. Considering the IMG norms and in order to ensure a consistent and transparent allocation of terminal-related common assets, the Authority proposes to adopt a uniform allocation ratio across all terminal-related assets.

4.5.6. Accordingly, for the purpose of tariff determination for the Fourth Control Period, the Authority proposes to consider an allocation ratio of **88.00% aeronautical and 12.00% non-aeronautical** for Terminal 1, Terminal 3 and all other common terminal-related assets. The Authority is of the view that the proposed non-aeronautical allocation of 12.00% is consistent with the upper end of the range contemplated under the IMG norms for commercial and retail areas within airport terminals and provides an appropriate attribution of terminal-related capital expenditure between aeronautical and non-aeronautical activities

Table 160: Terminal Allocation Ratios Proposed by the Authority for the Fourth Control Period

S. No.	Particulars	Aeronautical Ratio submitted by CIAL	Aeronautical Ratio proposed by the Authority	Non-Aeronautical Ratio proposed by the Authority
1	Terminal 1	89.39%	**88.00%**	**12.00%**
2	Terminal 3	91.53%	**88.00%**	**12.00%**
3	Overall/Common Terminal Ratio	90.84%	**88.00%**	**12.00%**

4.5.7. Accordingly, the Authority proposes to apply the ratio of 88.00% to the following categories of assets:

i. common civil, electrical and IT assets forming part of the Terminal 1 expansion;

ii. common civil, electrical and IT assets forming part of the Terminal 3 expansion;

iii. AI-based Digital Platform and IAMS-ERP, as classified by CIAL;

iv. minor civil, electrical and IT works relating to the passenger terminals;

v. furniture, trolleys, office equipment and housekeeping equipment serving the passenger terminals; and

vi. other common terminal-related assets that cannot be directly attributed exclusively to aeronautical or non-aeronautical activities.

Project-wise Allocation Ratios

4.5.8. The Authority has examined the project-wise aeronautical allocation ratios applied by CIAL to the capital expenditure proposed for the Fourth Control Period. The Authority proposes to retain the allocation of 100% for assets directly and exclusively used for the provision of aeronautical services, including:

i. runway, taxiway, apron and airfield ground lighting works;

ii. Instrument Landing System and other navigational-aid infrastructure;

iii. baggage handling and passenger-processing systems;

iv. hold-baggage and hand-baggage screening equipment;

v. security, radiological detection and bomb detection equipment;

vi. aerobridges, VDGS, GPU and PCA equipment;

vii. ARFF vehicles, fire tenders and other fire and safety equipment;

viii. cargo infrastructure classified as aeronautical;

ix. aviation-related buildings such as the DVOR and radar buildings; and

x. other assets demonstrated to be used wholly for aeronautical services.

4.5.9. The Authority further proposes to retain the allocation of 0% to aeronautical activities for the commercial projects proposed by CIAL, including the Commercial Zone, Golf Course development, Convention Centre-related works, Common Infrastructure Development for Retail Activity, LUP Phase

II, Wellness Centre, Commercial Building at Golf Course, Golf Machinery and Carts and CDRSL Capital Procurement.

4.5.10. In respect of the AI-based Digital Platform and IAMS-ERP, the Authority proposes to retain their classification as submitted by CIAL. Accordingly, the AI-based Digital Platform and IAMS-ERP have been treated as Common Terminal assets and allocated at 88.00% to aeronautical activities.

4.5.11. The Authority has examined certain projects classified by CIAL as 100% aeronautical and observes that these projects provide services or benefits to the terminal or airport as a whole and are not demonstrated to be exclusively attributable to aeronautical activities. Accordingly, the Authority proposes to reclassify such assets as Common Terminal assets and allocate the same at 88.00% to aeronautical activities

Table 161 : Deviations Proposed by the Authority in Project-wise Asset Allocation Ratios

S. No.	Capex Item	Classification submitted by CIAL	Aeronautical Ratio submitted by CIAL	Classification proposed by the Authority	Aeronautical Ratio proposed by the Authority	Rationale
1	HCI Revamp	Aeronautical	100.00%	Common Terminal	88.00%	The Hyper-Converged Infrastructure hosts several airport-wide applications, including AODB, DigiYatra, BCBP and VDGS, among others. It supports IT systems across the airport as a whole and is not dedicated exclusively to aeronautical activities. Accordingly, having regard to its nature and use, the asset is proposed to be classified as Common Terminal.
2	Substation upgradation	Aeronautical	100.00%	Common Terminal	88.00%	The substation supports the airport's overall electrical network, including terminal and common facilities. In the absence of evidence demonstrating exclusive use for aeronautical activities, the Authority proposes to classify the asset as Common Terminal.

3	CIAL MedCare Centre	Aeronautical	100.00%	Common Terminal	88.00%	The medical facility serves passengers, airport staff, concessionaire employees and visitors alike, and its use is not confined exclusively to aeronautical activities. In the absence of segregated usage, and having regard to its nature and use, the asset is proposed to be classified as Common Terminal.
4	Landscaping beside Airport Approach Road	Aeronautical	100.00%	Common Terminal	88.00%	The landscaping supports the airport approach and benefits passengers, visitors and other airport users. The benefits are not confined exclusively to aeronautical activities.
5	Hydrogen Bus	Aeronautical	100.00%	Common Terminal	88.00%	The bus provides passenger connectivity between the NH junction at Athani and the airport terminal and is expected to serve the terminal as a whole. Accordingly, the asset is proposed to be treated as Common Terminal.
6	Waste-to-Energy	Aeronautical	100.00%	Common Terminal	88.00%	The facility is proposed to process waste generated within the airport premises, including terminal and common areas. In the absence of segregated usage, the asset is proposed to be classified as Common Terminal.
7	Minor Electrical Works, Terminal Building	Aeronautical	100.00%	Common Terminal	88.00%	The project description does not establish that the works relate exclusively to aeronautical areas. The works are therefore

						proposed to be allocated using the Common Terminal ratio.

4.5.12. Apart from the deviations set out in **Table 161** and the substitution of CIAL's terminal allocation ratios with the uniform 88.00% aeronautical ratio, the Authority proposes to retain the project-wise asset classifications submitted by CIAL.

4.5.13. The deviations proposed by the Authority therefore arise primarily from the following:

i. substitution of the Terminal 1 ratio of 89.39%, Terminal 3 ratio of 91.53% and overall terminal ratio of 90.84% with a uniform aeronautical ratio of 88.00% for all Common Terminal assets; and

ii. reclassification of Substation Upgradation, Landscaping beside Airport Approach Road, Hydrogen Bus, Waste-to-Energy , HCI Revamp, CIAL MedCare Centre and Minor Electrical Works relating to the Terminal Building from 100% aeronautical to Common Terminal assets at 88.00%.

Project-wise Aeronautical Capital Additions

4.5.14. In accordance with the allocation methodology proposed by the Authority, the project-wise aeronautical capital additions have been computed by applying the respective allocation ratios proposed by the Authority to the project costs proposed to be considered for the Fourth Control Period.

4.5.15. The Authority notes that CIAL has proposed a total capital expenditure of Rs. 4,195.31 crore, inclusive of IDC, for the Fourth Control Period. Based on CIAL's asset allocation ratios, the corresponding aeronautical capital expenditure works out to Rs. 3,770.50 crore. After considering the rationalised project costs and the revised project-wise allocation ratios, the Authority proposes to consider a total capital expenditure of Rs. 3,689.29 crore, of which the aeronautical portion works out to Rs. 3,243.62 crore.

4.5.16. The project-wise aeronautical capital additions submitted by CIAL and proposed to be considered by the Authority are set out below. The table reflects the total project cost, including IDC wherever applicable, the respective aeronautical allocation ratios and the resulting aeronautical Capex.

Table 162 Project-wise Aeronautical Allocation Ratios proposed by the Authority for the Fourth Control Period

(Rs. In Cr.)

Project Code	Projects	Total Cost submitted by CIAL	Total Cost proposed to be considered	CIAL-proposed Allocation Ratio	Authority-proposed Allocation Ratio	Aeronautical CAPEX as per CIAL	Aeronautical CAPEX proposed to be considered
A.1	Construction of Parking Bays Phase 2	201.33	196.47	100.00%	100.00%	201.33	196.47
A.2	Development of Northern Side of T3 Pier	829.83	778.78	93.29%	90.29%	774.16	703.13
A.3	Other Projects	331.24	269.25	99.91%	99.90%	330.94	268.96

B	T1 Expansion and Associated Airside Works	1,103.88	962.53	94.79%	94.14%	1,045.70	906.09
C.1	Runway Recarpeting with Upgradation of AGL	273.51	197.13	100.00%	100.00%	273.51	197.13
C.2	Relocation of IPB	105.20	102.66	100.00%	100.00%	105.20	102.66
C.3	Construction of Parking Bays 37 to 40, Extension of Taxiway J up to H, Construction of Taxiway K and Taxiway West of A to Isolation Parking Bay	73.85	71.98	100.00%	100.00%	73.85	71.98
C.4	New Link near C1	20.00	16.84	100.00%	100.00%	20.00	16.84
C.5	ILS Runway 27, ILS Runway 09 and DVOR Revamping	16.90	16.46	100.00%	100.00%	16.90	16.46
C.6	Bridge-Mounted Equipment	40.00	25.52	100.00%	100.00%	40.00	25.52
C.7	Replacement of VDGS at Various Stands of T1 and T3	18.00	14.40	100.00%	100.00%	18.00	14.40
D.1	BHS Sortation System for T3	33.00	32.16	100.00%	100.00%	33.00	32.16
D.2	CT X-Ray Machines for Hold Baggage Screening, 4 Nos., Existing T3 Replacement	47.00	45.81	100.00%	100.00%	47.00	45.81
D.3	Security Equipment Revamp	62.94	61.34	100.00%	100.00%	62.94	61.34
D.4	Radiological Detection Equipment	26.00	25.34	100.00%	100.00%	26.00	25.34
D.5	BDDS Equipment Revamp	20.00	19.49	100.00%	100.00%	20.00	19.49
D.6	SOC Revamp	15.00	11.43	100.00%	100.00%	15.00	11.43
D.7	AI-Based Digital Platform	14.20	13.56	90.85%	88.00%	12.90	11.93
D.8	HCI Revamp	35.00	34.11	100.00%	88.00%	35.00	30.02
D.9	IAMS-ERP	14.00	13.64	90.86%	88.00%	12.72	12.00

E.1	Fire Station Building Renovation and Allied Infrastructure Facility	30.00	25.35	100.00%	100.00%	30.00	25.35
E.2	FOD Management System for Runway and Taxiway	30.00	29.24	100.00%	100.00%	30.00	29.24
E.3	Turntable Ladder	15.00	14.62	100.00%	100.00%	15.00	14.62
E.4	Emergency Escape Stair for Immediate Evacuation from Aircraft	11.90	11.60	100.00%	100.00%	11.90	11.60
E.5	Recovery Equipment Purchase	10.00	9.75	100.00%	100.00%	10.00	9.75
E.6	Major Building Fire Protection and Smoke Management Systems	10.00	9.75	100.00%	100.00%	10.00	9.75
E.7	Additional Apron Algae Cleaning Machine	8.00	5.62	100.00%	100.00%	8.00	5.62
E.8	Apron Algae Cleaning Machine, Capitalisation Shifted from FY 2025-26 to FY 2026-27	4.84	4.72	100.00%	100.00%	4.84	4.72
E.9	Airside Driving Simulator for Operations, Capitalisation Shifted from FY 2025-26 to FY 2026-27	9.34	9.10	100.00%	100.00%	9.34	9.10
F	Airport Building Projects Other than Terminal	50.00	44.23	100.00%	95.07%	50.00	42.05
G	Road Projects	26.00	20.10	100.00%	88.00%	26.00	17.69
H	Sustainability Projects	20.00	17.92	100.00%	88.00%	20.00	15.77
I	Cargo Projects	10.00	9.73	100.00%	100.00%	10.00	9.74
J	Miscellaneous Projects	383.16	279.99	96.90%	96.24%	371.28	269.47

K	Commercial Projects	296.20	288.66	0.00%	0.00%	0.00	0.00
Total	Sum (A : K)	**4,195.31**	**3,689.29**	**89.86%**	**87.92%**	**3,770.50**	**3,243.62**

4.5.17. The reduction in aeronautical capital expenditure from Rs. 3,770.50 crore submitted by CIAL to Rs. 3,243.62 crore proposed to be considered by the Authority is attributable to the combined impact of:

i. rationalisation of the project costs proposed by CIAL;

ii. adoption of a uniform aeronautical allocation ratio of 88.00% for all Common Terminal assets, in place of the separate aeronautical allocation ratios of 89.39% for Terminal 1, 91.53% for Terminal 3 and 90.84% on a combined basis, as applied by CIAL; and

iii. reclassification of certain projects from 100% aeronautical to Common Terminal assets at 88.00%.

4.5.18. In accordance with the allocation methodology adopted by the Authority, the table below sets forth the project-wise aeronautical asset additions (Aero Capex) resulting from application of project-wise respective allocation ratios on the rationalized project costs proposed by the Authority for the Fourth Control Period:

Table 163: Aeronautical capital asset additions proposed by the Authority for the Fourth Control Period

(Rs. In Cr.)

S. No.	Proposed Asset	Total Addition	Aero Allocation Ratio (%)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Aero Cost
A.1	Construction of Parking Bays Phase 2	196.47	100.00%	196.47	–	–	–	–	196.47
A.2	Development of Northern Side of T3 Pier	778.78	90.29%	–	–	703.14	–	–	703.14
A.3	Other Projects	269.25	99.90%	130.04	107.54	31.38	0.00	0.00	268.96
B	T1 Expansion and Associated Airside Works	962.53	94.14%	–	–	–	–	906.09	906.09
C.1	Runway Recarpeting with Upgradation of AGL	197.13	100.00%	–	–	–	197.13	–	197.13
C.2	Relocation of IPB	102.66	100.00%	–	–	–	–	102.66	102.66

S. No.	Proposed Asset	Total Addition	Aero Allocation Ratio (%)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Aero Cost
C.3	Construction of Parking Bays 37 to 40, Extension of Taxiway J up to H, Construction of Taxiway K and Taxiway West of A to Isolation Parking Bay	71.98	100.00%	–	–	71.98	–	–	71.98
C.4	New Link near C1	16.84	100.00%	–	12.63	–	–	4.21	16.84
C.5	ILS Runway 27, ILS Runway 09 and DVOR Revamping	16.46	100.00%	13.93	0.58	–	1.95	–	16.46
C.6	Bridge-Mounted Equipment	25.52	100.00%	–	12.53	12.99	–	–	25.52
C.7	Replacement of VDGS at Various Stands of T1 and T3	14.40	100.00%	–	14.4	–	–	–	14.4
D.1	BHS Sortation System for T3	32.16	100.00%	–	32.16	–	–	–	32.16
D.2	CT X-Ray Machines for Hold Baggage	45.81	100.00%	–	45.81	–	–	–	45.81

S. No.	Proposed Asset	Total Addition	Aero Allocation Ratio (%)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Aero Cost
	Screening, 4 Nos., Existing T3 Replacement								
D.3	Security Equipment Revamp	61.34	100.00%	–	–	61.34	–	–	61.34
D.4	Radiological Detection Equipment	25.34	100.00%	25.34	–	–	–	–	25.34
D.5	BDDS Equipment Revamp	19.49	100.00%	–	–	–	–	19.49	19.49
D.6	SOC Revamp	11.43	100.00%	–	–	–	–	11.43	11.43
D.7	AI-Based Digital Platform	13.56	88.00%	11.93	–	–	–	–	11.93
D.8	HCI Revamp	34.11	88.00%	30.02	–	–	–	–	30.02
D.9	IAMS-ERP	13.64	88.00%	12.00	–	–	–	–	12.00
E.1	Fire Station Building Renovation and Allied Infrastructure Facility	25.35	100.00%	–	–	25.35	–	–	25.35
E.2	FOD Management System for Runway and Taxiway	29.24	100.00%	–	–	–	–	29.24	29.24
E.3	Turntable Ladder	14.62	100.00%	14.62	–	–	–	–	14.62
E.4	Emergency	11.60	100.00%	11.6	–	–	–	–	11.6

S. No.	Proposed Asset	Total Addition	Aero Allocation Ratio (%)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Aero Cost
	Escape Stair for Immediate Evacuation from Aircraft								
E.5	Recovery Equipment Purchase	9.75	100.00%	–	–	–	–	9.75	9.75
E.6	Major Building Fire Protection and Smoke Management Systems	9.75	100.00%	–	–	–	–	9.75	9.75
E.7	Additional Apron Algae Cleaning Machine	5.62	100.00%	–	–	–	–	5.62	5.62
E.8	Apron Algae Cleaning Machine, Capitalisation Shifted from FY 2025-26 to FY 2026-27	4.72	100.00%	4.72	–	–	–	–	4.72
E.9	Airside Driving Simulator for Operations, Capitalisation Shifted from FY 2025-26 to FY 2026-27	9.10	100.00%	9.1	–	–	–	–	9.1
F	Airport Building	44.23	95.07%	9.75	6.54	–	25.76	–	42.05

S. No.	Proposed Asset	Total Addition	Aero Allocation Ratio (%)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total Aero Cost
	Projects Other than Terminal								
G	Road Projects	20.10	88.00%	17.69	–	–	–	–	17.69
H	Sustainability Projects	17.92	88.00%	15.77	–	–	–	–	15.77
I	Cargo Projects	9.73	100.00%	–	–	9.74	–	–	9.74
J	Miscellaneous Projects	279.99	96.24%	96.43	45.02	44.89	33.11	50.03	269.47
K	Commercial Projects	288.66	0.00%	–	–	–	–	–	–
Total		**3,689.29**	**87.98%**	**599.41**	**277.21**	**960.80**	**257.94**	**1148.27**	**3,243.62**

Depreciation

4.6. CIAL's submission regarding Depreciation for the Fourth Control Period

4.6.1 CIAL, in its MYTP submission for the Fourth Control Period, has submitted that it follows a policy of charging depreciation up to **95% of the original cost of the asset**, and the same methodology has been considered while forecasting depreciation for the Fourth Control Period. CIAL has further submitted that the useful lives of assets adopted for computing depreciation for the Fourth Control Period are based on the useful lives prescribed under **AERA Order No. 35/2017-18 dated 12 January 2018**. Further, for new assets, depreciation for the year in which the assets are capitalized has been calculated on **50% of the asset value**.

4.6.2 The useful lives of assets, as submitted by CIAL in its MYTP submission for the Fourth Control Period, are set out in the table below-

Table 164: Useful life of the assets proposed by CIAL

Asset Category / Type	Useful Life (years)	Asset Class
Building - Civil, earth works, pile masonry, concrete, steel and RCC works (including terminal building and cargo complex)	60	Buildings & Civil Works
Building - False ceiling, handrails and façade works	20	Buildings & Civil Works
Building - Interior, flooring, roofing, plumbing and finishing	15	Buildings & Civil Works
Elevators, Escalators, Baggage Handling Systems, Travellators, HVAC equipment, aircraft recovery equipment and aerobridges	15	Plant and Equipment
Light fittings	10	Plant and Equipment
Runway, Apron and Taxiway	30	Runway, Roads and Culverts
Runway recarpeting	15	Runway, Roads and Culverts

Asset Category / Type	Useful Life (years)	Asset Class
Electrical Installation and equipment	10	Plant and Equipment
Flight Information System	10	Plant and Equipment
Aircraft fire tenders and other fire equipment	15	Plant and Equipment
X-Ray, RT Sets, DFMD, HHMD and Security Equipment	15	Plant and Equipment
Office Equipment	5	Office Equipment
Furnitures and Fixtures other than Trolleys	7	Furniture and Fixtures
Furniture and Fixture Trolleys	3	Furniture and Fixtures
Computer end user devices	3	Computers and Accessories
Computers, servers and networks	6	Computers and Accessories
CUPPS, CUSS, Networking and BRS	6	Plant and Equipment
Roads and flexible pavement	10	Runway, Roads and Culverts
Flexible pavements	5	Runway, Roads and Culverts
Software	5	Intangible assets
Vehicles	8	Vehicles

4.6.3 The aeronautical depreciation, as submitted by CIAL for the Fourth Control Period, is set out in the table below-

Table 165: Aeronautical Depreciation submitted by CIAL

Particulars	2027	2028	2029	2030	2031	Total
Land	0.0	0.0	0.0	0.0	0.0	0.0
Buildings & Civil Works	32.5	34.9	37.2	42.4	45.2	192.2
Golf Course Development	0.0	0.0	0.0	0.0	0.0	0.0
Runway, Roads and Culverts	37.7	39.7	43.0	52.2	58.3	230.9
Plant and Equipment	65.2	82.9	104.4	127.5	152.4	532.4
Office Equipment	0.1	0.1	0.1	0.0	0.0	0.3
Computers and Accessories	16.7	21.0	23.8	27.3	31.0	119.8
Furniture and Fixtures	1.7	2.3	2.6	2.8	2.9	12.3
Vehicles	3.2	4.7	4.8	4.8	5.4	22.9
Intangible assets	0.7	1.4	1.4	1.4	1.4	6.3
IDC	0.4	2.3	5.9	9.2	10.7	28.5
Total Depreciation	**158.3**	**189.3**	**223.2**	**267.5**	**307.2**	**1145.5**

4.7. Authority's examination regarding Depreciation for the Fourth Control Period

4.7.1 The Authority has examined CIAL's submission regarding the methodology adopted for computation of depreciation during the Fourth Control Period. CIAL has submitted that depreciation is charged up to 95% of the original cost of the asset and that depreciation for new assets is computed on 50% of the asset value in the year of capitalization. CIAL has also submitted that the useful lives adopted for depreciation are based on the useful lives prescribed under AERA Order No. 35/2017-18 dated 12 January 2018.

4.7.2 The Authority has reviewed the useful lives of the various asset categories submitted by CIAL. The Authority notes that the useful lives adopted for most of the asset categories are in accordance with the useful lives prescribed under AERA Order No. 35/2017-18. However, the useful lives proposed by CIAL for the following components under the asset class "Buildings & Civil Works" are lower than the useful life considered appropriate by the Authority:

- Building – False ceiling, handrails and façade works; and
- Building – Interior, flooring, roofing, plumbing and finishing.

4.7.3 Accordingly, the Authority proposes to revise the useful life of the above asset categories to 30 years, as set out below:

Table 166: Useful Lives Proposed by the Authority for the Fourth Control Period

Asset Category / Type	Useful Life submitted by CIAL (years)	Useful Life proposed by Authority (years)
Building – Civil, earth works, pile masonry, concrete, steel and RCC works, including terminal building and cargo complex	60	60
Building – False ceiling, handrails and façade works	20	30
Building – Interior, flooring, roofing, plumbing and finishing	15	30
Elevators, Escalators, Baggage Handling Systems, Travellators, HVAC equipment, aircraft recovery equipment and aerobridges	15	15
Light fittings	10	10
Runway, Apron and Taxiway	30	30
Runway recarpeting	15	15
Electrical Installation and Equipment	10	10
Flight Information System	10	10
Aircraft fire tenders and other fire equipment	15	15
X-Ray, RT Sets, DFMD, HHMD and Security Equipment	15	15
Office Equipment	5	5
Furniture and Fixtures other than Trolleys	7	7
Furniture and Fixture Trolleys	3	3
Computer end-user devices	3	3
Computers, servers and networks	6	6
CUPPS, CUSS, Networking and BRS	6	6
Roads and flexible pavement	10	10
Flexible pavements	5	5
Software	5	5
Vehicles	8	8

4.7.4 The Authority has recomputed the depreciation for the Fourth Control Period after considering the revised useful lives for the aforesaid building components. The Authority has also considered the asset additions and the corresponding capitalization schedule submitted by CIAL for the purpose of determining depreciation. The depreciation attributable to the aeronautical assets has been considered in accordance with the proportion of aeronautical assets to the total assets, as applicable for the respective year.

4.7.5 Based on the above, the Authority proposes the following depreciation for the Fourth Control Period:

Table 167: Depreciation proposed to be considered by the Authority for the Fourth Control Period

	2027	2028	2029	2030	2031	Total
Depreciation	144.43	163.64	190.44	215.82	247.70	962.03

4.7.6 The Authority notes that the depreciation for the Fourth Control Period may vary depending on the actual asset additions, the date on which the assets are capitalized, the asset classification and the proportion of aeronautical assets. Accordingly, the Authority proposes to true-up the depreciation for the Fourth Control Period based on the actual asset additions, actual date of capitalization, applicable useful lives and the audited asset records of CIAL.

4.7.7 In view of the above, the Authority proposes to approve depreciation of Rs. 962.03 crore for the Fourth Control Period, as against Rs. 1,145.5 crore submitted by CIAL, subject to true-up based on the actual capitalization and other details stated above.

Regulated Asset Base

4.8. CIAL's submission regarding RAB for the Fourth Control Period

4.8.1 Based on the aeronautical opening RAB, additions for the current control period, applying allocation ratio and after considering depreciation following is the aeronautical RAB for the Fourth Control Period as projected by CIAL:

Table 168: RAB proposed by CIAL as per its MYTP submission for the Fourth Control Period

(Rs. In Cr.)

Particulars	2027	2028	2029	2030	2031	Total
Opening RAB (A)	1637.30	2044.80	2847.40	2953.70	4049.50	
Add: Asset addition (B)	565.8	991.9	329.5	1363.40	268.3	3518.90
Less: Depreciation (C)	158.3	189.3	223.2	267.5	307.2	1145.50
Less: Disposals (D)	0.00	0.00	0.00	0.00	0.00	0.00
Closing RAB (E = A + B - C -D)	2044.80	2847.40	2953.70	4049.50	4010.60	
Average RAB (F = (A+E) / 2)	1841.00	2446.10	2900.60	3501.60	4030.10	

4.9. Authority's examination regarding RAB for the Fourth Control Period

4.9.1 Based on the discussions in the previous sections on aeronautical asset addition and Aeronautical Depreciation, the Authority proposes the following RAB for the Fourth Control Period.

Table 169: RAB proposed by the Authority for the Fourth Control Period

(Rs. In Cr.)

Particulars	2027	2028	2029	2030	2031	Total
Opening RAB (A)	1588.42	2043.40	2156.96	2927.33	2969.45	
Add: Asset additions (B)	599.41	277.21	960.80	257.94	1148.27	3243.62
Less: Depreciation (C)	144.43	163.64	190.44	215.82	247.70	962.03
Closing RAB (D = A + B -C)	2043.40	2156.96	2927.33	2969.45	3870.02	
Average RAB (E = (A+D) / 2)	1815.91	2100.18	2542.15	2948.39	3419.73	

4.10. Authority's proposal regarding Capital Expenditure (Capex), Depreciation and Regulatory Asset Base (RAB) for the Fourth Control Period

Based on the materials before it and its analysis, the Authority proposes the following with regard to CAPEX, depreciation, and RAB for the Fourth Control Period.

4.10.1 To consider the aeronautical additions for the Fourth Control Period in accordance with **Table 163**.

4.10.2 To true up the aeronautical additions based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for next control period.

4.10.3 To consider the aeronautical depreciation for the Fourth Control Period in accordance with **Table 167**.

4.10.4 To true up the depreciation based on the actual asset additions and actual date of capitalization during the tariff determination of the next Control Period.

4.10.5 To consider the Regulatory Asset Base for the Fourth Control Period in accordance with **Table 169**.

4.10.6 To True up the RAB based on actuals at the time of tariff determination for the next Control Period.

4.10.7 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule, as mentioned in para 4.3.277. The same will be examined during true up of the Fourth Control Period, at the time of determination of tariff for the next Control Period.

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

5. FAIR RATE OF RETURN (FROR) FOR THE FOURTH CONTROL PERIOD

5.1. CIAL submissions on Fair Rate of Return (FRoR) for the Fourth Control Period

CIAL's submission for Cost of Equity

5.1.1 CIAL has submitted that it has considered the Cost of Equity at 15.16%, as considered by the Authority in the Third Control Period Order. CIAL has submitted that the Cost of Equity of 15.16% was fixed on the basis of the study report of IIM Bangalore and adopted by the Authority for the purpose of arriving at the Cost of Equity.

5.1.2 CIAL has submitted that the Cost of Equity of 15.16% has been considered for the purpose of filing the MYTP for the Fourth Control Period, in line with Para 7.6.1 of the Third Control Period Order for CIAL.

CIAL's submission for Cost of Debt

5.1.3 CIAL has submitted that, for the purpose of estimating the Cost of Debt for the Fourth Control Period, it has considered the existing long-term debt as well as the proposed fresh debt to be raised for funding the capital expenditure programme during the Fourth Control Period.

5.1.4 CIAL has submitted that the capital expenditure during the Fourth Control Period would be financed through a combination of existing cash reserves with CIAL, internal accruals generated through business operations, and fresh debt raised in line with the funding requirements.

5.1.5 CIAL has submitted that the Cost of Debt has been assumed at 7.80% based on the actual cost of debt in FY 2025-26 on the existing long-term debt, and the said rate has been applied uniformly across all five years of the Fourth Control Period.

5.1.6 Based on the above, CIAL has submitted the following debt computation and cost of debt for the Fourth Control Period:

Table 170: Debt computation submitted by CIAL for the Fourth Control Period

(Rs. in Crore.)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031
Total Closing Debt	183.00	773.90	1,059.30	1,460.10	1,294.00
Average Debt	173.10	478.40	916.60	1,259.70	1,377.10
Cost of Debt	7.80%	7.80%	7.80%	7.80%	7.80%

5.1.7 Based on the above computation, CIAL has submitted the weighted average Cost of Debt for the Fourth Control Period at 7.80%.

Gearing Ratio

5.1.8 CIAL has considered a gearing ratio of 48:52, i.e., 48% debt and 52% equity, for computation of the FRoR for the Fourth Control Period, in line with Para 7.6.3 of the Third Control Period Order for CIAL.

FRoR

5.1.9 Based on the Cost of Debt, Cost of Equity and gearing ratio, CIAL has submitted the Fair Rate of Return (FRoR) for the Fourth Control Period as follows:

Table 171: Fair Rate of Return (FRoR) submitted by CIAL for the Fourth Control Period

Particulars	Reference	FY 27	FY 28	FY 29	FY 30	FY 31
Cost of Debt	A	7.80%	7.80%	7.80%	7.80%	7.80%
Cost of Equity	B	15.16%	15.16%	15.16%	15.16%	15.16%
Gearing		48%:52%				
Weighted Average Cost of Debt	C	7.80%				
Cost of Equity	D	15.16%				
WACC		11.63%				

5.1.10 Accordingly, CIAL has requested the Authority to consider FRoR of 11.63% for the Fourth Control Period.

5.2 Authority's Examination regarding Fair Rate of Return (FRoR) for the Fourth Control Period

Cost of Equity

5.2.1 The Authority notes that CIAL had considered Cost of Equity of 15.16% for the Fourth Control Period. The Authority further noted that the Cost of Equity considered by CIAL is consistent with the Cost of Equity approved by the Authority for the Third Control Period based on the IIM Bangalore study.

5.2.2 The Authority is of the view that the Cost of Equity of 15.16%, as determined on the basis of the independent expert study and adopted in the Third Control Period, continues to be appropriate for the Fourth Control Period. The Authority, therefore, proposes to consider the Cost of Equity at 15.16% for the Fourth Control Period.

Cost of Debt

5.2.3 The Authority notes that CIAL has estimated the Cost of Debt for the Fourth Control Period based on the existing long-term debt and proposed fresh borrowings for funding the capital expenditure programme during the Fourth Control Period.

5.2.4 The Authority has examined the projected debt drawdown, average debt and interest cost submitted by CIAL. The Authority notes that the annual cost of debt submitted by CIAL is 7.80% throughout the Fourth Control Period, with a weighted average Cost of Debt of 7.80%.

5.2.5 The Authority observes that the proposed Cost of Debt is anchored to the actual cost of existing long-term debt and represents a reasonable benchmark, having regard to the prevailing interest rate environment and the credit profile of CIAL.

5.2.6 The Authority notes that CIAL has submitted that the Cost of Debt of 7.80% has been derived based on the actual cost of debt prevailing in FY 2025-26 on the existing long-term debt of CIAL, applied uniformly across all five years of the Fourth Control Period. However, as per the revised submission for FY 2025-26 as per actuals submitted by CIAL, the revised Cost of Debt proposed by CIAL for FY 2026 is 7.30%. Accordingly, the same has been considered for calculation of FRoR for the Fourth Control Period.

5.2.7 The Authority is of the view that the revised Cost of Debt submitted by CIAL may be considered for the Fourth Control Period for the purpose of tariff determination, subject to the efficiency and reasonability at the time of Tariff Determination of the next Control Period. The Authority is of the considered view that PPP airports are well-positioned to achieve enhanced efficiencies in their financial

and operational management, which should translate into optimisation of the overall cost of operations and provide headroom for further rationalisation of the Cost of Debt. The Authority therefore proposes to consider weighted average Cost of Debt of 7.30% for the Fourth Control Period.

Gearing Ratio

5.2.8 The Authority notes that CIAL has considered debt-equity ratio of 48:52 for the Fourth Control Period. The Authority further notes that the same gearing ratio was considered in the Third Control Period and is consistent with the gearing recommended by the IIM Bangalore independent study on determinants of cost of capital of CIAL, which was found to be close to the gearing ratio used on average by comparable international airports.

5.2.9 The Authority is of the view that a debt-equity ratio of 48:52 represents an efficient gearing structure for the purpose of computing FRoR. Accordingly, the Authority proposes to consider debt-equity ratio of 48:52 for the Fourth Control Period.

Computation of FRoR

5.2.10 Based on the Cost of Debt of 7.30%, Cost of Equity of 15.16% and debt-equity ratio of 48:52, the Authority has computed the FRoR for the Fourth Control Period.

5.2.11 Accordingly, the Authority proposes to consider FRoR of 11.39% for the Fourth Control Period.

Table 172: Fair Rate of Return (FRoR) proposed to be considered by the Authority for the Fourth Control Period

Particulars	Authority's Proposal for Fourth Control Period
Cost of Debt	7.30%
Cost of Equity	15.16%
Debt : Equity Ratio	48: 52
FRoR	11.39%

5.3 Authority's Proposals relating to FRoR for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following with respect to Fair rate of return (FRoR) for the Fourth Control Period:

5.3.1 To consider FRoR of 11.39% for the Fourth Control Period, as detailed in **Table 172**.

5.3.2 To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR plus 50 bps (whichever is lower) at the time of tariff determination for the Fifth Control Period.

5.3.3 To true up the cost of Debt for the Fourth Control Period based on actual borrowing costs incurred by CIAL, subject to prudence check, reasonableness of the borrowing arrangement and applicable regulatory principles.

6. RETURN ON LAND FOR THE FOURTH CONTROL PERIOD

6.1. CIAL's submission of Return on Land for the Fourth Control Period

6.1.1. As per the Tariff Order for the Third Control Period, the Authority had decided to provide return on land based on the mechanism laid down in Order No. 42/2018-19 dated 05 March 2019. The relevant decisions taken by the Authority were as given below:

i. The return shall be given only on the cost of land used for Aeronautical activities (Decision No. 4.1.2);

ii. In case land is purchased by the airport operating company either from private parties or from government, the compensation shall be in the form of equated annual instalments computed at actual cost of debt or SBI base rate plus 2% whichever is lower over a period of thirty years. The equated annual instalment is to be calculated as per the following formula:

$$\textit{Equated Annual Instalment} = [\textit{Cost} \times \textit{Rate} \times (1+\textit{Rate})^{30}] / [(1+\textit{Rate})30 - 1]$$

Where,

Cost = Actual cost of land

Rate = Actual cost of debt or SBI base rate plus 2% whichever is lower

6.1.2. CIAL has submitted that, in line with the above mechanism, return on land for the Fourth Control Period has been computed on the existing land cost of INR 125.00 crore (as considered in the Third Control Period), supplemented by additional land parcels proposed to be acquired during the Fourth Control Period to address the significant land constraints faced by CIAL for its planned airport development projects

- **Land for Relocation of Isolation Parking Bays:** CIAL has submitted that the existing Isolated Aircraft Parking Position ("IAPP") falls within the footprint of the proposed airfield expansion and is required to be relocated to free up the said area for conversion into additional aircraft parking stands. Accordingly, CIAL proposes to acquire land for the new IAPP in FY 2028-29 at an estimated cost of INR 110 crore, with the said land to be immediately put to use for construction of the relocated isolation parking bays.
- **Strategic Land Purchase for Airport Safeguarding:** CIAL has submitted that, pursuant to its Aeronautical Obstruction Physical Surveillance, approximately 7 acres of high-terrain land on the North-East side of Runway 27 (near Thuravumkara, Kanjoor panchayat) has been identified as falling within the critical Take-Off Climb / Approach Surface and Transition Surface of Runway 09/27. The strategic acquisition of the said parcel is necessitated for compliance with BCAS Perimeter Security regulations and DGCA guidelines on Off-Aerodrome Emergencies (Outer Ring Road within 2 km of the Approach funnel), and to safeguard the said Approach Surface from natural and man-made obstacles. CIAL proposes to acquire the said 7 acres at an estimated cost of INR 50 crore by FY 2028-29, with the land to be immediately put to use through construction of the perimeter road.

6.1.3. CIAL has submitted that the Aero Ratio of 86.80% has been considered for the Fourth Control Period, in line with the actual aero asset utilisation, and the cost of debt of 7.80% has been applied for the computation of return on land, consistent with the Third Control Period

6.1.4. Based on the above, CIAL has submitted return on land for the Fourth Control Period as given in the table below:

Table 173: Return on Land submitted by CIAL for the Fourth Control Period

(Rs. in Crore.)

Particulars (in INR)	2027	2028	2029	2030	2031	Total
Land Cost	125.00	125.00	285.00	285.00	285.00	
Aero Ratio (%)	86.80%	86.80%	86.80%	86.80%	86.80%	
Aero Land	108.50	108.50	247.30	247.30	247.30	
Cost of Debt (%)	7.80%	7.80%	7.80%	7.80%	7.80%	
Return on Land Cost	**9.45**	**9.45**	**21.55**	**21.55**	**21.55**	**83.56**

6.2. Authority's analysis of CIAL's submission of return on land for the Fourth Control Period

6.2.1. The Authority has examined the submission made by CIAL with respect to return on land for the Fourth Control Period, including the existing land cost of INR 125.00 crore as considered in the Third Control Period, and the additional land parcels proposed to be acquired during the Fourth Control Period for:

(i) relocation of isolation parking bays at an estimated cost of INR 110 crore, and

(ii) strategic land purchase for airport safeguarding at an estimated cost of INR 50 crore, both proposed to be acquired and put to use in FY 2028-29.

6.2.2. The Authority notes that the proposed land acquisitions are aligned with the operational, safety, and security requirements of CIA, viz.,

(i) the relocation of IAPP is necessary to free up the existing IAPP area for conversion into additional aircraft parking stands in line with the airfield expansion programme, and



Figure 8 : Proposed location for relocation of Isolation Parking Bay

(ii) the strategic land purchase is necessary for compliance with BCAS Perimeter Security regulations and DGCA guidelines on Off-Aerodrome Emergencies, as well as for safeguarding the Take-Off Climb / Approach Surface of Runway 09/27 from natural and man-made obstacles. The Authority is, prima facie, of the view that the said land acquisitions are operationally and statutorily justified.



Figure 9 : Proposed location for Strategic land purchase

6.2.3. The Authority notes that, in terms of Clause 3.5.3 of AERA Order No. 42/2018-19 dated 05 March 2019 regarding the treatment of return on land, compensation is to be provided only in respect of land that has been put to use by the Airport Operator for aeronautical purposes. The Authority further notes that the additional land proposed to be acquired by CIAL is intended to support future airport development and safeguarding requirements. Accordingly, the Authority is of the view that the admissibility of return on such additional land can be assessed only upon acquisition and actual utilisation of the land for aeronautical purposes. The Authority therefore proposes that return on the proposed additional land parcels shall be considered on an incurrence basis, subject to verification of the actual cost incurred, the year of acquisition and the utilisation of such land for aeronautical purposes.

6.2.4. The Authority notes that CIAL has proposed an aeronautical allocation ratio of 86.80% for computation of return on land. The Authority further notes that the said ratio is based on the actual aeronautical utilisation of the existing airport land assets and is consistent with the allocation proposed to be considered in the true-up of the Third Control Period. Accordingly, the Authority proposes to consider the aeronautical allocation ratio of 86.80% for the existing land cost of Rs. 125.00 Crores considered by the Authority during the Fourth Control Period.

6.2.5. The Authority notes that, in terms of AERA Order No. 42/2018-19 dated 05 March 2019, compensation for land acquired by an airport operator is to be provided in the form of equated annual instalments computed at the actual cost of debt or SBI Base Rate plus 2%, whichever is lower, over a period of thirty years. The Authority further notes that the weighted average cost of debt proposed to be

considered for the Fourth Control Period is 7.30%. The Authority proposes to consider a rate of 7.30% for the computation of return on land during the Fourth Control Period, subject to true-up based on the applicable principles prescribed by the Authority.

6.2.6. The Authority notes that return on land is admissible only in respect of land utilised for aeronautical purposes. The Authority further notes that the existing airport land cost of Rs. 125.00 Crores has already been put to use for airport operations and is therefore eligible for consideration for return on land during the Fourth Control Period. The Authority is of the view that the proposed additional land acquisitions cannot be considered upfront for tariff determination purposes and that return on such land, if any, shall be considered only after the land is acquired and put to use for aeronautical purposes. Accordingly, the Authority proposes to consider return on the existing land assets during the Fourth Control Period and to examine the admissibility of return on the additional land on an incurrence basis.

6.2.7. Based on the above, the Authority has recomputed the return on land for the Fourth Control Period by amortising the aeronautical portion of the cost of existing land over a period of thirty (30) years at an interest rate of 7.30%, in accordance with AERA Order No. 42/2018-19 dated 05 March 2019. The return on additional land proposed during the Fourth Control Period has not been considered upfront and shall be allowed on an incurrence basis from the year in which such land is put to use for aeronautical purposes. The equated annual instalments have been computed using the following formula:

$$\textit{Equated Annual Instalment} = [\textit{Cost} \times \textit{Rate} \times (1+\textit{Rate})^{30}] / [(1+\textit{Rate})^{30} - 1]$$

Where,

Cost = Actual cost of land used for Aeronautical purposes as considered by the Authority Rate = Actual cost of debt or SBI base rate plus 2% whichever is lower

6.2.8. Accordingly, the Authority proposes to provide return on the cost of land during the Fourth Control Period as set out in the table below. The Authority further proposes that the return on any additional land acquired and subsequently put to use for aeronautical purposes during the Fourth Control Period shall be considered on an incurrence basis, subject to submission of relevant details by CIAL and verification by the Authority.

6.2.9. Based on the above, the Authority proposes to provide a return on the cost of land in the Fourth Control Period as given in the table below:

Table 174 : Return on Land proposed by the Authority for the Fourth Control Period

(Rs. In Cr.)

Particulars (in INR)	2027	2028	2029	2030	2031	Total
Land Cost	125.00	125.00	125.00	125.00	125.00	
Aero Ratio (%)	86.80%	86.80%	86.80%	86.80%	86.80%	
Aero Land	108.47	108.47	108.47	108.47	108.47	
Cost of Debt (%)	7.30%	7.30%	7.30%	7.30%	7.30%	

Particulars (in INR)	2027	2028	2029	2030	2031	Total
Return on Land Cost	9.01	9.01	9.01	9.01	9.01	45.03

6.2.10. Accordingly, the Authority proposes to consider a return on land of Rs. 45.03 Crores for the Fourth Control Period, based on the existing land cost of Rs. 125.00 Crores considered by the Authority and the corresponding aeronautical allocation ratio of 86.80%.

6.2.11. The Authority further proposes that no return on the proposed additional land acquisition has been considered in the computation set out above. The Authority proposes that return on such land shall be considered separately on an incurrence basis, as and when the land is acquired and put to use for aeronautical purposes, subject to verification of the actual cost incurred, utilisation of the land and supporting documents furnished by CIAL at the time of true-up

6.3. Authority's Proposal regarding Return on Land for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following with respect to Return on Land for the Fourth Control Period:

6.3.1. The Authority proposes to consider the existing cost of land of Rs. 125.00 Crores for the purpose of computation of return on land during the Fourth Control Period.

6.3.2. The Authority proposes that the cost of additional land proposed to be acquired during the Fourth Control Period for relocation of isolation parking bays and strategic land purchase shall not be considered upfront for tariff determination purposes. The Authority further proposes that return on such land shall be considered on an incurrence basis, as and when the land is put to use for aeronautical purposes, based on the actual cost incurred and supporting documents furnished by CIAL.

6.3.3. The Authority proposes to consider an aeronautical allocation ratio of 86.80% for the purpose of computation of return on the existing land assets during the Fourth Control Period.

6.3.4. The Authority proposes to consider a cost of debt of 7.30% for the computation of return on land during the Fourth Control Period, in accordance with the applicable regulatory principles governing return on land

6.3.5. The Authority proposes to consider a return on land of **Rs. 45.03 Crores** for the Fourth Control Period, based on the existing aeronautical land assets considered by the Authority, as shown in **Table 174**

7. INFLATION FOR THE FOURTH CONTROL PERIOD

7.1 CIAL's Submission regarding Inflation for the Fourth Control Period

7.1.1 CIAL in the MYTP for the Fourth Control Period, has considered an inflation rate of 2.9% from FY 2027 onwards for the purpose of estimating Capital Expenditure for the Fourth Control Period.

7.1.2 The inflation rate adopted by CIAL is based on the Reserve Bank of India's (RBI*) Survey of Professional Forecasters on Macroeconomic Indicators – Results of the 96th Round*, published on 01.10.2025.

7.1.3 Specifically, CIAL has considered median of the Inflation rate based on WPI All Commodities i.e. 2.9%, as per the said RBI survey

Table 175: Inflation submitted by CIAL for the Fourth Control Period

Financial Year	WPI All Commodities	Source
FY 2027 onwards	Median as 2.9%	RBI Professional Forecaster Survey 96th round

7.2 Authority's examination regarding Inflation for the Fourth Control Period

7.2.1 The Authority has examined the submission made by CIAL with respect to the inflation rate proposed for the Fourth Control Period.

7.2.2 The Authority notes that the actual WPI Inflation for FY 2025-26 was significantly lower than the projected inflation for FY 2026-27 as per the *Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 101*, published by the Reserve Bank of India on 05.08.2026. The Authority further observes that the projected inflation of 8.1% for FY 2026-27 represents a substantial increase over the immediately preceding year's actual inflation and may be influenced by short-term macroeconomic factors including geopolitical uncertainties and volatility in global commodity and energy markets.

7.2.3 The Authority is of the view that adopting the projected inflation for FY 2026-27 in its entirety may overstate the inflationary impact on projected expenditure during the Fourth Control Period. Accordingly, the Authority considers it appropriate to moderate the impact of the sharp year-on-year variation in inflation by considering the average of the actual WPI inflation for FY 2025-26 and the projected WPI inflation for FY 2026-27. Based on this approach, the Authority proposes to consider an inflation rate of 4.25% for FY 2026-27. The Authority considers that such an approach smoothens the impact of short-term inflationary fluctuations while providing a reasonable basis for forecasting operating expenses during the Fourth Control Period.

7.2.4 For the subsequent years of the Fourth Control Period, the Authority notes that the inflation forecasts remain broadly stable at 3.7%. Accordingly, the Authority proposes to consider an inflation rate of 3.7% per annum from FY 2027-28 onwards for the purpose of projecting operating expenditure and other applicable cost elements during the Fourth Control Period.

7.2.5 Based on the above, the inflation rates proposed to be considered by the Authority for the Fourth Control Period are set out in the table below:

Table 176: Inflation rates proposed to be considered by the Authority for the Fourth Control Period

Particulars (FY ending March 31)	2027	2028	2029	2030	2031
WPI Inflation	4.25%	3.7%	3.7%	3.7%	3.7%

7.3 Authority's proposal regarding Inflation for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following with respect to Inflation for the Fourth Control Period:

7.3.1 To consider the inflation rates for the Fourth Control Period as per **Table 176**

8. OPERATING EXPENSES FOR THE FOURTH CONTROL PERIOD

8.1 CIAL's submission regarding Operating Expenses for the Fourth Control Period

8.1.1 CIAL has projected Operating Expenses for the Fourth Control Period based on the following assumptions in their MYTP:

i. **Cost-driver based estimation:** CIAL has projected each category of Operating Expenses having regard to the relevant cost drivers, viz., historical CAGR, inflation (WPI), passenger traffic growth and increase in terminal area on account of expansion projects proposed to be undertaken during the Fourth Control Period.

ii. **Baseline year:** CIAL has adopted the projected FY2026 as the baseline year, with the actual / expected expenditure in such year forming the basis for projecting category-wise Operating Expenses for the Fourth Control Period.

iii. **Impact of capacity additions:** CIAL has factored the operational impact of the terminal area expansion and asset additions proposed during the Fourth Control Period, which, upon commissioning, are expected to result in a corresponding increase in Repair & Maintenance, Utilities, Housekeeping and other operating costs.

iv. **Aeronautical / Non-Aeronautical allocation:** CIAL has segregated each cost head between Aeronautical and Non-Aeronautical activities using the cost-driver-based allocation ratio most appropriate to that head, viz., Employee Head Count Ratio, Gross Block Ratio or Terminal Area Ratio.

8.1.2 The category-wise estimation, growth assumptions and rationale submitted by CIAL for Operating Expenses for the Fourth Control Period are summarized below:

Table 177: CIAL's estimation, rationale and growth assumptions on Operating Expenses for the Fourth Control Period

S.No	Particulars	Growth / Estimation Basis	Rationale Submitted by CIAL
1	Payment to employees	8% Y-o-Y on salary per employee + 25% one-time increase in FY2028 on account of statutory pay revision	Based on historical trend; statutory pay revision undertaken every 5 years (last revised in 2023)
2	Repair & Maintenance	Existing assets: inflation-linked; New assets: 0.5% of Gross Block (Year 1), 1% (Year 2), 1.5% (Year 3) and 2% (Year 4 onwards)	Progressive maintenance requirement linked to age/commissioning of new assets
3	Power Charges	Consumption linked to traffic growth and terminal area increase; effective unit rate increasing 10% every 3 years	Solar PPA with CIAL Infra + KSEBL banking arrangement + historical rate trend
4	Water Charges	Consumption linked to traffic growth; unit rate at 6.2% Y-o-Y	Historical 5-year CAGR
5	Fuel Generator Charges	Consumption linked to traffic growth; per unit rate at 10% Y-o-Y	Past trend
6	Safety & Security Expenses	10% Y-o-Y	Historical 5-year CAGR
7	Vehicle R&M Expenses	10% Y-o-Y	Past trend
8	Housekeeping Expenses	10% Y-o-Y + terminal area expansion	Historical CAGR + capacity addition

9	Consumables Expenses	6.8% Y-o-Y	Historical 5-year CAGR
10	BHS & X-ray Operational Expenses	10% Y-o-Y	Past trend
11	Other Operational Expenses (Miscellaneous)	10% Y-o-Y	Past trend
12	CSR Expenses	Linked to 2% of average PBT of preceding 3 years	Statutory mandate under Section 135 of the Companies Act, 2013
13	Admin & General Expenses	Component-wise drivers — historical CAGR, inflation (WPI) and % of Gross Block; one-time Flood Mitigation expense in FY2027	Expenses-specific basis + specific one-time expenses/escalations

8.1.3 Based on the above, the Total Operating Expenses submitted by CIAL for the Fourth Control Period are shown in the table below:

Table 178: Total Operating Expenses submitted by CIAL for the Fourth Control Period

(Rs. Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Payment to employees	148.32	185.40	200.23	216.25	233.55	983.75
Repair & Maintenance	44.52	54.79	67.75	86.96	105.75	359.77
Utilities	39.20	46.07	48.54	61.05	64.36	259.22
Safety & Security Expenses	17.62	19.38	21.32	23.45	25.79	107.56
Vehicle R&M Expenses	4.44	4.88	5.37	5.91	6.50	27.10
Housekeeping Expenses	15.00	18.56	20.41	24.70	27.17	105.84
Consumables Expenses	6.01	6.41	6.85	7.31	7.80	34.38
BHS & X-ray Operational Expenses	11.30	12.43	13.67	15.04	16.54	68.98
Other Operational Expenses	20.45	22.50	24.75	27.22	29.94	124.86
Cargo Handling Expenses	16.54	17.50	18.52	19.60	20.74	92.90
Admin & General Expenses	66.84	44.92	50.03	57.62	62.63	282.04
CSR	12.05	12.53	12.42	12.73	12.59	62.32
Total Operating Expenses	**402.29**	**445.37**	**489.86**	**557.84**	**613.36**	**2508.72**

8.1.4 The basis of segregation of Operating Expenses into Aeronautical and Non-Aeronautical services as submitted by CIAL is summarized below:

Table 179: Basis of Segregation of Operating expenses between Aeronautical and Non-Aeronautical expenses

S.No.	Particulars	Basis for Segregation
1	Payment to employees	Employee Head Count Ratio, based on categorization of employees into Aeronautical, Non-Aeronautical and Common (Common employees include MD's office, Finance and HR); allocated in proportion to Aero/Non-Aero employees. CDRSL-seconded duty-free employees excluded.
2	Repair & Maintenance	Gross Block Ratio (Aeronautical Gross Block to Total Gross Block) for buildings, runway, roads & culverts and plant & equipment
3	Utilities (Power, Water, Fuel Generator)	Considered net of concessionaire recoveries; net amount treated as 100% Aeronautical
4	Safety & Security Expenses	Terminal Area Ratio
5	Vehicle R&M Expenses	Employee Head Count Ratio
6	Housekeeping Expenses	Terminal Area Ratio
7	Consumables Expenses	Terminal Area Ratio
8	Other Operational Expenses	Terminal Area Ratio

9	Cargo Handling Expenses	100% Aeronautical
10	BHS & X-ray Operational Expenses	100% Aeronautical
11	CSR Expenses	Aeronautical Profit Before Tax (Aero PBT to Total PBT)
12	Admin & General Expenses (except Flood Mitigation)	Employee Head Count Ratio
13	Flood Mitigation Expenses	100% Aeronautical

8.1.5 The Allocation ratio based on the above basis as submitted by CIAL for the Fourth Control Period is as follows:

Table 180: Aeronautical allocation ratios of Operating Expenses submitted by CIAL for the Fourth Control Period

FY ending March 31	2027	2028	2029	2030	2031
Payment to Employees	97.25%	97.25%	97.25%	97.25%	97.25%
Total Repair Costs	86.74%	86.80%	86.47%	86.72%	86.81%
Cargo Handling Expenses	100%	100%	100%	100%	100%
Safety & Security Expenses	90.8%	90.8%	90.8%	90.8%	90.8%
Utilities (net)	100%	100%	100%	100%	100%
Vehicle R&M Expenses	97.25%	97.25%	97.25%	97.25%	97.25%
Housekeeping Expenses	90.84%	90.84%	90.84%	90.84%	90.84%
Consumables	90.84%	90.84%	90.84%	90.84%	90.84%
Other Operational Expenses	90.84%	90.84%	90.84%	90.84%	90.84%
CSR Expenses	51.31%	51.23%	49.56%	43.17%	41.55%
BHS & X-ray Operational Expenses	100%	100%	100%	100%	100%
Admin Expenses (except Flood Mitigation)	97.25%	97.25%	97.25%	97.25%	97.25%
Flood Mitigation Expenses	100%	100%	100%	100%	100%

8.1.6 Accordingly, the Aeronautical Portion of various expenses of the Fourth Control Period using above allocation principles and ratio as submitted by CIAL is given below:

Table 181: Aeronautical Operating Expenses submitted by CIAL for the Fourth Control Period

(Rs. Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Payment to employees	144.25	180.31	194.73	210.31	227.13	956.73
Repair & Maintenance	39.92	49.05	59.30	77.72	94.04	320.03
Utilities Expenses	39.19	46.07	48.54	61.05	64.35	259.20
Safety & Security Expenses	16.00	17.60	19.37	21.30	23.43	97.70
Vehicle R&M Expenses	4.32	4.75	5.22	5.75	6.32	26.36
Housekeeping Expenses	13.62	16.86	18.54	22.44	24.68	96.14
Consumables Expenses	5.46	5.82	6.22	6.64	7.09	31.23
BHS & X-ray Operational Expenses	11.30	12.43	13.67	15.04	16.54	68.98
Other Operational Expenses	18.58	20.44	22.48	24.73	27.20	113.43
Cargo Handling Expenses	16.54	17.50	18.52	19.60	20.74	92.90
Admin Expenses	65.75	43.70	48.65	56.02	60.90	275.02
CSR	6.18	6.42	6.15	5.50	5.23	29.48
Total Aeronautical O&M	**381.11**	**420.95**	**461.39**	**526.10**	**577.65**	**2367.20**

8.2 Authority's examination regarding Operating Expenses for the Fourth Control Period

8.2.1 The Authority has carefully examined CIAL's submissions on Operating Expenses for the Fourth Control Period taking into account the tariff setting principles to ensure that only the efficient, justified and reasonable expenses are allowed on a projection basis.

8.2.2 The Authority has reviewed the Operating Expenses and proposes to adopt the following broad methodology for determining the Operating Expenses for the Fourth Control Period:

i. Base year: The Authority proposes to adopt the revised FY 2025-26 actual expenditure as the base year for forecasting expenses for the Fourth Control Period as submitted by CIAL vide email dated 17.06.2026.

ii. Inflationary increase: The Authority proposes to apply WPI-based inflation as the standard escalator across most operating cost heads, except in the case of:

- Employee costs, where an inflationary rate of 6% Y-o-Y has been considered;
- R&M cost on new asset additions, which is forecasted using the phased percentage-of-CAPEX methodology linked to asset gross block; and
- Admin & General Expenses are projected based on a combination of WPI-linked inflation, historical 5-year CAGR trends with the applicable growth driver adopted depending on the nature of the underlying expense.

iii. Re-allocation of expenses: Operating Expenses are re-allocated into Aeronautical and Non-Aeronautical categories using cost-driver based methodologies, including Aero Gross Block Ratio, Employee Head Count Ratio, Area Allocation Ratio, and Revenue Ratio, as appropriate to each cost head.

iv. Impact of Terminal Area Increase: Following the expansion of Terminal 3 and the subsequent expansion of Terminal 1 along with the associated airside works, the commissioning of the expanded terminal capacity would entail incremental cost, an additional increase of 14.78% in FY 2028-29 and 12.61% in FY 2030-31, i.e., 2/3rd of the increase in terminal area, in the respective years of capitalization. The increased terminal area is expected to result in higher expenses on account of Utilities and Housekeeping expenses.

Table 182: Calculation of Terminal Area Increase Factor

Particulars	FY27	FY28	FY29	FY30	FY31
Terminal 1 (sqm)	63,216	63,216	63,216	63,216	113,221
Terminal 2 (sqm)	6,712	6,712	6,712	6,712	6,712
Terminal 3 (sqm)	146,528	146,528	194,531	194,531	194,531
Total Terminal Area (sqm)	216,456	216,456	264,459	264,459	314,464
Terminal Area Increase	0.00%	0.00%	22.18%	0.00%	18.91%
2/3rd of Terminal Area Increase	**0.00%**	**0.00%**	**14.78%**	**0.00%**	**12.61%**

8.2.3 The Authority has examined CIAL's submission regarding Total Operating Expenses for the Fourth Control Period and has presented its examination in the subsequent paragraphs:

Payment to Employees:

8.2.4 The Authority has noted the submissions of CIAL relating to payment to employees and break up of manpower count as mentioned in the tables below:

Table 183: Payment to Employees as submitted by CIAL for the Fourth Control Period

(Rs. Cr.)

FY ending March 31	2027	2028	2029	2030	2031
Payment to Employees	148.32	185.40	200.23	216.25	233.55

Table 184: Employee headcount as submitted by CIAL for the Fourth Control Period

Particulars	2027	2028	2029	2030	2031
Total Aero Employees	457	457	457	457	457
Total Non-Aero Employees	13	13	13	13	13
Total Employees of CIAL	**470**	**470**	**470**	**470**	**470**

8.2.5 The Authority notes that CIAL has not projected any addition to the employee headcount during the Fourth Control Period and has maintained the total employee strength at 470 across all years of the Control Period. Accordingly, the increase projected by CIAL in Payment to Employees is attributable to the assumed increase in employee-related costs rather than an increase in the number of employees.

8.2.6 Accordingly, the Authority proposes to retain the employee strength of 470, as submitted by CIAL, throughout the Fourth Control Period. For projecting Payment to Employees, the Authority proposes to consider the revised actual expenditure for FY 2025-26 as the base and apply an annual escalation of 6% during the Fourth Control Period, being the escalation adopted by the Authority for employee costs in the tariff determination exercises of other comparable major airports, which the Authority considers reasonable for factoring in salary revisions, increments and other employee-related cost increases while maintaining efficiency in overall manpower costs.

8.2.7 Based on the above, the Authority proposes to consider Payment to Employees for the Fourth Control Period as set out below:

Table 185: Payment to employees proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Payment to Employees	140.19	148.60	157.52	166.97	176.99	790.27

R&M Expenses:

8.2.8 The Authority has noted CIAL's submission that Repairs and Maintenance (R&M) expenses relating to existing assets have been projected by applying inflation. For new assets, CIAL has proposed R&M expenses at 0.50% of gross block in the first year, 1.00% in the second year, 1.50% in the third year and 2.00% from the fourth year onwards.

8.2.9 Based on the above assumptions, CIAL has projected R&M expenses for the Fourth Control Period as follows:

Table 186: R&M expenses as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Total R&M Cost (Existing)	39.72	40.87	42.06	43.28	44.53	210.46
Total R&M Cost (New Assets)	4.80	13.91	25.69	43.68	61.22	149.31
Total R&M Cost	**44.52**	**54.79**	**67.75**	**86.96**	**105.75**	**359.77**

8.2.10 The Authority has examined CIAL's submission and proposes to project R&M expenses relating to existing assets by applying the WPI inflation considered by the Authority over the revised actual expenditure for FY 2025-26.

8.2.11 In respect of new assets, the Authority is of the view that the rates proposed by CIAL may overstate the maintenance requirement during the initial years of operation. Newly commissioned assets generally

involve lower maintenance expenditure due to warranty support, defect-liability provisions, improved technology and lower maintenance intensity.

8.2.12 Accordingly, in line with the approach adopted in recent tariff determinations, the Authority proposes the following phased methodology for estimating R&M expenses on additional assets capitalized during the Fourth Control Period.

Table 187: Proposed methodology for R&M computation of Additional assets in the Fourth Control Period

Additional Assets	Cost for Additional CAPEX (% of Gross Block)
R&M – Year 1	–
R&M – Year 2	0.50%
R&M – Year 3	0.60%
R&M – Year 4	0.75%
R&M – Year 5	1.00%

8.2.13 The Authority is of the view that the above methodology appropriately reflects the maintenance profile of new assets and avoids front-loading of R&M expenditure.

8.2.14 Accordingly, the Authority proposes to:

a) Escalate R&M expenses relating to existing assets based on the WPI inflation considered by the Authority; and

b) Allow R&M expenses on new assets based on the phased methodology specified above, linked to the eligible CAPEX and capitalization schedule considered by the Authority.

8.2.15 Accordingly, the Authority has recomputed the R&M expenses based on the asset gross block for the Fourth Control Period as per table below:

Table 188: R&M expenses proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
R&M cost - Existing facilities	40.68	42.19	43.75	45.37	47.04	219.02
R&M cost - New infrastructure	0.00	2.48	4.83	12.02	21.14	40.47
Total R&M Cost	**40.68**	**44.67**	**48.58**	**57.38**	**68.19**	**259.50**

Utility Expenses

8.2.16 The Authority has noted CIAL's submission that electricity consumption for the Fourth Control Period has been projected based on the expected increase in passenger traffic and terminal area. CIAL has considered the terminal area growth factor of 25% in FY 2028 and 20% in FY 2030 and has projected electricity consumption by assigning an equal weight of 50% each to traffic growth and terminal area growth in the relevant years. CIAL has further proposed an increase of 10% in the effective electricity rate once every three years.

8.2.17 In respect of water charges, CIAL has projected water consumption in line with passenger traffic growth and an annual escalation of 6.2% in the effective unit rate, based on the historical five-year CAGR. For fuel costs relating to generator sets, CIAL has projected consumption in line with passenger traffic growth and applied an annual escalation of 10% in the fuel cost per unit.

8.2.18 CIAL has considered recovery from concessionaires towards utility service charges at 18.7% of the gross utility expenses during the Fourth Control Period. The utility expenses as submitted by CIAL are detailed in the table below:

Table 189: Utility expenses as submitted by CIAL for the Fourth Control Period

Particulars	Unit	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
Power Charges							
Total units consumed **(A)**	Lakh units	543.23	638.80	667.76	767.90	802.83	3420.51
Effective electricity rate (B)	Rs. per unit	8.26	8.26	8.26	9.09	9.09	
Power charges (C=A*B/100)	Rs. crore	44.89	52.78	55.18	69.80	72.97	295.61
Water Charges							
Total units consumed (D)	In Lakhs Liters	4,269.13	4,655.70	5,077.92	5,539.17	6,043.09	25,585.00
Growth in consumption	%	9.00%	9.10%	9.10%	9.10%	9.10%	
Effective unit rate (E)	Rs. per KL	61.05	64.85	68.88	73.17	77.73	
Escalation in unit rate	%	6.20%	6.20%	6.20%	6.20%	6.20%	
Water charges (F=D*E/100000)	Rs. crore	2.61	3.02	3.50	4.05	4.70	17.87
Fuel Costs for Generator Sets							
Traffic-linked growth	%	9.00%	9.10%	9.10%	9.10%	9.10%	
Escalation in fuel cost per unit	%	10.00%	10.00%	10.00%	10.00%	10.00%	
Fuel costs for generator sets (G)	Rs. crore	0.72	0.86	1.04	1.24	1.49	5.36
Less Utility Recovery (H)		18.7%	18.7%	18.7%	18.7%	18.7%	
Total utility expenses submitted by CIAL I = (C+F+G)*(1-H)	**Rs. crore**	**39.20**	**46.07**	**48.54**	**61.05**	**64.36**	**259.22**

8.2.19 The Authority has examined CIAL's submission on utility expenses. With respect to power consumption, the Authority observes that electricity consumption at the airport is driven both by the passenger traffic handled and by the terminal area operated and maintained. Accordingly, the Authority proposes to escalate the power consumption by assigning an equal weight of 50% each to the growth in passenger traffic considered for the Fourth Control Period and to the Terminal Area Increase Factor computed at **Table 182**, being an incremental increase of 14.78% in FY 2029 and 12.61% in FY 2031, in the respective years of commissioning of the incremental terminal area.

8.2.20 The Authority has further observed that the effective electricity tariff declined during the Third Control Period. Further, based on the prevailing rates specified in the latest tariff orders issued by the Kerala State Electricity Regulatory Commission (KSERC), the Authority does not propose any increase in the effective electricity rate during the Fourth Control Period. Accordingly, the Authority has considered the FY 2026 effective rate of Rs.7.62 per unit throughout the Fourth Control Period, instead of the 10% escalation once every three years proposed by CIAL.

8.2.21 In respect of water charges, the Authority considers CIAL’s approach of projecting water consumption in line with passenger traffic growth to be reasonable. However, considering the longer-term historical trend in water tariffs, the Authority proposes to consider an annual escalation of 4%, in line with the historical eight-year CAGR, instead of 6.2% proposed by CIAL.

8.2.22 With respect to fuel costs for generator sets, the Authority notes that CIAL has proposed an annual escalation of 10% in the fuel cost per unit, which appears to be on the higher side. Accordingly, the Authority proposes to escalate the fuel costs for generator sets in line with the WPI inflation considered for the Fourth Control Period.

8.2.23 The Authority has examined CIAL's submission on the recovery of utility charges from concessionaires, wherein CIAL has considered such recovery at 18.7% of the gross utility expenses for the Fourth Control Period. The Authority observes that, based on the actuals for FY 2025-26 furnished by CIAL in its latest submission, the recovery works out to 22.3% of the gross utility expenses. The Authority accordingly proposes to consider the recovery from concessionaires at 22.3% of the gross utility expenses for each year of the Fourth Control Period, and to determine the net utility expenses for the purpose of tariff determination after deducting such recovery from the gross utility expenses.

8.2.24 In view of the above, the utility expenses proposed by the Authority for the Fourth Control Period are detailed in the table below:

Table 190: Utility expenses proposed by the Authority for the Fourth Control Period

Particulars	Unit	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
Power Charges							
Total units consumed **(A)**	Lakh units	524.03	547.78	618.69	650.83	728.01	3069.35
% Increase due to Traffic (50% effect)	%	*3.56%*	*4.53%*	*5.17%*	*5.20%*	*5.23%*	
% Increase due to Terminal Area Increase (50% effect)	%			*7.39%*		*6.30%*	
Effective electricity rate (B)	Rs. per unit	7.62	7.62	7.62	7.62	7.62	
Power charges (C=A*B/100)	**Rs. crore**	**39.93**	**41.74**	**47.14**	**49.59**	**55.47**	**233.88**
Water Charges							
Total units consumed (D)	In Lakhs Liters	4630.68	5050.56	5572.78	6151.86	6794.88	
Growth in consumption	%	*7.12%*	*9.07%*	*10.34%*	*10.39%*	*10.45%*	
Effective unit rate (E)	Rs. per KL	56.26	58.51	60.86	63.29	65.82	
Escalation in unit rate	%	4.00%	4.00%	4.00%	4.00%	4.00%	
Water charges (F=D*E/100000)	**Rs. crore**	**2.61**	**2.96**	**3.39**	**3.89**	**4.47**	**17.32**
Fuel Costs for Generator Sets							
Fuel costs for generator sets (G)	**Rs. crore**	**0.56**	**0.58**	**0.60**	**0.62**	**0.65**	**3.01**
% Increase (Inflation)		*4.25*	*3.70*	*3.70*	*3.70*	*3.70*	
Less Utility Recovery (H)	**%**	**22.3%**	**22.3%**	**22.3%**	**22.3%**	**22.3%**	
Total utility expenses proposed by the Authority I = (C+F+G)*(1-H)	**Rs. crore**	**33.49**	**35.18**	**39.73**	**42.04**	**47.08**	**197.53**

Safety & Security Expenses

8.2.25 The Authority has noted CIAL's submission that the Safety and Security Expenses amounted to Rs.14.56 crore in FY 2025 and recorded a CAGR of 10.6% during the period from FY 2020 to FY 2025.

Based on the historical five-year CAGR, CIAL has projected the Safety and Security Expenses to increase by 10% annually during the Fourth Control Period.

8.2.26 The Safety and Security Expenses submitted by CIAL for the Fourth Control Period are detailed in the table below:

Table 191: Safety & Security expenses as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Total Safety & Security Expenses	17.62	19.38	21.32	23.45	25.79	107.56

8.2.27 The Authority has examined CIAL's submission on Safety and Security Expenses and notes that such expenses are necessary for maintaining the prescribed safety and security standards and ensuring safe and secure airport operations.

8.2.28 For projecting Safety and Security expenses during the Fourth Control Period, the Authority proposes to consider the revised expenses for FY 2025-26, based on CIAL's latest submission, as the base year. The Authority notes that CIAL has proposed an annual escalation of 10%, which appears to be on the higher side. Accordingly, the Authority proposes to escalate the Safety and Security expenses over the said base in line with the WPI inflation considered for the Fourth Control Period.

8.2.29 In view of the above, the Safety and Security Expenses proposed by the Authority for the Fourth Control Period are detailed in the table below:

Table 192: Safety & Security expenses proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Total Safety & Security Expenses	15.77	16.36	16.96	17.59	18.24	84.92

Vehicle R&M Expenses

8.2.30 The Authority has noted CIAL's submission that Vehicle Running and Maintenance Expenses have been projected to increase by 10% annually during the Fourth Control Period. CIAL has separately projected the expenses attributable to aeronautical and non-aeronautical activities.

8.2.31 The Vehicle Running and Maintenance Expenses as submitted by CIAL for the Fourth Control Period are detailed in the table below:

Table 193: Vehicle R&M expenses as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Vehicle R&M Expenses	4.44	4.88	5.37	5.91	6.50	27.10

8.2.32 The Authority has examined CIAL's submission on Vehicle Running and Maintenance Expenses and notes that these expenses relate to the operation, repair and maintenance of vehicles deployed for airport operations.

8.2.33 For projecting Vehicle Running and Maintenance Expenses during the Fourth Control Period, the Authority proposes to consider the revised expenses for FY 2026, based on CIAL's latest submission, as the base year. The Authority considers it appropriate to escalate the revised FY 2026 base, in line with the applicable WPI inflation, instead of the 10% annual escalation proposed by CIAL.

8.2.34 In view of the above, the Vehicle Running and Maintenance Expenses proposed by the Authority for the Fourth Control Period are detailed in the table below:

Table 194: Vehicle R&M expense proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Vehicle R&M Expenses	3.22	3.34	3.46	3.59	3.72	17.33

Housekeeping Expenses

8.2.35 The Authority has noted CIAL's submission that Housekeeping Expenses amounted to Rs.12.39 crore in FY 2025 and recorded a CAGR of 8.7% during FY 2020 to FY 2025 and 14.84% during FY 2016 to FY 2020. CIAL has projected these expenses by considering an annual escalation of 10%, along with an additional increase of 25% in FY 2028 and 20% in FY 2030 on account of the proposed increase in terminal area.

8.2.36 The Housekeeping Expense as submitted by CIAL for the Fourth Control Period are detailed in the table below:

Table 195: Housekeeping expenses as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Housekeeping Expenses	15.00	18.56	20.41	24.70	27.17	105.84

8.2.37 The Authority has examined CIAL's submission on Housekeeping Expenses and notes that these expenses are influenced by changes in the terminal area and the applicable rates under housekeeping contracts. For projecting these expenses during the Fourth Control Period, the Authority proposes to consider the revised Housekeeping Expenses for FY 2026, based on CIAL's latest submission, as the base year.

8.2.38 The Authority notes that CIAL has proposed an annual escalation of 10% based on historical growth. However, considering the contractual and manpower-linked nature of housekeeping expenses, the Authority considers it appropriate to escalate the revised FY 2025-26 base by 6% year-on-year during the Fourth Control Period, instead of the 10% annual escalation proposed by CIAL.

8.2.39 The Authority further notes that CIAL has considered an additional increase of 25% in FY 2027-28 and 20% in FY 2029-30 on account of terminal area expansion. Based on the Terminal Area Increase Factor computed at **Table 182**, the Authority proposes to consider an additional increase of 14.78% in FY 2028-29 and 12.61% in FY 2030-31, aligned with the respective years of commissioning of the incremental terminal area.

8.2.40 In view of the above, the Authority has recomputed the Housekeeping Expenses for the Fourth Control Period in the table below:

Table 196: Housekeeping expense proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Housekeeping Expenses	14.57	15.45	18.80	19.92	23.78	92.53

Consumables

8.2.41 The Authority has noted CIAL's submission that Consumables Expenses amounted to Rs.5.27 crore in FY 2025 and recorded a CAGR of 6.8% during FY 2020 to FY 2025. Based on the historical five-year CAGR, CIAL has projected these expenses to increase by 6.8% annually during the Fourth Control Period.

8.2.42 The Consumables Expenses as submitted by CIAL for the Fourth Control Period are detailed in the table below:

Table 197: Consumables as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Consumables as submitted by CIAL	6.01	6.41	6.85	7.31	7.80	34.38

8.2.43 The Authority has examined CIAL's submission on Consumables Expenses. For projecting these expenses during the Fourth Control Period, the Authority proposes to consider the revised Consumables Expenses for FY 2026, based on CIAL's latest submission, as the base year.

8.2.44 While CIAL has proposed escalation based on the historical five-year CAGR of 6.8%, the Authority notes that consumable expenses primarily comprise routine operating items, the costs of which are generally linked to inflation.

8.2.45 Accordingly, the Authority considers it appropriate to project Consumables Expenses by applying the inflation rates considered by the Authority for the Fourth Control Period on the revised FY 2026 base as per the Table below:

Table 198: Consumables proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Consumables proposed by the Authority	5.46	5.66	5.87	6.09	6.31	29.38

BHS and X-Ray Operational Expenses

8.2.46 The Authority has noted CIAL's submission that BHS and X-ray Operational Expenses have been projected to increase by 10% annually during the Fourth Control Period. CIAL has submitted that the projected expenditure comprises operation and maintenance costs relating to baggage handling systems and X-ray systems deployed at the Airport.

8.2.47 The BHS and X-ray Operational Expenses as submitted by CIAL for the Fourth Control Period are detailed in the table below:

Table 199: BHS and X-Ray Operation expenses as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
BHS Operational Expenses **(A)**	7.83	8.61	9.48	10.42	11.47	47.81
X-ray Operation Expenses **(B)**	3.47	3.81	4.19	4.61	5.07	21.16
Total Expenses submitted by CIAL **(C=A+B)**	**11.30**	**12.43**	**13.67**	**15.04**	**16.54**	**68.97**

8.2.48 The Authority has examined CIAL's submission on BHS and X-ray Operational Expenses and notes that these expenses relate to operation and maintenance of critical airport systems required for baggage processing and aviation security. For projecting these expenses during the Fourth Control Period, the Authority proposes to consider the revised BHS and X-ray Operational Expenses for FY 2026, based on CIAL's latest submission, as the base year.

8.2.49 The Authority notes that CIAL has proposed an annual escalation of 10% for the Fourth Control Period. However, considering the nature of such expenditure and that a substantial portion of the costs are linked to maintenance contracts and routine operational activities, the Authority proposes to escalate the revised FY 2026 base using the inflation rates considered by the Authority for the Fourth Control Period, instead of the 10% annual escalation proposed by CIAL.

8.2.50 Accordingly, the Authority has projected the BHS and X-ray Operational Expenses for the Fourth Control Period by escalating the revised FY 2026 base using inflation. The expenses proposed by the Authority are detailed in the table below:

Table 200: BHS and X-Ray Operational expenses proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
BHS Operational Expenses **(A)**	6.97	7.23	7.50	7.78	8.07	37.55
X-ray Operation Expenses **(B)**	3.73	3.87	4.01	4.16	4.32	20.09
Total Expenses submitted by CIAL **(C=A+B)**	10.71	11.10	11.51	11.94	12.38	57.64

Cargo Handling Expense

8.2.51 The Authority has noted CIAL's submission that Cargo Handling Expenses have been projected in line with the growth in cargo traffic during the Fourth Control Period.

8.2.52 The Cargo Handling Expenses submitted by CIAL for the Fourth Control Period are detailed in the table below:

Table 201: Cargo Handling expenses as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Cargo Handling Expense submitted by CIAL	16.54	17.50	18.52	19.60	20.74	92.90

8.2.53 The Authority has examined CIAL's submission on Cargo Handling Expenses and notes that the underlying expenditure is largely driven by the volume of cargo handled at the Airport.

8.2.54 The Authority further notes that CIAL has projected Cargo Handling Expenses in line with the growth in cargo traffic. Considering the direct correlation between cargo handling activities and cargo throughput, the Authority finds CIAL's approach to be reasonable and proposes to project Cargo Handling Expenses as per Table 200.

Other Operational Expenses

8.2.55 The Authority has noted CIAL's submission that Miscellaneous Expenses have been projected with an annual escalation of 10% during the Fourth Control Period.

8.2.56 The Miscellaneous Expenses as submitted by CIAL for the Fourth Control Period are detailed in the table below:

Table 202: Other Operational expenses as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Other Operational Expenses submitted by CIAL	20.45	22.50	24.75	27.22	29.94	124.86

8.2.57 The Authority has examined CIAL's submission on Miscellaneous Expenses and notes that these expenses primarily comprise operational and administrative expenses necessary for day-to-day airport operations. Such expenses include airport operational support activities, aerodrome licensing and regulatory compliance requirements, flight inspection and calibration-related activities, communication and spectrum charges, equipment and signage maintenance, airport surveys and testing activities, medical inspection facilities, statutory memberships and subscriptions, stakeholder facilitation arrangements, training, seminars and conferences, and other operational support services. The Authority further notes that a significant portion of these expenses is recurring in nature and is driven by

inflationary increases in contract rates, service charges, regulatory fees and routine operating costs required for maintaining airport operations and compliance with applicable standards.

8.2.58 The Authority also observes that several components of Miscellaneous Expenses are dependent upon the operational requirements prevailing during a particular year and may vary based on regulatory requirements, safety and operational compliance obligations, maintenance activities, service contracts and traffic levels. Given the nature of these expenses, the Authority considers it appropriate to project Miscellaneous Expenses for the Fourth Control Period by considering the revised FY 2026 expenses submitted by CIAL as the base year and applying the inflation rates considered by the Authority, instead of the 10% annual escalation proposed by CIAL.

8.2.59 Accordingly, the Authority has projected Miscellaneous Expenses for the Fourth Control Period by escalating the revised FY 2026 base using inflation. The same is detailed in the table below.

Table 203: Other Operational expenses proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Other Operational Expenses proposed by the Authority	19.13	19.84	20.58	21.34	22.13	103.01

CSR Expenses

8.2.60 The Authority has noted CIAL's submission that CSR Expenses have been projected based on 2% of the average Profit Before Tax of the preceding three years.

8.2.61 The CSR Expenses as submitted by CIAL for the Fourth Control Period are detailed in the table below:

Table 204: CSR expenses as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
CSR Expense as submitted by CIAL	12.05	12.53	12.42	12.73	12.59	62.32

8.2.62 As mentioned in the Para 2.6.83 and 2.6.84 of this consultation paper, the Authority proposes not to consider CSR Expenses as part of allowable operating expenses for the Fourth Control Period.

Administrative & General Expenses

8.2.63 The Authority has noted CIAL's submission that Administration and General Expenses comprise various administrative, statutory, insurance, communication, travelling, professional, advertisement, office maintenance and other general expenses required for airport operations. CIAL has submitted that different components of Administration and General Expenses have been projected based on relevant drivers such as historical CAGR, inflation, historical average and percentage of gross block.

8.2.64 CIAL has submitted that Repairs to Office Equipment, Rent, Rates and Taxes, Advertisement, Auditors' Remuneration, Printing & Stationery and Directors' Sitting Fees have been projected with an annual escalation of 10%. Telephone, Postage and Communication Expenses have been projected based on historical 5-year CAGR of 6.6%, Travelling Expenses based on historical 10-year CAGR of 12.9%, Professional Charges based on historical 5-year CAGR of 13.6% and Insurance Expenses based on historical percentage of gross block.

8.2.65 CIAL has further submitted that Flood Mitigation Expenses pertain to works recommended as part of flood mitigation measures and have been included in O&M Expenses based on the accounting treatment adopted by CIAL.

8.2.66 The Administration and General Expenses submitted by CIAL for the Fourth Control Period are detailed in the table below:

Table 205: Admin & General expenses as submitted by CIAL for the Fourth Control Period

(Rs. in Cr.)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Repairs to office equipment	3.12	3.43	3.77	4.15	4.56	19.03
Rent	0.10	0.11	0.12	0.13	0.14	0.60
Rates & Taxes	3.44	3.78	4.16	4.58	5.04	21.00
Printing & Stationery	0.27	0.27	0.28	0.29	0.30	1.41
Telephone, Postage & Communication	0.91	0.97	1.04	1.11	1.18	5.21
Travelling Expenses	5.03	5.67	6.40	7.23	8.16	32.49
Insurance	11.20	14.32	16.09	20.00	20.90	82.51
Advertisement	10.25	11.27	12.40	13.64	15.01	62.57
Bank Charges	0.09	0.09	0.10	0.08	0.09	0.45
Auditors' Remuneration	0.40	0.44	0.48	0.53	0.58	2.43
Professional Charges	3.85	4.37	4.97	5.64	6.41	25.24
Directors' Sitting Fees	0.18	0.20	0.22	0.24	0.26	1.10
Flood mitigation expenses	28.00	0.00	0.00	0.00	0.00	28.00
Total Admin and General expenses proposed to be considered by the Authority	**66.84**	**44.92**	**50.03**	**57.62**	**62.63**	**282.04**

8.2.67 The Authority has examined CIAL's submission on Administration and General Expenses. The Authority notes that these expenses include different categories of administrative and operating support expenditure, and each expense head needs to be assessed based on its underlying cost driver, historical trend, nature of expense and prudence of the projection methodology proposed by CIAL.

8.2.68 For projecting Administration and General Expenses during the Fourth Control Period, the Authority has considered the revised FY 2026 expenses submitted by CIAL as the base year, wherever applicable. The Authority has then applied the appropriate projection methodology for each expense head, based on the nature of the expense and the justification submitted by CIAL.

Repairs to Office Equipment

8.2.69 The Authority notes that CIAL has proposed 10% year-on-year escalation for Repairs to Office Equipment. The Authority observes that these expenses are routine in nature and primarily relate to repair and maintenance of office systems, equipment and administrative infrastructure. Considering that such expenses are largely driven by inflationary increase in repair and maintenance costs, the Authority proposes to escalate the revised FY 2026 base using inflation, instead of the 10% escalation proposed by CIAL.

Rent

8.2.70 The Authority notes that CIAL has proposed 10% year-on-year escalation for Rent. The Authority has examined the historical trend and considers it appropriate to project Rent based on the past 5-year CAGR of 3.86%, instead of the 10% annual escalation proposed by CIAL.

Rates and Taxes

8.2.71 The Authority notes that CIAL has proposed 10% year-on-year escalation for Rates and Taxes. The Authority observes that these expenses are generally linked to statutory and local authority charges, which may increase periodically but do not necessarily warrant a uniform 10% annual escalation. Accordingly, the Authority proposes to escalate the revised FY 2026 base using inflation.

Printing and Stationery

8.2.72 The Authority notes that CIAL has proposed 10% year-on-year escalation for Printing & Stationery expense. The Authority considers that such expenses are routine administrative expenses linked to inflationary movement in material and service costs. Accordingly, the Authority proposes to project these expenses using inflation.

Telephone, Postage and Communication

8.2.73 The Authority notes that CIAL has proposed escalation of 6.63% year-on-year for Telephone, Postage and Communication Expenses based on past 5-year CAGR. The Authority observes that these expenses relate to communication services, connectivity, postage and related administrative requirements, and are largely recurring in nature. Considering the nature of the expense, the Authority proposes to escalate the revised FY 2026 base using inflation, instead of the historical CAGR proposed by CIAL.

Travelling Expenses

8.2.74 The Authority notes that CIAL has proposed escalation of 12.86% year-on-year for Travelling Expenses based on past 10-year CAGR. The Authority observes that travelling expenses may vary based on business requirements, meetings, stakeholder consultations, training and operational needs. However, such expenses should be projected on a prudent basis and should not be allowed to increase automatically at a high historical CAGR. Accordingly, the Authority proposes to escalate the revised FY 2026 base using inflation.

Insurance

8.2.75 The Authority notes that Insurance Expenses comprise a package of insurance covers including operational risks, public liability, medical insurance, airport operator's liability, terrorism cover, directors' liability and other related insurance policies. The Authority further notes that CIAL has projected Insurance Expenses based on historical percentage of gross block. Considering the nature of insurance cost and its linkage with the insured asset base, the Authority proposes to consider Insurance Expenses at 0.27% of gross block, in line with the past 5-year average.

Advertisement Expenses

8.2.76 The Authority notes that CIAL has proposed a 10% year-on-year escalation for Advertisement expenses, on the ground that advertisement is required in view of increasing competition from nearby airports and for supporting traffic growth. The Authority recognises that advertisement and promotional activities may be required for business development and passenger outreach.

8.2.77 The Authority, however, observes that advertisement expenditure is discretionary in nature and is not linked to any operational or statutory requirement of the airport, nor does it vary with the level of traffic handled or the terminal area operated. The Authority further observes that a significant part of such expenditure is incurred towards business development and promotion, the benefits of which accrue to the Airport Operator, and that the same does not warrant an escalation year on year over the Control Period.

8.2.78 Accordingly, the Authority proposes to consider the revised FY 2025-26 expenditure as the level of Advertisement expenses for each year of the Fourth Control Period, without any year-on-year escalation.

Bank Charges

8.2.79 The Authority notes that CIAL has projected Bank Charges based on the average of expenses incurred during the past 5 years. The Authority considers this approach reasonable, as such charges are generally transaction-linked and may fluctuate year-on-year. Accordingly, the Authority proposes to consider Bank Charges based on the average of the past 5 years.

Auditors' Remuneration

8.2.80 The Authority notes that CIAL has proposed 10% year-on-year escalation for Auditors' Remuneration. Considering the statutory nature of such expenses and the relatively small value of this expense head, the Authority proposes to consider the 6% annual escalation in line with the escalation in the employee expenses.

Directors' Sitting Fees

8.2.81 The Authority notes that CIAL has proposed 10% year-on-year escalation for Directors' Sitting Fees. The Authority has examined the historical trend and considers it appropriate to project Directors' Sitting Fees based on the past 5-year CAGR of 3.78%, instead of the 10% escalation proposed by CIAL.

Professional Charges

8.2.82 The Authority notes that CIAL has proposed escalation of 13.62% year-on-year for Professional Charges based on past 5-year CAGR. The Authority observes that Professional Charges generally include consultancy, advisory, technical, regulatory, financial and other professional support services required in the normal course of airport operations.

8.2.83 However, the Authority has also examined the details of Consultancy and Legal Costs submitted by CIAL and notes that the FY 2026 base includes one-time legal and arbitration-related expenses amounting to Rs.1.30 crore. The Authority is of the view that such legal and arbitration-related expenses are not critical or necessary for routine airport operations and are, by their nature, expenses incurred towards legal cases or proceedings with other stakeholders. Such expenses do not add value to the services offered to airport users and, therefore, ought not to form part of the cost base for tariff determination.

8.2.84 Accordingly, the Authority proposes to exclude the one-time legal and arbitration expense of Rs.1.30 crore from the revised FY 2026 base and thereafter escalate the adjusted base using inflation during the Fourth Control Period.

Flood Mitigation Expenses

8.2.85 The Authority notes that CIAL has proposed flood mitigation expenses towards the construction of three bridges, at Chowwara, Puliyampally and Madathimoola, under "Operation Pravah", its flood mitigation programme undertaken in accordance with the KITCO report. CIAL has submitted that the total cost of these works has been revised to Rs. 35.00 Crores. This comprises Rs. 10.00 Crores for Chowwara Bridge, Rs. 14.00 Crores for Puliyampally Bridge and Rs. 11.00 Crores for Madathimoola Bridge. The Authority had sought clarification from CIAL on the variation from the flood mitigation expenses considered in Tariff Order No. 08/2021-22 dated 24.08.2021 for the Third Control Period. In reply, CIAL submitted that the approval pertained to the Chowwara Bridge, which has subsequently been integrated with the Puliyampally and Madathimoola bridge works under Operation Pravah.

8.2.86 The Authority notes that the proposed bridges are located outside the airport boundary and do not form part of the airport premises. Drainage and flood-control infrastructure of this nature serves the

surrounding areas and the wider catchment. Its development and funding fall within the domain of the State Government, which is responsible for regional drainage and flood management. The Authority further notes that the Government of Kerala holds a 33.38% equity stake in CIAL. The State Government is, therefore, both the authority responsible for regional flood management and a principal stakeholder in the Airport.

8.2.87 The Authority, however, recognises two further considerations in respect of the Chowwara Bridge:

(i) the work forms part of CIAL's flood mitigation measures and has a bearing on the protection of airport assets against flooding; and

(ii) the work was considered by the Authority in the Tariff Order for the Third Control Period, and CIAL has incurred expenditure on the basis of that approval.

Having regard to the shared benefit of the work to the Airport and the wider region, its prior consideration in the Third Control Period, and the role of the State Government as the authority responsible for regional flood management and as a significant shareholder in CIAL, the Authority considers it appropriate that the cost of the Chowwara Bridge be shared equally between airport users and the State Government.

8.2.88 The Puliyampally and Madathimoola bridges were not part of the works considered by the Authority in the Tariff Order for the Third Control Period. These are new works taken up by CIAL under Operation Pravah, and the considerations set out in Para 8.2.87 are not applicable to them.

8.2.89 In view of the above, the Authority proposes the following:

(i) To consider 50% of the cost of the Chowwara Bridge, i.e. Rs. 5.00 Crores. Of this, Rs. 2.30 Crores has been already considered in the true up of the Third Control Period (Refer Para 2.6.103). The balance of Rs. 2.70 Crores is proposed to be considered in FY 2027, subject to prudence check and true up based on actual expenditure.

(ii) Not to consider the expenditure of Rs. 25.00 Crores towards the Puliyampally and Madathimoola bridges for determination of aeronautical tariff for the Fourth Control Period.

(iii) To consider Rs. 20.00 Crores (Civil: Rs. 19.70 Crores + Electrical: Rs. 0.30 Crores) as one-time operating expenditure. (Refer paras from 4.3.68 to 4.3.73)

8.2.90 In view of the above, the Authority has recomputed the Administration and General Expenses for the Fourth Control Period based on the expense-wise methodology discussed above. The same is detailed in the table below:

Table 206: Admin & General expenses proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Repairs to office equipment	5.33	5.52	5.73	5.94	6.16	28.68
Rent	0.09	0.09	0.09	0.10	0.11	0.47
Rates & Taxes	2.93	3.04	3.15	3.27	3.39	15.77
Printing & Stationery	0.25	0.26	0.27	0.28	0.29	1.35
Telephone, Postage & Communication	0.72	0.75	0.78	0.80	0.83	3.88
Travelling Expenses	5.01	5.19	5.38	5.58	5.79	26.95
Insurance	10.30	11.26	14.40	15.13	18.51	69.59
Advertisement	7.45	7.45	7.45	7.45	7.45	37.24
Bank Charges	0.08	0.09	0.09	0.07	0.07	0.40

Auditors' Remuneration	0.13	0.14	0.15	0.16	0.17	0.75
Professional Charges	2.08	2.16	2.24	2.32	2.41	11.22
Directors' Sitting Fees	0.17	0.18	0.18	0.19	0.20	0.91
Flood mitigation expenses	2.70	0.00	20.00	0.00	0.00	22.70
Total Admin and General expenses proposed to be considered by the Authority	**37.24**	**36.13**	**59.91**	**41.29**	**45.38**	**219.91**

8.2.91 Based on the above examination of each head of Operating Expenses, the Authority has re-calculated the Operating Expenses for the Fourth Control Period as per the Table below:

Table 207: Total Operating Expenses proposed by the Authority for the Fourth Control Period

(Rs. in Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Payment to Employees	140.19	148.60	157.52	166.97	176.99	790.27
Repair & Maintenance	40.68	44.67	48.58	57.38	68.19	259.50
Utilities Expenses	33.49	35.18	39.73	42.04	47.08	197.53
Safety & Security Expenses	15.77	16.36	16.96	17.59	18.24	84.92
Vehicle R&M Expenses	3.22	3.34	3.46	3.59	3.72	17.33
Housekeeping Expenses	14.57	15.45	18.80	19.92	23.78	92.53
Consumables Expenses	5.46	5.66	5.87	6.09	6.31	29.38
BHS & X-ray Operational Expenses	10.71	11.10	11.51	11.94	12.38	57.64
Other Operational Expenses	19.13	19.84	20.58	21.34	22.13	103.01
Cargo Handling Expenses	16.54	17.50	18.52	19.60	20.74	92.90
Admin Expenses	37.24	36.13	59.91	41.29	45.38	219.91
CSR	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expenses	**337.00**	**353.83**	**401.44**	**407.75**	**444.94**	**1944.92**

Aeronautical Allocation of Operating Expenses proposed by the Authority

8.2.92 The segregation logic considered by the Authority for each expense is detailed below:

Table 208: Segregation logic Considered by the Authority for the Fourth Control Period

Operating expenses	Basis of allocation
Employee Costs	Employees have been bifurcated into direct Aeronautical, direct Non-Aeronautical and common. Common employees have been further bifurcated in the proportion of direct Aeronautical and direct Non-Aeronautical employees. Total employee costs have then been bifurcated into Aeronautical and Non-Aeronautical in the respective proportion of their numbers.
Repair & Maintenance	Bifurcated using the Gross Block Ratio (Aeronautical Gross Block to Total Gross Block).
Utility Costs	Considered net of recoveries from concessionaires, with the net amount so obtained treated as 100% Aeronautical.
Safety & Security Expenses	Bifurcated using the Terminal Building Ratio
Vehicle Repair & Maintenance	
Housekeeping Expenses	
Consumables	
Other Operational Expenses	
BHS & X-ray Operational Expenses (CUTE)	Considered as 100% Aeronautical.
Cargo Handling Expenses	
Admin & General Expenses	Allocated based on the nature of each underlying expense, as detailed in the paragraph below.

8.2.93 In respect of Administration and General Expenses, the Authority proposes to adopt a component-wise allocation methodology, having regard to the nature of each underlying expense, as detailed below:

- Expenses such as Repairs to Office Equipment, Printing & Stationery, Telephone, Postage & Communication, Directors' Sitting Fees, Professional Charges (excluding legal expenses) and Auditors' Remuneration have been segregated using the Employee Allocation Ratio.
- Expenses such as Insurance, Bank Charges have been segregated using the Gross Block Ratio (Aeronautical Gross Block to Total Gross Block).
- Expenses such as Rates & Taxes have been segregated using the Terminal Area Allocation Ratio.
- Advertisement expenses have been segregating using the average of the allocation ratio used in the Third Control Period.
- Travelling Expenses have been segregated in the ratio of 50:50 into Aeronautical and Non-Aeronautical Expenses.
- Flood Mitigation Expenses have been considered as 100% Aeronautical.

8.2.94 Accordingly, the Authority has proposed the following allocation ratio of Operating Expenses for each Cost head.

Table 209: Allocation Ratio proposed by the Authority for the Fourth Control Period

FY ending March 31	2027	2028	2029	2030	2031
Payment to Employees	97.25%	97.25%	97.25%	97.25%	97.25%
Repair & Maintenance	88.01%	87.14%	86.08%	86.50%	87.36%
Utility Costs	100.00%	100.00%	100.00%	100.00%	100.00%
Safety & Security Expenses	88.00%	88.00%	88.00%	88.00%	88.00%
Vehicle Repair & Maintenance	88.00%	88.00%	88.00%	88.00%	88.00%
Housekeeping Expenses	88.00%	88.00%	88.00%	88.00%	88.00%
Consumables	88.00%	88.00%	88.00%	88.00%	88.00%
Other operating expenses	88.00%	88.00%	88.00%	88.00%	88.00%
BHS & X-ray Operational Expenses (CUTE)	100.00%	100.00%	100.00%	100.00%	100.00%
Cargo Handling Expenses	100.00%	100.00%	100.00%	100.00%	100.00%
Admin & General Expenses (Rates & Taxes)	88.00%	88.00%	88.00%	88.00%	88.00%
Admin & General Expenses (Insurance, Bank charges)	88.01%	87.14%	86.08%	86.50%	87.36%
Admin & General (Travel Expense)	50.00%	50.00%	50.00%	50.00%	50.00%
Admin & General (Advertisement)	55.24%	55.24%	55.24%	55.24%	55.24%
Admin & General Expenses (Others)	97.25%	97.25%	97.25%	97.25%	97.25%
Admin & General Expenses (Flood Mitigation Expenses)	100.00%	100.00%	100.00%	100.00%	100.00%

8.2.95 Based on the above, the Authority has proposed the following Aeronautical Portion of Operating Expenses for each Cost head:

Table 210: Aeronautical Operating Expenses proposed by the Authority for the Fourth Control Period

(Rs. Cr.)

FY ending March 31	2027	2028	2029	2030	2031	Total
Payment to Employees	136.34	144.52	153.19	162.39	172.13	768.57
Repair & Maintenance	35.80	38.93	41.82	49.63	59.57	225.75

Utilities Expenses	33.49	35.18	39.73	42.04	47.08	197.53
Safety & Security Expenses	13.88	14.39	14.93	15.48	16.05	74.73
Vehicle R&M Expenses	2.83	2.94	3.05	3.16	3.28	15.25
Housekeeping Expenses	12.83	13.59	16.54	17.53	20.93	81.42
Consumables Expenses	4.80	4.98	5.16	5.36	5.55	25.86
BHS & X-ray Operational Expenses	10.71	11.10	11.51	11.94	12.38	57.64
Other Operational Expenses	16.84	17.46	18.11	18.78	19.47	90.65
Cargo Handling Expenses	16.54	17.50	18.52	19.60	20.74	92.90
Admin & General Expenses	29.56	28.12	51.23	32.45	36.10	177.46
CSR	0.00	0.00	0.00	0.00	0.00	0.00
Aeronautical Operating Expenses	**313.62**	**328.72**	**373.79**	**378.35**	**413.28**	**1807.76**

8.2.96 Thus, based on the above table, the Authority proposes Aeronautical Operating Expenses of **Rs. 1807.76 Crores** for the Fourth Control Period as against CIAL's submission of **Rs. 2,367.20 Crores.**

8.2.97 The major variance between the Aeronautical Operating Expenses of Rs. 2,367.20 Crores submitted by CIAL in its MYTP and Rs. 1,807.76 Crores proposed by the Authority for the Fourth Control Period is on account of the following:

- **Base Year:** The Authority has adopted the revised FY 2025-26 actual expenditure as the base year for projecting each head of Operating Expenses, whereas CIAL adopted the projected FY 2025-26 expenditure.
- **Escalation Drivers:** The Authority has independently assessed the appropriate escalation driver for each cost head, having regard to the nature of the underlying expenditure, and has applied WPI-based inflation as the standard escalator across most heads. CIAL had adopted a uniform escalation of 10% per annum, or historical CAGR, across several heads.
- **Maintenance Profile of New Assets:** The Authority has adopted a phased percentage-of-gross-block methodology that reflects the lower maintenance intensity of newly commissioned assets and avoids front-loading of R&M expenditure, which differs from the profile adopted by CIAL.
- **Utility Rates and Recoveries:** The Authority has assessed the effective electricity rate having regard to the prevailing KSERC tariff orders and the declining trend observed during the Third Control Period and has considered concessionaire recoveries based on CIAL's latest submission for FY 2025-26. CIAL adopted higher escalation in utility rates and a lower recovery rate.
- **Component-wise Treatment of Administration & General Expenses:** The Authority has projected and allocated each component of Administration & General Expenses on the basis of its underlying nature and cost driver and has excluded expenses not necessary for routine airport operations. CIAL had adopted a uniform escalation and a single allocation basis.
- **CSR Expenses:** The Authority, consistent with its regulatory principles and the position set out in para 2.6.83 and para 2.6.84 of this Consultation Paper, has not considered CSR Expenses as part of allowable Operating Expenses.

8.3 Authority's proposal regarding Aeronautical Operating Expenses for the Fourth Control Period

Based on the material before it and based on its examination, the Authority proposes the following regarding Aeronautical Operating Expenses for the Fourth Control Period:

8.3.1 To consider Aeronautical Operating Expenses for the Fourth Control Period as per **Table 210**

8.3.2 To True up Aeronautical Operating Expenses for the Fourth Control Period based on actuals at the time of tariff determination for the Fifth Control Period subject to reasonability and efficiency.

9. NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

9.1 CIAL's submission regarding Non-Aeronautical Revenue for the Fourth Control Period

9.1.1 CIAL has projected Non-Aeronautical Revenue for the Fourth Control Period based on the following in their MYTP:

i. **Passenger Traffic and ATM Growth:** CIAL has based the growth in revenue on the increase/decrease in passenger traffic, ATM growth, international passenger traffic, and cargo throughput, depending on the nature of the revenue stream.

ii. **Terminal Expansion:** CIAL has factored in expansion of Terminal 1 to be commissioned in FY 2029-30, along with the expansion of Terminal 3 in FY 2027-28 and the impact of the same on the commercial space and revenue per passenger.

iii. **Concessionaire Model:** CIAL follows a concessionaire model for managing commercial activities at the airport. CIAL has entered into a Service Provider Right Holder Agreement (SPRH) with service providers wherein CIAL is entitled to agreed percentage of revenue share on gross turnover or Minimum Annual Guarantee (MAG) whichever is higher.

9.1.2 CIAL has classified the various sub-heads of Non-Aeronautical Revenue into seven broad categories, namely:

i. Duty Free Revenue;

ii. Non-Aeronautical Royalties;

iii. License Fees;

iv. Other License Fees;

v. Interest Income;

vi. Other Income; and

vii. Income from Golf Course and Facilities, and Trade Fair Centre

9.1.3 The basis of projection adopted by CIAL for each of the revenue streams under each broad head are as follows:

Duty Free Revenue

Table 211: Basis for Projection of Duty-Free Revenue adopted by CIAL for the Fourth Control Period as part of MYTP

S. No.	Particulars	Basis of Projection as adopted by CIAL
1	Duty Free Revenue to CIAL	Duty-free revenue has been projected based on the concession agreement with CDRSL under a revenue-share model, with CIAL expected to realize a revenue share of 35.8% during FY 2026-27 to FY 2030-31. Growth in duty-free revenues is anticipated on account of the expected growth in international passenger traffic. Duty-free revenue is projected to grow at a CAGR of 8.10% during the control period.

Non-Aeronautical Royalties

Table 212: Basis for Projection of Non-Aeronautical Royalties adopted by CIAL for the Fourth Control Period as part of MYTP

S. No.	Particulars	Basis of Projection as adopted by CIAL
1	Royalty- Engineering	Revenue vary based on the airline operations at CIAL. Growth driver considered for forecast for the fourth control period is the passenger traffic growth rate. The said revenue is projected to grow at a CAGR 9.08% during the control period.
2	Royalty- Security	Revenue vary based on the airline operations at CIAL. Growth driver considered for forecast for the fourth control period is the passenger traffic growth rate. The said revenue is projected to grow at a CAGR of 9.08% during the control period.
3	Royalty-Terminal Handling and Valet Services	Revenue vary based on the airline operations at CIAL. Growth driver considered for forecast for the fourth control period is the passenger traffic growth rate. The said revenue is projected to grow at a CAGR of 9.08% during the control period.

License Fees

Table 213: Basis for Projection of License Fees adopted by CIAL for the Fourth Control Period as part of MYTP

S. No.	Particulars	Basis of Projection as adopted by CIAL
1	License Fees- Car Parking	Car parking revenue has been projected based on the concession agreement with Gateway effective from 1 December 2023 under a fixed monthly license fee model with an annual escalation of 5%. The contract is valid till 30 November 2028 and is further extendable by 3 years. Car park revenue is projected to grow at a CAGR of 5% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the fixed annual escalation clause of 5% as per the contract terms.
2	License Fees- Catering Services	Catering revenue has been projected based on the catering contracts, with CIAL expected to realize a revenue share of 13% from catering companies during FY 2026-27 to FY 2030-31. Growth in catering revenues is anticipated on account of the expected growth in passenger traffic. Catering revenue is projected to grow at a CAGR of 9.08% during the control period.

Other License Fees

Table 214: Basis for Projection of License Fees Others adopted by CIAL for the Fourth Control Period as part of MYTP

S. No.	Particulars	Basis of Projection as adopted by CIAL
1	Other Food and Beverage	Other F&B revenues have been projected based on the revenue-share model contracted with the respective F&B operators for outlets located outside the Terminal 1 and Terminal 3 buildings. Other F&B revenue is projected to grow at a CAGR of 9.08% during FY 2026-27 to FY 2030-31.
2	Retail Shops	Retail revenues have been projected based on the revenue-share model contracted with the respective retail operators for outlets located within and outside the Terminal 1 and Terminal 3 buildings. Retail revenue is projected to grow at a CAGR of 9.08% during FY 2026-27 to FY 2030-31.
3	Hoarding/Board/Advertisement	Advertising revenue has been projected based on the concession agreement with Laqshya effective from late FY 2023-24 under a hybrid model with payment of the higher of minimum annual guarantee or revenue share. The contract is valid for 10 years. Advertising revenue is projected to grow at a CAGR of 5% during FY 2026-27 to FY 2030-31.

S. No.	Particulars	Basis of Projection as adopted by CIAL
		Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the annual escalation of the minimum annual guarantee at 5% as per the contract terms.
4	Food and Beverage	Lounge and F&B revenue has been projected based on the concession agreements with CAFS and TFS effective from 1 January 2026 under a hybrid model with payment of the higher of revenue share or monthly license fee with an annual escalation of 5%. The contracts are valid for 5 years and are further extendable by 2 years. Lounge and F&B revenue is projected to grow at a CAGR of 5% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the annual escalation of the minimum annual guarantee of monthly license fee at 5% as per the contract terms.
5	Lounge	Lounge and F&B revenue has been projected based on the concession agreements with CAFS and TFS effective from 1 January 2026 under a hybrid model with payment of the higher of revenue share or monthly license fee with an annual escalation of 5%. The contracts are valid for 5 years and are further extendable by 2 years. Lounge and F&B revenue is projected to grow at a CAGR of 5% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the annual escalation of the minimum annual guarantee of monthly license fee at 5% as per the contract terms.
6	Land Space (excl. BPCL fuel hydrant)	Land rentals excluding CGF revenue has been projected based on the concession agreements with various stakeholders under a fixed rental model with an annual escalation of 7.5%. Land rentals excluding CGF revenue is projected to grow at a CAGR of 7.5% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the fixed annual escalation clause of 7.5% as per the contract terms.
7	Baggage Wrapping Space & Meet and Greet Services	Baggage wrapping and meet and greet revenue has been projected based on the concession agreement with Speedwings effective from 1 November 2024 under a fixed monthly license fee model with an annual escalation of 5%. The contract is valid for 5 years and the monthly license fee has been market-discovered through competitive bidding. The revenue is projected to grow at a CAGR of 5% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the fixed annual escalation clause of 5% as per the contract terms.
8	Forex Counter	Forex counter revenue has been projected based on the concession agreement with Ebix effective from FY 2023-24 under a fixed monthly license fee model with an annual escalation of 5%. The contract is valid for 5 years. Forex counter revenue is projected to grow at a CAGR of 5% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the fixed annual escalation clause of 5% as per the contract terms.
9	Space Rentals (excl..CGF)	Space rentals (excl. CGF) revenue has been projected based on the concession agreements with various concessionaires under a fixed rental model with an annual escalation of 10%. The revenue is projected to grow at a CAGR of 10% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the fixed annual escalation clause of 10% as per the contract terms.
10	Star Hotel	Star Hotel revenue has been projected based on the concession agreement with the concessionaire effective from November 2024 under a revenue-share

S. No.	Particulars	Basis of Projection as adopted by CIAL
		model. Star Hotel revenue is projected to grow at a CAGR of 9.08% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the total passenger traffic growth rate.
11	0484 Lounge	0484 Lounge revenue has been projected based on the concession agreement effective from April 2024 under a hybrid model with payment of the higher of minimum annual guarantee or revenue share. As per the contract, the minimum annual guarantee is INR 2 crore per year, with revenue share of 66% on room revenues and 25% on revenues from lounge, restaurant, spa, bar and other ancillary services. 0484 Lounge revenue is projected to grow at a CAGR of 5% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the annual escalation of the minimum annual guarantee at 5% as per the contract terms.
12	Miscellaneous	Miscellaneous revenue comprises various other kinds of revenue not mentioned explicitly, including ledger reclassification adjustments. It is projected to grow at a CAGR of 7.50% during FY 2026-27 to FY 2030-31.
13	Miscellaneous- Rent and Services	Miscellaneous rent and services revenue comprises income from telephone charges, airside driving permits, reception and promotional activities, surcharge received from prepaid taxi, advertisement revenues earned by CIAL, and other ancillary services. Miscellaneous rent and services revenue is projected to grow at a CAGR of 7.50% during FY 2026-27 to FY 2030-31.

Interest Income

Table 215: Basis for Projection of Interest Income adopted by CIAL for the Fourth Control Period as part of MYTP

S. No.	Particulars	Basis of Projection as adopted by CIAL
1	Interest Income	Interest income is dependent upon the cash available with CIAL for investments. Interest income cannot be projected based on historical trends due to its dependence on operational cash flows and investment decisions. Interest income has been computed based on the forecasted cash available at the end of each financial year during FY 2026-27 to FY 2030-31, applying the applicable interest rates on investments. Interest income is projected to grow at a CAGR of 5% during the control period.

Other Income

Table 216: Basis for Projection of Other Income adopted by CIAL for the Fourth Control Period as part of MYTP

S. No.	Particulars	Basis of Projection as adopted by CIAL
1	Security Charges	Security training charges revenue comprises income earned by CIAL from security training services. Security training charges revenue is projected to grow at a CAGR of 9.08% during FY 2026-27 to FY 2030-31, with growth rates broadly aligned across control periods. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the passenger traffic growth rate.
2	Public Admission Fees	Public admission fees revenue comprises income earned by CIAL from visitor gallery entry fees. Public admission fees revenue is dependent on the number of

S. No.	Particulars	Basis of Projection as adopted by CIAL
		accompanying visitors per passenger. Public admission fees revenue is projected to grow at a CAGR of 9.08% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the passenger traffic growth rate.
3	Miscellaneous Income	Miscellaneous income comprises various other kinds of income including revenue from film shooting, tender forms, scrap sales, penalty fees collected, and other ancillary sources. It is projected to grow at a CAGR of 10% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the annual growth assumption of 10% based on historical trends and operational requirements.

Income from Golf Course and Facilities, and Trade Fair Centre

Table 217: Basis for Projection of Income from Golf Course Facilities and Trade Fair Centre adopted by CIAL for the Fourth Control Period as part of MYTP

S. No.	Particulars	Basis of Projection as adopted by CIAL
1	Income from Golf Course and Facilities	Golf course and facilities revenue comprise income earned by CIAL from membership fees. Golf course and facilities revenue is projected to grow at a CAGR of 1.77% during FY 2026-27 to FY 2030-31, with growth rates broadly aligned across control periods with only minor variation. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the growth in memberships.
2	Income from Trade Fair Centre	Trade fair centre revenue comprises rental income from space within the trade fair centre. Trade fair centre revenue is projected to grow at a CAGR of 10% during FY 2026-27 to FY 2030-31. Growth driver considered for forecast for FY 2026-27 to FY 2030-31 is the fixed annual escalation of 10% based on space rental agreements within the trade fair centre.

9.1.4 Based on the above approach, across different revenue categories and subheads, CIAL has projected revenue from Non-Aeronautical Services as given in table below:

Table 218: Non- Aeronautical Revenue projections submitted by CIAL for the Fourth Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Duty Free Revenues	128.53	138.87	150.09	162.27	175.49	**755.26**
Non-Aero Royalties						
Royalty - Engineering	0.47	0.51	0.56	0.61	0.66	**2.80**
Royalty – Security	2.83	3.08	3.36	3.67	4.00	**16.94**
Royalty – Terminal Handling & Valet	0.27	0.29	0.32	0.35	0.38	**1.62**
License Fees						
License Fee – Car Park	17.75	18.64	19.57	20.55	21.58	**98.11**
License Fee – Catering	6.88	7.50	8.18	8.92	9.73	**41.21**
License Fees- Others						
Other Food & Beverage	4.31	4.70	5.13	5.59	6.10	**25.84**

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Retail Shops	28.33	30.90	33.70	36.76	40.10	**169.78**
Hoarding/Board/ Advertisement	14.30	15.01	15.76	16.55	17.38	**79.00**
Food & Beverage	24.9	26.1	27.4	28.8	30.3	**137.55**
Lounge	47.5	49.9	52.4	55.0	57.8	**262.63**
Land Lease (excluding BPCL fuel hydrant)	3.11	3.34	3.59	3.86	4.15	**18.04**
Baggage Wrapping Space	11.72	12.31	12.92	13.57	14.25	**64.76**
Forex Counter	24.71	25.94	27.24	28.60	30.03	**136.51**
Space Rentals excl. CGF	19.05	20.95	23.05	25.35	27.89	**116.28**
Star Hotel	0.96	1.04	1.14	1.24	1.35	**5.73**
0484 Aero Lounge	2.10	2.21	2.32	2.43	2.55	**11.60**
Miscellaneous	0.50	0.53	0.57	0.62	0.66	**2.89**
Miscellaneous- Rent & Services	1.56	1.68	1.80	1.94	2.08	**9.06**
Interest Income	10.68	2.44	2.44	2.44	5.24	**23.23**
Other Income (Security+ Misc+ Public Admission Fee)	8.19	8.99	9.87	10.84	11.90	**49.80**
Income from Golf Course and Facilities, &Trade Fair Centre	8.02	8.53	9.10	9.71	10.37	**45.73**
Total NAR	**366.67**	**383.46**	**410.51**	**439.67**	**473.99**	**2,074.37**
Cross Subsidisation (30% of NAR)	*(110.00)*	*(115.04)*	*(123.15)*	*(131.90)*	*(142.20)*	*(622.31)*

9.1.5 Based on the total Non-Aeronautical Revenue as provided in the above table, the overall head-wise growth when assessed at CAGR level is provided in the table below:

Table 219: Growth Rates assumed by CIAL for Non-Aeronautical Revenue for the Fourth Control Period

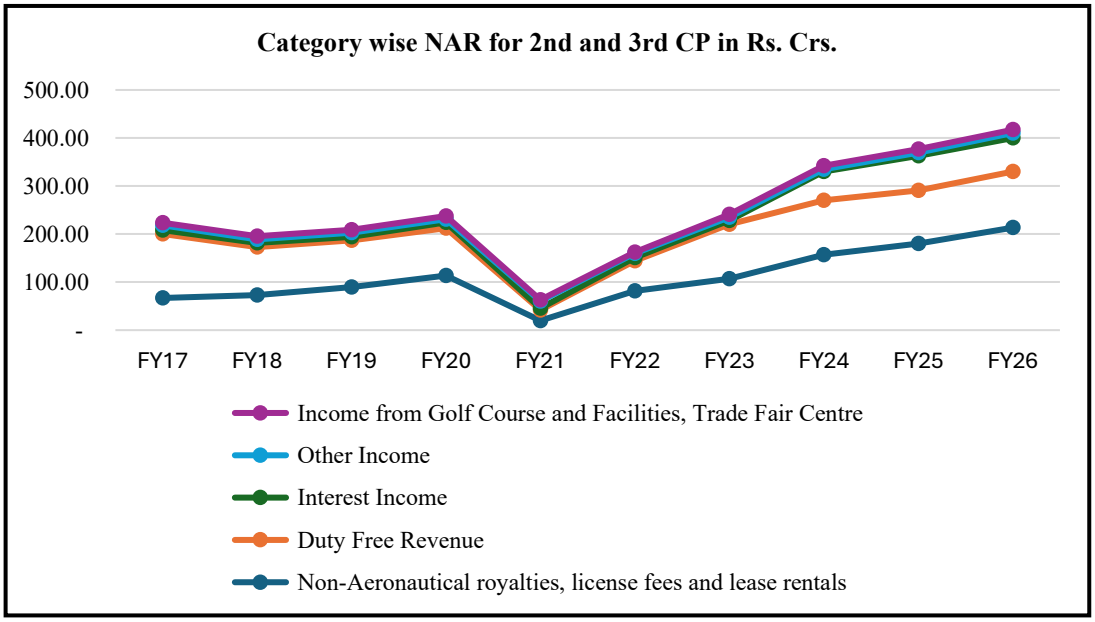
S. No.	Particulars	Growth rates assumed by CIAL
1	Duty Free Revenues	Linked to international passenger traffic growth rate, CAGR of 8.10%
Non-Aero Royalties		
2	Royalty- Engineering	Linked to total passenger traffic growth rate, CAGR of 9.08%
3	Royalty- Security	Linked to total passenger traffic growth rate, CAGR of 9.08%
4	Royalty- Terminal Handling & Valet	Linked to total passenger traffic growth rate, CAGR of 9.08%
License Fees		
5	License Fee- Car Park	Linked to contract rate, CAGR of 5%
6	License Fee- Catering	Linked to total passenger traffic growth rate, CAGR of 9.08%
License Fees- Others		
7	Other Food & Beverage	Linked to total passenger traffic growth rate, CAGR of 9.08%
8	Retail Shops	Linked to total passenger traffic growth rate, CAGR of 9.08%

S. No.	Particulars	Growth rates assumed by CIAL
9	Hoarding/ Board/ Advertising	Assumed based on Minimum Annual Guarantee, CAGR of 5%
10	Food & Beverage	Assumed based on Minimum Annual Guarantee, CAGR of 5%
11	Lounge Services	Assumed based on Minimum Annual Guarantee, CAGR of 5%
12	Land Lease (excl. CGF/ BPCL fuel hydrant)	Linked to contract rate, CAGR of 7.50%
13	Baggage Wrapping Space	Linked to contract rate, CAGR of 5%
14	Forex Counter	Linked to contract rate, CAGR of 5%
15	Space Rentals excl. CGF	Linked to contract rate, CAGR of 10%
16	Star Hotel	Linked to total passenger traffic growth rate, CAGR of 9.08%
17	0484 Aero Lounge	Assumed based on Minimum Annual Guarantee, CAGR of 5%
18	Miscellaneous	Assumed based on inflation and miscellaneous factors, CAGR of 7.50%
19	Miscellaneous- Rent & Services	Assumed based on inflation and miscellaneous factors, CAGR of 7.50%
Others		
20	Interest Income	Linked to bank account savings rate on forecasted cash amount to be kept in the bank, CAGR of negative 16.31%
21	Security Charges Income (other income)	Linked to total passenger traffic growth rate, CAGR of 9.08%
22	Miscellaneous Income (other income)	Assumed based on inflation and miscellaneous factors, CAGR of 10%
23	Public Admission Fee (other income)	Linked to total passenger traffic growth rate and inflation, CAGR of 9.08%
24	Income from Golf Course and Facilities	Assumed based on Third Control Period growth rate, CAGR of 1.77%
25	Income from Trade Fair Centre	Linked to space rentals within the trade fair centre, CAGR of 10%

9.2 Authority's Examination Regarding Non-Aeronautical Revenue For the Fourth Control Period

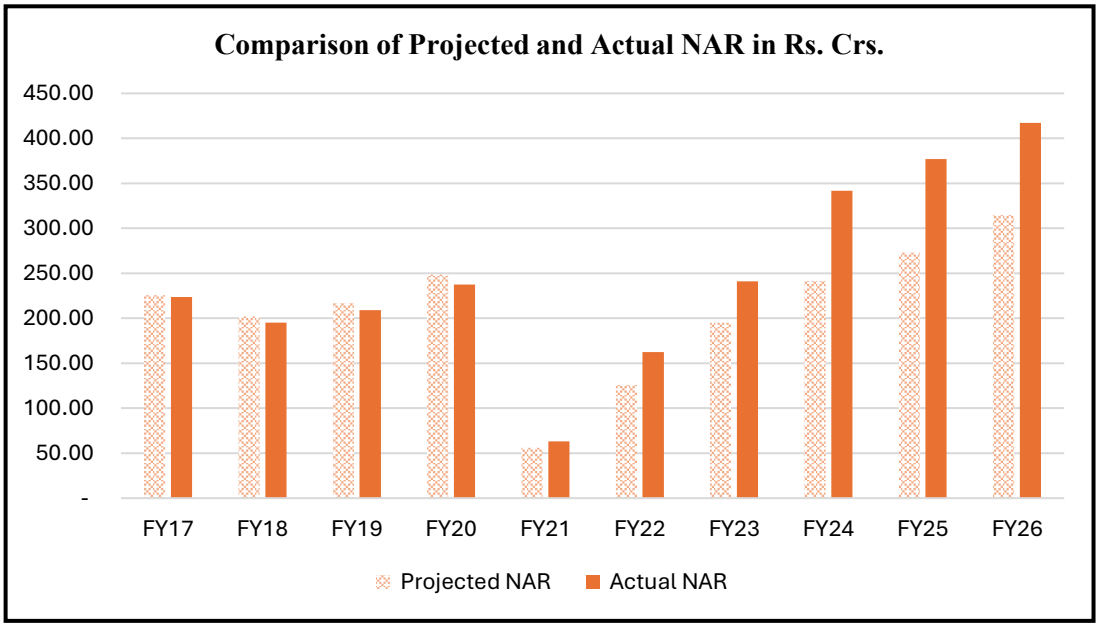
9.2.1 The Authority analyzed the trend of the non-aeronautical revenues over the past two Control Periods as per AERA principles which is given below:

Figure 10: Category wise NAR for Second and Third Control Period



9.2.2 The Authority also compared the actual revenues vis-a-vis revenues projected by CIAL at the time of tariff determination for the past two Control Periods based on AERA principles which is given below:

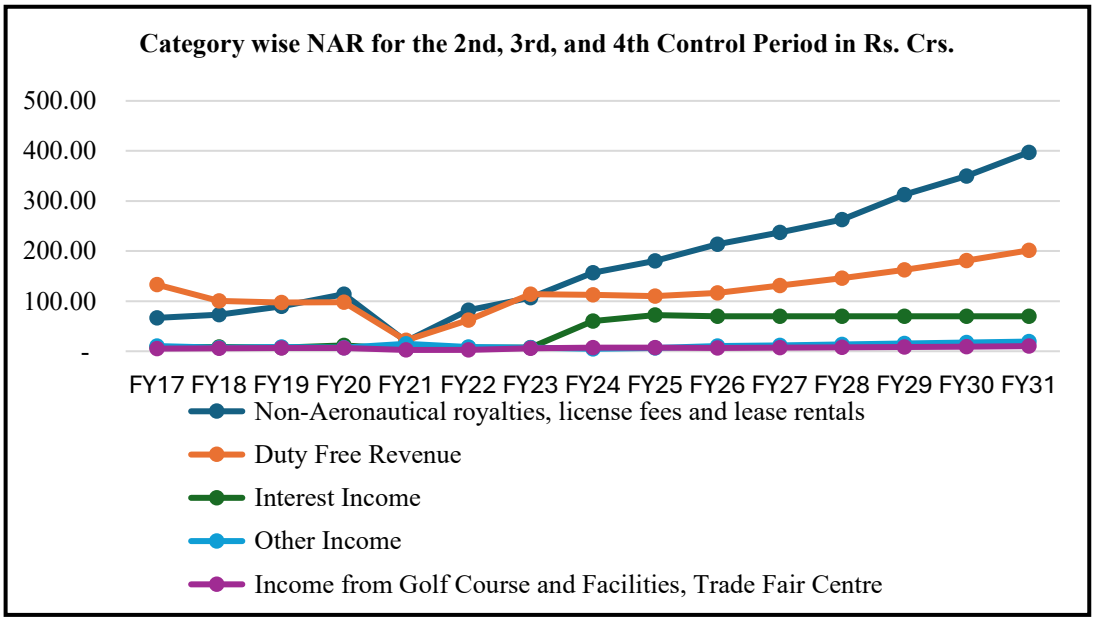
Figure 11: Comparison of Projected and Actual Non-Aeronautical Revenue



9.2.3 The Authority observes a consistent upward trend in Non-Aeronautical Revenue (NAR) across all years from FY2017 to FY2026. Actual revenues have generally exceeded projected figures, with minimal variances during FY2017 to FY2020. However, from FY2021 onwards, actual NAR has progressively diverged from projections, with the gap widening significantly in FY2024 to FY2026.. This sustained

outperformance indicates that the revenue projections in the Multi-Year Tariff Proposal were conservative. The Authority notes that actual operational performance has exceeded forecasted assumptions, reflecting improved revenue generation efficiency. These trends will be considered while evaluating the reasonableness of NAR projections for the ensuing Control Period in accordance with AERA principles. This was then compared to the revenue trends projected by CIAL for the Fourth Control Period, as per AERA principles as detailed below:

Figure 12: Category wise Non-Aeronautical Revenue for the Second, Third and Fourth Control Period



9.2.4 While optically, the trend of the amounts projected for the Fourth Control Period are in line with the trend in the Second and the Third Control Period, the Authority further delved into detailed analysis taking into consideration the CAGR for each of the two Control Periods. CAGR computed for the Second, Third and the Fourth Control Period (under consideration) as per Authority principles is provided below:

Table 220: CAGR for the Second and the Third Control Periods based on actuals and for the Fourth Control Period based on NAR as proposed by CIAL

Particulars	CAGR for 2nd CP	CAGR for 3rd CP	CAGR for 4th CP (under consideration)
Non-Aeronautical Royalties, License Fees, and Lease Rentals	19.44% (FY17- FY20)	25.98% (FY23-FY26)	6.42%
Duty Free Revenue	(-) 9.70% (FY17-FY20)	0.82% (FY23-FY26)	8.10%
Interest Income	14.52% (FY17-FY20)	111.10% (FY23-FY26)	(-) 16.31%
Other Income	(-)11.84% (FY17-FY20)	13.92% (FY23-FY26)	9.79%
Income from Golf Course and Facilities, Trade Fair Centre	7.78% (FY17-FY20)	4.27% (FY23-FY26)	6.64%
Total NAR	**2.04% (FY17-FY20)**	**20.05% (FY23-FY26)**	**6.63%**

9.2.5 The Authority notes that the high CAGR for Third Control Period (FY 23-FY26) was on account of the delayed revenue recovery post Covid.

9.2.6 Since the CAGR for the Fourth Control Period was lower than the CAGR of the Third Control Period but higher than the CAGR for Second Control Period for most of the heads, the Authority further analyzed the head wise break up of these broad categories.

9.2.7 The Authority notes that CIAL, in its submission, has not considered inflation rate for projecting Non-Aeronautical Revenue for the Fourth Control Period. However, consistent with the approach adopted in previous Control Periods, the Authority has considered the WPI forecast as the basis for inflation, as set out in **Table 176** of the Consultation Paper.

9.2.8 A summary of the head wise proposals of the Authority in comparison with the basis of projection as adopted by CIAL is provided below:

Duty Free Revenue

Table 221: Basis of projection for the Duty-Free Revenue as submitted by CIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections considered by the Authority
1	Duty-Free Revenue	Duty-free revenue is projected to grow driven by expected growth in international passenger traffic, with CIAL realizing a revenue share of 35.8% under the concession agreement with CDRSL.	The Authority proposes to link duty-free revenue to international passenger traffic growth rate and inflation for projections for FY27-31.

Non-Aeronautical Royalties

Table 222: Basis of projection for the Non-Aeronautical Royalties as submitted by CIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections proposed by the Authority
1	Royalty-Engineering	Revenue is projected to grow based on passenger traffic growth, which is the key driver for the fourth control period.	The Authority proposes to link royalty-engineering revenue to total passenger traffic growth rate and inflation for projections for FY27-31.
2	Royalty-Security	Revenue is projected to grow based on passenger traffic growth, which is the key driver for the fourth control period.	The Authority proposes to link royalty-security revenue to total passenger traffic growth rate and inflation for projections for FY27-31.
3	Royalty-Terminal Handling and Valet Services	Revenue is projected to grow based on passenger traffic growth, which is the key driver for the fourth control period.	The Authority proposes to link royalty-terminal handling and valet services revenue to total passenger traffic growth rate and inflation for projections for FY27-31.

License Fees

Table 223: Basis of projection for the Revenue and License Fees as submitted by CIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections proposed by the Authority
1	License Fees-Car Parking	Car parking revenue is projected to grow based on the fixed annual escalation of 5% as per the concession agreement with Gateway, effective from 1 December 2023 under a fixed monthly license fee model.	The Authority proposes to accept CIAL's submission to link car parking revenue to the fixed annual escalation of 5% as per the concession agreement with Gateway, effective from 1 December 2023.

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections proposed by the Authority
		The contract is valid till 30 November 2028 and is further extendable by 3 years.	
2	License Fees-Catering Services	Catering revenue is projected to grow based on expected growth in passenger traffic, with CIAL realizing a revenue share of 13% from catering companies under the catering contracts during FY 2026-27 to FY 2030-31.	The Authority proposes to link catering revenue to total passenger traffic growth rate and inflation for projections for FY27-31.

Other License Fees

Table 224: Basis of projection for the Other License Fees Revenue as submitted by CIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections proposed by the Authority
1	Other Food & Beverage	Other F&B revenue is projected to grow based on the revenue-share model contracted with the respective F&B operators for outlets located outside the Terminal 1 and Terminal 3 buildings.	The Authority proposes to link Other F&B revenue to total passenger traffic growth rate and inflation for projections for FY27-31.
2	Retail Shops	Retail revenue is projected to grow based on the revenue-share model contracted with the respective retail operators for outlets located within and outside the Terminal 1 and Terminal 3 buildings.	The Authority proposes to link retail shops revenue to total passenger traffic growth rate and inflation for projections for FY27-31.
3	Hoarding/ Board/ Advertising	Advertising revenue is projected to grow based on the annual escalation of the minimum annual guarantee at 5% as per the concession agreement with Laqshya, effective from late FY 2023-24 under a hybrid model. The contract is valid for 10 years.	The Authority proposes to link revenue from advertising to total passenger traffic growth rate and inflation for projections for FY27-31.
4	Food & Beverage	Food & Beverage revenue is projected to grow based on the annual escalation of 5% as per the concession agreements with CAFS and TFS, effective from 1 January 2026 under a hybrid model. The contracts are valid for 5 years, extendable by 2 years.	The Authority proposes to link f&b revenue to total passenger traffic growth rate and inflation for projections for FY27-31.
5	Lounge	Lounge revenue is projected to grow based on the annual escalation of 5% as per the concession agreements with CAFS and TFS, effective from 1 January 2026 under a hybrid model. The contracts are valid for 5 years, extendable by 2 years.	The Authority proposes to link lounge revenue to total passenger traffic growth rate and inflation for projections for FY27-31.
6	Land Space (excl. BPCL fuel hydrant/ CGF)	Land rentals excluding CGF revenue is projected to grow based on the fixed annual escalation of 7.5% as per the concession agreements with various stakeholders under a fixed rental model.	The Authority proposes to accept CIAL's approach and, for the purpose of projections for FY27–31, has considered the land rentals revenue linked to the 7.5% annual escalation rate. Further, the Authority proposes to factor in the additional impact of the increase in terminal area. Accordingly, the Authority has calculated revenue on a per sqm basis, escalating the per sqm rate by 7.5% annually

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections proposed by the Authority
			and multiplying by the respective year's terminal area to derive the projected revenue.
7	Baggage Wrapping Space	The revenue is projected to grow based on the fixed annual escalation of 5% as per the concession agreement with Speedwings, effective from 1 November 2024. The contract is valid for 5 years with the monthly license fee market-discovered through competitive bidding.	The Authority proposes to accept CIAL's approach and, for the purpose of projections for FY27–31, has considered the baggage wrapping space revenue linked to the 5% annual escalation rate. Further, the Authority proposes to factor in the additional impact of the increase in terminal area. Accordingly, the Authority has calculated revenue on a per sqm basis, escalating the per sqm rate by 5% annually and multiplying by the respective year's terminal area to derive the projected revenue.
8	Forex Counter	Forex counter revenue is projected to grow based on the fixed annual escalation of 5% as per the concession agreement with Ebix, effective from FY 2023-24. The contract is valid for 5 years.	The Authority proposes to accept CIAL's approach and, for the purpose of projections for FY27–31, has considered the forex counter revenue linked to the 5% annual escalation rate. Further, the Authority proposes to factor in the additional impact of the increase in terminal area. Accordingly, the Authority has calculated revenue on a per sqm basis, escalating the per sqm rate by 5% annually and multiplying by the respective year's terminal area to derive the projected revenue.
9	Space Rentals excl. CGF	Space rentals (excl. CGF) revenue is projected to grow based on the fixed annual escalation of 10% as per the concession agreements with various concessionaires under a fixed rental model.	The Authority proposes to accept CIAL's approach and, for the purpose of projections for FY27–31, has considered the space rentals revenue linked to the 10% annual escalation rate. Further, the Authority proposes to factor in the additional impact of the increase in terminal area. Accordingly, the Authority has calculated revenue on a per sqm basis, escalating the per sqm rate by 10% annually and multiplying by the respective year's terminal area to derive the projected revenue.
10	Star Hotel	Star Hotel revenue is projected to grow based on passenger traffic growth as per the concession agreement with the concessionaire, effective from November 2024 under a revenue-share model.	The Authority proposes to link revenue from star hotel to total passenger traffic growth rate and inflation for projections for FY27-31.
11	0484 Lounge	0484 Lounge revenue is projected to grow based on the annual escalation of the minimum annual guarantee at 5% as per the concession agreement, effective from April 2024 under a hybrid model. The minimum annual guarantee is INR 2 crore per year, with revenue share of 66% on room revenues and 25% on ancillary services.	The Authority proposes to link revenue from 0484 lounge to total passenger traffic growth rate and inflation for projections for FY27-31.
12	Miscellaneous	Miscellaneous revenue comprises various other kinds of revenue not mentioned explicitly, including ledger reclassification	The Authority proposes to accept CIAL's approach and, for the purpose of projections for FY27–31, has considered the

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections proposed by the Authority
		adjustments. It is projected to grow at a CAGR of 7.50% during FY 2026-27 to FY 2030-31.	miscellaneous revenue linked to the 7.50% annual escalation rate.
13	Miscellaneous-Rent & Services	Miscellaneous rent and services revenue comprises income from telephone charges, airside driving permits, reception and promotional activities, surcharge received from prepaid taxi, advertisement revenues earned by CIAL, and other ancillary services. It is projected to grow at a CAGR of 7.50% during FY 2026-27 to FY 2030-31.	The Authority proposes to link miscellaneous revenue from rent & services to total passenger traffic growth rate and inflation for projections for FY27-31.

Interest Income

Table 225: Basis of projection for the Interest Income as submitted by CIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections proposed by the Authority
1	Interest Income	Interest income is dependent on the cash available with CIAL for investments and forecasted operational cash flows. It has been computed based on the forecasted cash available at the end of each financial year during FY 2026-27 to FY 2030-31, applying applicable interest rates on investments.	The Authority, consistent with its regulatory principles and approach followed in other airports, proposes to project interest income for FY27-31 by considering FY26 actuals as the baseline for all years.

Other Income

Table 226: Basis of projection for the Other Income as submitted by CIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections proposed by the Authority
1	Security Charges	Security training charges revenue comprises income earned by CIAL from security training services and is projected to grow based on passenger traffic growth.	The Authority proposes to link revenue from security training charges to total passenger traffic growth rate and inflation for projections for FY27-31.
2	Public Admission Fees	Public admission fees revenue comprises income earned by CIAL from visitor gallery entry fees and is projected to grow based on passenger traffic growth.	The Authority proposes to link revenue from public admission fees to total passenger traffic growth rate and inflation for projections for FY27-31.
3	Miscellaneous	Miscellaneous income comprises various other kinds of income including revenue from film shooting, tender forms, scrap sales, penalty fees, and other ancillary sources, projected to grow based on historical trends and operational requirements.	The Authority proposes to link miscellaneous income to total passenger traffic growth rate and inflation for projections for FY27-31.

Income from Golf Course and Facilities, Trade Fair Centre

Table 227: - Basis of projection for the Income from Golf Course and Facilities, and Trade fair Centre as submitted by CIAL for the Fourth Control Period and as proposed by the Authority for the Fourth Control Period

S. No.	Particulars	Basis of Projections adopted by CIAL	Basis of Projections proposed by the Authority
1	Income from Golf Course and Facilities	Golf course and facilities revenue comprises income earned by CIAL from membership fees and is projected to grow based on growth in memberships.	The Authority proposes to project golf course and facilities revenue based on the historical CAGR observed during the Third Control Period, for the projections for FY27-31.
2	Income from Tarde Fair Centre	Trade fair centre revenue comprises rental income from space within the trade fair centre and is projected to grow based on the fixed annual escalation of 10% as per space rental agreements.	The Authority proposes to project income from trade fair centre based on the historical CAGR observed during the Third Control Period, for the projections for FY27-31.

9.2.9 Based on the above approach for computation of Non-Aeronautical Revenue for the Fourth Control Period, considering various basis of projections, the overall CAGR considered by the Authority for the Fourth Control Period is presented in the table below:

Table 228: Growth Rates proposed by the Authority for Non-Aeronautical Revenue for the Fourth Control Period

S. No.	Particulars	Growth rates assumed by CIAL
1	Duty Free Revenues	Linked to international passenger traffic growth rate and inflation, CAGR of 11.71%
Non-Aero Royalties		
2	Royalty- Engineering	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
3	Royalty- Security	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
4	Royalty- Terminal Handling & Valet	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
License Fees		
5	License Fee- Car Park	Linked to contract rate, CAGR of 5%
6	License Fee- Catering	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
License Fees- Others		
7	Other Food & Beverage	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
8	Retail Shops	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
9	Hoarding/ Board/ Advertising	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
10	Food & Beverage	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
11	Lounge Services	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
12	Land Lease (excl. CGF/ BPCL fuel hydrant)	CIAL's approach accepted; Considering the Terminal area increase along with the mentioned contract rate while factoring the lease rentals, CAGR of 18.02%
13	Baggage Wrapping Space	CIAL's approach accepted; Considering the Terminal area increase along with the mentioned contract rate while factoring in the revenue, CAGR of 15.28%
14	Forex Counter	CIAL's approach accepted; Considering the Terminal area increase along with the mentioned contract rate while factoring in the revenue, CAGR of 12.71%
15	Space Rentals excl. CGF	CIAL's approach accepted; Considering the Terminal area increase along with the mentioned contract rate while factoring the lease rentals, CAGR of 20.77%
16	Star Hotel	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
17	0484 Aero Lounge	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
18	Miscellaneous	Assumed based on inflation and miscellaneous factors, CAGR of 7.50%

S. No.	Particulars	Growth rates assumed by CIAL
19	Miscellaneous- Rent & Services	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
Others		
20	Interest Income	Considering AERA principles, considered FY26 actual amount as baseline for all years
21	Security Charges Income (other income)	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
22	Miscellaneous Income (other income)	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
23	Public Admission Fee (other income)	Linked to total passenger traffic growth rate and inflation, CAGR of 14.13%
24	Income from Golf Course and Facilities	Assumed based on Third Control Period growth rate, CAGR of 4.03%
25	Income from Trade Fair Centre	Assumed based on Third Control Period growth rate, CAGR of 11.86%

9.2.10 Based on the growth factors applied and the considerations made for each revenue sub-head, the Authority has computed Non-Aeronautical Revenue for the Fourth Control Period by considering the unaudited actual figures for FY 2025-26 as the base and applying the respective growth drivers thereafter. The total Non-Aeronautical Revenue proposed by the Authority for the Fourth Control Period is provided in the table below:

Table 229: Non-Aeronautical Revenue proposed to be considered by the Authority for the Fourth Control Period

(Rs. in Crore)

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Duty Free Revenues	126.50	141.32	157.87	176.37	197.03	**799.09**
Non-Aero Royalties						
Royalty - Engineering	0.25	0.28	0.32	0.37	0.42	**1.63**
Royalty – Security	3.17	3.59	4.10	4.70	5.38	**20.93**
Royalty – Terminal Handling & Valet	0.20	0.23	0.26	0.30	0.35	**1.35**
License Fees						
License Fee – Car Park	17.75	18.64	19.57	20.55	21.58	**98.11**
License Fee – Catering	7.68	8.69	9.94	11.38	13.04	**50.73**
License Fees- Others						
Other Food & Beverage	6.22	7.03	8.05	9.21	10.55	**41.06**
Retail Shops	32.60	36.87	42.19	48.30	55.32	**215.29**
Hoarding/Board/ Advertisement	17.96	20.32	23.25	26.61	30.48	**118.62**
Food & Beverage	26.48	29.95	34.26	39.22	44.93	**174.84**
Lounge	50.55	57.18	65.42	74.89	85.78	**333.83**
Land Lease (excluding BPCL fuel hydrant)	3.41	3.67	4.82	5.18	6.62	**23.69**

Particulars (FY ending March 31)	2027	2028	2029	2030	2031	Total
Baggage Wrapping Space	11.92	12.51	16.05	16.85	21.04	**78.38**
Forex Counter	25.08	26.33	36.70	38.54	40.46	**167.11**
Space Rentals excl. CGF	18.52	20.37	27.38	30.12	39.39	**135.79**
Star Hotel	5.34	6.04	6.92	7.92	9.07	**35.29**
0484 Lounge	4.03	4.56	5.22	5.97	6.84	**26.61**
Miscellaneous	0.50	0.53	0.57	0.62	0.66	**2.89**
Miscellaneous- Rent & Services	3.18	3.60	4.12	4.71	5.40	**21.01**
Interest Income	69.81	69.81	69.81	69.81	69.81	**349.04**
Other Income (Security+ Misc+ Public Admission Fee)	11.76	13.30	15.22	17.42	19.95	**77.64**
Income from Golf Course and Facilities, &Trade Fair Centre	7.35	7.96	8.64	9.38	10.21	**43.54**
Total NAR	**450.26**	**492.77**	**560.68**	**618.42**	**694.30**	**2,816.44**

9.2.11 Thus, based on the above table, the Authority proposes Non-Aeronautical Revenue of **Rs. 2,816.44 Crores** for the Fourth Control Period as against CIAL's submission of **Rs. 2,074.37 Crores.** The variance is due to the following:

- **Growth Drivers and Growth Rates:** Assessed and applied growth drivers and growth rates for each NAR sub-head, anchored to traffic projections, historical trends, contractual escalations, and inflationary adjustments, which differ from those adopted by CIAL.
- **Lease Rentals:** Considered the impact of proposed terminal area increase in its lease rentals revenue (land lease and space lease). CIAL had not adopted such approach.
- **Contract Linked Revenues:** For the revenues with fixed contract determined escalation rates, such as Forex Counters and Baggage Wrapping Space, the impact of terminal area increase has been considered along with the contract determined rates. CIAL had not adopted such approach.

9.3 Authority's Proposal Regarding Non-Aeronautical Revenue for the Fourth Control Period

Based on the material before it and its examination, the Authority proposes the following with respect to Non-Aeronautical Revenues for the Fourth Control Period:

9.3.1 To consider Non-Aeronautical Revenue for the Fourth Control Period for Cochin International Airport as per **Table 229**.

9.3.2 To True up NAR for the Current Control Period, at the time of determination of tariff for the next control period, subject to the minimum threshold as proposed by the Authority in **Table 229**

10. AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

10.1 CIAL's submission regarding Aeronautical Taxes for the Fourth Control Period

10.1.1 CIAL, in its MYTP submission for the Fourth Control Period, has submitted the forecast of aeronautical taxes proposed to be considered for determination of the Aggregate Revenue Requirement ("ARR"). CIAL has stated that the total taxes payable have been bifurcated between the aeronautical and non-aeronautical segments based on the approach followed for the true-up of taxes for the Third Control Period.

10.1.2 CIAL has submitted that the total tax liability has been allocated between the aeronautical and non-aeronautical segments based on the respective percentage share of aeronautical Profit Before Tax ("PBT") and non-aeronautical PBT. Accordingly, the aeronautical tax has been determined with reference to the PBT attributable to the aeronautical segment.

10.1.3 For the purpose of computing taxes for the Fourth Control Period, CIAL has considered the estimated tax liability as reflected in the projected Profit and Loss Statement. CIAL has further submitted that the aeronautical revenues have been forecasted to recover the ARR for the Fourth Control Period.

10.1.4 CIAL has computed the aeronautical and non-aeronautical PBT after considering the respective revenues, operating expenditure, depreciation and interest expenses. The tax rate applicable to both the aeronautical and non-aeronautical segments has been considered at 25% for each year of the Fourth Control Period.

10.1.5 The computation of aeronautical and non-aeronautical taxes submitted by CIAL is set out below:

Table 230: Forecast of Aeronautical Tax for the Fourth Control Period submitted by CIAL

(Rs. In Cr.)

Particulars	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Aeronautical Segment					
Aero Revenues	875.8	955.1	1,041.7	1,136.4	1,239.7
Aero Opex	381.3	421.1	461.6	526.3	577.9
Aero Depreciation	158.3	189.3	223.2	267.5	307.2
Interest	15.8	16.2	37.5	82.2	94.1
PBT	320.4	328.5	319.5	260.3	260.5
Tax Rate Applicable	25%	25%	25%	25%	25%
Aero Tax	80.7	82.7	80.4	65.5	65.6
Non-Aeronautical Segment					
Non-aero Revenues	358.6	375.0	401.6	430.3	464.1
Non-aero Opex	31.3	36.3	41.0	47.3	52.2
Non-aero Depreciation	21.0	23.7	29.3	29.0	32.2
Interest	2.3	2.3	6.2	11.4	13.4
PBT	304.0	312.7	325.1	342.6	366.3
Tax Rate Applicable	25%	25%	25%	25%	25%
Non-aero Tax	76.5	78.7	81.8	86.2	92.2
Aero Tax as % of Total Tax	51%	51%	50%	43%	42%
Tax as per P&L	157.2	161.4	162.2	151.8	157.8
Aero Tax for ARR	80.6	82.7	80.4	65.5	65.6

10.1.6 Based on the figures presented in Table 230, the aeronautical tax submitted by CIAL aggregates to approximately Rs. 374.8 crore for the Fourth Control Period.

10.2 Authority's examination regarding Aeronautical Taxes for the Fourth Control Period

10.2.1 The Authority has examined CIAL's submission regarding the computation of aeronautical taxes for the Fourth Control Period. CIAL has allocated the total tax liability between the aeronautical and non-aeronautical segments based on the respective percentage share of aeronautical PBT and non-aeronautical PBT. CIAL has thereafter considered the tax attributable to the aeronautical segment for the purpose of determining the ARR.

10.2.2 The Authority notes that CIAL has computed aeronautical tax based on the projected Profit and Loss Statement and has considered the aeronautical revenues required to recover the ARR for the Fourth Control Period. The Authority is of the view that aeronautical taxes should be computed with reference to the earnings pertaining to regulated charges, based on the regulatory building blocks considered for determination of ARR, and not merely by allocating the total tax liability between the aeronautical and non-aeronautical segments on the basis of the respective PBT.

10.2.3 The Authority further notes that CIAL has considered the aeronautical segment separately and has not included any portion of non-aeronautical revenue in the computation of aeronautical PBT. The Authority proposes to retain the treatment adopted by CIAL in this regard. Accordingly, only the revenues and expenditure pertaining to regulated aeronautical services shall be considered for determining the earnings on which aeronautical tax is computed.

10.2.4 The Authority has examined the interest expenses considered by CIAL for the aeronautical segment. CIAL has estimated aeronautical interest expenses of Rs. 15.80 Crore, Rs. 16.20 Crore, Rs. 37.50 Crore, Rs. 82.20 Crore, and Rs. 94.10 Crore for FY 2027 to FY 2031, respectively. The Authority proposes to rework the aeronautical interest expenses based on the financing structure and debt financing considered appropriate for the aeronautical RAB, in accordance with the Authority's approach for determination of ARR. The revised interest expenses proposed by the Authority are set out in the Table 231.

10.2.5 The Authority has also considered the depreciation proposed for the aeronautical assets after applying the useful lives approved/proposed by the Authority. The depreciation considered for the purpose of determining the earnings pertaining to regulated charges shall be subject to the final depreciation approved by the Authority for the Fourth Control Period.

10.2.6 The Authority has relied upon the judgement of the Hon'ble Supreme Court dated 11 July 2022 and proposes to compute corporate tax based on the regulatory accounts and regulatory building blocks. Accordingly, aeronautical taxes shall be computed only on the earnings pertaining to regulated charges after considering the applicable operating expenditure, depreciation and interest expenses attributable to the aeronautical segment.

10.2.7 The Authority further notes that accumulated losses, if any, are required to be set off against the earnings pertaining to regulated charges before computing the tax liability. Accordingly, where the earnings pertaining to regulated charges are negative in any year, such loss shall be carried forward and set off against the positive earnings of subsequent years, before applying the applicable tax rate.

10.2.8 Based on the above principles, the Authority has recomputed the aeronautical taxes for the Fourth Control Period. The computation proposed by the Authority is set out below:

Table 231:Aeronautical Taxes Proposed by the Authority for the Fourth Control Period

(Rs. In Cr.)

Particulars	Ref.	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
Aeronautical Revenue	(A)	451.25	548.21	673.78	828.49	1019.29	**3521.01**
Expenditure / Allowances:							
Operation and Maintenance Expenditure	(B)	313.62	328.72	373.79	378.35	413.28	**1807.76**
Aeronautical Depreciation	(C)	144.43	163.64	190.44	215.82	247.70	**962.03**
Aeronautical Interest Expenses	(D)	63.63	73.59	89.08	103.31	119.83	**449.44**
Sub-total	(E) = (B + C + D)	521.68	565.95	653.30	697.49	780.81	**3219.22**
Earnings pertaining to Regulated Charges	(F) = (A – E)	-70.42	-17.73	20.48	131.00	238.47	**301.79**
Accumulated Losses:							
Opening Accumulated Losses	(G)	0.00	70.42	88.16	67.68	0.00	**226.27**
Current Year Losses	(H)	70.42	17.73	0.00	0.00	0.00	**88.16**
Current Year Set-off	(I)	0.00	0.00	20.48	67.68	0.00	**88.16**
Closing Accumulated Losses	(J) = (G + H – I)	70.42	88.16	67.68	0.00	0.00	**226.27**
Earnings on which Normal Tax is Calculated	(K) = Max (F – I, 0)	0.00	0.00	0.00	63.32	238.47	**301.79**
Normal Tax Rate	(L)	25.17%	25.17%	25.17%	25.17%	25.17%	
Taxes pertaining to Regulated Charges	**(M) = (K × L)**	**0.00**	**0.00**	**0.00**	**15.94**	**60.02**	**75.96**

10.2.9 In view of the above, the Authority proposes to consider aeronautical taxes of Rs. 75.96 Crores for the Fourth Control Period, as against CIAL's submission of Rs. 374.8 crore.

10.2.10 The aeronautical taxes approved for the Fourth Control Period shall be subject to true-up based on the actual aeronautical revenues, operating expenditure, depreciation, interest expenses, applicable tax rate and accumulated losses, as determined from the audited regulatory accounts of CIAL.

10.3 Authority's proposal regarding Aeronautical Taxes for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following regarding Aeronautical Taxes for the Fourth Control Period:

10.3.1 To consider Aeronautical Taxes, for the Fourth Control Period as per **Table 231.**

10.3.2 To True-up the aeronautical tax amount appropriately taking into consideration all relevant facts at the time of tariff determination for the next control period.

11. QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

11.1 CIAL's Submission regarding Quality of Service for the Fourth Control Period

11.1.1 The Authority notes that CIAL has not made any submission in the MYTP regarding Quality of Service.

11.2 Authority's Examination regarding Quality of Service for the Fourth Control Period

11.2.1 Based on the clarifications sought by the Authority regarding Quality of Service, CIAL submitted Airports Council International (ACI)-Airport Service Quality (ASQ) performance report from 2022 to 2026.

11.2.2 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 Authority authorized by it in this behalf."*

ii. As per section 13(1)(a)(ii) of the AERA Act, 2008, the Authority is required to determine the tariff for Aeronautical services taking into consideration *"the service provided, its quality and other relevant factors."*

11.2.3 Further, Authority notes that Clause III(A)(1) of CIAL's Memorandum of Association provides, inter alia, that CIAL shall construct, develop, commission, operate, manage and maintain an airport of international standards with modern facilities for domestic and international flights, subject to the guidelines prescribed by the regulatory authorities in India and abroad.

11.2.4 During the tariff determination for the Third Control Period, the Authority had reviewed the Airport Service Quality ratings furnished by CIAL. Considering the quality of service maintained by CIAL, the Authority did not make any adjustment to tariff determination on account of Quality of Service and decided to continue reviewing CIAL's Quality-of-Service parameters based on the ASQ ratings obtained by CIAL.

11.2.5 The Authority further notes that, during the Third Control Period, CIAL received the "COVID Champion" Award at Wings India 2022 for the implementation of "Mission Safeguarding", which facilitated safe and seamless passenger movement during the COVID-19 pandemic. CIAL also received the ACI Airport Service Quality Award 2022 in the 5 to 15 million passengers category for airports in the Asia-Pacific region, in recognition of its passenger-service performance and post-pandemic passenger-facilitation measures.

11.2.6 The Authority also notes the methodology carried out by ACI for arriving at the ASQ ratings for Airports as follows:

i. ACI ASQ is a quarterly benchmarking programme measuring passenger's satisfaction and experience about an Airport with participation from around 350-400 airports across the world.

ii. The passenger experience is measured based on passenger emotions and their impact to arrive at Emotional Score.

iii. The passenger satisfaction is measured based on various service quality parameters as mentioned below:

a. Arrival at the airport (Ease of getting to the Airport, Signage to access terminal and parking facilities)

b. Check-in (Ease of finding check-in area, waiting time at check-in, courtesy and helpfulness of staff)

c. Security screening (Ease of going through security screening, waiting time at the security screening and courtesy and helpfulness of security screening staff)

d. Border/passport control (Waiting time at Border/passport control and courtesy and helpfulness of staff)

e. Shopping/dining (Restaurants/bars and value for money, shops and value for money, courtesy and helpfulness of staff)

f. Gate areas (Comfort of waiting and availability of seats at gate areas)

g. Throughout the airport (Ease of finding way, availability of flight information, walking distance inside terminal, ease of making connection with other flight, courtesy and helpfulness of staff, wi-fi service quality, availability of charging stations, entertainment and leisure options, availability and cleanliness of washrooms/toilets)

h. Airport atmosphere (Health, safety, cleanliness and ambience)

iv. Additional service quality parameters considered by ACI ASQ are ground transportation to/from the airport, availability of baggage carts/trolleys, efficiency of check-in staff and business/executive lounges.

v. ACI ASQ also evaluates the service quality satisfaction level through three indexes namely Ease of traveling index, Waiting time index and staff index.

11.2.7 The Authority through its independent consultant reviewed the ACI ASQ performance reports of CIAL for the past four calendar years and the part year (i.e. CY 2022 till Q2 of CY 2026) and noted that CIAL has progressively improved its Departure ASQ rating from 4.77 in CY 2022 to 5.00 in CY 2025, while maintaining an Arrival ASQ rating between 4.97 and 5.00 during the same period, and has met all the parameters mentioned in the report.

11.2.8 The Authority notes the CY-wise ACI ASQ Departure and Arrival Scores from CY 2022 till Q2 of CY 2026 for CIA as follows:

Table 232: ACI ASQ Score for CIA

Year (Calendar Year)	Quarter	Departure ASQ rating	Arrival ASQ rating
2022	Q1	4.90	4.99
	Q2	4.57	5.00
	Q3	4.64	4.89
	Q4	4.98	5.00
	Annual Score	**4.77**	**4.97**
2023	Q1	5.00	5.00
	Q2	4.95	4.99
	Q3	4.90	4.96
	Q4	4.95	4.97
	Annual Score	**4.95**	**4.98**

Year (Calendar Year)	Quarter	Departure ASQ rating	Arrival ASQ rating
2024	Q1	4.98	5.00
	Q2	4.98	5.00
	Q3	4.98	4.99
	Q4	4.99	5.00
	Annual Score	**4.98**	**5.00**
2025	Q1	5.00	4.99
	Q2	4.99	5.00
	Q3	4.99	5.00
	Q4	5.00	5.00
	Annual Score	**5.00**	**5.00**
2026	Q1	5.00	5.00
	Q2	4.98	4.99
	Q3	-	-
	Q4	-	-
	Annual Score	**4.99**	**5.00**

11.2.9 CIAL has achieved an ACI ASQ rating of 5.00 on Arrival since CY 2024 and on Departure since CY 2025, as per Table 232 above.

11.2.10 Based on the above, the Authority does not propose any adjustment towards tariff determination for the Fourth Control Period on account of quality of service maintained by the Cochin International Airport, as CIAL has been able to consistently maintain high ASQ ratings during the period under review, and proposes to continue monitoring CIAL's performance based on the ASQ ratings obtained by CIAL.

11.2.11 The Authority has also issued Consultation Paper No. 03/2025-26 dated August 18, 2025 on the "*Formulation of Performance Standards for Major Airports relating to Quality and Continuity and reliability of service and related activities*". The final order will be issued in due course and shall be applicable to CIAL as and when the same becomes effective and applicable to major airports.

11.3 Authority's Proposal regarding Quality of Service for the Fourth Control Period

Based on the material before it and its examination, the Authority proposes the following with respect to Quality of Service for the Fourth Control Period:

11.3.1 To not consider any adjustment in the Aggregate Revenue Requirement on account of Quality of Service for the Fourth Control Period.

11.3.2 CIAL should ensure that service quality at Cochin International Airport, Cochin shall comply with such performance standards as may be notified pursuant to the final order referred to in paragraph 11.2.11 once the same become applicable to major airports.

12. AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

12.1 CIAL's submission regarding Aggregate Revenue Requirement for the Fourth Control Period

12.1.1. CIAL had submitted the Aggregate Revenue Requirement (ARR) for the Fourth Control Period based on projected Regulatory building blocks. CIAL subsequently submitted actuals for FY 2025-26; however, it has not correspondingly revised its ARR. The summary of the Aggregate Revenue Requirement submitted by CIAL for the Fourth Control Period in the MYTP is as follows:

Table 233: Aggregate Revenue Requirement submitted by CIAL for the Fourth Control Period

(Rs. Cr.)

Particulars (FY ending March 31)	Ref	2027	2028	2029	2030	2031	Total
Average RAB	(A)	1,841.02	2,446.08	2,900.55	3,501.62	4,030.09	
FRoR	(B)	11.63%	11.63%	11.63%	11.63%	11.63%	
Return on RAB (C = A × B)	(C)	214.06	284.41	337.25	407.14	468.59	1,711.45
Return on Land	(D)	9.45	9.45	21.55	21.55	21.55	83.55
Aeronautical Depreciation	(E)	158.35	189.25	223.21	267.52	307.22	1,145.55
Aero O&M Expense	(F)	381.28	421.14	461.60	526.34	577.93	2,368.29
Aero Taxes	(G)	80.65	82.68	80.40	65.52	65.56	374.81
Working capital interest	(H)	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (I = C+D+E+F+G+H)	**(I)**	**843.79**	**986.93**	**1,124.01**	**1,288.07**	**1,440.85**	**5,683.65**
Less: 30% of NAR	(J)	107.57	112.50	120.48	129.09	139.23	608.87
Aggregate Revenue Requirement (K = I – J)	**(K)**	**736.22**	**874.43**	**1,003.53**	**1,158.98**	**1,301.62**	**5,074.78**
(Over)/under recovery of previous control period as on 31.03.2027	(L)	186.46	—	—	—	—	186.46
Net Aggregate Revenue Requirement (M = K + L)	**(M)**	**922.68**	**874.43**	**1,003.53**	**1,158.98**	**1,301.62**	**5,261.24**
Projected Aero Revenue	(N)	875.82	955.13	1,041.75	1,136.37	1,239.75	5,248.82
PV Factor as on 01.04.2027 (FRoR of 11.63%)	(O)	1.00	0.90	0.80	0.72	0.64	
Present Value of Net ARR (P = M × O)	(P)	922.68	783.35	805.37	833.23	838.31	4,182.94
Present Value of Revenue (Q = N × O)	(Q)	875.82	855.64	836.03	816.98	798.46	4,182.93

12.2 Authority's examination of aggregate revenue requirement for the Fourth Control Period

12.2.1. The Authority based on its examination across the regulatory building blocks including true up for the third control period, has recalculated the Aggregate Revenue Requirement for the Fourth Control Period.

12.2.2. After considering the above and rationalized building blocks, the Authority proposes the following Aggregate Revenue Requirement and Yield Per Pax for the Fourth Control Period.

Table 234: Aggregate Revenue Requirement &YPP proposed to be considered by the Authority for the Fourth Control Period

(Rs. In Cr.)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Opening RAB (A)	1,588.42	2,043.40	2,156.96	2,927.33	2,969.45	
Additions to RAB (B)	599.41	277.21	960.80	257.94	1,148.27	3,243.62
Depreciation (C)	144.43	163.64	190.44	215.82	247.70	962.03
Closing RAB (D)	2,043.40	2,156.96	2,927.33	2,969.45	3,870.02	
Average RAB **(E){Refer Table 169}**	1,815.91	2,100.18	2,542.15	2,948.39	3,419.73	
Fair Rate of Return applied to the RAB **(F){Refer Table 172}**	11.39%	11.39%	11.39%	11.39%	11.39%	
Return on RAB **(G=E*F)**	206.78	239.15	289.48	335.74	389.41	1,460.56
Return on Land **(H)**	9.01	9.01	9.01	9.01	9.01	45.03
Aero O&M Expense **(I) {Refer Table 210}**	313.62	328.72	373.79	378.35	413.28	1,807.76
Depreciation **(J) {Refer Table 167}**	144.43	163.64	190.44	215.82	247.70	962.03
Aero Taxes **(K) {Refer Table 231**}	-	-	-	15.94	60.02	75.96
Gross Aggregate Revenue Requirement **(L)=G+H+I+J+K**	673.83	740.51	862.71	954.86	1,119.43	4,351.34
Less: 30% of NAR **(M)**	135.08	147.83	168.20	185.53	208.29	844.93
Aggregate Revenue Requirement **(N) = L-M**	538.76	592.68	694.50	769.33	911.14	3,506.40
(Over)/Under Recovery of previous CP (O) as on 31.03.2027 **{Refer Table 106}**	(31.07)					(31.07)
Net Aggregate Revenue Requirement **(P = N + O)**	507.68	592.68	694.50	769.33	911.14	3,475.33
Discounting Factor (Q)	1.00	0.90	0.81	0.72	0.65	
PV of Net ARR as on 31.03.2027 **(R=P*Q)**	507.68	532.09	559.76	556.68	591.89	2,748.11
Sum of PV of Aggregate Revenue Requirement **(S)**						2,748.11
Total Passenger Traffic (Million) (T) **{Refer Table 113**}						74.65
Yield per Passenger on Total Traffic (Rs.) U= **(S/T) X 10)**						368.13

12.2.3. The Authority, based on its examination, proposes an Aggregate Revenue Requirement of Rs. 3,506.40 Crores and a Net Aggregate Revenue Requirement of Rs. 3,475.33 Crores (Rs. 2,748.11 Crores in Present Value terms) for the Fourth Control Period. This is against the Net Aggregate Revenue Requirement of Rs. 5,261.24 Crores (Rs. 4,182.94 Crores in Present Value terms) submitted by CIAL. The major reasons for the variance between CIAL's submission and Authority's proposal are as below:

- Consideration of an over-recovery of Rs. 31.07 Crores pertaining to the Third Control Period, as against CIAL's submission of under-recovery of Rs. 186.46 Crores.

- Rationalisation of Capital Expenditure proposed for the Fourth Control Period, resulting in lower additions to the Regulatory Asset Base and, consequently, lower depreciation and return on the Regulatory Asset Base as compared to CIAL's submission.
- Consideration of Return on Land of Rs. 45.03 Crores, based only on the existing aeronautical land assets considered by the Authority. The Authority has not considered the cost of additional land proposed by CIAL upfront and has proposed to examine the admissibility of return on such land on an incurrence basis as and when the land is put to use for aeronautical purposes.
- Lower Operation and Maintenance Expenditure considered by the Authority vis-à-vis the expenditure proposed by CIAL, based on the Authority's assessment of the operating cost projections.
- Revision in Non-Aeronautical Revenue for the Fourth Control Period, by rationalising the projections upwards based on benchmarks vis-à-vis the projections considered by CIAL, resulting in a higher deduction towards 30% of non-aeronautical revenue.
- Revision in the computation of taxes pertaining to aeronautical services, based on the Authority's assessment of projected profitability and the corresponding tax liability during the Fourth Control Period.
- Consequential impact on depreciation, return on RAB and other ARR building blocks arising from the Authority's proposed adjustments to capital expenditure, capitalisation profile, asset allocation and associated financing costs

12.3 Incremental ARR Approach on user pay principle for identified High-Capex Projects

12.3.1. It can be seen from the above table that in the financial year 2028-29, the capital addition of the Development of Northern Side of Terminal 3 (T3 Expansion) comprising the expansion of Passenger Terminal by 1.4 MPPA and related infrastructure with an aero capex of ₹703.13 crore shall take place. In the financial year 2030-31, the capital addition of the Existing Terminal 1 (T1) Expansion comprising the expansion of Passenger Terminal by 4.0 MPPA and related infrastructure with an aero capex of ₹906.09 crore shall take place. Together, these would account for almost 49.32% of the overall aeronautical capital additions for the Fourth Control Period and would significantly impact the Return on RAB and Depreciation. These capital assets are scheduled to be capitalized and put to use in May 2028 and May 2030, i.e. the third and fifth years of the Control Period respectively, whereas their impact in the tariff determination process would get applied on passengers and airlines from the first year of the Fourth Control Period. This is not in consonance with the fundamental principle of airport charges that users pay 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 recognise that users should ultimately bear their full and fair share of the costs 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 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 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 to use. Such an outcome may not be consistent with the broader objectives of efficiency, accountability and performance-based regulation.

12.3.2. In the light of the foregoing considerations, the Authority is of the view that in cases where large and significant capex items like Construction/Expansion of 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, 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..

12.3.3. Accordingly, the Authority proposes to adopt, on a project-specific basis, an Incremental ARR Approach for identified high-capex projects. Under this approach, the base ARR and the corresponding aeronautical tariffs for the Control Period shall be determined excluding the impact of the specified future capital projects. Simultaneously, the Authority to ensure regulatory certainty and to 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 such incremental ARR shall be given effect through revised aeronautical tariffs as and when each identified project is capitalized and put to operational use.

12.3.4. The Authority considers that such an approach would provide multiple regulatory benefits. First, it would ensure closer alignment between tariff recovery and the actual availability of airport infrastructure and services. Second, it would protect airport users from premature tariff burdens arising from assets that are yet to be commissioned. Third, it would strengthen incentives for timely execution and commissioning of capital projects by linking revenue recovery more directly to project delivery. Fourth, it would reduce the risk of over-recovery associated with delays, deferments or non-execution of forecast capital expenditure. Finally, it would 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 Development of Northern Side of Terminal 3 (T3 Expansion) with a capital cost of ₹703.13 crore and the Existing Terminal 1 (T1) Expansion with a capital cost of ₹906.09 crore for Cochin International Airport for the Fourth Control Period, together constituting about 47.72% of the total aeronautical CAPEX for the Fourth Control Period, under the aforesaid Incremental ARR approach on User Pay Principle.

12.4 Considerations underlying the structuring of the Approach

12.4.1. In structuring the Incremental ARR Approach, the Authority has been mindful that a complete deferment of tariff recognition until commissioning could impose disproportionate funding and cash-flow strain on the Airport Operator during construction and could concentrate the entire tariff impact at a single point in time. The Authority has, therefore, addressed the following considerations while framing the approach:

(a) Infrastructure funding, cash-flow requirements and economic and financially viable operation of the airport during the construction period:

12.4.2. For projects identified for treatment under the Incremental ARR Approach, the Authority proposes that 15% of the project cost shall be considered in the Baseline ARR in accordance with the capitalization schedule approved by the Authority, while the ARR impact attributable to the balance 85% shall be allowed only upon commissioning and putting to use of the respective assets/projects.

12.4.3. The Authority is of the considered view that this treatment appropriately balances the interests of the Airport Operator and airport users. By deferring the substantial portion of the project cost until the relevant assets are commissioned and put to use, the major part of the tariff impact remains linked to the availability of, and the commencement of user benefits from, the infrastructure created. At the same time, recognition of 15% of the project cost through the normal capitalization process addresses the funding and cash-flow requirements of the Airport Operator during the implementation phase, which is particularly relevant for large, capital-intensive projects requiring substantial external borrowings, where financing and related costs are incurred well before the assets become operational. The proposed treatment thus supports the economic and financial viability of the airport while maintaining the fundamental linkage between tariff recovery and the benefits accruing from the commissioned infrastructure.

(b) Avoiding a significant spike in airport charges (tariff shock) upon commissioning of high-value assets:

12.4.4. Complete deferment of tariff recovery until commissioning may result in a significant quantum of ARR becoming recoverable at a single point of time, leading to a substantial increase in aeronautical charges upon capitalization and operationalization of large capital-intensive projects, and consequently a tariff shock for airport users. Recognition of 15% of the project cost through the normal capitalization process, as set out at (a) above, reduces the quantum of ARR that would otherwise become recoverable upon commissioning and correspondingly moderates the potential tariff spike at that stage.

12.4.5. To further mitigate the possibility of tariff volatility, the Authority proposes to structure the tariff rate card for the Baseline ARR in a manner that keeps the applicable tariff in the expected year of commissioning of projects covered under the Incremental ARR Approach at a reasonable level through prudent tariff smoothing during the initial years of the Control Period. Consequently, the incremental tariff requirement arising upon commissioning of such projects, when combined with the moderated Baseline tariff for that year, would result in an overall tariff that does not exhibit a significant spike compared to the preceding years of the Control Period.

12.4.6. This structuring is intended to provide a smoother transition in tariff levels while preserving, to the maximum extent, the linkage between recovery of project-related costs and the commissioning and operationalization of the underlying assets.

(c) Providing tariff certainty and visibility to airport users and airlines:

12.4.7. With a view to ensuring transparency and predictability, the Authority shall specify upfront the aeronautical charges that will become operative upon commissioning and putting to use of the respective assets/projects under the Incremental ARR Approach and shall also reflect the same in the Tariff Rate Card for the Baseline ARR as set out in the Tariff Order. The upfront determination of the applicable charges, read with the implementation framework prescribed at para 12.6 below is intended to provide clarity to stakeholders regarding the tariff implications of such projects and to facilitate appropriate planning by airport users and airlines.

(d) Establishing a transparent and administratively workable implementation mechanism:

12.4.8. The absence of a defined implementation mechanism may create uncertainty regarding the timing and manner of recognition of project-related expenditure, the determination of Incremental ARR, the commencement of recovery and the treatment of the associated aeronautical charges, with consequential implications for the Airport Operator in planning and executing capital expenditure and for the assessment of such projects by lenders and other financing stakeholders.

12.4.9. Accordingly, the Authority has prescribed a detailed implementation framework at Para 12.6 below, setting out the treatment of the project during the construction phase, the extent of cost to be considered through the normal capitalization process, the conditions for recognition of the balance project cost under the Incremental ARR Approach, and the point at which the corresponding aeronautical charges shall become applicable. Such a defined framework ensures consistency and predictability in regulatory treatment, avoids case-by-case uncertainty at the stage of commissioning, and provides the Airport Operator and its lenders greater visibility on the manner and timing of recovery, while ensuring that recovery of the substantial portion of project-related ARR remains linked to the commissioning and putting to use of the relevant assets.

12.4.10. The Authority is therefore of the view that the approach proposed in this Consultation Paper strikes an appropriate balance between regulatory certainty, the financing and cash-flow requirements of the Airport Operator, lender visibility, administrative feasibility and protection of the interests of airport users

12.5 Proposed Methodology

12.5.1. 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

12.5.2. The Authority, having regard to the facts and circumstances of each case and the information and justification furnished by the Airport Operator, shall identify the high-value capital expenditure projects and is expected to be capitalized, commissioned and put to use during the latter part of the Control Period eligible for treatment under the Incremental ARR Approach.

(b) Exclusion of Project-Specific ARR Components for Determination of baseline ARR

12.5.3. 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; and

(iii) Any other component considered appropriate by the Authority.

12.5.4. 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 and commissioning schedule and other regulatory parameters applicable for the relevant Control Period.

(c) Allocation of project-specific ARR between Incremental ARR and Base ARR

12.5.5. A portion of the ARR and YPP i.e. 85% of the associated cost of the 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.

12.5.6. The ARR and corresponding YPP attributable to the balance 85% of the approved project cost shall be treated as project-linked Incremental ARR. Recovery of such Incremental ARR shall be subject to the conditions and implementation mechanism specified by the Authority and shall not constitute an automatic entitlement to recovery.

12.5.7. The Baseline ARR shall therefore represent the revenue requirement associated with existing assets, together with a limited portion (i.e., 15%) of the capital projects proposed under the Incremental ARR framework. This approach ensures that airport users are not subjected to tariff increases for infrastructure that has not yet been commissioned or made available for operational use, while also mitigating the risk of a sharp increase in tariffs upon commissioning of such assets.

(d) Determination of Aeronautical Charges Based on Baseline ARR

12.5.8. 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.

12.5.9. The tariffs determined on this basis shall remain applicable unless and until additional ARR associated with identified high-value capital expenditure projects becomes eligible for recovery in accordance with the mechanism specified by the Authority.

12.5.10. 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.

(e) Intimation of Project Completion and Put-to-Use by Airport Operator

12.5.11. 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.

12.5.12. The Airport Operator shall submit the requisite undertaking together with supporting documentation and certifications as may be prescribed by the Authority (as per Annexure II), after capitalization of Project(s) considered as part of the Incremental ARR approach.

(f) Determination of Incremental Aeronautical Charges Upon Commissioning

12.5.13. Upon receipt of the Airport Operator's intimation, the Authority shall undertake an examination of the submitted information to verify compliance with the conditions specified under the tariff order and to confirm that the relevant asset has been completed, capitalized, and put to operational use.

12.5.14. Following such examination, the Authority will issue an appropriate order providing for recovery of the pre-approved incremental ARR and corresponding YPP associated with the identified project. The order will also specify the resulting revision in aeronautical tariffs and the effective date from which such revised tariffs shall become applicable.

12.5.15. The Authority clarifies that the purpose of this exercise shall be limited to operationalization of the pre-approved incremental ARR framework and verification of commissioning and put-to-use conditions. Accordingly, no re-assessment of project costs, financing assumptions, regulatory building blocks, or other cost parameters shall ordinarily be undertaken at this stage.

12.5.16. 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.

(g) Expected Regulatory Outcomes

12.5.17. 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

12.6 Implementation Framework for the Incremental ARR Approach

12.6.1. The Authority proposes to adopt a balanced, transparent and simplified implementation framework for the Incremental ARR Approach as follows:

Asset Commissioning Declaration

12.6.2. The Airport Operator shall submit a self-declaration, in the format prescribed under Annexure II of this Consultation Paper, confirming that the identified asset has been commissioned and put to use.

Trigger for Incremental Tariff

12.6.3. Upon receipt of such self-declaration, and after being satisfied that the prescribed requirements have been duly complied with in respect of the related capex projects under Incremental ARR, an Addendum to the Tariff Order shall be issued by the Authority within 21 days of submission of the said self-declaration. The additional tariff approved by the Authority in respect of the identified asset(s) shall become effective from the date specified in such Addendum.

Delay in Commissioning of the Identified Asset

12.6.4. In the event of any delay in commissioning of the identified asset(s) beyond the schedule approved by the Authority, the additional airport charges/UDF shall become effective only from the date specified in the Addendum to the Tariff Order. No recovery of the additional tariff shall be permitted for any period

during which the identified asset(s) remain uncommissioned or are not available for operational use, and the Airport Operator shall not be entitled to levy or recover such charges for any period prior to the effective date specified in the Addendum.

Regulatory Verification and Adjustment of Differences

12.6.5. The Authority reserves the right to verify the date of commissioning, capitalization, cost and operationalization of the asset during the true-up exercise. Any excess or short recovery arising on account of differences between the approved and actual capitalization, commissioning dates or project costs shall be adjusted by the Authority during the true-up exercise in accordance with the applicable regulatory principles.

12.6.6. The Authority is of the view that the above implementation framework provides an appropriate balance between regulatory certainty, tariff stability, financial viability of airport operations and protection of airport users' interests. The framework also provides a transparent and objective mechanism for operationalizing the Incremental ARR Approach, while ensuring that recovery of the related tariff remains linked to the commissioning and availability of the relevant airport infrastructure for use by passengers and airlines.

12.7 Application of the Incremental ARR Approach to Cochin International Airport

12.7.1. In the light of the above, for the Cochin International Airport, Cochin, the capex items identified for treatment under the Incremental ARR Approach on user pay principle are as follows:

i. Terminal 3 (T3) Expansion

ii. Terminal 1 (T1) Expansion

12.7.2. CIAL has proposed aeronautical capital expenditure of Rs. 774.16 Crores for the T3 Expansion and Rs. 1,046.70 Crores for the T1 Expansion. Based on its examination and the assessment of its Independent Consultant, the Authority proposes aeronautical capital expenditure of Rs. 703.13 Crores and Rs. 906.09 Crores respectively. Together, these constitute approximately 47.72% of the total aeronautical capital additions for the Fourth Control Period. The Authority has considered May 2028 and May 2030 as the respective commissioning dates of the two projects.

Table 235: Capex proposed to be considered by the Authority on incremental ARR approach

(Rs. Cr.)

Particulars	Total Capex proposed by CIAL	Aero Capex proposed by CIAL	Total Capex proposed by Authority	Aero Capex proposed by Authority	Capitalisation Date considered by the Authority
Terminal 3 (T3) Expansion	829.83	774.16	778.77	703.13	May 2028
Terminal 1 (T1) Expansion	1,103.88	1,046.70	962.52	906.09	May 2030

12.7.3. The impact on ARR of the T3 Expansion and the T1 Expansion, to the extent proposed to be allowed under the Incremental ARR Approach on user pay principle, is set out below.

Terminal 3 (T3) Expansion – Impact on ARR

Table 236: Incremental Impact on ARR for T3 Expansion allowed on incremental ARR approach:

(Rs. In Cr.)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
RAB for Calculating ARR (A)	0.00	0.00	292.60	572.75	547.84	
Fair Rate of Return applied to the RAB (B)	11.39%	11.39%	11.39%	11.39%	11.39%	
Return on RAB (C=A*B)	0.00	0.00	33.32	65.22	62.38	160.92
Return on Land (D)						
Aero O&M Expense (E)	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation (F)	0.00	0.00	12.46	24.91	24.91	62.28
Aero Taxes (G)	0.00	0.00	0.00	0.00	0.00	0.00
Gross Aggregate Revenue Requirement (H)=C+D+E+F+G	0.00	0.00	45.78	90.13	87.30	223.20
Less: 30% of Revenue from NAR (I)	0.00	0.00	0.00	0.00	0.00	0.00
Aggregate Revenue Requirement (J) = H-I	0.00	0.00	45.78	90.13	87.30	223.20
(Over)/Under Recovery of previous CP (K) as on 31.03.2027	0.00	0.00	0.00	0.00	0.00	0.00
Net Aggregate Revenue Requirement (L)	0.00	0.00	45.78	90.13	87.30	223.20
Discounting Factor (M)	1.00	0.90	0.81	0.72	0.65	
PV of Net ARR as on 31.03.2027 (L*M)	0.00	0.00	36.89	65.22	56.71	158.82
Sum of PV of Aggregate Revenue Requirement (O)						158.82
Total Passenger Traffic (Million) (P) {**Refer Table 113**}						74.65
Yield per Passenger on Total Traffic (Rs.)(O/Px10)						21.27

for comparison purpose, YPP has been shown based on total passengers. Charges will be increased appropriately considering the balance collection period.

Terminal 1 (T1) Expansion – Impact on ARR

Table 237: Incremental Impact on ARR for Existing Terminal 1 (T1) Expansion being allowed on incremental ARR approach:

(Rs. Cr.)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
RAB for Calculating ARR (A)	0.00	0.00	0.00	0.00	375.84	
Fair Rate of Return applied to the RAB (B)	11.39%	11.39%	11.39%	11.39%	11.39%	
Return on RAB (C=A*B)	0.00	0.00	0.00	0.00	42.80	42.80
Return on Land (D)						
Aero O&M Expense (E)	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation (F)	0.00	0.00	0.00	0.00	18.49	18.49
Aero Taxes (G)	0.00	0.00	0.00	0.00	0.00	0.00
Gross Aggregate Revenue Requirement (H)=C+D+E+F+G	0.00	0.00	0.00	0.00	61.29	61.29

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Less: 30% of Revenue from NAR (I)	0.00	0.00	0.00	0.00	0.00	0.00
Aggregate Revenue Requirement (J) = H-I	0.00	0.00	0.00	0.00	61.29	61.29
(Over)/Under Recovery of previous CP (K) as on 31.03.2027	0.00	0.00	0.00	0.00	0.00	0.00
Net Aggregate Revenue Requirement (L)	0.00	0.00	0.00	0.00	61.29	61.29
Discounting Factor (M)	1.00	0.90	0.81	0.72	0.65	
PV of Net ARR as on 31.03.2027(L*M)	0.00	0.00	0.00	0.00	39.82	39.82
Sum of PV of Aggregate Revenue Requirement (O)						39.82
Total Passenger Traffic (Million) (P) {**Refer Table 113**}						74.65
Yield per Passenger on Total Traffic (Rs.)(O/Px10)						**5.33**

for comparison purpose, YPP has been shown based on total passengers. Charges will be increased appropriately considering the balance collection period.

12.7.4. From the above tables, it can be observed that, under the Incremental ARR Approach, the capitalisation of the Development of the Northern Side of Terminal 3 (T3 Expansion) in FY 2028-29 is expected to result in an additional Return on RAB of Rs. 160.92 Crores and Depreciation of Rs. 62.28 Crores during the Fourth Control Period. Similarly, the capitalisation of the Existing Terminal 1 (T1) Expansion in FY 2030-31 is expected to result in an additional Return on RAB of Rs. 42.80 Crores and Depreciation of Rs. 18.49 Crores. The Authority further notes that the incremental ARR, in Present Value terms, works out to Rs. 158.82 Crores for the T3 Expansion and Rs. 39.82 Crores for the T1 Expansion. When distributed across the total projected passenger traffic of 74.65 Millions for the Fourth Control Period, this results in an incremental Yield per Passenger of Rs. 21.27 and Rs. 5.33 respectively.

12.7.5. In the light of the above, the Authority proposes to consider a Base Aggregate Revenue Requirement and Yield per Passenger for the Fourth Control Period, as set out in the table below. These have been computed by excluding 85% of the cost of the identified projects from the Regulatory Asset Base, and by including the balance 15% in accordance with the capitalisation schedule proposed to be approved by the Authority.

Table 238: Base Line ARR & YPP for CIAL for the Fourth Control Period:

(Rs. In Cr.)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
RAB for Calculating ARR (A)	1,815.91	2,100.18	2,249.54	2,375.64	2,496.06	
Fair Rate of Return applied to the RAB (B)	11.39%	11.39%	11.39%	11.39%	11.39%	
Return on RAB (C=A*B)	206.78	239.15	256.16	270.52	284.23	1,256.84
Return on Land (D)	9.01	9.01	9.01	9.01	9.01	45.03
Aero O&M Expense (E)	313.62	328.72	373.79	378.35	413.28	1,807.76
Depreciation (F)	144.43	163.64	177.98	190.91	204.30	881.25
Aero Taxes (G)	0.00	0.00	0.00	15.94	60.02	75.96
Gross Aggregate Revenue Requirement (H)=C+D+E+F+G	673.83	740.51	816.93	864.72	970.84	4,066.84
Less: 30% of Revenue from NAR (I)	135.08	147.83	168.20	185.53	208.29	844.93

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Aggregate Revenue Requirement (J) = H-I	538.76	592.68	648.73	679.20	762.55	3,221.91
(Over)/Under Recovery of previous CP (K) as on 31.03.2027	(31.07)					(31.07)
Net Aggregate Revenue Requirement (L)	507.68	592.68	648.73	679.20	762.55	3,190.84
Discounting Factor (M)	1.00	0.90	0.81	0.72	0.65	
PV of Net ARR as on 31.03.2027 (L*M)	507.68	532.09	522.87	491.46	495.37	2,549.47
Sum of PV of Aggregate Revenue Requirement (O)						2,549.47
Total Passenger Traffic (Million) (P) {**Refer Table 113**}						74.65
Yield per Passenger on Total Traffic (Rs.)(O/Px10)						341.53

for comparison purpose, YPP has been shown based on total passengers. Charges will be increased appropriately considering the balance collection period.

12.7.6. 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 CIAL is directed to submit the detailed annual Tariff proposals in line with the Baseline and Incremental Aggregate Revenue Requirement and Yield arrived at by the Authority in **Table 238** within 7 days of issuance of this Consultation Paper.

12.8 Authority's proposal regarding Aggregate Revenue Requirement for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Aggregate Revenue Requirement for the Fourth Control Period:

12.8.1. To consider the Aggregate Revenue Requirement for the Fourth Control Period for CIAL in accordance with **Table 238**.

12.8.2. To direct CIAL to submit the Annual Tariff Proposal (Tariff Rate Card) in line with both Baseline and Incremental ARR within 7 days from issue of this Consultation Paper, which will be put up for stakeholder consultations.

13. SUMMARY OF AUTHORITY'S PROPOSALS PUT FORTH FOR STAKEHOLDERS' CONSULTATION

CHAPTER 2: TRUE-UP FOR THE THIRD CONTROL PERIOD

2.12.1 To consider Traffic for True up of the Third Control Period based on Actuals as per **Table 8.**

2.12.2 To consider the Aeronautical Capital Expenditure for True-up of the Third Control Period as per Table **35.**

2.12.3 To consider Aeronautical Depreciation and Regulatory Asset Base (RAB) for True up of the Third Control Period as per **Table 42 and Table 46** respectively.

2.12.4 To consider the FRoR for True up for the Third Control Period as per **Table 89**

2.12.5 To consider Aeronautical Operation and Maintenance Expenses for True up of the Third Control Period as per **Table 82**

2.12.6 To consider Aeronautical Taxes for True Up of the Third Control Period as per **Table 92.**

2.12.7 To consider Non-Aeronautical Revenue True up for the Third Control Period as per **Table 99.**

2.12.8 To consider Aeronautical Revenues for True up for the Third Control Period as per **Table 103.**

2.12.9 To consider Over recovery of Rs 31.07 Cr (as per **Table 106**) till the Third Control Period for the tariff determination for the Fourth Control Period.

CHAPTER 3: TRAFFIC FOR THE FOURTH CONTROL PERIOD

3.3.1 To consider Traffic projections as per **Table 113** for the Fourth Control Period.

3.3.2 To True up the traffic volume (Passenger, ATM and cargo) on the basis of actual Traffic achieved in the Fourth Control Period while determining tariff for the Fifth Control Period.

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

4.10.1 To consider the aeronautical additions for the Fourth Control Period in accordance with **Table 163.**

4.10.2 To true up the aeronautical additions based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for next control period.

4.10.3 To consider the aeronautical depreciation for the Fourth Control Period in accordance with **Table 167.**

4.10.4 To true up the depreciation based on the actual asset additions and actual date of capitalization during the tariff determination of the next Control Period

4.10.5 To consider the Regulatory Asset Base for the Fourth Control Period in accordance with **Table 169.**

4.10.6 To True up the RAB based on actuals at the time of tariff determination for the next Control Period.

4.10.7 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule, as mentioned in para 4.3.277. The same will be examined during true up of the Fourth Control Period, at the time of determination of tariff for the next Control Period.

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

CHAPTER 5: FAIR RATE OF RETURN (FROR) FOR THE FOURTH CONTROL PERIOD

5.3.1 To consider FRoR of 11.39% for the Fourth Control Period, as detailed in **Table 172.**

5.3.2 To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR plus 50 bps (whichever is lower) at the time of tariff determination for the Fifth Control Period.

5.3.3 To true up the cost of Debt for the Fourth Control Period based on actual borrowing costs incurred by CIAL, subject to prudence check, reasonableness of the borrowing arrangement and applicable regulatory principles.

CHAPTER 6: RETURN ON LAND FOR THE FOURTH CONTROL PERIOD

6.3.1 The Authority proposes to consider the existing cost of land of Rs. 125.00 Crores for the purpose of computation of return on land during the Fourth Control Period.

6.3.2 The Authority proposes that the cost of additional land proposed to be acquired during the Fourth Control Period for relocation of isolation parking bays and strategic land purchase shall not be considered upfront for tariff determination purposes. The Authority further proposes that return on such land shall be considered on an incurrence basis, as and when the land is put to use for aeronautical purposes, based on the actual cost incurred and supporting documents furnished by CIAL.

6.3.3 The Authority proposes to consider an aeronautical allocation ratio of 86.80% for the purpose of computation of return on the existing land assets during the Fourth Control Period.

6.3.4 The Authority proposes to consider a cost of debt of 7.30% for the computation of return on land during the Fourth Control Period, in accordance with the applicable regulatory principles governing return on land

6.3.5 The Authority proposes to consider a return on land of Rs. 45.03 Crores for the Fourth Control Period, based on the existing aeronautical land assets considered by the Authority, as shown in

CHAPTER 7: INFLATION FOR THE FOURTH CONTROL PERIOD

7.3.1 To consider the inflation rates for the Fourth Control Period as per Table 176

CHAPTER 8: OPERATING EXPENSES FOR THE FOURTH CONTROL PERIOD

8.3.1 To consider Aeronautical Operating Expenses for the Fourth Control Period as per **Table 210**

8.3.2 To True up Aeronautical Operating Expenses for the Fourth Control Period based on actuals at the time of tariff determination for the Fifth Control Period subject to reasonability and efficiency.

CHAPTER 9: NON-AERONAUTICAL REVENUE (NAR) FOR THE FOURTH CONTROL PERIOD

9.3.1 To consider Non-Aeronautical Revenue for the Fourth Control Period for Cochin International Airport as per **Table 229.**

9.3.2 To True up NAR for the Current Control Period, at the time of determination of tariff for the next control period, subject to the minimum threshold as proposed by the Authority in **Table 229**

CHAPTER 10: AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

10.3.1 To consider Aeronautical Taxes, for the Fourth Control Period as per **Table 231.**

CHAPTER 11: QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

11.3.1 To not consider any adjustment in the Aggregate Revenue Requirement on account of Quality of Service for the Fourth Control Period.

11.3.2 CIAL should ensure that service quality at Cochin International Airport, Cochin shall comply with such performance standards as may be notified pursuant to the final order referred to in paragraph 11.2.11 once the same become applicable to major airports.

CHAPTER 12: AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

12.8.1. To consider the Aggregate Revenue Requirement for the Fourth Control Period for CIAL in accordance with **Table 238.**

12.8.2. To direct CIAL to submit the Annual Tariff Proposal (Tariff Rate Card) in line with both Baseline and Incremental ARR within 7 days from issue of this Consultation Paper, which will be put up for stakeholder consultations.

14. STAKEHOLDERS' CONSULTATION TIMELINE

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

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

14.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in this Consultation Paper, latest by 10.11.2026.

Secretary,

Airports Economic Regulatory Authority of India

3rd Floor, Udaan Bhawan

Safdarjung Airport, New Delhi -110003

Tel: 011-24695044-47,

(Chairperson)

14. हितधारकों से परामर्श की समय-सीमा

14.1 ऐरा अधिनियम, 2008 की धारा 13(4) के प्रावधान के अनुसार इस परामर्श पत्र के अन्य अध्यायों की संगत चर्चा के साथ पठित अध्याय **13** – प्राधिकरण के प्रस्तावों का सार में निहित प्रस्ताव एतद्द्वारा हितधारकों के परामर्श के लिए प्रस्तुत है।

14.2 संदेह दूर करने के लिए स्पष्ट किया जाता है कि इस परामर्श पत्र की विषय-वस्तु का प्राधिकरण द्वारा जारी किसी आदेश या निदेश की तरह अर्थ न लगाया जाए। प्राधिकरण इस मामले के जवाब में हितधारकों की प्रस्तुतियों पर विचार करने के बाद और अधिनियम के प्रावधानों के संदर्भ में पूर्ण रूप से लिखित रूप में प्रमाणित और स्पष्ट निर्णय करने के बाद ही इस मामले में आदेश जारी करेगा।

14.3 प्राधिकरण इस परामर्श पत्र में दिए गए प्रस्तावों पर हितधारकों के लिखित साक्ष्य-आधारित फीडबैक, टिप्पणियां और सुझाव आमंत्रित करता है, जिन्हें अधिक से अधिक 10 नवंबर, 2026 तक भेज दिया जाए।

सचिव,
भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
उड़ान भवन, **तृतीय तल**, **राजीव गांधी भवन**,
सफदरजंग हवाईअड्डा, **नई दिल्ली –110003.**
टेलीफोन: 011-24695044-47,

(अध्यक्ष)

ANNEXURE - I

CIAL's submission on Miscellaneous CAPEX for the Fourth Control Period

Table 239: Details of Miscellaneous Capex submitted by CIAL

(Rs. In Cr.)

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
1	Miscellaneous - Civil Works	Minor civil works	The proposed provision towards Minor Civil Works has been estimated based on the historical expenditure trend incurred by the Airport across city-side, airside and terminal infrastructure for routine capacity enhancement, operational improvements, safety-related modifications, regulatory compliance requirements and replacement of ageing civil assets. Such works are recurring in nature and cannot be identified as individual standalone projects	2.00	-	-	-	-	**2.00**
2	Miscellaneous - Civil Works	Construction of New Customs Kennel and CISF Kennel	The existing Customs and CISF kennel facilities are situated within the area affected by the proposed Terminal 3	5.90	-	-	-	-	**5.90**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			expansion and are therefore required to be relocated to facilitate the planned development works. The project envisages the construction of two separate kennel buildings, with a combined built-up area of approximately 600 square metres, along with the necessary supporting infrastructure and amenities. The new facilities will ensure continuity of operational requirements relating to security screening and enforcement activities while providing suitable accommodation for the canine units of Customs and CISF.						
3	Miscellaneous - Civil Works	Development of carpark infront of T1	The item has been proposed under Miscellaneous - Civil Works for Development of carpark infront of T1. The provision is intended to support	5.00	-	-	-	-	**5.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.						
4	Miscellaneous - Civil Works	Recovery equipment and Extinguisher storage facility in the north side of old radar building	The existing recovery equipment and fire extinguisher storage facility is presently housed in a room within the old Radar Building, which is no longer adequate to meet the operational and storage requirements of the Airport Rescue and Fire Fighting (ARFF) services. The proposed project envisages the construction of a dedicated two-storey storage and logistics facility with an approximate built-up area of 1,000 square metres on the	4.99	-	-	-	-	**4.99**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			northern side of the old Radar Building. The new facility will provide organized storage for aircraft recovery equipment, fire extinguishers and other emergency response equipment, ensuring improved accessibility, operational readiness and compliance with airport safety and emergency response requirements, while also accommodating future expansion needs.						
5	Miscellaneous - Civil Works	Rewamping of Roads Signboard	Revamping of All Road signages as per NAT PAC study rerport	3.50	-	-	-	-	**3.50**
6	Miscellaneous - Civil Works	Road and drain at Academy area	Road and Drain cnstruction in the Academy area as part of Apron Expansion Project.	3.00	-	-	-	-	**3.00**
7	Miscellaneous - Civil Works	Water Rescue Training Facility	The item has been proposed under Miscellaneous - Civil Works for Water Rescue Training	3.00	-	-	-	-	**3.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Facility. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.						
8	Miscellaneous - Civil Works	Internal order for rate contract non operational area 2024-25	The item has been proposed under Miscellaneous - Civil Works for Internal order for rate contract non operational area 2024-25. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.	2.50	-	-	-	-	**2.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
9	Miscellaneous - Civil Works	Construction of Rigid Pavement at Taxiway Charlie 7	The item has been proposed under Miscellaneous - Civil Works for Construction of Rigid Pavement at Taxiway Charlie 7. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.	2.03	-	-	-	-	**2.03**
10	Miscellaneous - Civil Works	Façade modification of T1 Airside	The item has been proposed under Miscellaneous - Civil Works for Façade modification of T1 Airside. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger	2.00	-	-	-	-	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			facilitation, safety and regulatory compliance during the Fourth Control Period.						
11	Miscellaneous - Civil Works	Revamping of Sofas	The item has been proposed under Miscellaneous - Civil Works for Revamping of Sofas. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.	2.00	-	-	-	-	**2.00**
12	Miscellaneous - Civil Works	Fencing of land KIAS	The item has been proposed under Miscellaneous - Civil Works for Fencing of land KIAS. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational	1.99	-	-	-	-	**1.99**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.						
13	Miscellaneous - Civil Works	Re-routing of PHE Services in connection with Terminal 3/ Apron	The work 'Re-routing of Plumbing lines from T3 Service building to ATC	1.50	-	-	-	-	**1.50**
14	Miscellaneous - Civil Works	Revamping of CPC Cargo	The item has been proposed under Miscellaneous - Civil Works for Revamping of CPC Cargo. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.	1.50	-	-	-	-	**1.50**
15	Miscellaneous - Civil Works	STP Augmentation work	The item has been proposed under Miscellaneous - Civil Works for STP Augmentation work. The provision is	1.00	-	-	-	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.						
16	Miscellaneous - Civil Works	Minor Civil Works - 2028	The proposed provision towards Minor Civil Works has been estimated based on the historical expenditure trend incurred by the Airport across city-side, airside and terminal infrastructure for routine capacity enhancement, operational improvements, safety-related modifications, regulatory compliance requirements and replacement of ageing civil assets. Such works are recurring in nature and cannot be identified as	-	5.00	-	-	-	**5.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			individual standalone projects						
17	Miscellaneous - Civil Works	Minor Civil Works - 2028	The item has been proposed under Miscellaneous - Civil Works for Minor Civil Works - 2028. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.	-	-	5.00	-	-	**5.00**
18	Miscellaneous - Civil Works	Minor Civil Works - 2028	The item has been proposed under Miscellaneous - Civil Works for Minor Civil Works - 2028. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and	-	-	-	5.00	-	**5.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			regulatory compliance during the Fourth Control Period.						
19	Miscellaneous - Civil Works	Minor Civil Works - 2028	The item has been proposed under Miscellaneous - Civil Works for Minor Civil Works - 2028. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.	-	-	-	-	5.00	**5.00**
20	Miscellaneous - Civil Works	Widenining of External Perimeter road near Gate No 6	Widenining of External Perimeter road near Gate No 6	-	-	1.00	-	-	**1.00**
21	Miscellaneous - Civil Works	Bird Watcher Station for operations	Bird Watcher Station for operations	0.90	-	-	-	-	**0.90**
	Miscellaneous - Civil Works Total			**42.81**	**5.00**	**6.00**	**5.00**	**5.00**	**63.81**
22	Miscellaneous - IT works	BDDS Equipments Revamp	The item has been proposed under Miscellaneous - IT works for BDDS Equipments Revamp. The expenditure is	1.60	-	-	-	-	**1.60**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
23	Miscellaneous - IT works	Computer & Peripherals	Annual Purchase of computers , Printers etc	1.00	-	-	-	-	**1.00**
24	Miscellaneous - IT works	Computer & Peripherals	This provision is intended for the replacement of computers and peripherals procured during 2023, the total procurement value of which was Rs. 3.54 crore. Considering the increase in hardware prices over the years, the budget has been correspondingly enhanced.	-	5.00	-	-	-	**5.00**
25	Miscellaneous - IT works	Computer & Peripherals	Annual Purchase of computers , Printers etc	-	-	1.00	-	-	**1.00**
26	Miscellaneous - IT works	Computer & Peripherals	Annual Purchase of	-	-	-	1.00	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			computers , Printers etc						
27	Miscellaneous - IT works	Computer & Peripherals	This provision is intended for the replacement of the computers and peripherals proposed under the current tender, which has been floated during the present financial year. The allocation has been planned considering the expected lifecycle of the equipment and anticipated escalation in hardware prices.	-	-	-	-	4.00	**4.00**
28	Miscellaneous - IT works	CCTV Surveillance System	The major CCTV revamping works are commissioned by April 2026. The total cost was approx 45 Crores. Budgetary amount of Rs 2 crores for 2027, Rs 3 Crores for 2028, Rs 2 Crores for 2029 and Rs 5 Crores for 2031 has been proposed considering the augmentation of CCTV network in line with the expansion of terminal and associated	2.00	-	-	-	-	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			infrastructure facilities at CIAL						
29	Miscellaneous - IT works	CCTV Surveillance System	The item has been proposed under Miscellaneous - IT works for CCTV Surveillance System. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	3.00	-	-	-	**3.00**
30	Miscellaneous - IT works	CCTV Surveillance System	The item has been proposed under Miscellaneous - IT works for CCTV Surveillance System. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger	-	-	2.00	-	-	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			processing support and airport service continuity during the Fourth Control Period.						
31	Miscellaneous - IT works	CCTV Surveillance System	The item has been proposed under Miscellaneous - IT works for CCTV Surveillance System. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	-	-	5.00	**5.00**
32	Miscellaneous - IT works	Minor IT works	The item has been proposed under Miscellaneous - IT works for Minor IT works. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability,	2.00	-	-	-	-	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
33	Miscellaneous - IT works	Minor IT works	The item has been proposed under Miscellaneous - IT works for Minor IT works. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	2.00	-	-	-	**2.00**
34	Miscellaneous - IT works	Minor IT works	The item has been proposed under Miscellaneous - IT works for Minor IT works. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain	-	-	2.00	-	-	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
35	Miscellaneous - IT works	Minor IT works	The item has been proposed under Miscellaneous - IT works for Minor IT works. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	-	2.00	-	**2.00**
36	Miscellaneous - IT works	Minor IT works	The item has been proposed under Miscellaneous - IT works for Minor IT works. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital	-	-	-	-	2.00	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
37	Miscellaneous - IT works	Data center SUPPORTING INFRA	LOI Enclosed amount may be revised to 3.74 crore	3.00	-	-	-	-	**3.00**
38	Miscellaneous - IT works	Data centre	The item has been proposed under Miscellaneous - IT works for Data centre. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	0.50	-	-	-	**0.50**
39	Miscellaneous - IT works	Data centre	The existing Data Centre at Terminal 1 was commissioned in 2011 with 20 rack equipment	-	-	-	3.00	-	**3.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			capacity. The occupancy is now nearly 80%. The occupancy and equipment handling capacity will be getting exhausted in the next 4-5 years. Hence an additional Data Centre Infrastructure with similar 20 rack capacity with Precision Air Conditioners, UPS Systems, Fire Alarm and Suppression Systems etc. are being proposed by 2031. The estimated cost is Rs 5 Crores.						
40	Miscellaneous - IT works	Data centre	The item has been proposed under Miscellaneous - IT works for Data centre. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity	-	-	-	-	2.00	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			during the Fourth Control Period.						
41	Miscellaneous - IT works	TETRA Revamp	2027 – Replacement of TETRA Radios purchased in 2012 (179 Nos). 2028 - Replacement of TETRA Radios purchased in 2017 (292 Nos). 2029 - Replacement of Servers, BTS, Antenna etc. purchased in 2020	2.20	-	-	-	-	**2.20**
42	Miscellaneous - IT works	TETRA Revamp	The item has been proposed under Miscellaneous - IT works for TETRA Revamp. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	3.25	-	-	-	**3.25**
43	Miscellaneous - IT works	TETRA Revamp	The item has been proposed under Miscellaneous	-	-	2.60	-	-	**2.60**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			- IT works for TETRA Revamp. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
44	Miscellaneous - IT works	Information Display Systems PROGILITY	Revamping of FIDS installed in 2024 at a total order value of 6.9 crore.	-	-	-	-	7.50	**7.50**
45	Miscellaneous - IT works	LAN Revamp	Procurement and replacement of 250 network access-layer switches procured in 2016 and earlier	-	6.50	-	-	-	**6.50**
46	Miscellaneous - IT works	UPS Systems	The item has been proposed under Miscellaneous - IT works for UPS Systems. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital	5.50	-	-	-	-	**5.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
47	Miscellaneous - IT works	UPS Systems	The item has been proposed under Miscellaneous - IT works for UPS Systems. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	-	-	1.00	**1.00**
48	Miscellaneous - IT works	Computers,servers and peripherals	Annual Purchase of computers , Printers etc	-	-	-	-	-	**-**
49	Miscellaneous - IT works	AI platform for CIAL	To improve the airport efficiency for maintenance using AI	-	-	5.00	-	-	**5.00**
50	Miscellaneous - IT works	DACS (Decentralise	Revamp of Access control	4.00	-	-	-	-	**4.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
		d access control system)	system installed in 2017 , PO Value 3.01 Crore.						
51	Miscellaneous - IT works	T1 BHS Modification	Minor Modification to Existing T1 BHS	4.00	-	-	-	-	**4.00**
52	Miscellaneous - IT works	Perimeter Firewall	Replacement of the perimeter firewalls (HA) with 7-year licensing. (last procurement in 2023).	-	-	-	-	4.00	**4.00**
53	Miscellaneous - IT works	PIDS Augmentation	Augmentation to cover additional expanded areas	1.00	-	-	-	-	**1.00**
54	Miscellaneous - IT works	PIDS Augmentation	PIDA augumentation on account of Expansion	-	2.00	-	-	-	**2.00**
55	Miscellaneous - IT works	PIDS Augmentation	Augmentation to cover additional expanded areas	-	-	1.00	-	-	**1.00**
56	Miscellaneous - IT works	Application and System software	The item has been proposed under Miscellaneous - IT works for Application and System software. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and	0.50	-	-	-	-	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			airport service continuity during the Fourth Control Period.						
57	Miscellaneous - IT works	Application and System software	The item has been proposed under Miscellaneous - IT works for Application and System software. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	0.50	-	-	-	**0.50**
58	Miscellaneous - IT works	Application and System software	The item has been proposed under Miscellaneous - IT works for Application and System software. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operatio	-	-	0.50	-	-	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			nal resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
59	Miscellaneous - IT works	Application and System software	The item has been proposed under Miscellaneous - IT works for Application and System software. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	-	0.50	-	**0.50**
60	Miscellaneous - IT works	Application and System software	The item has been proposed under Miscellaneous - IT works for Application and System software. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure	-	-	-	-	0.50	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
61	Miscellaneous - IT works	Cybersecurity	The item has been proposed under Miscellaneous - IT works for Cybersecurity. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	0.50	-	-	-	**0.50**
62	Miscellaneous - IT works	Cybersecurity	The item has been proposed under Miscellaneous - IT works for Cybersecurity. The expenditure is required for replacement, augmentation or lifecycle refresh of IT	-	-	1.00	-	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
63	Miscellaneous - IT works	Cybersecurity	The item has been proposed under Miscellaneous - IT works for Cybersecurity. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	-	1.00	-	**1.00**
64	Miscellaneous - IT works	PA System	Revamp of PA system installed in 2024.	-	-	-	-	1.50	**1.50**
65	Miscellaneous - IT works	Perimeter Intrusion Detection System	PIDA augumentation on account of Expansion	1.44	-	-	-	-	**1.44**
66	Miscellaneous - IT works	UPS	The item has been proposed	0.80	-	-	-	-	**0.80**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			under Miscellaneous - IT works for UPS. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
67	Miscellaneous - IT works	Kiosks for BCBP	The item has been proposed under Miscellaneous - IT works for Kiosks for BCBP. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	0.60	-	-	**0.60**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
68	Miscellaneous - IT works	POS & Peripherals	The item has been proposed under Miscellaneous - IT works for POS & Peripherals. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	0.60	-	-	-	**0.60**
69	Miscellaneous - IT works	DCIM	The item has been proposed under Miscellaneous - IT works for DCIM. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the	-	0.50	-	-	-	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Fourth Control Period.						
	Miscellaneous - IT works Total			**29.04**	**24.35**	**15.70**	**7.50**	**27.50**	**104.09**
70	Miscellaneous - Electrical works	Other miscellaneous electrical projects	Recurring minor electrical works across airside and city-side facilities, comprising small-quantity works such as wiring of rooms and small facilities, air-conditioning provisions, light fittings, fixtures and allied minor electrical installations arising from routine operational requirements. These are numerous, low-value works not individually identifiable at the time of filing, and are accordingly provided for as a normative annual allocation.	3.00	-	-	-	-	**3.00**
71	Miscellaneous - Electrical works	Other miscellaneous electrical projects	The item has been proposed under Miscellaneous - Electrical works for Other miscellaneous electrical projects. The	-	3.00	-	-	-	**3.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
72	Miscellaneous - Electrical works	Other miscellaneous electrical projects	The item has been proposed under Miscellaneous - Electrical works for Other miscellaneous electrical projects. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	5.00	-	-	**5.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
73	Miscellaneous - Electrical works	Other miscellaneous electrical projects	The item has been proposed under Miscellaneous - Electrical works for Other miscellaneous electrical projects. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	-	5.00	-	**5.00**
74	Miscellaneous - Electrical works	Other miscellaneous electrical projects	The item has been proposed under Miscellaneous - Electrical works for Other miscellaneous electrical projects. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience,	-	-	-	-	5.00	**5.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			passenger processing support and airport service continuity during the Fourth Control Period.						
75	Miscellaneous - Electrical works	Upgradation of HVAC system	Supporting Estimate Available in the shared folder	-	-	8.00	-	-	**8.00**
76	Miscellaneous - Electrical works	Augmentation of STP by providing Ultra filtration and Sludge Digester	Supporting PO Available in the shared folder	3.00	-	-	-	-	**3.00**
77	Miscellaneous - Electrical works	Façade Lighting for T1 Centre Block and West Block	Supporting PO Available in the shared folder	3.00	-	-	-	-	**3.00**
78	Miscellaneous - Electrical works	Revamping of T3 Aerobridge Interior and Canopy	Supporting PO Available in the shared folder	2.10	-	-	-	-	**2.10**
79	Miscellaneous - Electrical works	Revamping of CPC Cargo	Revamping of the Centre for Perishable Cargo at the airport cargo complex, comprising installation of a CPC automation system, cold room facilities and motorised roller conveyor systems, to improve handling efficiency and maintain cold-chain integrity for perishable cargo.	2.00	-	-	-	-	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
80	Miscellaneous - Electrical works	Minor Electrical Works City Side	Recurring minor electrical works across airside and city-side facilities, comprising small-quantity works such as wiring of rooms and small facilities, air-conditioning provisions, light fittings, fixtures and allied minor electrical installations arising from routine operational requirements. These are numerous, low-value works not individually identifiable at the time of filing, and are accordingly provided for as a normative annual allocation.	1.30	-	-	-	-	**1.30**
81	Miscellaneous - Electrical works	Miscellaneous Capital Works	The item has been proposed under Miscellaneous - Electrical works for Miscellaneous Capital Works. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital	1.00	-	-	-	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
82	Miscellaneous - Electrical works	New Airport-Athani Service Road Street Lighting	The item has been proposed under Miscellaneous - Electrical works for New Airport-Athani Service Road Street Lighting. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.	0.65	-	-	-	-	**0.65**
83	Miscellaneous - Electrical works	Revamping of Periphery Lights Phase II	The item has been proposed under Miscellaneous - Electrical works for Revamping of Periphery Lights Phase	0.50	-	-	-	-	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			II. The provision is intended for replacement, augmentation or minor upgradation of electrical and allied systems to ensure operational reliability, safety, energy efficiency and continuity of airport facilities during the Fourth Control Period.						
84	Miscellaneous - Electrical works	Cooling Tower for West Block AC Plant in Terminal 1	The item has been proposed under Miscellaneous - Electrical works for Cooling Tower for West Block AC Plant in Terminal 1. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	0.45	-	-	-	-	**0.45**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
85	Miscellaneous - Electrical works	Revamping of Baycoordinate Board	The item has been proposed under Miscellaneous - Electrical works for Revamping of Bay coordinate Board. The provision is intended for replacement, augmentation or minor upgradation of electrical and allied systems to ensure operational reliability, safety, energy efficiency and continuity of airport facilities during the Fourth Control Period.	0.25	-	-	-	-	**0.25**
86	Miscellaneous - Electrical works	Water Rescue Training Facility	The item has been proposed under Miscellaneous - Electrical works for Water Rescue Training Facility. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service	0.25	-	-	-	-	**0.25**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			continuity during the Fourth Control Period.						
87	Miscellaneous - Electrical works	Watercoolers ,Aircurtain,Handdriers ets for Terminals	The item has been proposed under Miscellaneous - Electrical works for Watercoolers ,Aircurtain,Handdriers ets for Terminals. The provision is intended for replacement, augmentation or minor upgradation of electrical and allied systems to ensure operational reliability, safety, energy efficiency and continuity of airport facilities during the Fourth Control Period.	0.25	-	-	-	-	**0.25**
88	Miscellaneous - Electrical works	Decorative Poles and Lights for Airport Carparking Area	The item has been proposed under Miscellaneous - Electrical works for Decorative Poles and Lights for Airport Carparking Area. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil	0.20	-	-	-	-	**0.20**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.						
89	Miscellaneous - Electrical works	Revamping of Airport - Athani,Avanamcode Street Lights	The item has been proposed under Miscellaneous - Electrical works for Revamping of Airport - Athani,Avanamcode Street Lights. The provision is intended for replacement, augmentation or minor upgradation of electrical and allied systems to ensure operational reliability, safety, energy efficiency and continuity of airport facilities during the Fourth Control Period.	0.20	-	-	-	-	**0.20**
	Miscellaneous - Electrical works Total			**18.15**	**3.00**	**13.00**	**5.00**	**5.00**	**44.15**
90	Miscellaneous - ARFF related works	Equipment for airport operation and maintenance	Hydra (14 Ton), Multi purpose compact loader, and one Vibratory Roller of 3 to 6 Ton capacity, 3	5.00	-	-	-	-	**5.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Ton Fork lift, 3 Isuzu pick up vehicles , Utility UTVs, etc.						
91	Miscellaneous - ARFF related works	Equipment for airport operation and maintenance	City Side Sweepers, Runway sweeping machines, Mini excavators	-	10.00	-	-	-	**10.00**
92	Miscellaneous - ARFF related works	Equipment for airport operation and maintenance	GCC with hydraulic arm, flail mower, Electric airport maintenance vehicles	-	-	10.00	-	-	**10.00**
93	Miscellaneous - ARFF related works	Equipment for airport operation and maintenance	The item has been proposed under Miscellaneous - ARFF related works for Equipment for airport operation and maintenance. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	-	-	-	10.00	-	**10.00**
94	Miscellaneous - ARFF related works	Equipment for airport operation and maintenance	Automated lawn mowers, Telehandler, spider crane, Equipment for	-	-	-	-	10.00	**10.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			working at height near aircraft, AI Runway Inspection Vehicle						
95	Miscellaneous - ARFF related works	Procurement of specialised fire fighting equipment and gears	The item has been proposed under Miscellaneous - ARFF related works for Procurement of specialised fire fighting equipment and gears. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	1.00	-	-	-	-	**1.00**
96	Miscellaneous - ARFF related works	Procurement of specialised fire fighting equipment and gears	The item has been proposed under Miscellaneous - ARFF related works for Procurement of specialised fire fighting equipment and gears. The expenditure is required to support fire and safety readiness, replacement or augmentation	-	4.00	-	-	-	**4.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
97	Miscellaneous - ARFF related works	Procurement of specialised fire fighting equipment and gears	The item has been proposed under Miscellaneous - ARFF related works for Procurement of specialised fire fighting equipment and gears. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	-	-	5.00	-	-	**5.00**
98	Miscellaneous - ARFF related works	Procurement of specialised fire fighting equipment and gears	The item has been proposed under Miscellaneous - ARFF related works for Procurement of specialised fire fighting equipment and gears. The expenditure is	-	-	-	2.00	-	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
99	Miscellaneous - ARFF related works	Procurement of specialised fire fighting equipment and gears	The item has been proposed under Miscellaneous - ARFF related works for Procurement of specialised fire fighting equipment and gears. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	-	-	-	-	3.00	**3.00**
100	Miscellaneous - ARFF related works	Pressure fed Firefighting	The item has been proposed under Miscellaneous - ARFF related works for	6.40	-	-	-	-	**6.40**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Pressure fed Firefighting. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
101	Miscellaneous - ARFF related works	Upgradation of Fire prevention system in ATC building	Upgradation of Fire prevention system in ATC building	5.00	-	-	-	-	**5.00**
102	Miscellaneous - ARFF related works	Mobile Command Post Vehicle	Revamping of Mobile Command post purchased in 2019 -cost Rs 1,16,13,560	-	-	-	-	5.00	**5.00**
103	Miscellaneous - ARFF related works	Fire prevention installation	The item has been proposed under Miscellaneous - ARFF related works for Fire prevention installation. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued	1.00	-	-	-	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
104	Miscellaneous - ARFF related works	Fire prevention installation	The item has been proposed under Miscellaneous - ARFF related works for Fire prevention installation. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	-	1.00	-	-	-	**1.00**
105	Miscellaneous - ARFF related works	Fire prevention installation	The item has been proposed under Miscellaneous - ARFF related works for Fire prevention installation. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency	-	-	1.00	-	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
106	Miscellaneous - ARFF related works	Fire prevention installation	The item has been proposed under Miscellaneous - ARFF related works for Fire prevention installation. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	-	-	-	1.00	-	**1.00**
107	Miscellaneous - ARFF related works	Fire prevention installation	The item has been proposed under Miscellaneous - ARFF related works for Fire prevention installation. The expenditure is required to support fire and safety readiness, replacement or	-	-	-	-	1.00	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
108	Miscellaneous - ARFF related works	Truck Mounted painting machine	2.48 + GST estimate received from vendor in 2025	3.00	-	-	-	-	**3.00**
109	Miscellaneous - ARFF related works	Light Mast Vehicle	revamping of Light mast purchased in 2014- cost RS 71,85,749	-	-	-	-	3.00	**3.00**
110	Miscellaneous - ARFF related works	Fire Extinguisher purchase	The item has been proposed under Miscellaneous - ARFF related works for Fire Extinguisher purchase. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	2.00	-	-	-	-	**2.00**
111	Miscellaneous - ARFF related works	Fire Extinguisher purchase	The item has been proposed under Miscellaneous	-	-	1.00	-	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			- ARFF related works for Fire Extinguisher purchase. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
112	Miscellaneous - ARFF related works	B A Gallery	The item has been proposed under Miscellaneous - ARFF related works for B A Gallery. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	1.99	-	-	-	-	**1.99**
113	Miscellaneous - ARFF related works	Cut & Collector Tractor Machine for	The item has been proposed under Miscellaneous - ARFF related	2.01	-	-	-	-	**2.01**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
		Operations/ Civil	works for Cut & Collector Tractor Machine for Operations/ Civil. The provision is intended to support upkeep, relocation, augmentation or minor development of airport civil infrastructure required for operational continuity, passenger facilitation, safety and regulatory compliance during the Fourth Control Period.						
114	Miscellaneous - ARFF related works	Procurement of Medical response vehicles & medical equipments	The item has been proposed under Miscellaneous - ARFF related works for Procurement of Medical response vehicles & medical equipments. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and	0.30	-	-	-	-	**0.30**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			operational requirements during the Fourth Control Period.						
115	Miscellaneous - ARFF related works	Procurement of Medical response vehicles & medical equipments	The item has been proposed under Miscellaneous - ARFF related works for Procurement of Medical response vehicles & medical equipments. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	-	0.20	-	-	-	**0.20**
116	Miscellaneous - ARFF related works	Procurement of Medical response vehicles & medical equipments	The item has been proposed under Miscellaneous - ARFF related works for Procurement of Medical response vehicles & medical equipments. The expenditure is required to support fire and safety	-	-	0.60	-	-	**0.60**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
117	Miscellaneous - ARFF related works	Procurement of Medical response vehicles & medical equipments	The item has been proposed under Miscellaneous - ARFF related works for Procurement of Medical response vehicles & medical equipments. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	-	-	-	0.20	-	**0.20**
118	Miscellaneous - ARFF related works	Procurement of Medical response vehicles & medical equipments	The item has been proposed under Miscellaneous - ARFF related works for Procurement	-	-	-	-	0.70	**0.70**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			of Medical response vehicles & medical equipments. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
119	Miscellaneous - ARFF related works	complete visual guidance system and evacuation signages	The item has been proposed under Miscellaneous - ARFF related works for complete visual guidance system and evacuation signages. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the	0.50	-	-	-	-	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Fourth Control Period.						
120	Miscellaneous - ARFF related works	complete visual guidance system and evacuation signages	The item has been proposed under Miscellaneous - ARFF related works for complete visual guidance system and evacuation signages. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	-	1.00	-	-	-	**1.00**
121	Miscellaneous - ARFF related works	complete visual guidance system and evacuation signages	The item has been proposed under Miscellaneous - ARFF related works for complete visual guidance system and evacuation signages. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets	-	-	-	-	0.50	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
122	Miscellaneous - ARFF related works	Extinguishing media procurement	The item has been proposed under Miscellaneous - ARFF related works for Extinguishing media procurement. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	0.50	-	-	-	-	**0.50**
123	Miscellaneous - ARFF related works	Extinguishing media procurement	The item has been proposed under Miscellaneous - ARFF related works for Extinguishing media procurement. The expenditure is required to support fire and safety readiness,	-	-	0.50	-	-	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
124	Miscellaneous - ARFF related works	Extinguishing media procurement	The item has been proposed under Miscellaneous - ARFF related works for Extinguishing media procurement. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.	-	-	-	-	0.50	**0.50**
125	Miscellaneous - ARFF related works	BBA/BMA Cleaning machine	The item has been proposed under Miscellaneous - ARFF related works for BBA/BMA Cleaning machine. The expenditure is required to	1.17	-	-	-	-	**1.17**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
126	Miscellaneous - ARFF related works	Fire Extinguisher bar code scanner software integration	The item has been proposed under Miscellaneous - ARFF related works for Fire Extinguisher bar code scanner software integration. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	1.00	-	-	-	-	**1.00**
127	Miscellaneous - ARFF related works	Basic fire extinguisher training VR simulator	The item has been proposed under Miscellaneous	1.00	-	-	-	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			- ARFF related works for Basic fire extinguisher training VR simulator. The expenditure is required to support fire and safety readiness, replacement or augmentation of emergency response assets and continued compliance with applicable airport safety and operational requirements during the Fourth Control Period.						
	Miscellaneous - ARFF related works Total			**31.87**	**16.20**	**18.10**	**13.20**	**23.70**	**103.07**
128	Miscellaneous works	CISF capital Procurement	As procurement of capital assets required by the Central Industrial Security Force (CISF) is the responsibility of the Airport Operator, a provision of Rs. in2.00 crore has been made annually towards meeting CISF capital asset requirements. The provision covers procurement and replacement of essential	2.00	-	-	-	-	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			capital assets such as furniture, vehicles, utensils, office equipment and other regimental infrastructure and equipment required for the effective functioning of CISF at the airport.						
129	Miscellaneous works	CISF capital Procurement	The item has been proposed under Miscellaneous works for CISF capital Procurement. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	2.00	-	-	-	**2.00**
130	Miscellaneous works	CISF capital Procurement	The item has been proposed under Miscellaneous works for CISF capital Procurement. The expenditure is required for	-	-	2.00	-	-	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
131	Miscellaneous works	CISF capital Procurement	The item has been proposed under Miscellaneous works for CISF capital Procurement. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	-	2.00	-	**2.00**
132	Miscellaneous works	Furniture Budget-FY26	The filed capex of Rs. in2 Cr represents the normative provision for routine	-	-	-	-	2.00	**2.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			replacement and augmentation of passenger trolleys, furniture, office equipment and housekeeping equipment across the terminal and allied facilities.						
133	Miscellaneous works	Three seater Chairs to Terminals	The item has been proposed under Miscellaneous works for Three seater Chairs to Terminals. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	1.00	-	-	-	-	**1.00**
134	Miscellaneous works	Three seater Chairs to Terminals	Procurement and installation of 300 nos. passenger seating units in the terminal, in replacement of the existing sofas which have completed their useful life and are no longer serviceable to	-	1.50	-	-	-	**1.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			the standards expected of passenger facilities.						
135	Miscellaneous works	APHO Furniture & Equipment	The item has been proposed under Miscellaneous works for APHO Furniture & Equipment. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	1.00	-	-	-	-	**1.00**
136	Miscellaneous works	Canteen Expansion	The item has been proposed under Miscellaneous works for Canteen Expansion. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and	0.50	-	-	-	-	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			passenger facilitation during the Fourth Control Period.						
137	Miscellaneous works	Garbage Bins-Tri/Duo Bins	The item has been proposed under Miscellaneous works for Garbage Bins-Tri/Duo Bins. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	0.50	-	-	-	-	**0.50**
138	Miscellaneous works	Garbage Bins-Tri/Duo Bins	The item has been proposed under Miscellaneous works for Garbage Bins-Tri/Duo Bins. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the	-	0.50	-	-	-	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Fourth Control Period.						
139	Miscellaneous works	Garbage Bins-Tri/Duo Bins	The item has been proposed under Miscellaneous works for Garbage Bins-Tri/Duo Bins. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	-	-	-	0.50	-	**0.50**
140	Miscellaneous works	Recliner Chairs/Sleeping pods for Terminals	The item has been proposed under Miscellaneous works for Recliner Chairs/Sleeping pods for Terminals. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	0.50	-	-	-	-	**0.50**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
141	Miscellaneous works	Recliner Chairs/Sleeping pods for Terminals	The item has been proposed under Miscellaneous works for Recliner Chairs/Sleeping pods for Terminals. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	-	0.50	-	-	-	**0.50**
142	Miscellaneous works	Trolley Pushers	The item has been proposed under Miscellaneous works for Trolley Pushers. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	0.50	-	-	-	-	**0.50**
143	Miscellaneous works	Vehicles-FY26	The item has been proposed under Miscellaneous	1.00	-	-	-	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			works for Vehicles-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.						
144	Miscellaneous works	Vehicles-FY26	The item has been proposed under Miscellaneous works for Vehicles-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	1.00	-	-	-	**1.00**
145	Miscellaneous works	Vehicles-FY26	The item has been proposed under Miscellaneous works for Vehicles-FY26. The provision supports recurring operational requirements,	-	-	1.00	-	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.						
146	Miscellaneous works	Vehicles-FY26	The item has been proposed under Miscellaneous works for Vehicles-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	-	1.00	-	**1.00**
147	Miscellaneous works	Vehicles-FY26	The item has been proposed under Miscellaneous works for Vehicles-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations	-	-	-	-	1.00	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			during the Fourth Control Period.						
148	Miscellaneous works	Smoking room with proper ventillation in cityside at T1 & T3, Airside and checkin area T1 - 5 units	The item has been proposed under Miscellaneous works for Smoking room with proper ventillation in cityside at T1 & T3, Airside and checkin area T1 - 5 units. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	0.40	-	-	-	-	**0.40**
149	Miscellaneous works	Automatic cleaning Machines to Terminals	PO Details available in the shared Folder.	-	2.00	-	-	-	**2.00**
150	Miscellaneous works	Housekeeping Equipments for Terminal	The item has been proposed under Miscellaneous works for Housekeeping Equipments for Terminal. The provision supports recurring operational	0.60	-	-	-	-	**0.60**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.						
151	Miscellaneous works	Housekeeping Equipments for Terminal	The item has been proposed under Miscellaneous works for Housekeeping Equipments for Terminal. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	0.60	-	-	-	-	**0.60**
152	Miscellaneous works	Housekeeping Equipments for Terminal	The item has been proposed under Miscellaneous works for Housekeeping Equipments for Terminal. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service	-	0.60	-	-	-	**0.60**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			continuity for airport operations during the Fourth Control Period.						
153	Miscellaneous works	Housekeeping Equipments for Terminal	The item has been proposed under Miscellaneous works for Housekeeping Equipments for Terminal. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	0.60	-	-	**0.60**
154	Miscellaneous works	Housekeeping Equipments for Terminal	The item has been proposed under Miscellaneous works for Housekeeping Equipments for Terminal. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	-	0.60	-	**0.60**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
155	Miscellaneous works	Housekeeping Equipments for Terminal	The item has been proposed under Miscellaneous works for Housekeeping Equipments for Terminal. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	-	-	0.60	**0.60**
156	Miscellaneous works	Telemedicine service kiosk (Virtual doctor on call)	The item has been proposed under Miscellaneous works for Telemedicine service kiosk (Virtual doctor on call). The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	0.50	-	-	-	-	**0.50**
157	Miscellaneous works	Purchase of Scorpio (2 Nos)	The item has been proposed under	0.40	-	-	-	-	**0.40**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Miscellaneous works for Purchase of Scorpio (2 Nos). The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.						
158	Miscellaneous works	Buggys for Terminals	The item has been proposed under Miscellaneous works for Buggys for Terminals. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	0.30	-	-	-	-	**0.30**
159	Miscellaneous works	Buggys for Terminals	The item has been proposed under Miscellaneous works for Buggys for	0.30	-	-	-	-	**0.30**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Terminals. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.						
160	Miscellaneous works	Buggys for Terminals	The item has been proposed under Miscellaneous works for Buggys for Terminals. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	-	0.30	-	-	-	**0.30**
161	Miscellaneous works	Buggys for Terminals	The item has been proposed under Miscellaneous works for Buggys for Terminals. The provision represents recurring or	-	-	0.30	-	-	**0.30**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.						
162	Miscellaneous works	Buggys for Terminals	The item has been proposed under Miscellaneous works for Buggys for Terminals. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	-	-	-	0.30	-	**0.30**
163	Miscellaneous works	Buggys for Terminals	The item has been proposed under Miscellaneous works for Buggys for Terminals. The provision represents recurring or need-based miscellaneous capital expenditure	-	-	-	-	0.30	**0.30**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.						
164	Miscellaneous works	Furniture for T1 & T3 check in counters, immigration & PESC including for additional counters after T3 expansion - 250 nos	The item has been proposed under Miscellaneous works for Furniture for T1 & T3 check in counters, immigration & PESC including for additional counters after T3 expansion - 250 nos. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	0.30	-	-	-	-	**0.30**
165	Miscellaneous works	Furniture for T1 & T3 check in counters, immigration & PESC including for	The item has been proposed under Miscellaneous works for Furniture for T1 & T3 check	-	0.10	-	-	-	**0.10**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
		additional counters after T3 expansion - 250 nos	in counters, immigration & PESC including for additional counters after T3 expansion - 250 nos. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
166	Miscellaneous works	Furniture for T1 & T3 check in counters, immigration & PESC including for additional counters after T3 expansion - 250 nos	The item has been proposed under Miscellaneous works for Furniture for T1 & T3 check in counters, immigration & PESC including for additional counters after T3 expansion - 250 nos. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system	-	-	0.10	-	-	**0.10**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
167	Miscellaneous works	Queue Managers and special display poles	The item has been proposed under Miscellaneous works for Queue Managers and special display poles. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	0.10	-	-	-	**0.10**
168	Miscellaneous works	Queue Managers and special display poles	The item has been proposed under Miscellaneous works for Queue Managers and special display poles. The expenditure is required for replacement, augmentation	-	-	-	0.10	-	**0.10**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
169	Miscellaneous works	MI Room Equipment-FY26	The item has been proposed under Miscellaneous works for MI Room Equipment-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	0.25	-	-	-	-	**0.25**
170	Miscellaneous works	MI Room Equipment-FY26	The item has been proposed under Miscellaneous works for MI Room Equipment-FY26. The provision supports recurring operational requirements,	-	0.25	-	-	-	**0.25**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.						
171	Miscellaneous works	MI Room Equipment-FY26	The item has been proposed under Miscellaneous works for MI Room Equipment-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	0.25	-	-	**0.25**
172	Miscellaneous works	MI Room Equipment-FY26	The item has been proposed under Miscellaneous works for MI Room Equipment-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for	-	-	-	0.25	-	**0.25**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			airport operations during the Fourth Control Period.						
173	Miscellaneous works	MI Room Equipment-FY26	The item has been proposed under Miscellaneous works for MI Room Equipment-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	-	-	0.25	**0.25**
174	Miscellaneous works	Equipment-Employees Gym & Sports	The item has been proposed under Miscellaneous works for Equipment-Employees Gym & Sports. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	0.05	-	-	-	**0.05**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
175	Miscellaneous works	Equipment-Employees Gym & Sports	The item has been proposed under Miscellaneous works for Equipment-Employees Gym & Sports. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	-	0.05	-	**0.05**
176	Miscellaneous works	Furniture for T1, T3 & AOCC meeting rooms - executive chairs (75 nos)	The item has been proposed under Miscellaneous works for Furniture for T1, T3 & AOCC meeting rooms - executive chairs (75 nos). The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity	-	-	0.10	-	-	**0.10**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			during the Fourth Control Period.						
177	Miscellaneous works	Furniture for T1, T3 & AOCC meeting rooms - executive chairs (75 nos)	The item has been proposed under Miscellaneous works for Furniture for T1, T3 & AOCC meeting rooms - executive chairs (75 nos). The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	-	-	0.10	**0.10**
178	Miscellaneous works	Office Equipment-FY26	The item has been proposed under Miscellaneous works for Office Equipment-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service	0.20	-	-	-	-	**0.20**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			continuity for airport operations during the Fourth Control Period.						
179	Miscellaneous works	Office Equipment-FY26	The item has been proposed under Miscellaneous works for Office Equipment-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	0.20	-	-	-	**0.20**
180	Miscellaneous works	Office Equipment-FY26	The item has been proposed under Miscellaneous works for Office Equipment-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	0.20	-	-	**0.20**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
181	Miscellaneous works	Office Equipment-FY26	The item has been proposed under Miscellaneous works for Office Equipment-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	-	0.20	-	**0.20**
182	Miscellaneous works	Office Equipment-FY26	The item has been proposed under Miscellaneous works for Office Equipment-FY26. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	-	-	0.20	**0.20**
183	Miscellaneous works	Commercial Digital Screens T3 & T1	The item has been proposed under Miscellaneous works for Commercial	-	0.20	-	-	-	**0.20**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Digital Screens T3 & T1. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.						
184	Miscellaneous works	Commercial Digital Screens T3 & T1	The item has been proposed under Miscellaneous works for Commercial Digital Screens T3 & T1. The expenditure is required for replacement, augmentation or lifecycle refresh of IT and digital infrastructure to maintain system reliability, cyber/operational resilience, passenger processing support and airport service continuity during the Fourth Control Period.	-	-	-	0.20	-	**0.20**
185	Miscellaneous works	Heavy duty vaccum	The item has been proposed	-	0.10	-	-	-	**0.10**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
		cleaning machine - 10 nos for T1, T3 & Airside	under Miscellaneous works for Heavy duty vaccum cleaning machine - 10 nos for T1, T3 & Airside. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.						
186	Miscellaneous works	Heavy duty vaccum cleaning machine - 10 nos for T1, T3 & Airside	The item has been proposed under Miscellaneous works for Heavy duty vaccum cleaning machine - 10 nos for T1, T3 & Airside. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the	-	-	-	0.10	-	**0.10**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Fourth Control Period.						
187	Miscellaneous works	Library Books	The item has been proposed under Miscellaneous works for Library Books. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	-	0.10	-	-	-	**0.10**
188	Miscellaneous works	Library Books	The item has been proposed under Miscellaneous works for Library Books. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	-	-	-	0.10	-	**0.10**
189	Miscellaneous works	Sofa cleaning machine - 4	The item has been proposed under	-	0.10	-	-	-	**0.10**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
		nos for T1 & T3	Miscellaneous works for Sofa cleaning machine - 4 nos for T1 & T3. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.						
190	Miscellaneous works	Sofa cleaning machine - 4 nos for T1 & T3	The item has been proposed under Miscellaneous works for Sofa cleaning machine - 4 nos for T1 & T3. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	-	-	-	0.10	-	**0.10**
191	Miscellaneous works	Heady Duty Plastic Card Shredder	The item has been proposed under	-	0.04	-	-	-	**0.04**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			Miscellaneous works for Heady Duty Plastic Card Shredder. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.						
192	Miscellaneous works	Heady Duty Plastic Card Shredder	The item has been proposed under Miscellaneous works for Heady Duty Plastic Card Shredder. The provision represents recurring or need-based miscellaneous capital expenditure required for replacement, augmentation, compliance, operational continuity and passenger facilitation during the Fourth Control Period.	-	-	-	0.04	-	**0.04**
	Miscellaneous works Total			**10.85**	**9.64**	**4.55**	**5.54**	**4.45**	**35.03**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
193	Miscellaneous - Operations	Minor operational works	The item has been proposed under Miscellaneous - Operations for Minor operational works. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	5.00	-	-	-	-	**5.00**
194	Miscellaneous - Operations	Minor operational works	The item has been proposed under Miscellaneous - Operations for Minor operational works. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	5.00	-	-	-	**5.00**
195	Miscellaneous - Operations	Minor operational works	The item has been proposed under Miscellaneous - Operations for Minor	-	-	5.00	-	-	**5.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			operational works. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.						
196	Miscellaneous - Operations	Minor operational works	The item has been proposed under Miscellaneous - Operations for Minor operational works. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.	-	-	-	5.00	-	**5.00**
197	Miscellaneous - Operations	Minor operational works	The item has been proposed under Miscellaneous - Operations for Minor operational works. The provision supports recurring operational	-	-	-	-	5.00	**5.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			requirements, asset replacement, capacity augmentation and service continuity for airport operations during the Fourth Control Period.						
198	Miscellaneous - Operations	Rwy Friction Testing Equipment	Budgetary Quote enclosed in shared folder	3.00	-	-	-	-	**3.00**
199	Miscellaneous - Operations	Conversion to Electric Vehicles	Procurement of electric vehicle for Airside	-	-	-	2.00	-	**2.00**
200	Miscellaneous - Operations	Air Quality Monitoring - Terminals	Air quality monitoring units to be installed — one unit installed, remaining smaller units pending at the terminals. PO uploaded to the shared folder.	-	-	-	2.00	-	**2.00**
201	Miscellaneous - Operations	Vegetative covering for Rwy side strips	The item has been proposed under Miscellaneous - Operations for Vegetative covering for Rwy side strips. The provision supports recurring operational requirements, asset replacement, capacity augmentation and service continuity for airport	-	-	-	1.00	-	**1.00**

S.No	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			operations during the Fourth Control Period.						
	Miscellaneous - Operations Total			**8.00**	**5.00**	**5.00**	**10.00**	**5.00**	**33.00**
	Grand Total			**140.72**	**63.19**	**62.35**	**46.24**	**70.65**	**383.15**

ANNEXURE II

SELF CERTIFICATION

Format for Self-Certification by the Airport Operator on Completion and Commissioning of a Project classified under Incremental ARR

This is to certify that the project titled "_____" has been successfully completed in accordance with the approved scope, specifications, and applicable requirements.

It is further certified that necessary installation, testing, commissioning, and verification activities have been duly carried out. The project has been operationalized and has been put into regular use with effect from _____.

Based on the completion and successful commissioning/capitalisation of the project, it is confirmed that the project is functioning as intended and is available for its designated purpose.

This certificate is being issued in compliance with AERA Tariff Order No. ____/20____-____.

(Signature)

Name:
Designation: Chief Executive Officer

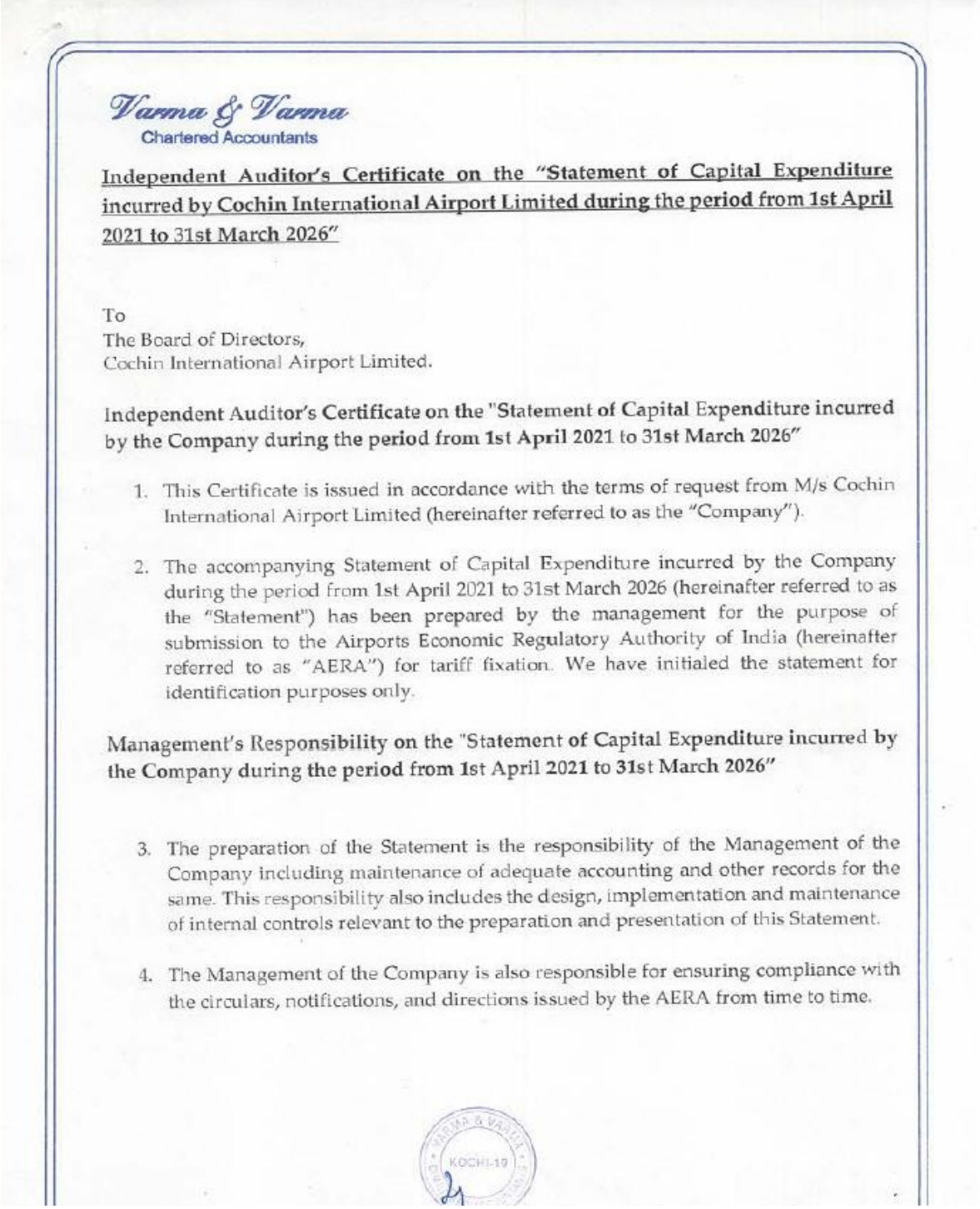
Place: _____

Date: _____

ANNEXURE III

Statutory auditors Certificate

Independent Auditor's Certificate on the Statement of Capital Expenditure incurred by Cochin International Airport Limited during the period from 1 April 2021 to 31 March 2026



Varma & Varma
Chartered Accountants

Independent Auditor's Certificate on the "Statement of Capital Expenditure incurred by Cochin International Airport Limited during the period from 1st April 2021 to 31st March 2026"

To
The Board of Directors,
Cochin International Airport Limited.

Independent Auditor's Certificate on the "Statement of Capital Expenditure incurred by the Company during the period from 1st April 2021 to 31st March 2026"

1. This Certificate is issued in accordance with the terms of request from M/s Cochin International Airport Limited (hereinafter referred to as the "Company").

2. The accompanying Statement of Capital Expenditure incurred by the Company during the period from 1st April 2021 to 31st March 2026 (hereinafter referred to as the "Statement") has been prepared by the management for the purpose of submission to the Airports Economic Regulatory Authority of India (hereinafter referred to as "AERA") for tariff fixation. We have initialed the statement for identification purposes only.

Management's Responsibility on the "Statement of Capital Expenditure incurred by the Company during the period from 1st April 2021 to 31st March 2026"

3. The preparation of the Statement is the responsibility of the Management of the Company including maintenance of adequate accounting and other records for the same. This responsibility also includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of this Statement.

4. The Management of the Company is also responsible for ensuring compliance with the circulars, notifications, and directions issued by the AERA from time to time.

Varma & Varma
Chartered Accountants

Auditor's Responsibility

5. Our responsibility is to express a limited assurance in the form of conclusion as to whether any matter has come to our attention that causes us to believe that the particulars of Capital Expenditure incurred by the Company during the period from 1st April 2021 to 31st March 2026, as stated in the Statement is not extracted from the underlying books of account and other records maintained by the Company and furnished to us.

6. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Limited assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgment, including the assessment of the associated risks with the reporting requirements

7. For the purpose of this certificate, we have planned and performed the following procedures:-

   a) Obtained the Fixed Asset Register maintained by the Company as on 31st March 2026 from the management.

   b) Compared the asset wise breakup of capital expenditure as per the Statement prepared by the management with the cost of asset capitalised as per the Fixed Asset register.

   c) Asset category classification of the capital expenditure as per the Statement is as made by the management on which reliance has been placed by us.

   d) Verified the arithmetical accuracy of the totals and sub-totals appearing in the Statement.

VARMA & VARMA * KOCHI-19 * CHARTERED ACCOUNTANTS

Varma & Varma
Chartered Accountants

8. The financial statements of Cochin International Airport Limited for FY 2021-22 and FY 2022-23 were audited by the previous auditors, M/s. Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Ernakulam, who issued unmodified audit opinions vide their audit reports dated 29th August 2022 and 26th June 2023 respectively. We were appointed as statutory auditors from FY 2023-24 onwards and had audited the financial statements for the years ended 31st March 2024 and 31st March 2025 under the Companies Act, 2013, and had issued unmodified audit opinions vide our audit reports dated 1st September 2024 and 23rd August 2025 respectively.

   The books of account for the period from 1st April 2025 till 31st March 2026 are unaudited and not closed as on date.

9. We conducted our examination of the Statement, in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' issued by the Institute of Chartered Accountants of India (the 'ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance Related Services Engagements to the extent applicable to this assignment.

Conclusion

11. Based on the procedures performed in Para 7 above and the books and records examined by us as referred therein, and relying on the information and explanations furnished to us by the management, nothing has come to our attention that causes us to believe that the particulars of Capital Expenditure incurred by the Company during the period from 1st April 2021 to 31st March 2026, as stated in the Statement, are not extracted from the underlying books of account and other records maintained by the Company and furnished to us.

VARMA & VARMA * KOCHI-19 * CHARTERED ACCOUNTANTS

Statement of Capital Expenditure incurred by the company during the period from 1st April 2021 to 31st March 2026

S. No.	Asset Category	Capital Expenditure incurred (INR)
1	Regrading of side strips	27,76,84,452.08
2	Security Equipment's - X-BIS, ETD, DFMD, HHMD etc.	13,16,85,449.94
3	Other major capital expenditure	24,50,52,434.07
4	Misc. Expenses for 3rd CP and projects postponed from FY2021	162,74,70,483.75
5	General Aviation terminal	40,75,74,118.92
6	APHO Hospital	10,05,71,820.06
	Total cost	279,00,38,758.82

SAJI DANIEL
Chief Financial Officer
Cochin International Airport Limited
Kochi Airport P.O, Ernakulam - 683 111

Independent Auditor's Certificate on the Statement of Revenues earned by Cochin International

Varma & Varma
Chartered Accountants

Independent Auditor's Certificate on the "Statement of Revenues earned by the Cochin International Airport Limited during the period from 1st April 2021 to 31st March 2026"

To
The Board of Directors,
Cochin International Airport Limited.

Independent Auditor's Certificate on the "Statement of Revenues earned by Cochin International Airport Limited during the period from 1st April 2021 to 31st March 2026"

1. This Certificate is issued in accordance with the terms of request from M/s Cochin International Airport Limited (hereinafter referred to as the "Company") .

2. The accompanying Statement of Revenues earned by the Company during the period from 1st April 2021 to 31st March 2026 (hereinafter referred to as the "Statement") has been prepared by the management for the purpose of submitting the same to the Airports Economic Regulatory Authority of India (hereinafter referred to as "AERA") for tariff fixation. We have initialed the statement for identification purposes only.

Management's Responsibility on the "Statement of Revenues earned by the Company during the period from 1st April 2021 to 31st March 2026"

3. The preparation of the Statement is the responsibility of the Management of the Company including maintenance of adequate accounting and other records for the same. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of this Statement.

4. The Management of the Company is also responsible for ensuring compliance with the circulars, notifications, and directions issued by the AERA from time to time.

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Airport Limited during the period from 1 April 2021 to 31 March 2026

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Auditor's Responsibility

5. Our responsibility is to express a limited assurance in the form of conclusion as to whether any matter has come to our attention that causes us to believe that the particulars of "Revenues earned by the Company during the period from 1st April 2021 to 31st March 2026", as stated in the Statement is not in agreement with the underlying books of account and other records furnished to us by the management.

6. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Limited assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgment, including the assessment of the associated risks with the reporting requirements

7. For the purpose of this certificate, we have planned and performed the following procedures:-

   a) Obtained the workings/details of Revenue as per the Statement prepared by the management for the period from 1st April 2021 to 31st March 2026.

   b) Traced the amounts reflected in the aforesaid workings to the audited financial statements for the financial years ended 21-22 to 24-25 and unaudited books of accounts for the year ending 31st March 2026 respectively.

   c) Relied on the classification made by the management in the Revenue workings/ details for the purpose of this certificate.

   d) Verified the arithmetical accuracy of the totals and sub-totals appearing in the Statement.

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8. The financial statements of Cochin International Airport Limited for FY 2021-22 and FY 2022-23 were audited by the previous auditors, M/s. Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Ernakulam, who issued unmodified audit opinions vide their audit reports dated 29th August 2022 and 26th June 2023 respectively. We were appointed as statutory auditors from FY 2023-24 onwards and had audited the financial statements for the years ended 31st March 2024 and 31st March 2025 under the Companies Act, 2013, and had issued unmodified audit opinions vide our audit reports dated 1st September 2024 and 23rd August 2025 respectively.

   The books of account for the period from 1st April 2025 till 31st March 2026 are unaudited and not closed.

9. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance Related Services Engagements to the extent applicable to this assignment.

Conclusion

11. Based on the procedures performed in Para 7 above and the books and records examined by us as referred therein, and relying on the information and explanations furnished to us by the management, nothing has come to our attention that causes us to believe that the particulars of Revenues earned by the Company during the period from 1st April 2021 to 31st March 2026, as stated in the Statement, are not in agreement with the underlying books of account and other records furnished to us by the management.

Varma & Varma
Chartered Accountants

Restriction on Use

12. This certificate has been issued at the request of the Company solely for the purpose of submission to AERA for tariff fixation. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For Varma & Varma
Chartered Accountants
(FRN:004532S)

Place : Kochi
Date : 30-07-2026
UDIN : 26229231FLZGMA2293

Govind Sekhar
Partner
Membership Number. 229231

Statement of Revenues earned by the company during the period from 1st April 2021 to 31st March 2026

S. No.	Revenues (INR cr.)	FY22	FY23	FY24	FY25	FY26
1	Airline, GH and cargo rentals	19.9	23.6	23.2	25.4	27.00
2	Rentals - Fuel hydrant	5.4	18.2	19.6	21.0	22.6
3	Royalty - Ground Handling	35.4	88.4	110.7	117.0	126.7
4	Revenue - Cute services	21.7	40.6	48.1	50.9	52.0

SAJI DANIEL
Chief Financial Officer
Cochin International Airport Limited
Kochi Airport P.O, Ernakulam - 683 111