

19 January 2023

To
 The Secretary
 Airports Economic Regulatory Authority (AERA)
 New Delhi

Dear Sir,

Sub: GMR HYD Air Cargo – MYTP for the 3rd Control Period

This is with reference our MYTP for the 3rd Control Period submitted to the Authority vide our letter dated 14th July 2022 seeking revision in tariff.

In our MYTP dated 14th Jul'22, we had proposed the following increase in tariff.

		FY23	FY24	FY25	FY26
Tariff as filed	% Tariff Increase	40%	18.5%	18.5%	18.5%
	w.e.f	1 st Apr'22	1 st Apr'23	1 st Apr'24	1 st Apr'25

After re-evaluating the market sentiments as well as the new and emerging trends in our air cargo industry we have submitted revised Tariff on 28th Oct'22.

Schedule 1		FY23	FY24	FY25	FY26
	% Tariff Increase	25%	20%	18%	18%
	w.e.f.	1 st Jan'23	1 st Apr'23	1 st Apr'24	1 st Apr'25

As deliberated in the meeting with AERA Chairman and Members on 4th Jan'23, we have reviewed our key assumptions (related to Capex/Opex/Traffic) from a perspective of reflecting the estimates for current Financial Year based on 9-10 months of actuals. Accordingly, we have forward phased the Capex by 1 year and updated the current year Traffic based on latest estimates for the current financial year. Further, as suggested, we have also optimized the R&M and Utility cost assumptions in addition to providing rationale/justification for other Opex line items.

Traffic Volume

In light of current Financial Year FY23 market conditions, we have also updated the Cargo Tonnages for FY23 and accordingly the future growth rates have been considered:

	FY23	FY24	FY25	FY26
Growth Rate		10%	8%	7%
International Export (MT)	54,578	58,652	62,487	65,882
International Import (MT)	18,657	19,433	20,562	21,043
Domestic Outbound (MT)	24,773	27,133	29,295	31,261
Domestic Inbound (MT)	29,390	32,190	34,755	37,088
Express Cargo – Imports (MT)	0	1,000	1,500	2,500
Express Cargo – Exports (MT)	600	2,000	3,000	4,000
Total (MT)	1,27,998	1,40,408	1,51,599	1,61,774



CAPEX

Expansion CAPEX has been forward phased by 1 year (starting FY24) with a nominal 5% average inflation. The 3% Design fee is now considered as part of 8% Design & PMC Cost. Further, as suggested, the available input tax credit on GST has been removed from the CAPEX. AS a result, the total CAPEX has come down from Rs. 256 Cr to Rs. 243 Cr.

#	Capital Addition (Rs. Cr.)	Est. Amount	FY22	FY23	FY24	FY25	FY26
A	Expansion and Automation Projects	160.44	0.00	0.00	78.14	82.30	0.00
1	New domestic terminal	45.00			45.00		
2	New dedicated Express Cargo facility (including Office Space)	34.74				34.74	
3	New Perishables Export Terminal by modifying the existing domestic terminal space	28.53				28.53	
4	Common utilities and facilities	30.31			11.29	19.02	
5	Air Cargo Inspection System (ACIS) Procuring and Installing ACIS	21.84			21.84		
B	Upgrade/Replacement Projects	48.55	13.38	10.58	12.96	5.29	6.33
1	General Capex (Upgrade/Replacement)	35.17		10.58	12.96	5.29	6.33
2	General Capex undertaken (incl. CWIP)	13.38	13.38				
C	CAPEX Addition in FY22 completed and capitalised	6.32	6.32				
D	Additional Projects included	27.33	0.00	0.00	0.00	27.33	0.00
1	Automation related	10.94				10.94	
2	Airside Transshipment	5.75				5.75	
3	Transshipment Shed at Import Terminal	4.52				4.52	
4	Office Space (part of Express Terminal)	6.12				6.12	
	Grand Total for CP3	242.63	19.70	10.58	91.10	114.92	6.33

OPEX

Changed OPEX Assumptions as per discussion on 4th Jan'23 as below:

#	Cost	Remarks	Updated Assumption	Earlier Assumptions
1	Repair and maintenance	Reduced costs considering the deferment of Capex by 1 year	Growth rate of 10% in FY23; 10% in FY24; 25% for FY25 and 25% for FY26	10% growth rate in FY23 and 40% growth rate for FY24; 15% for FY25 and 10% for FY26
2	Power & Water	Considering lower rate of increase and Capex deferment by 1 year	20% Price Escalation taken in FY25. Recently, Telangana Govt. Increased power price by 17% in FY23. Units consumed growth rate taken as 5% in FY23, 5% in FY24, 20% in FY25 and 25% in FY26 based on 1 year deferment and almost 80% increase in Terminal Area.	25% Price Escalation taken in FY25 for Power. Units consumed growth rate taken as 5% in FY23, 20% in FY24, 25% in FY25 and 5% in FY26 based on almost 80% increase in Terminal Area.

Tariff Revision

Considering the current timelines for the tariff order, we foresee the following 2 options:

Preferred Schedule		FY23	FY24	FY25	FY26
	% Tariff Increase	25%	20%	18%	18%
	w.e.f.	1 st Mar'23	1 st Apr'23	1 st Apr'24	1 st Apr'25

Alternate Schedule		FY24	FY25	FY26
	% Tariff Increase	50%	18%	18%
	w.e.f.	1 st Apr'23	1 st Apr'24	1 st Apr'25

With the above revised submission, we have ensured incorporation of most of the key inputs received from our last presentation /discussions.

In view of the above, we humbly request the authority for an early determination of our MYTP for the 3rd Control Period under 'Light Touch' approach.

Thanking you,
Yours sincerely,

For **GMR Hyderabad Air Cargo** (A division of GMR Air Cargo and Aerospace Engineering Ltd),



Saurabh Kumar
Chief Executive Officer



GMR HYDERABAD AIR CARGO

A division of GMR Air Cargo and Aerospace Engineering Limited
(Formerly a separate legal entity known as GMR Hyderabad Air Cargo and Logistics Private Limited)



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19 January 2023

To
The Secretary
Airports Economic Regulatory Authority (AERA)
New Delhi

Dear Sir,

Sub: GMR HYD Air Cargo – MYTP for the 3rd Control Period

This is further to our letter dated 19th Jan 2023 seeking revision in tariff, we are submitting revised Tariff Cards and relevant Forms for the below 2 options:

Preferred Schedule		FY23	FY24	FY25	FY26
	% Tariff Increase	25%	20%	18%	18%
	w.e.f.	1 st Mar'23	1 st Apr'23	1 st Apr'24	1 st Apr'25

Alternate Schedule		FY24	FY25	FY26
	% Tariff Increase	50%	18%	18%
	w.e.f.	1 st Apr'23	1 st Apr'24	1 st Apr'25

Thanking you,
Yours sincerely,

For GMR Hyderabad Air Cargo (A division of GMR Air Cargo and Aerospace Engineering Ltd),



Saurabh Kumar
 Chief Executive Officer

To,
The Secretary
Airport Economic Regulatory Authority of India (AERA)
AERA Building, Administrative Complex
Safdarjung Airport, New Delhi

**SUBJECT: SUBMISSION OF MULTI YEAR TARIFF PROPOSAL FOR AND ON BEHALF OF GMR
HYDERABAD AIR CARGO (A DIVISION OF M/S GMR AIR CARGO AND AEROSPACE
ENGINEERING LIMITED)**

I, Saurabh Kumar, aged 42 years resident of Flat.No.206, 2nd Floor, Aparna Westside Apartment, Near Delhi Public School, Serilingampally, Khajaguda, K.V. Rangareddy, Telangana- 500104, acting in my official capacity as Chief Executive Officer GMR Hyderabad Air Cargo (a Division of M/s GMR Air Cargo and Aerospace Engineering Limited) having its registered office at Plot No.1, GMR Aviation SEZ Limited, RGIA, Shamshabad, 500108, R.R.District, Telangana do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of GMR Hyderabad Air Cargo Division of M/s GMR Air Cargo and Aerospace Engineering Limited in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('the Authority')
2. I am competent to make this submission before the Authority
3. I am making this submission in my official capacity and the facts stated herein are based on official records
4. The contents of this submission which include inter alia (i) Business Plan; (ii) Information relating to the Regulatory Building Blocks; (iii) Competition Assessment; (iv) Historical and Forecasted Volumes; and (v) Historical Revenues, are correct and true to my knowledge and belief and nothing material has been concealed there from.

Thanking you
For **GMR Hyderabad Air Cargo**
(A Division of **GMR Air Cargo and Aerospace Engineering Limited**)

Saurabh Kumar

Saurabh Kumar
Chief Executive Officer

Place: Hyderabad
Dated: 14th July 2022

To,
The Secretary
Airport Economic Regulatory Authority of India (AERA)
AERA Building, Administrative Complex
Safdarjung Airport, New Delhi.

SUBJECT: SUBMISSION OF PROPOSAL FOR DETERMINATION OF 2022-26 ANNUAL TARIFF FOR AND ON BEHALF OF: GMR Hyderabad Air Cargo (a Division of M/S GMR AIR CARGO AND AEROSPACE ENGINEERING LIMITED), (Formerly known as GMR Hyderabad Air Cargo and Logistics Private Limited).

I, Saurabh Kumar, aged 43 years resident of Flat.No.206, 2nd Floor, Aparna Westside Apartment, Near Delhi Public School, Serilingampally, Khajaguda, K.V. Rangareddy, Telangana- 500104, acting in my official capacity as Chief Executive Officer GMR Hyderabad Air Cargo (a Division of M/s GMR Air Cargo and Aerospace Engineering Limited) having its registered office at Plot No.1, GMR Aviation SEZ Limited, RGA, Shamshabad, 500108, R.R.District, Telangana do hereby state and confirm as under that:

1. That I am duly authorized to act for and on behalf of GMR Hyderabad Air Cargo (a Division of M/s GMR Air Cargo and Aerospace Engineering Limited) in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('the Authority')
2. I am competent to make this submission before the Authority
3. I am making this submission in my official capacity and the facts stated herein are based on official records
4. The contents of the Annual Tariff Proposal submission which include inter alia
 - i. Proposed detailed break-up of Tariff(s) based on clause 11.2 where the Authority has specified a light touch approach for the duration of the Control Period, pursuant to clause 3.2; and
 - ii. Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.

Thanking you
For **GMR Hyderabad Air Cargo**
(A Division of **GMR Air Cargo and Aerospace Engineering Limited**)

Saurabh Kumar

Saurabh Kumar
Chief Executive Officer

Place: Hyderabad
Dated: 14th July 2022



GMR Hyderabad Air Cargo (GHAC)

(a Division of GMR Air Cargo and Aerospace Engineering Limited)

Tariff Submission for Control Period FY22-FY26

July'22

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Abbreviations:

AAI	: Airports Authority of India
ACIS	: Air Cargo Inspection System
AERA	: Airports Economic Regulatory Authority
APC	: Agriculture Production Commissioner
ATP	: Annual Tariff Plan
ACAAI	: Air Cargo Agents Association of India
BAR	: Board of Airline Representatives
BCAS	: Bureau of Civil Aviation Security
CWIP	: Capital Work in Progress
EDI	: Electronic Data Interchange
GAL	: GMR Airports Limited
GACAEL	: GMR Air Cargo and Aerospace Engineering Ltd
GHAC	: GMR Hyderabad Air Cargo (a division of the GMR Air Cargo and Aerospace Engineering Ltd)
GHIAL	: GMR Hyderabad International Airport
HMACPL	: Hyderabad Menzies Air Cargo Pvt. Ltd
MHE	: Material Handling Equipment
MYTP	: Multi Year Tariff Plan
RGIA	: Rajiv Gandhi International Airport

Annexures

- **Annexure A – Letter from GHIAL on 2nd Cargo Terminal Operator**
- **Annexure B – Support Letter from Industries and Commerce Dept., Govt. of Telangana**
- **Annexure C – Support Letter from Sam Agritech**
- **Annexure D – Extract of Meeting Highlights with Stakeholders under the Chairmanship of APC & Secretary to the Government of Telangana**
- **Annexure E – Extract of Customs Public Notice on International Courier Terminal Custodianship**
- **Annexure F – Domestic Terminal CAPEX Details**
- **Annexure G – Perishables Terminal CAPEX Details**
- **Annexure H – Express Terminal CAPEX Details**
- **Annexure I (i) – Common Utilities and Facilities CAPEX Details**
- **Annexure I (ii) – Transshipment Shed at Imports Terminal**
- **Annexure J – ACIS related CAPEX Details**
- **Annexure K – MHEs Upgrade/Automation related CAPEX Details**
- **Annexure L – General CAPEX (Ongoing) Details**
- **Annexure M – Extract of Customs Letter on ACIS Installation**
- **Annexure N – Domestic Terminal Photos: Constrained Operations**
- **Annexure O – Stakeholder Meeting MoM and PPT**
- **Annexure P – Airside Transshipment CAPEX Details**
- **Annexure Q – Customs Deployment Charge Computation**
- **Annexure R - CAPEX completed and capitalized in FY22**
- **Annexure S – Letter from ACAAI and GHAC Response**
- **Annexure T – GHAC email Response to Airline Community**

Confidential Documents

Since GHAC is a Private Limited Company, GHAC would not like to let its financial information and commercial agreements to be shared with the public. GHAC would not have any objection with the Authority publishing documents which should be available to public under any law or that are already in the public domain currently.

GHAC's business plan which has all the financial numbers should not be placed in the public domain

1) Background

1.1. GMR Hyderabad Air Cargo and Logistics Private Ltd. (GHAC) formerly known as the Hyderabad Menzies Air Cargo Pvt. Ltd. (HMACPL) is now known as the GMR Hyderabad Air Cargo (GHAC), a division of the GMR Air Cargo and Aerospace Engineering Ltd. (GACAEL). GHAC has a concession to Own, Operate and Maintain the Cargo Terminal at Rajiv Gandhi International Airport (RGIA), Hyderabad during the concession term i.e. up to 22nd Mar2038.

1.2. **GHAC Existing Capacity and Facility Details are provided below:**

The following table summarises the existing area and capacity of GHAC terminal:

#	Terminals	Existing area (sq.m)	Capacity (MT)
1	Export (including Pharma Zone)	5,724	65,000
2	Import	3,175	30,000
3	Domestic	2,730	50,000
4	Interim Express/Courier	344	5,000
	Total	11,973	150,000
5	Office Building	3,100	

Key Features of GHAC Complex:

- Separate Cold Storage facilities for domestic and international (export and import) cargo
- Special handling facilities for precious, hazardous, and perishable cargo
- Exclusive storage facilities for Valuable, Vulnerable and Dangerous consignments
- Dock leveller facility at the truck dock area to handle any type of vehicle
- Exclusive office area distinct from cargo processing/storage area
- X-ray screening facilities
- Access Control System
- Electronic Data Interchange System having provision for interfacing arrangements with regulatory, facilitating, and other user agencies

- 1.3. HMA CPL was accorded light touch approach in Nov'2017 for the period 2016-21 through submission of second MYTP (Multi Year tariff Proposal) in Mar' 2016 and the Company was submitting Annual Tariff Proposal every year since 2011 without proposing any increase of Tariff.
- 1.4. GHAC terminal has been built in 2008 and the current terminal area is about 12,000 sq.m. with a peak design capacity of around 400-450 MT/day or 150,000 MT per annum. GHAC has handled around 136,000 MT in 2018-19 and 134,500 MT in 2019-20, however, many times on a particular day, GHAC has handled upwards of 500-600 MT/day. It may be noted that presently, there is space constraint in many areas of the cargo terminal during peak handling periods.
- 1.5. Moreover, since no major overhaul/upgrade has been undertaken since the inception of GHAC in 2008, the infrastructure and Material Handling Equipment (MHEs) has worn out and requires upgradation along with expansion to meet future needs.
- 1.6. The third control period (FY 2022-26) has commenced for GHAC with effect from 01st April 2021. Therefore, as per AERA guidelines, GHAC, through this document, submits the MYTP for the third control period to the Authority.
- 1.7. It may be noted that the cargo volume handled by GHAC at RGIA in FY 2019-20 is more than 2.5% as per AAI's statistics. Since this is higher than the materiality threshold, the service may be deemed to be "material".
- 1.8. It may be noted that Blue Dart handles approximately 23% of the domestic volumes at RGIA. Moreover, Blue Dart does all terminal activities such as loading/unloading, document verification, x-ray screening, manifestation, build-up/breakdown, etc. Besides, Blue Dart has its own ground handling equipment, it has BCAS approval, air-side access, and license from airport. Blue Dart has network and connectivity to all major airports of the country. Therefore, it is able to give competition to GHAC's domestic cargo operations as the same would otherwise gone as domestic cargo through GHAC terminal.
- 1.9. It is understood that GHIAL has also entered into a contract with a second terminal operator for operating, maintaining, and managing the terminal with a capacity of 50,000 MT. The terminal has facilities to handle both Domestic and International Cargo. The cargo terminal site, approximately 17,000 sqm in area includes parking lots, truck docks etc. It may be noted that the construction of the second cargo terminal is expected to come-up in 2022-23. Therefore, GHAC submits that the cargo operations at RGIA are competitive in the Third Control Period. A letter from GHIAL confirming the same has been provided in Annexure – A.
- 1.10. GHAC therefore submits its MYTP for the Third Control Period under the "light touch" approach as it is "material but competitive."
- 1.11. Additionally, GHAC submits that user consultation meeting has been conducted with stakeholders on 18th May'22. GHAC has subsequently submitted the minutes of the meeting to the Authority. Stakeholder PPT along with Minutes of the said meeting has been provided in Annexure – O.

- 1.12. It may be noted that the expansion of the cargo terminal is required as GHAC is expected to handle over 175,000 MT annually by 2026 and 240,000 MT annually by 2030. Further, there is a need to introduce new facilities (Perishables and Express) to cater to the Region's demand which is currently not being met. This expansion investment will entail an increase in the tariff.
- 1.13. Moreover, it may be noted that since its inception in 2008, GHAC has not revised the tariff even once, even though costs have continued to increase significantly over the last 14 years.

2) Methodology

- 2.1. GHAC proposes to submit its MYTP for the Third Control Period under the light touch approach as per Clause 3 of the Guidelines, 2011.

“The Authority shall follow a three-stage procedure for determining its approach to the regulation of Regulated Service(s) as under:

Stage 1: The Authority shall first assess 'materiality' according to provisions of Clause 4;

Stage 2: The Authority shall then assess 'competition' according to provisions of Clause 5;

Stage 3: The Authority shall then assess the reasonableness of existing User Agreement(s), according to provisions of Clause 6.”

- 2.2. The materiality index of cargo at Rajiv Gandhi International Airport (RGIA), Hyderabad is greater than the threshold limit of 2.5% fixed for cargo handling services thereby implying significant materiality. However, GHIAL has awarded a contract for the construction of a second cargo terminal at RGIA, Hyderabad which is due to be completed and operationalized in 2023, thereby ensuring competition (in both domestic and international cargo) at the RGIA, Hyderabad cargo facility.

- 2.3. Clause 5 of the Guidelines mentions:

“Where a Regulated Service is being provided at a major airport by two or more Service Provider(s), it shall be deemed 'competitive' at that airport. If a Regulated Service is provided by less than two Service Provider(s), it shall be deemed 'not competitive':

Provided that the Authority may in its discretion consider such other additional evidence regarding reasonableness of competition, as it may deem fit.”

- 2.4. GHAC would like to bring to the notice of the Authority that GMR Hyderabad International Airport Limited (GHIAL) has awarded contracts to another independent services provider for the operations of the cargo facility to ensure fair competition in its operations. A letter from GHIAL detailing the same has already been provided in Annexure – A. GHIAL has already a contract in place with Bluedart which handles approximately 23% of the domestic volumes at RGIA.

- 2.5. It may be noted that GHAC has conducted a detailed Stakeholder Consultation meeting on Air Cargo Terminal Expansion/Upgrade Proposals and Multi Year Tariff Proposal (MYTP) for the Control Period up to FY2026 on 18th May'2022.

The meeting has been attended by major Freight Forwarders, Airlines, Industry bodies, Govt. representative and other stakeholders. GHAC has given them the detailed presentation on Terminal Expansion/Upgrade proposals and MYTP for the Control Period up to FY2026. The Minutes of this Consultation is enclosed as Annexure - O.

The following details have been presented and shared with all the attendees to seek their inputs:

- ❖ The investments made by GHAC in developing the infrastructure in last three years, Certifications and Industry recognitions received, Current Capacity & Cargo Volume Growth, Key Infra Constraints and the Cargo traffic projection for next 10 years.
- ❖ Proposed Expansion plans with details including expansion proposals of the new Domestic Terminal, new Perishables Terminal, new International Express/Courier Terminal, Office space expansion, new Transshipment facility (as part of Import Terminal) along with major Material Handling Equipment (MHEs) along with the planned Layouts.
- ❖ The project wise investment required along with break-up along with indicative Timeline for Proposed Expansion.
- ❖ The operational and financial benefits to the stakeholders from the proposed facilities – New Perishable Terminal, New Domestic Terminal, New Express Terminal and upgradation of existing facilities
- ❖ The MYTP Tariff card (excel sheets) have been explained, covering tariff line items applicable for International, Domestic & International Express/Courier for both Airline & Agent line item wise. Also shared, the YoY tariff hike for each of the line items starting from FY2022 till FY2026.

Post Stakeholder Consultation meeting, the Expansion/Upgrade plans and proposed Tariff Sheet have been shared with all the stakeholders for their inputs. GHAC received inputs/feedback in support of the proposal and the same have been summarized in the Annexures – B and C.

3) Need for Expansion

The existing Terminal was inaugurated in 2008 and handled ~50,000 in its first year of operations. It is spread over an area of ~12,000 sqm and designed to handle 150,000MT. In FY19, GHAC has handled 135,000 MT and in the last year it was 126,000 MT. In the current year, the terminal is set to cross the pre-covid volume and expected to handle around 139,000 MT. The need for the expansion has been described as below and in the following section on Cargo Volume growth that needs to be catered to by the expanded infrastructure/capacity:

(A) Constraints/Improvement Areas Infrastructure – Domestic Terminal

- 3.1. It may be noted that the current peak Domestic Terminal capacity is 50,000 MT. In FY22, GHAC handled more than 50,000 MT and reached its saturation capacity levels, and the peak operations have become constrained (refer photos in Annexure-N). GHAC therefore submits that the expansion of the domestic terminal is required to ensure smooth operations in the Third Control Period.

(B) Need for Perishable Facility

- 3.2. In various forums and direct interactions, the Trade Associations, Government Officials, and Stakeholders have requested for the exclusive Perishable facilities at HYD Airport to support their business requirements. Currently, these exporters export from other ports in Bengaluru and Mumbai which is costing them in terms of transportation to BOM & BLR, product damages during transit, losses and transactional challenges. Hence, GHAC has planned for perishables export terminal in an area of 2,880 sqm. and an annual capacity of 25,000 MT to support HYD trade and farmers of the region.
- 3.3. In a meeting held on 11 Feb'21, under the Chairmanship of Agriculture Production Commissioner & Secretary to the Government of Telangana, it has been agreed that GMR Hyderabad Air Cargo to establish the Perishable Air Cargo facilities at Hyderabad Airport. The minutes of the meeting have been provided under Annexure – D.

(C) Need for Express Terminal

- 3.4. The requirement for Express Terminal at RGIA, Hyderabad has been highlighted by Express shippers and Customs in various forums as they are currently dependent on BLR & BOM Express facilities.
- 3.5. To address the immediate demand, an Interim Express cargo facility (accommodated in the existing International Cargo Terminal) has been inaugurated on 22 Mar'22. The current area is 344 sqm. This facility is a temporary arrangement till the completion of the main Express Terminal. The current existing capacity of the express cargo facility is 5,000 MT and the demand is expected to reach 20,000 MT in next 5-7 years.

- 3.6. All other major Airports have Exclusive Express Terminals. Hence, an Exclusive Terminal has been planned with all the requisite facilities.
- 3.7. In order to facilitate trade GHAC decided to commission state of art, dedicated express cargo facility. The new express terminal is expected to help shippers in reducing costs on transporting cargo to Bengaluru or Mumbai by road. Moreover, this will facilitate faster and better delivery timelines in the Hyderabad area and improve the customer services offered by users.
- 3.8. It may also be noted that GHAC has been appointed as the custodian of the goods imported/exported through the international courier terminal. This has been highlighted in the Office of the Principal Commissioner of Customs' Public Notice No. 02/2022 dated 21 January 2022. The same has been provided in Annexure – E.

(D) Need to upgrade Transshipment Area

- 3.9. Transshipment share among Imports has been increasing and currently 10-20% of Imports shipments are transshipment. Although GHAC has a dedicated space for transshipment but the surge in Transshipment volumes has been increasing and are expected to take major portion of Imports in future.
- 3.10. Unlike other ports, in HYD proportion of Imports in International is low @ 25% which adversely affects both Airlines and Exporters due to this directional imbalance leading to lower capacity and Higher cost of Exports. Hence, GHAC submits to Authority that it will invest in the upgrade of Transshipment Area and streamline transshipment operations to grow the import shipments which is required and benefit the overall air cargo trade to/from the Region.

(E) Mandatory Customs ACIS procurement

- 3.11. As Custodian, GHAC is mandated to procure X-ray-based Air Cargo Inspection System (ACIS) as per the Handling of Cargo in Customs Area Regulation, 2009 (HCCAR). The same is detailed in letter No. 21019/15/2013-Cus (AS) Pt-1 dated 18 June 2019 by the Central Board of Indirect Taxes and Customs (anti-smuggling unit). The same was highlighted by the Office of the Deputy Commissioner of Customs as per the letter C.No.S/01/Estt/06/2017-ACC Vol-II dated 01 December 2021. The letter also highlighted that this procurement must be carried out on an urgent basis. The same has been provided in Annexure – M. Accordingly, the same has been considered as part of the Capital Expenditure plan during the period. The estimated cost of the project is Rs. 25.00 Cr (Annexure – J)

(F) Upgrade/Replacement of Existing Infrastructure/Facilities

- 3.12. The existing infrastructure/facilities are ageing and requires imminent revamp/replacement/upgrade. The same has already been initiated in FY22 and will continue in phases over the Control period till FY26. It covers civil/physical infrastructure repair & extension, Material handling equipment, Security equipment, IT equipment, Building renovation among others. The estimated cost of the project is Rs. 38.46 Cr (Annexure – L).

In addition to the above:

- There are ongoing projects with an estimated cost of Rs. 13.38 Cr which is expected to be capitalized in FY23 (Annexure – L).
- Further, CAPEX of Rs. 6.32 Cr has been completed and capitalized in FY22 (Annexure – R)

(G) Common utilities and facilities

Common utilities and facilities including new car park to support/complement the proposed developments and meet the utility/associated facility requirements for the same. This will include projects such as Airside sheds/canopy, utility building, power sub-station, demolitions, external civil works incl. roads/pavements/trenches, external services for electrical/HVAC/firefighting, plumbing/drainage, security rooms incl. gates/bollards/UVSS/gate houses/morcha etc. (Refer Annexure-I for the details)

(H) Other Facilities proposed by Stakeholders post the consultation Meeting:

Post the Stakeholder Consultation meeting, we have also made separate presentations of our proposals to around 40 members across Agent Association (ACAAI) and Airline Association (BAR) on 27th May'22 and 14th Jun'22 respectively to explain the details and seek their inputs/feedback.

The summary of the discussions and suggestions given by ACAAI during the meeting on 27th May'22 is captured by their letter dated 7th Jul'22 issued by the Chairman, Hyd Sub Region (Annexure – S). GHAC has responded to ACAAI's inputs vide email dated 12th Jul'22 highlighting the inclusion of the suggestions (Office Space, Storage Space, Automation, Transshipment etc.) made by ACAAI and suitably revising its proposals.

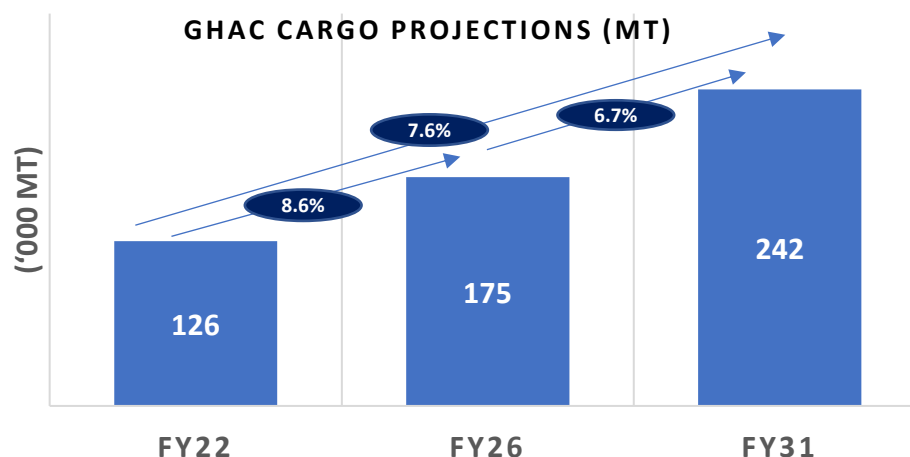
In the meeting held on 14th Jun'22 with the HYD Airline Community (BAR Association) that saw participation of 15 members, our proposals of Expansion/Upgrade and MYTP were again presented and discussed upon. Based on the same, additional inputs were received. The same has been responded to by GHAC vide email dated 12th Jul'22 (Annexure – T). During this meeting, the Airline Community also emphasised the need for having an Airside Transshipment facility, adequate Office space and improved service levels/efficiencies/automation.

Based on the inputs/feedback received from above mentioned Stakeholder interactions, we have included additional office space, automation/ material handling equipment, larger transshipment sheds covering both airside (air to air) as well landside (air to road) and few other projects. The corresponding Capex for these inclusions is around Rs 33 Cr (Details as in table below). The same has been included as part of our proposal submission and MYTP.

#	Additional/Upgraded Projects Considered	Est. CAPEX (Rs Cr)	Annexure	Section
1	Automation	13.5	K	5.9
2	Airside Transshipment	6.2	P	5.5
3	Transshipment Shed at Import Terminal	4.9	I	5.4
4	Office Space (part of Express Terminal Project)	~8	H	5.6
	Total	32.6		

4) Cargo Volume Projections

4.1. Over the next 10 years, HYD air cargo market is expected to grow by 10+% annually in terms of volumes from the current 140,000 MT to 330,000 MT. With the advent of Cargo Terminal 2, it is expected that some market share will be taken away, and accordingly estimating a growth of ~7.6% to GHAC. In FY2026, GHAC's Cargo volume is expected to be 175,000 MT and the same would be 242,000 MT by FY2031. While the overall HYD market including other terminal operators would be around 330,000 MT.



Particular	FY22	FY23	FY24	FY25	FY26
Total Cargo (MT)	1,25,756	1,38,825	1,49,600	1,59,000	1,75,000

4.2. Domestic Cargo Volumes

Domestic cargo volumes have already crossed Pre-Covid Domestic volumes in FY22 (49,768 MT). The following table summarizes the volumes of domestic cargo considered in the Third Control Period:

Particular	FY22	FY23	FY24	FY25	FY26
Domestic Cargo (MT)	50,276	55,295	59,840	63,600	70,000

4.3. International Cargo Volumes:

International Cargo volume expected to return to the Pre-Covid volumes (84,733 MT) by FY24. The following table summarizes the volumes of international cargo considered in the Third Control Period:

Particular	FY22	FY23	FY24	FY25	FY26
International Cargo (MT)	75,480	80,030	84,760	87,900	95,000

4.4. Express Cargo Volumes

GHAC is beginning the operations of express cargo services in Hyderabad. The following table summarizes the express cargo volumes in the Third Control Period:

Particular	FY22	FY23	FY24	FY25	FY26
Express Cargo (MT)	-	3,500	5,000	7,500	10,000

5) Expansion Plans

In 2020, GHAC has appointed M/s Realog as the Design Consultant to develop a future-oriented layout, design, MHEs technologies and operational design to fulfil the future growth, high performance and quality expectation for an efficient cargo handling operation of wide range of Air cargo products.

M/s Realog is a German based independent international Management & Engineering Consultancy Company offering Consulting Services for advanced Air Cargo & Logistics Solutions. They are specialized in on Airport cargo operations, planning, strategies, and forecasts, having offices in Germany, UAE, Canada & Russia. M/s Realog has developed some of the largest cargo facilities in the World – Etihad Cargo Terminal-Abu Dhabi, Emirates Cargo Mega Terminal-Dubai, Moscow Cargo Terminal-Moscow, DDF Logistics Centre-Dubai, Lufthansa cargo Hub-Frankfurt, Munich Cargo Centre-Munich etc.,

The technical report consists of Cargo Flows Throughput and Capacity Model, Business, Operational and Technology Requirements, Layout Design, Floor Plan and MHEs and Processes Mapping.

Based on the Customer feedback and the technical report submitted by the consultant, below are the key developments planned by GHAC during this Control Period:

5.1. New Domestic Terminal:

- GHAC proposes to expand the domestic terminal from 2,730 sq.m to 7,060 sq.m., thereby increasing the capacity from 50,000 MT to 80,000 MT. The domestic terminal is planned to be made operational by 30 June 2023. This capital expenditure is essential to (i) enhance the space for unloading of trucks and loading of trolleys; (ii) improve cut-off times; (iii) improve dwell-time; (iv) provide operational convenience to forwarders and airlines and ensure swift movement from landside to airside; and (v) enhance domestic freighter handling capability. The estimated cost of the project is Rs. 46.31 Cr (Annexure – F)

5.2. New Dedicated Perishables Export Terminal

- Keeping in view of customer’s need and to support Agri dependent trade in the region, it is proposed to convert the existing domestic area into a new dedicated perishables export terminal.
- The perishables export terminal would have an area of 2,880 sq.m. and an annual capacity of 25,000 MT. GHAC submits that the perishables export terminal is planned to be operational by 31st December 2023.

- The new perishable terminal will consist of dedicated rooms for meat, fish, flowers, and fruits and vegetables among others. This is expected to help users to save on transportation costs to Bengaluru or Mumbai. By reducing pilferages and transit damages, the new perishable terminal will benefit farmers and agriculture-exporters in the region. The estimated cost of the project is Rs. 29.34 Cr (Annexure – G)

5.3. **New Dedicated Express Cargo Terminal**

- GHAC submits that the current existing capacity of the express cargo facility is 5,000 MT and expects that the volume of express cargo will surpass 5,000 MT within the Third Control Period itself. GHAC therefore, has considered undertaking the project to meet the increasing requirement by developing a new dedicated Express/Courier terminal with the capacity to 20,000 MT in an area of 2,275 Sq.M in the existing Car Park area. This project is planned to be operational by 31st Mar 2024. The estimated cost of the project is Rs. 41.52 Cr (Annexure – H)

5.4. **Upgrading the Import Transshipment facility**

- GHAC intends HYD to be evolved as a Transshipment Hub for the Region. To be future ready, a dedicated area as part of the expanded Import Terminal to handle this cargo is planned. This will support in addressing the directional imbalance of HYD Air Cargo of Exports and Imports which presently sees import cargo volumes being around 1/3rd of export volumes, impacting airlines and shippers. The Import Terminal is being expanded from 3,175 Sq.M to 3,975 Sq.M for augmenting the Import Transshipment (air-road) cargo. This project is planned to be operational by 31st March 2024. The estimated cost of the project is Rs. 4.88 Cr (included in Annexure – I)

5.5. **Airside Transshipment Facility**

- An Airside Transshipment facility is proposed to be developed based on feedback from the Board of Airline Representatives (BAR). The facility is planned in an area of 1,500 sqm. This will support all three types of transshipment: International-Domestic and International-International and Domestic-Domestic. It is planned to be operationalized in FY25. Airside Transshipment will significantly boost the Import Load factors of airlines. The estimated cost of the project is Rs. 6.19 Cr (Annexure – P).

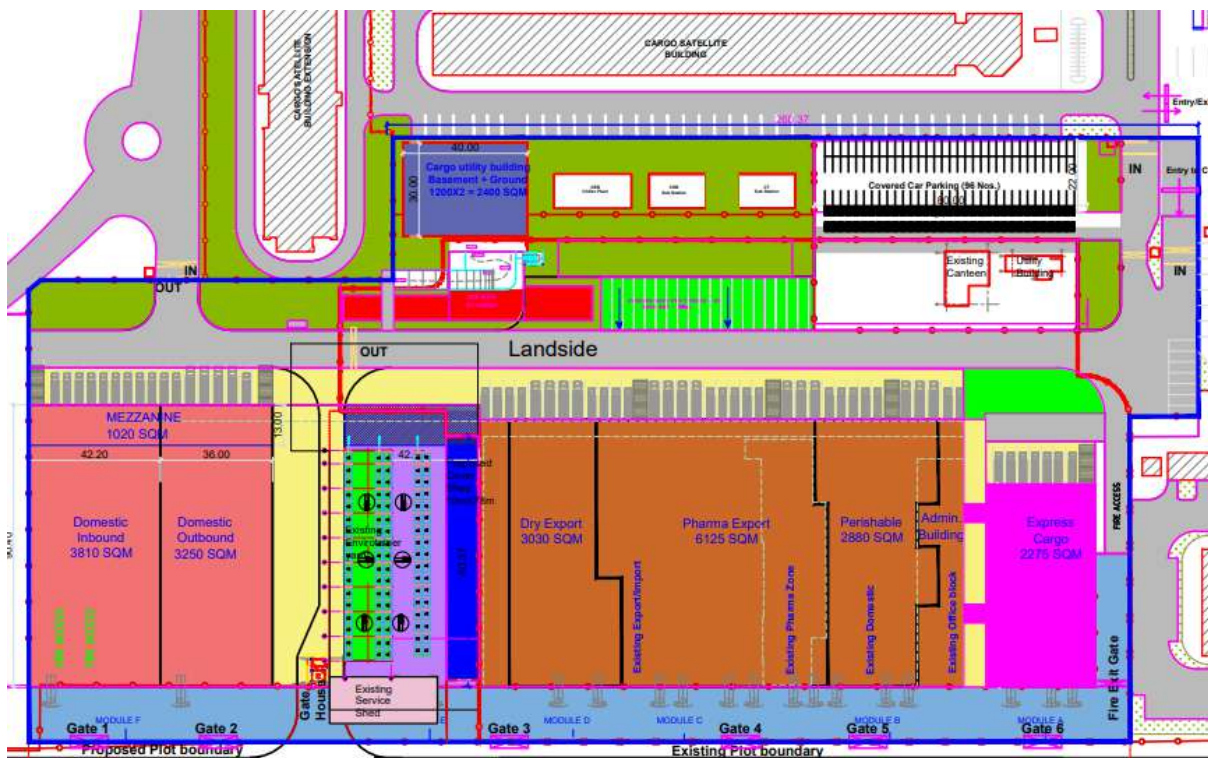
5.6. **Offices/Others**

- As the existing office space is not sufficient for everyday business operations, working space and offices are being added for Customs, Custodian and Airlines. Further, the terminal expansion would also require additional office spaces. Post stakeholder consultation, the requirement has been further enhanced by 2,275 sqm. (from 5,375 sqm. to 7650 sqm.) to meet the future demand.
- Common utilities and facilities including new car park to support/complement the proposed developments and meet the utility/associated facility requirements for the same. The project cost is included in Annexure – H.

5.7. With the above improvements, the existing terminal footprint of 12,000 Sq.M will be expanded to 22,000 Sq.M and the Post Expansion/Upgrade, the Cargo handling capacity of GHAC will increase from the existing 150,000 MT to 225,000 MT. The below table summarizes the expansion plans of GHAC in Third Control Period:

#	Terminals	Existing Area-SqM	Capacity (MT)	Proposed Area SqM	Capacity (MT)
1	Export (incl. PZ)	5,724	65,000	5,724	90,000
2	Perishables Export		-	2,880	
3	Import	3,175	30,000	3,975	35,000
4	Domestic	2,730	50,000	7,060	80,000
5	Express Cargo	344	5,000	2,275	20,000
Total		11,973	~150,000	21,914	~225,000
6	Office Building	3,100	-	7,650	-
7	Airside Transshipment		-	1,500	-

5.8. **Layout of the proposed Expansion in Third Control Period**



5.9. **Automation:** Based on further inputs received from stakeholders (refer section 3H above), in order to improve the productivity and to enhance the customer service, key equipment such as Elevated Transfer Vehicle (ETV) (G+1) for pallet storage, Narrow aisle racking system for increased space utilization, Automated guided vehicles for autonomous movement of cargo in

the Warehouse and Electric tugs etc are planned to be included in the expansion/upgradation. The estimated cost of this Project is Rs. 13.48 Cr (Annexure – K)

6) Capital Expenditure

GHAC submits to the Authority that a total Capital Expenditure addition (CAPEX) of Rs.256.3 Crores for development of Cargo Infrastructure and procurement of Cargo Equipment during FY 2021-22 to FY 2025-26. An amount of Rs. 198.1 Cr (refer A and D in the below table) is required for expansion related (incl. IDC) and Rs. 58.2 Cr (refer B and C in the below table) for the upgradation/replacement of existing facilities.

The following table summarises the CAPEX additions proposed by GHAC in the Third Control Period for the proposed expansion:

All Amount in Rs Cr (incl. GST)

#	Capital Addition	Details of Cost Estimates	Est. Amount (Rs. Cr.) (incl. GST)	FY22	FY23	FY24	FY25	FY26
A	Expansion and Automation Projects		165.58	-	76.81	88.77	-	-
1	New domestic terminal	F	46.31	-	33.06	13.25	-	-
2	New Perishables Export Terminal by modifying the existing domestic terminal space	G	29.34	-	6.00	23.34	-	-
3	New dedicated Express Cargo facility (including Office Space)	H	33.52	-	-	33.52	-	-
4	Common utilities and facilities	I (i)	29.74	-	11.08	18.66	-	-
5	Air Cargo Inspection System (ACIS) Procuring and Installing ACIS	J	25.00	-	25.00	-	-	-
6	Interest During Construction (IDC)		1.68	-	1.68	-	-	-
B	Upgrade/Replacement Projects		51.84	13.38	11.95	13.78	5.93	6.80
1	General Capex (Upgrade/Replacement)	L	38.46	-	11.95	13.78	5.93	6.80
2	General Capex undertaken (incl. CWIP)	L	13.38	13.38	-	-	-	-
C	CAPEX Addition in FY22 completed and capitalised	R	6.32	6.32	-	-	-	-
D	Additional Projects included		32.55	-	-	4.88	25.36	2.30
1	Automation related	K	13.48				11.17	2.30
2	Airside Transshipment	P	6.19	-	-	-	6.19	-
3	Transshipment Shed at Import Terminal	I (ii)	4.88			4.88		
4	Office Space (part of Express Terminal)	H	8.00				8.00	
	Grand Total for CP3		256.29	19.70	88.77	107.43	31.29	9.10

7) Operating Expenses related assumptions

7.1 The following table summarizes the cost-related assumptions taken by GHAC for FY23-FY26 while determining the tariffs:

SNo.	Cost	Assumption
1	Concession fee	18% of the total revenue as per Concession Agreement with GHIAL
2	Technical fee	8% of the total revenue as per Agreement with GMR Airports Limited
3	Employee benefit expenses	10% YoY Salary increase in line with historical growth and considered needed additional Employees to cater to Expanded Facility
4	Other expenses	Minimal growth of 10% YoY taken
5	Cargo handling charges (Outsourced Manpower)	Manpower Increase Proportioned to Tonnage Growth and 10% increase in YoY Salary
6	Land Lease	10% growth based on contractual terms
7	Repair and maintenance	10% growth rate in FY23 and 40% growth rate for FY24; 15% for FY25 and 10% for FY26 (based on Gross Block of Plant & Machinery)
8	Customs Deployment Charge	Customs Expense calculated based on the letter received from Customs on 30 th Jun'22 and considering increase in deployment from the current 4 to 16 nos to cater to the projected volume during CP3. Also factoring in 6% p.a. increase in salary cost

7.2 With respect to depreciation, the following useful lives have been used for various asset classes based on the straight-line method:

S No.	Asset	Useful Life
1	Leasehold improvements	16
2	Plant and equipment	15
3	Furniture and fixtures	10
4	Office equipment	5
5	Computers and data processing units	4
6	Motor vehicles	8
7	Software	6

8) Revenue related assumptions

- 8.1 Cargo Revenues are calculated using the projected cargo volumes as mentioned in Section-4 and the proposed tariff for Third Control Period.
- 8.2 Demurrage Revenue assumed to reduce from 25% in FY22 to 13% in FY26 of the Cargo Revenue. This is in line with the various initiatives and IT improvements to speed-up the import clearance and reduce the dwell time.

Other Income

- 8.3 Historically, Other Income contribute approx. 5% of Total Revenue. For Other Income, GHAC assumed a reasonable growth rate tabulated below.

#	Other Income	Growth Assumption (FY23-FY26)
1	Document handling charges	5% growth YOY
2	Container handling charges	5% growth YOY
3	Rental income	5% growth YOY in FY23 and FY24; 25% in FY25 and FY26 due to increase in Office Space
4	Parking income	5% growth YOY

9) Fair Rate of Return (FRoR)

9.1. GHAC proposes to consider a FRoR of 16% due to the following reasons:

- **Higher risk associated with private cargo operators:** The risk associated with a government-run cargo operator is significantly lower than those associated with a private cargo operator.
- **Optimum debt-equity ratio:** The Authority may note that GHAC has considered an efficient leverage while undertaking the capital expenditure for the Third Control Period.
- **Competition:** It may be noted that GHAC faces competition from Blue Dart Terminal and the cargo terminals in other metro cities such as Mumbai, Bengaluru, and Chennai (being south-centrally located in India with similar distances from these cities). GHAC wishes to highlight that competition is likely to further increase with the introduction of a new cargo operator at GHIAL.
- **Funding risk:** Financial closure is critical to ensure that GHAC has the required liquidity to fund the capital expansion that is required to provide much needed facilities and services to GHAC's users. However, due to the uncertainty in future cashflows in the aviation sector, banks are reluctant to fund high value projects. GHAC submits that this may lead to delay in financial closure and expected return on projects as well.
- **Covid-19:** Aviation is one of the worst affected sectors of the Covid-19 pandemic, with a number of domestic and international flights (passenger flights and cargo flights) being grounded amid the lockdowns. Though the effects of the pandemic have gradually diminished in India over the last two years, GHAC's operations depend on restrictions and local policies of various countries in the world. Enforcement of local lockdowns in China and various other parts of the world due to the Covid-19 pandemic is bound to have an impact on GHAC directly and indirectly.
- **Global political uncertainty:** The Covid-19 pandemic and other developments in global politics have led to abrupt changes in global trade. This has increased the volatility in the global economy. There is a risk of global political developments adversely impacting GHAC's revenues.

10) Conclusion

10.1. We submit that as per the Concession Agreement dated 20.12.2004 executed by the Government of India through Ministry of Civil Aviation with GHIAL, the cargo handling services does not form part of Regulated services at RGIA airport.

Without prejudice to above stated position and Airport operator (GHIAL) rights under the Concession Agreement and also without prejudice to the contentions raised in proceedings pending before judicial fora, as AERA has been advising us to file tariff plan with regard to the cargo handling services at RGIA, we would like to submit as under:

a. Authority vide its order no 24 dated 27th Nov 2017, has approved the tariff in respect of supply of Cargo services provided by HMA CPL till 31.03.2021 i.e. end of second control period.

b. Further we understand that as per guideline "The Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011", that a three-stage process for determining approach to the regulation of a regulated service would be followed viz

(i) Materiality Assessment;

(ii) Competition Assessment;

(iii) Assessment of reasonableness of the User Agreements between the service providers and the users of the regulated services.

10.2. Authority, in case of second control period considered "Light Touch Approach" basis reasonableness of User agreements and consultation process.

10.3. GHAC hereby submits following basis for proposed tariff approach for third control period:

a) Service of Cargo at RGI airport operated by GACAEL is **material**.

As per clause 4.3 of guidelines in respect of cargo handling services, the materiality shall be assessed as a percentage of the cargo volume in MT handled at major Airport A to total cargo volume in MT handled at all major Airports. In case the materiality index is above 2.5% or more the cargo service provided at that Airport shall be deemed as Material

$$\text{Materiality Index (MIc)} = \frac{\text{Cargo Volume at Hyderabad Airport}}{\text{Total Cargo volume at Major Airports}} \times 100$$

The materiality index at Hyderabad Airport for FY 20-21:

$$\frac{110,789 \text{ MT}}{2,458,302 \text{ MT}} = 4.51\%$$

b) As per clause 5 of guidelines where a Regulated Service is being provided at a major airport by two or more Service Provider(s), it shall be deemed 'competitive' at that

airport. If a Regulated Service is provided by less than two Service Provider(s), it shall be deemed 'not competitive':

At Hyderabad Airport the Cargo Services is provided by multiple service providers. The domestic services have been provided by Blue Dart. Blue Dart currently handles 23% % of domestic cargo. The Airport operator at Hyderabad Airport also appointed another full-fledged cargo service provider on 19th May, 2022 and it is expected to commence operations in FY 2023.

From above it is very clear that there are more than one cargo service providers at Hyderabad Airport hence the service should be considered **competitive**.

- c) As per clause 6 of the Tariff guideline, the Authority can also consider existing user agreement if reasonable as the basis of considering light touch approach. In this regard GHAC has conducted user consultation with various stake holders and also have user agreements in place with various users. In support of the above, GHAC submits following for your kind consideration.

User Agreement with existing Customers - The authority may note that all the agreements with airlines have been made through mutual discussion and the rates agreed are within the tariff order approved by authority.

Consultation with stakeholders related documents – GHAC has conducted a detailed consultation meetings with users to seek their views on the proposed tariffs and expansion plans at GHAC Cargo terminal. The meeting invites were sent to all the stake holders viz. Airlines, CHAs, Cargo associations, freight forwarders, Trade bodies and AERA. The meeting was held on 18th May 2022. A detailed presentation was made by GHAC which included propose expansion plans, capex related information and also the need of tariff revision. The presentation was well appreciated by all the stakeholders, and they had also provided observations / comments. GHAC has noted the observations raised by stakeholder and wherever possible it will endeavour to incorporate those observations in the proposed expansion / business plan. The minutes of the stakeholder consultation meeting has been provided in Annexure – O for your ready reference. Further, to the Stakeholder Consultation Meeting held on 18th May'22 we also had 2 more formal interactions with ACAAI and members of BAR Association on 27th May'22 and 14th Jun'22 respectively wherein we received further suggestions and views. Our revised proposals and MYTP incorporates these inputs as explained earlier.

As per above submission it can be concluded that the service provided by GHAC is competitive and also reasonable efforts are being taken by GHAC to bring all the stake holders on-board for the proposed expansion plans and tariff revision. Further we would like to submit that historically the tariff at GHAC was never revised and GHAC is continuing the same tariff since inception of cargo operation in 2008. GHAC is committed to provide robust logistics system to support local economy and infrastructure development. In light of above, it is necessary to expand the facility and increase in existing tariff for viable cargo operations. Accordingly, we

request Authority to consider “Light Tough Approach” while determining tariff for GHAC for third control period (FY 2021-22 to FY 2025-26).

In line with the proposals made in the above chapters, GHAC has prepared MYTP/Annual Tariff Proposals for 2022-23 to 2025-26. Refer MYTP Document (enclosed with email).

It is to be noted that post the incorporation of various inputs received as part of the Stakeholder Consultation & Interactions and factoring in the operating expense related to Customs deployment, there is a 3.0% to 3.5% upward revision in the proposed Annual Tariffs. The table below summarizes this change:

For All except Express/Courier	Initial Proposed Tariff Hike %	Revised Proposed Tariff Hike %
FY22	-	-
FY23	37%	40%
FY24	15%	18.5%
FY25	15%	18.5%
FY26	15%	18.5%

Note: Import TSP remains unchanged with no hike proposed till FY26

For Express/Courier	Initial Proposed Tariff Hike %	Revised Proposed Tariff Hike %
FY22	-	-
FY23	-	-
FY24	15%	18.5%
FY25	15%	18.5%
FY26	15%	18.5%

10.4. Below are Key Tariff Considerations:

- Considering the directional imbalance between imports (~25%) and exports (~75%) which is making the airlines to impose higher export freight rates, Import TSP charges proposed have not been revised till FY2026, so that the trade members would be supported in their effort to encourage more imports.
- Exports tariff, Import-Airline tariff and Domestic tariff will increase at by 40% in FY23, 18.5% from FY24 to FY26. The same percentage increment will be applicable to demurrage and other charges.
- The existing tariff of International Express/Courier Terminal is proposed to continue unchanged in FY23. From FY24 to FY26, tariff increase proposed is 18.5% p.a. As suggested by AERA we had represented to Customs on waiver, but GHAC has been communicated that the Customs Deployment Charge will be imposed on it. Very recently, on 30th Jun’22 we have also received the Invoice for the period Mar’22 to Jun’22 from Customs for the initial period partial deployment (4 staff) only for International Express/Courier Exports. Based on the same, the estimates have been worked out (Annexure -Q) for the Customs Deployment Charge payable by GHAC for

the full manpower deployment (10 to 16 staff over FY23 to FY26) covering both Exports and Imports. The same has been included as part of our OPEX and ARR computation.

- Additionally, few new optional services have been incorporated in the new tariff sheet in line with other major airports of the country.
- Inclusion of Built-up Pallet (BUP) handling as a new item in the tariff card – this is to facilitate handling of shipper-built ULDs/Pallets at GHAC’s terminal.
- Capital Investment of Rs. 256.29 Cr in CP3 (FY22-FY26).

Note: As per the Concession Agreement dated 20th Dec 2004 executed by the Government of India through Ministry of Civil Aviation with GHIAL (the Airport Operator / Concessioning Authority), the activity of and revenues from cargo handling services is not an aeronautical service and do not form part of Regulated Charges. The Concession Agreement is also duly protected under the provisions of the AERA Act.

Without prejudice to the above stated position of GHIAL, GACAEL is proposing to submit its MYTP for CP3 (FY 2022-26) to AERA.

Annexure – A [Letter from GHIAL on 2nd Cargo Terminal Operator]



Regd. Office:
GMR Aero Towers,
Rajiv Gandhi International Airport,
Shamshabad, Hyderabad 500 108,
Telangana State, India
CIN U62100TG2002PLC040118
T : + 91 40 67394099/67393903/67395000
F : + 91 40 67393228
W : www.hyderabad.aero

Letter No: GHIAL/ 2022-23/SPG/1732

Date: 19th May'22

The Chairman
Airports Economic Regulatory Authority of India
AERA Building
Administrative Complex, Safdarjang Airport
New Delhi – 110003

Sub: Concession to M/s Quinlan Bird Cargo Private Limited for operating and maintaining the Cargo Terminal-2 at RGIA, Hyderabad – Intimation to AERA – Reg.

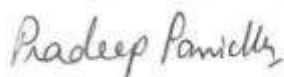
Dear Sir,

We would like to inform that M/s Quinlan Bird Cargo Private Limited has been granted the Concession to develop, operate and maintain a second Air Cargo Terminal-2 (CT2) at Rajiv Gandhi International Airport (RGIA), Shamshabad, Hyderabad vide a Concession Agreement dated 30th Oct 2020.

The above said CT2 will accentuate more competition to Cargo Handling Services at RGIA, Hyderabad.

Thanking You

For GMR Hyderabad International Airport Limited



Authorized Signatory



Copy: M/s. GACAEL and M/s Quinlan Bird Cargo Private Limited

Annexure – B [Support Letter from Govt. of Telangana]

Rajender Reddy G
Director Logistics



Industries & Commerce Department
Government of Telangana

To
The Chief Executive Officer,
GMR Hyderabad Air Cargo, Air Cargo Terminal,
Shamshabad, Hyderabad.

Kind Attn: Shri Saurabh Kumar,

Sub: Proposals by GMR in Stakeholder Consultation Meeting Held on 18.05.2022

We refer to the recent Stakeholder Consultation Meeting organized by GMR Hyderabad Air Cargo (GHAC) on 18th May 2022 at Hyatt Hyderabad Gachibowli in which the undersigned participated.

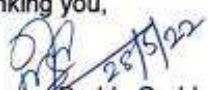
During the meeting, GHAC shared its proposals for developing and expanding the air cargo terminal facilities and for introduction of new services which are expected to increase the air cargo handling capacity and capabilities at Hyderabad Airport.

The Telangana Government is committed to the vision of Make in Telangana and to establish Hyderabad and other parts of the state into major export hubs which requires enhancement of air cargo handling infrastructure and ability to handle new commodities.

We are happy to note that GHAC is proposing to invest in further development and expansion of the air cargo handling facilities including the development of new dedicated facilities for domestic cargo, international transshipment, express/courier cargo and perishables cargo exports including Agri products, fruits & vegetables, marine and meat products etc which was echoed in Telangana industry stake holders meet.

We support the proposals presented and explained by GHAC in the Stakeholder Consultation Meeting and would like to endorse the same for speedy implementation. The same would improve the logistics competitiveness of the state and facilitate continued growth and economic development.

Thanking you,


Rajender Reddy Gaddam.
Director Logistics.
Government of Telangana.

Annexure – C [Support Letter from Sam Agritech]



SAM AGRITECH LIMITED

Corp Office : 402 Maxx Chambers, Paligadda,
Begumpet, Hyderabad, Telangana – 500003
Reg Office : Sy. No. 608/41, Pudur Village,
Medchal Mandal & District, Telangana - 501401

SAM/GHAI/2705

27th May 2022

To,
CEO
GMR Hyderabad Air Cargo
Air Cargo Terminal, RGIA Shamshabad
Hyderabad - 500 108

Sub: Proposal by GMR Cargo to Expand Cargo Terminal Facilities

Dear Mr Saurabh Kumar,

We refer to our discussions with your team on facilities available to handle perishable cargo and your future plans regarding the same.

As you are aware, Sam Agri Group is one of the largest exporters of fruits & vegetables by air from India, and we regularly use Hyderabad Airport to meet our export needs. For our export shipments of fruits & vegetables we would prefer to have dedicated temperature-controlled facilities which at present are not available at Hyderabad.

During our meeting, GMR Hyderabad Air Cargo (GHAC) team has shared its proposals for expansion and upgrade of the cargo terminal facilities including the development of a new dedicated facility for perishables cargo exports including fruits & vegetables, offering end-to-end temperature-controlled environment with a range of different temperature zones to suit the needs of such shipments. Such a dedicated facility would definitely benefit exporters like us to enhance our business and better handle our sensitive shipments. We are also given to understand that there is a proposal to develop a standalone domestic terminal with significantly expanded capacity and new facilities which will support increasing domestic movements of our fruits & vegetables and related shipments.

We are very happy to learn about the planned developments and we are in support of all the Proposals by GHAC in this regard.

Thanking you;

For Sam Agritech Limited

Authorised Signatory

Annexure – D [Extract of Meeting Highlights with Stakeholders incl. Govt. of Telangana on need for Perishables Export facilities]

Minutes of the meeting / Discussion points on facilitation of Horticulture exports from GMR Cargo Terminal at GMR Air Cargo held on 11.02.2021

A meeting on facilitation of Horticulture exports from GMR Cargo Terminal at

Actionable Points

1. Establishment of perishable air cargo facilities at GMR air cargo Hyderabad on par */similar* with Bangalore and Mumbai Air Cargo – **Action by GMR Air Cargo.**
2. Creation of awareness of available infrastructure to the exporter – **Action by Dept of Horticulture / TSHDCL, APEDA, GMR Air Cargo**

List of participants

S. No.	Name	Designation
1	Sri. B. Janardhan Reddy, IAS	APC & Secy. to Govt., Govt. of TS
2	Smt. G. Lakshmi Bai	Director, Marketing
3	Sri. L. Venkatram Reddy	Director of Horticulture and VC&MD, TSHDCL
4	Smt. Sai Brinda	Secretary to Hon'ble Minister for Agriculture, Horticulture & Allied Sectors
5	Sri. Akhil Kumar Gawar	Director, TSFPS (Telangana State Food Processing Society)
6	Sri. Saurabh Kumar	CEO, GMR Air Cargo
7	Sri. Pradeep Panicker	CEO, GMR HIAL (Hyderabad International Airport Ltd.)
8	Sri. D. Jagadish	Dy. Commissioner, Customs, Hyd
9	Sri. Sudheer Yarlagadda	Vice President, Corporate Relations, HIAL
10	Sri. Rahul Mishra	Incharge PPO, PQS (Plant Quarantine Station), Hyd
11	Sri. R.K. Singh	Dy. Director, NHB (National Horticulture Board)
12	Sri. M. Muthaiah	Executive Officer, APEDA
13	Sri. S. Krishnakanth	OSD, TSRTC Cargo
14	Sri. E. Sathyanarayana	CGM, TSTPC (Telangana State Trade Promotion Council)
15	Smt. V. Sarojini Devi	JDH, Department of Horticulture
16	Sri. B. Babu	GM, TSHDCL
17	Sri. M.V. Madhusudhan	DDH, Department of Horticulture
18	Sri. K. Venugopal	DDH, Department of Horticulture
19	Sri. V.V.S. Sai Baba	DDH, Department of Horticulture
20	Sri. Alla Rajiv,	Natural Roots Pvt. Ltd.

S. No.	Name	Designation
21	Sri. Anand Sagar	M/s. Ansh Agronomy
22	Sri. K. N. Rao	M/s. Sam Agritech
23	Sri. Ashok Nuni	M/s. Prism Crop Science
24	Sri. Sheshu Kumar	Sr. Manager, Spice Jet
25	Sri. Deepak Patnam	Asst. Manager, Indigo
26	Sri. M. Sarvanan	Freight Officer, Qatar Airways
27	Sri. A. Satish Kumar	Manager, Jazeera Airways
28	Sri. Liji Kiran	Manager, Oman Airways
29	Sri. Jagan Mohan	Cargo Manager, Air Asia
30	Sri. S. Raja Shekar	Cargo Manager, Air India
31	Sri. T. Purushottam Singh	GM & Head (Operations), GMR Air Cargo
32	Sri. Kamal Jain,	Freight Forwarder, Member of ACAAI (Air Cargo Agent Association of India)
33	Sri Adil Khan	President, CHA (Custom House Agent) Association
34	Sri Rajender	Director – Logistics, Govt. of Telangana
35	Sri Manish Agnihotri	COO (Chief Operating Officer), GMR Hyderabad Air Cargo

Annexure – E [Extract of Public Notice on Intl.. Courier Terminal Custodianship]



केन्द्रीय सीमा शुल्क, प्रमुख आयुक्त के कार्यालय
OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS
हैदराबाद- सीमा शुल्क आयुक्तालय, लाल बहादुर स्टेडियम मार्ग, बशीरबाग, हैदराबाद - ४.
HYDERABAD CUSTOMS COMMISSIONERATE, L.B.STADIUM ROAD:
BASHEERBAGH: HYDERABAD-500 004. TELEPHONE:
040.23220720/24008364

C No: S/02/Misc/01/2022-Cus.Tech

Dated: 21-01-2022.

DIN No.20220156MD000000DA22

PUBLIC NOTICE NO. 02/2022

Subject: Procedure for Issuance/Renewal of authorized courier under Courier Imports and Exports (Electronic declaration and processing) Regulations, 2010- Reg.

Attention of all concerned is invited towards Public Notice No.28/2021-22 dated 30.11.2021 issued by Commissioner of Customs, Hyderabad wherein M/s GMR Air Cargo and Aerospace Engineering Ltd., Hyderabad has been appointed as the "CUSTODIAN" of the goods imported/exported through proposed International Courier Terminal, Air Cargo Complex, Rajiv Gandhi International Airport, Hyderabad. The exact date of commencement of operations of the Courier Terminal will be notified separately in due course.

2. In this regard, applications are invited from persons/courier agencies intending to operate as an Authorised Courier in terms of Courier Imports and Exports(Electronic declaration and processing)Regulations, 2010 (hereinafter referred to as the "Regulations"), as amended.

Fresh Authorised Courier Agent Licence

3. The application in Form-I to the said Regulations along with documents specified therein are required to be filed before the Commissioner of Customs, Hyderabad, L.B.Stadium Road, Basheerbagh, Hyderabad-500 004. All the photocopies must be self attested, all the bonds (on a stamp paper of Rs.100/-) and all the affidavits, declarations & Undertakings (on a stamp paper of Rs.100/-) should be duly notarized.

4. The applicant shall submit the following documents alongwith the application:

(a) Solvency Certificate for Rs. 25 Lakh from a nationalized bank.

(b) Duly Notarized Bond under Regulation 11, along with photos of two witnesses duly certified by the applicant and their photo identity and address proof attaching therewith a security of five lakh rupees in the form of Cash Deposit or Bank Guarantee in the name of "Commissioner of Customs, Hyderabad" having validity of 2 years with auto-renewal facility.

Annexure – M [Customs Letter on ACIS Installation]



C.No.S/01/Estt/06/2017-ACC Vol-II

Dated: 07-01-2022

REMINDER-III

Gentlemen,

Sub:- Amendment to the Regulation (5), in sub Regulation (1) in clause (i) for sub-clause (o) of Handling of Cargo in Customs Area Regulation, 2009 for procurement of X-Ray based Air Cargo Inspection System (ACIS) – Regarding.

Please refer to this office letter of even number dated 30.04.2021, 30.11.2021 and 28.12.2021 wherein you were requested to provide the site, desired dimensions for Commissioning and Installation of ACIS at the Air Cargo Complex in compliance to the Board's O.M. dated 30-05-2019 and Board's letter 10-07-2021 for procurement of X-Ray based Air Cargo Inspection System (ACIS) as per sub-clause (o) to Clause (i) of Sub Regulation (1) of Regulation (5) of the Handling of Cargo in Customs Area Regulation, 2009.

The Conditions to be fulfilled by Customs Cargo Service provider vide Regulation 5 is reproduced as hereunder:

The Customs Cargo Service provider for custody of imported goods or export goods and for handling of such goods in a customs area shall fulfill the following conditions, namely:-

(1) Provide the following to the satisfaction of the 2[Principal Commissioner of Customs or Commissioner of Customs, as the case may be], namely :

(i) Infrastructure, equipment and adequate manpower for loading, unloading, stacking, handling, stuffing and de-stuffing of containers, storage, dispatch and delivery of containers and cargo etc., including :-

.....

(o) such other equipment or facilities as the Board or Principal Commissioner

....Contd P/2...

- 2 -

of Customs or Commissioner of Customs, as the case may be, may specify having regard to the screening, examination, custody and handling of imported or export goods in a customs area.]

In this regard, and in view of the Board's O.M. dated 30-05-2019 and Board's letter 10-07-2021, I am directed by the Principal Commissioner to inform that the moratorium of 2 years on stipulation of procuring ACIS at Hyderabad Air Cargo Complex, requested by you citing various reasons, could not be acceded to by the department.

Further, I am directed by the Principal Commissioner to impress upon you the need for providing the ASIC's at the Air Cargo Facilities as mandated by the Board vide O.M. dated 30-05-2019 and Board letter 10-07-2021 read with Regulation 5(1)(i)(o) of the HCCAR, 2009, immediately without any further delay. Accordingly, you are required to submit the requested information on the subject matter, including the details of person-in-charge from the Custodian side (Name, Designation, e-mail, Address and Contact No.), immediately by return mail to enable this office forward the same to the Board's Office for onward submission of the same to the Finance Ministry.

This may please be treated as MOST URGENT.

Encl: As above.

Yours Sincerely,


(Dr. P.M. YASHWANTH)
Deputy Commissioner (Admn)
P.M. YASHWANTH, I.R.S
उप आयुक्त सीमा शुल्क
Deputy Commissioner of Customs
एयर कार्गो कॉम्प्लेक्स, शमशाबाद
Air Cargo Complex, Shamshabad
हेदराबाद/Hyderabad.

To
The Chief Executive Officer,
M/s. GMR Cargo & Logistics Private Limited,
Air Cargo Complex, Shamshabad,
Hyderabad

Annexure – N [Domestic Terminal Photos]



Annexure – O [Stakeholder Management MoM and PPT]



GHAC Stakeholder
Consultation_v11.pc



GHAC Stakeholder
Consultation18.05.2

Annexure – Q [CAPEX completed and Capitalized in FY22]

Rs in Lacs

Year (Customs Cost Recovery)	FY23		FY24		FY25		FY26	
Designation	Nos	1.85x of CTC/annum	Nos	1.85x of CTC/annum	Nos	1.85x of CTC/annum	Nos	1.85x of CTC/annum
DC/AC – 1 Nos	1	27.1	1	28.7	1	30.4	1	32.2
Appraiser/Superintendent	3	105.8	4	149.6	5	198.2	5	210.1
Inspector/Examiner	4	80.9	5	107.2	6	136.4	6	144.6
Hawaldar/TA & Others	2	26.6	3	42.4	4	59.9	4	63.5
Total Cost (In Lakhs)	10	240.4	13	327.8	16	424.8	16	450.3

Notes: 6% Annual Increment considered

CTC as per the payment demand raised by Customs on GHAC for the period Mar'22 to Jul'22

Annexure – S [Letter from ACAAI and GHAC Response]



THE AIR CARGO AGENTS ASSOCIATION OF INDIA

IN THE OFFICE OF AVVASHYA CCI LOGISTICS PRIVATE LIMITED, T302, 3RD FLOOR, TECHNOLIS BUILDING, LANAE ADJACENT TO
PANATALOONS SHOW ROOM , BEGUMPET , HYDERABAD - 500016

DATE:07.07.2022

To,

Mr Saurabh Kumar
Chief Executive Officer
GMR Hyderabad Air Cargo
Air Cargo Terminal, Shamshabad
Hyderabad - 500 108

Sub: Exclusive Presentation to ACAAI Members by GMR Hyderabad Air Cargo on the Proposed Expansion activities at GMR Cargo Terminal, Hyd.

This is with reference to your PPT shown to our Hyderabad ACAAI members on expansion of your existing Cargo Terminal at R.G.I.A., Shamshabad, Hyderabad on 27 May 2022 at Hotel The Plaza, Hyderabad .

We appreciate the initiative taken by you to personally present and discuss your proposals in detail with the ACAAI members at our invitation.

As you are aware, ACAAI is the premier recognised National Association representing the air cargo industry in India. Founded in 1970 with 16 members, ACAAI currently has a strength of almost 600 members. ACAAI endeavors to safeguard and promote the interests of its members by providing them professional assistance and guidance on relevant matters of concern to them and the industry and it strives to facilitate the growth and smooth functioning of the air cargo industry.

ACAAI Hyderabad is pleased to note that GHAC proposes to further develop and expand the air cargo terminal facilities and also introduce new services with an intent to increase the air cargo handling capacity and capabilities at Hyderabad Airport. In our view, the upgradation and expansion of the cargo facilities is a welcome step, in particular the plans to develop dedicated facilities for express/courier cargo and perishables cargo which are not available at Hyderabad Airport as on date and the plan to upgrade the import transshipment facilities. These new facilities and increased capacities would support the growth in cargo trade from the region and boost the prospects for the air cargo community members at Hyderabad which will increase both Domestic and International Tonnages which will be booster to EXIM trade and GMR Air cargo Revenues.

Further to your presentation to our members as cited above, we would take this opportunity to put forward following suggestions for inclusion in your Proposals:

- 1) Common-user bonded storage facility that can be used by ACAAI members other agents
- 2) Special bonded warehouse (Section 49) within the cargo terminal complex for extended storage during cargo clearance

-2-

- 3) Space for ACAAI Representative Office at the cargo terminal complex
- 4) Higher level of automation/mechanisation of cargo handling facilities including pallet lifting cranes, more storage space for built-pallets etc
- 5) Develop a modern terminal capable of handling new/large freighters with a dedicated airside transshipment centre in order to minimise diversion of cargo to other metro airports
- 6) Joint roadshows and marketing with trade members to extend the cargo catchment further into hinterland areas as well as to attract more freighter/cargo airline services to Hyderabad

ACAAI Hyderabad Region appreciates the expansion proposal, and we look forward to working together with GHAC for the betterment of the air cargo trade at Hyderabad and surrounding hinterland areas.

Thanking you,

Yours Truly

FOR THE AIR CARGO AGENTS ASSOCIATION OF INDIA -HYD SUB REGION,




CHAIRMAN.

From: Saurabh Kumar
Sent: Tuesday, July 12, 2022 7:04 PM
To: Tulasi Prasad
Cc: anand -; sudarshan
Subject: RE: ACAAI LETTER - [GHAC Response]
Attachments: ACAAI LETTER.pdf
Importance: High

Dear Tulasi ji,

We appreciate your support and the suggestions (refer attached letter) with regards to the Proposals related to expansion/upgrade of GMR HYD Air Cargo Terminal (GHAC) during the presentation made to Hyderabad ACAAI members on 27th May 2022.

In this regard, please find below our point wise responses:

1. Bonded Storage: Need for having a common user bonded storage facility near to cargo terminal has been noted, and we shall work with the Airport operator (GHIAL) to explore/plan for the same.
2. Storage under Section49: Shall explore to incorporate a special bonded warehouse (section 49) facility as part of our expansion project
3. Office Space: Additional space for ACAAI/members has been included and due changes made to our Proposals
4. Automation: Higher level of automation/mechanization has been included and due changes made to our Proposals
5. Transshipment: Airside transshipment facility has been included and due changes made to our Proposals
6. Marketing HYD: Appreciate the need for joint road show/marketing of HYD to strengthen/extend our catchment areas. Specific marketing initiative shall be jointly discussed and executed.

Look forward to working closely with ACAAI/members to strengthen and grow Hyderabad air cargo.

Best regards,

Saurabh Kumar
Chief Executive Officer | GMR Cargo



Air Cargo Terminal, RGI Airport, Hyderabad-500108, Telangana, India
M: +91 8008769997 | **T:** +91 40 66977071
E: saurabh.kumar@gmrgroup.in

Annexure – T [GHAC Response to Airline Community]

From: Saurabh Kumar
Sent: Tuesday, July 12, 2022 7:30 PM
To: laurence.jacobi@emirates.com
Cc: Velloppuli Valiyaveetil Satish; bpsmoni@aerosailqssaindia.com
Subject: GMR HYD Airport Cargo (GHAC) Presentation to Airlines on Expansion/Upgrade & MYTP

Importance: High

Dear Laurence,

Thank you so much for taking the initiative of having the session organised on 14th June 2022 with the representatives of the cargo airlines operating at HYD airport. It was heartening to see a large participation of 15 members from our airline community. We were happy to present and explain once again in detail all our proposals as done in the Stakeholder Consultation Meeting held on 18th May 2022.

Subsequent to the said meeting, you had requested us to communicate to AERA (on behalf of the airlines) the below mentioned views/concerns on the subject matter. Accordingly, we will include the same (along with our response) as part of our submissions.

1. "Will the expansion of the current warehouse bring in enhanced efficiencies and reduced touch points ? or will existing handling processes continue ?– in which case there is no value addition and if so no requirement for revision of the warehouse/handling charges – alternately the warehouse handler must provide a detailed document of the various process efficiencies, including improved timelines that will come into effect with the expanded work area and deployment of new or suitable warehouse equipment , including automation or else it does not justify the increased warehouse/handling charges"

GHAC Response:

The tariff revision proposed (i.e. MYTP) is in line with the laid down tariff determination framework/construct which is based on:

- Investments to augment the handling capacity to address the existing constraints & meet future demand
- Introduction of additional/enhanced services (express handling, perishables handling, MHEs, storage spaces, cold rooms etc.)
- Upgrade/replacement of existing assets
- Technology for improved process efficiency/reduced touch points etc.
- Operating/financing cost estimates over the next few years till FY26.

We would like to also highlight that post the said meeting with the Airlines on 14th June 2022, based on the inputs gathered we have additionally included increased office space area for Airlines (to address the current space shortage & request from airlines), enhanced Import Transshipment facilities and higher level of automation.

All the above would further improve the cargo handling processes/capability and enhance the services offered by GHAC.

2. "There is still ambiguity of the scope of the warehouse handler role with regards to collection of demurrage charges for export cargo which is not in the cargo warehouse but on the tarmac near the aircraft – currently these charges are collected by the cargo warehouse handler till departure of the flight even though the cargo has left the cargo warehouse several hours earlier"
3. "Ambiguity of the milestone or from where does the calculation of demurrage charges for export cargo start or originate ?"

GHAC Response for 2&3:

Free period wrt demurrage is computed in a similar manner across cargo terminals in the country, and the same is as per the applicable MoCA circulars. The Free period for Export cargo starts from the 'acceptance time', and for Import cargo it starts from the 'segregation time'.

4. "Since airline customers are penalised by means of demurrage charges when export cargo is not uplifted within the existing timeframes as regulated by Indian Customs likewise there should be a similar mechanism or penalty on the warehouse handler when agreed timelines or SLA's (Service Level Agreements) are not met"

GHAC Response:

Demurrage is the storage charge beyond the applicable free period. Further, as mentioned above the free period for demurrage calculation is as per circulars of MoCA from time to time.

With regards to SLAs, please note that individual SLAs/related terms & conditions are applicable on mutual discussion/agreement basis between a Cargo Terminal Operator and the concerned Airline.

5. "Since currently airline customers do not have a choice of a second cargo handler (there has been a single handler for the last 14 years since the airport inaugural in 2008) can these revised charges be deferred till such time HYD has a second handler ?"

GHAC Response:

We understand from the Airport operator (GHIAL) that M/s Quinlan Bird Cargo Private Limited has been granted the Concession to develop, operate and maintain a second air cargo terminal (CT-2) at RGI Airport, Shamshabad, Hyderabad. The said CT-2 will accentuate more competition to cargo handling services at RGI Airport, Hyderabad. As presented and explained, our proposals consider the operationalization of CT-2 during the Control Period (CP3), and we will be investing and operationalising all the expanded capacity incl. upgraded/new infrastructure & facilities considering the same and addressing the existing constraints as well as to meet the future demand.

Look forward to working with the HYD Airline Community in expanding HYD gateway capabilities & competitiveness that would greatly benefit the Exporters/Importers from our Region.

Best regards,

Saurabh Kumar

Chief Executive Officer | GMR HYD Air Cargo (GHAC)



Air Cargo Terminal, RGI Airport, Hyderabad-500108, Telangana, India

M: +91 8008769997 | T: +91 40 66977071

E: saurabh.kumar@gmrgroup.in

FORM F1(a):Historical and Proposed Aggregate Revenue Requirement (ref:Section AI.2 of Appendix 1)

Rs. in Lakhs

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Aggregate Revenue Requirement	Audited year	FY before Tariff Year 1	Tariff year 1	Tariff year 2	Tariff year 3	Tariff year 4	Tariff year 5	
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	
Aggregate Revenue Requirement	NA	NA	8,775	9,822	12,886	16,919	20,137	68,539

FORM F1(b): Competition Assessment (ref:Section AI.3 of Appendix 1)

Privileged and Confidential

Sl. No.	Details Of competitive facilities	Commencement of operations
1	Blue Dart	Existing
2	2nd Terminal from Airport Operator or its Licensee	Q3 FY24

BlueDart

1. Blue Dart handles significant domestic volumes. As compared to our domestic volumes, Blue dart carries ~23% cargo from Hyderabad.
2. Blue Dart does all terminal activities such as loading/unloading, document verification, x-ray screening, mainifestation, build-up/breakdown, etc.
3. It has its own ground handling equipments, it has BCAS approval, air-side access and license from airport.
4. Blue Dart has network and connectivity to all major airports of the country. Therefore it is able to give competition for domestic cargo.

2nd Cargo Terminal Operator

1. GHIAL has entered into a contract with 2nd Terminal Operator for operating, maintaining and managing the terminal with Initial Capacity of 50,000 MT (both Domestic and International)
2. Cargo Terminal Site (incl. Parking Lots, Truck Docks etc.) is ~17,000 sqm.
3. Cargo Terminal is expandable upto 100,000 MT in the future
4. Operations may start from Q3 FY24

Form F3: Historical and Projected Profit and Loss account (ref: Section AI.4 of Appendix 1)

Rs. in Lakhs

Privileged and Confidential

S.No.	Particulars	Audited year	FY before Tariff Year 1	Tariff year 1	Tariff year 2	Tariff year 3	Tariff year 4	Tariff year 5
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
1	Revenue	9835	8313	9082	8994	13175	16196	19922
	Revenues from Regulated Services							
	- Cargo Handling Revenue	6779	5203	6338	6371	10209	12957	16370
	- Demurrage collection	1970	2394	2066	2170	2490	2710	2960
	Revenues from other than Regulated Services	1086	716	679	453	476	529	593
2	Operating expenditure	7903	6505	7927	8670	10748	12743	14953
	Payroll Costs	2150	2200	2646	3085	3663	4199	4805
	Administrative and General Costs	2659	1761	2312	2106	2550	2912	3343
	Utilities and Outsourcing Costs	845	704	986	1131	1297	1619	1929
	Concession Fees	1774	1434	1541	1619	2371	2915	3586
	Repair and Maintenance Costs	477	405	444	488	537	671	839
	Customs Deployment Charge			0	240	328	425	450
3	Earnings before depreciation interest and taxation (EBITDA)	1931	1808	1155	324	2427	3454	4969
	Depreciation and Amortisation	359	515	562	751	978	1629	2022
4	Earnings before interest and taxation (EBIT)	1573	1293	593	-427	1449	1824	2947
	Total interest and finance charges	18	25	19	20	316	986	1455
5	Profit/ loss before tax	1554	1268	574	-447	1133	839	1492
	Provision for corporate tax	0	0	(551)	0	0	0	0
	Deferred tax liability		0					
	Provision for Dividend Distribution Tax - with assumption that 100% PAT will be distributed after 10% transfer to General reserve	0	0	0	0			
6	Profit/ loss after taxation	1554	1268	1125	-447	1133	839	1492
7	Other outflows (refer Form 11(f))		0					
8	Balance Carried to Balance Sheet	1554	1268	1125	-447	1133	839	1492

Form F9 - Format for Forecast and Actual Roll-forward RAB (ref: Section AI.5 of Appendix 1)

Rs. in Lakhs

Privileged and Confidential

S.No.	Particulars	Audited year	FY before Tariff Year 1	Tariff year 1	Tariff year 2	Tariff year 3	Tariff year 4	Tariff year 5
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
A	Opening RAB							
	Leasehold improvements	91	116	2813	2,755	4,026	9,064	16,394
	Plant & Machinery	1,279	1,148	1118	1,254	1,638	4,701	7,263
	Furniture and Fittings	30	75	70	85	103	98	108
	Office equipments	52	68	72	69	86	106	97
	Computers	190	204	211.2	191	157	143	125
	Vehicles	6	42	36.6	31	24	50	39
	Software	131	137	127	133	129	133	132
	sub-total	1,779	1,791	4,449	4,518	6,163	14,295	24,157
B	Additions -WIP Capitalisation							
	Leasehold improvements	48	2,850	132	1,518	5,506	8,226	375
	Plant & Machinery	82	191	361	645	3,460	3,181	191
	Furniture and Fittings	55	10	27	47	30	30	30
	Office equipments	46	28	23	45	38	13	13
	Computers	66	71	48	74	19	19	19
	Vehicles	40	0	0	0	34	0	0
	Software	35	23	41	67	23	23	6
	sub-total	372	3,173	632	2,396	9,110	11,492	633
C	Disposals/ Transfers							
	Leasehold improvements	0	0	0	0	0	0	0
	Plant & Machinery	0	0	0	0	0	0	0
	Furniture and Fittings	0	0	0	0	0	0	0
	Office equipments	0	0	0	0	0	0	0
	Computers	0	0	0	0	0	0	0
	Vehicles	0	0	0	0	0	0	0
	Software	0	0	0	0	0	0	0
	sub-total	0	0	0	0	0	0	0
D	Depreciation Charge							
	Leasehold improvements	23	152	189	248	467	896	1165
	Plant & Machinery	212	221	226	261	397	619	731
	Furniture and Fittings	10	16	11	29	35	19	21
	Office equipments	29	24	26	28	17	23	25
	Computers	53	64	69	107	33	38	42
	Vehicles	3	6	6	6	9	11	11
	Software	29	32	35	71	20	24	26
	sub-total	359	515	562	751	978	1,629	2,022
E	Closing RAB (A+B-C-D) Net block							
	Leasehold improvements	115.62	2,813	2,755	4,026	9,064	16,394	15,604
	Plant & Machinery	1,148	1,118	1,254	1,638	4,701	7,263	6,722
	Furniture and Fittings	75	70	85	103	98	108	117
	Office equipments	68	72	69	86	106	97	84
	Computers	204	211	191	157	143	125	102
	Vehicles	42.49	37	31	24	50	39	28
	Software	137	127	133	129	133	132	112
	sub-total	1,791	4,449	4,518	6,163	14,295	24,157	22,769
F	Average RAB			4,483	5,340	10,229	19,226	23,463

Form F11 (b): Payroll Related Expenditure and Provisions (ref: Section AI.5 of Appendix 1)

Rs. in Lakhs

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S.No.	Particulars	Audited year	FY before Tariff Year 1	Tariff year 1	Tariff year 2	Tariff year 3	Tariff year 4	Tariff year 5
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
A	Salaries and wages	1,698	1,794	2,078	2,424	2,878	3,299	3,775
B	PF, ESI and Adm ELI Charges	117	119	125	146	173	199	227
C	Bonus	171	184	199	232	275	315	361
D	Staff Welfare Expenses	77	66	125	146	173	199	227
E	Retirement Benefit - gratuity & leave encashment	28	(14)	39	46	55	63	72
F	Staff transportation	0	0	0	0	0	0	0
G	Uniforms	29	14	24	28	33	38	44
H	Recruitment and Training	6	4	6	7	9	10	11
I	Relocation expenses	0	0	0	0	0	0	0
J	Insurance - accidental & medical	23	33	49	57	67	77	88
1	Grand Total	2,150	2,200	2,646	3,085	3,663	4,199	4,805
2	Employee expenses capitalised	0	0	0	0	0	0	0
3	Net Employee expenses (1) - (2)	2,150	2,200	2,646	3,085	3,663	4,199	4,805

Form F11 (c):Administration and General Expenditure (ref: Section AI.5 of Appendix 1)

Rs. in Lakhs

Privileged and Confidential

S.No.	Particulars	Audited year	FY before Tariff Year 1	Tariff year 1	Tariff year 2	Tariff year 3	Tariff year 4	Tariff year 5
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
A	Operations & administration Charges							
1	License fees to airport for cargo terminal building	578	285	289	318	350	385	424
2	Rent for document storage warehouse & Office in CSB	33	26	66	72	80	88	96
3	Rates & Taxes	22	23	24	26	29	32	35
4	Communication expences (telephone - landline & mobile and leased line)	19	17	17	19	21	23	26
5	Traveling and Conveyance (includes custom staff transportation)	135	151	174	192	211	232	255
6	Printing and Stationery	20	33	36	40	44	48	53
	sub-total	807	535	607	668	735	808	890
B	Legal Charges/ Auditor's Fees							
	Statutory Audit fees	8	7	6	7	7	8	9
	Tax Audit fees	0	2	2	2	2	2	2
	Other Services and Out of Pocket Expenses	10	7	1	2	2	2	2
	sub-total	18	15	9	10	11	12	13
C	Consultancy/ Advisory Expences							
	Technical fees	581	662	731	720	1,054	1,296	1,594
	Other consultancy charges - market research studies	52	82	105	116	127	140	154
	sub-total	633	744	836	835	1,181	1,436	1,748
D	Other Charges							
1	Insurance Costs:							
	- Aviation Insurance (US\$ 600 million)	80	85	86	95	104	115	126
	- Other insurance (fire & standard peril, fidelity, vehicle, theft & burglary,etc.)	12	11	8	9	10	11	12
2	Doubtful Debts Provision	0	9	0	0	0	0	0
3	Exchange Fluctuation	4	3	0.4	0.4	0.4	0.5	0.5
4	Miscellaneous Expenses	910	232	587	293	293	293	293
5	Business promotion, advertisement & marketing	83	0	39	43	48	53	58
6	Transport - Employees	111	113	122	134	147	162	178
7	CSR	0	14	17	18	20	22	24
	sub-total	1,200	468	859	593	623	656	693
E	Grand Total	2,659	1,761	2,312	2,106	2,550	2,912	3,343
F	Administration & General expenses capitalised	0	0	0	0	0	0	0
G	Net A&G expenses (E)-(F)	2,659	1,761	2,312	2,106	2,550	2,912	3,343

Form F11 (d):Repair and Maintenance Expenditure (ref: Section AI.5 of Appendix 1)

Rs. in Lakhs

Privileged and Confidential

S.No.	Particulars	Audited year	FY before Tariff Year 1	Tariff year 1	Tariff year 2	Tariff year 3	Tariff year 4	Tariff year 5
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
A	Civil	60	78	52	57	63	79	99
B	Equipment	213	178	208	229	252	315	393
C	Electronics	204	148	184	202	222	278	347
		477	405	444	488	537	671	839

S.No.	Particulars	Audited year	FY before Tariff Year 1	Tariff year 1	Tariff year 2	Tariff year 3	Tariff year 4	Tariff year 5
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
A	Building maintenance	60	78	52	57	63	79	99
B	Equipment Maintenance & Repair	187	158	181	199	219	274	342
C	Operational Equipment Oil/Fuel and Cleaning material	3	4	3	4	4	5	6
D	IT Software Maintenance	163	117	147	162	178	222	278
E	IT Data Centre Maintenance	13	26	29	32	35	44	55
D	IT equipment maintenance and supplies	27	5	8	9	9	12	15
E	Office equipment maintenance	23	17	24	26	29	36	45
F	Customs IT systems and network maintenance	0	0	0	0	0	0	0

Form F11 (e):Utilities and Outstanding Expenditure (ref: Section AI.5 of Appendix 1)

Rs. in Lakhs

Privileged and Confidential

S.No.	Particulars	Audited year	FY before Tariff Year 1	Tariff year 1	Tariff year 2	Tariff year 3	Tariff year 4	Tariff year 5
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
A	Utilities Costs							
1	Power Charges							
	Units Consumed	22,79,623	21,49,560	28,52,298	29,94,912	31,44,658	37,73,590	47,16,987
	Effective Unit Rate	9.10	9.10	9.14	10.76	10.76	12.91	12.91
	Power Costs	207	196	261	322	338	487	609
2	Water Charges							
	Units Consumed	11,111	6,327	8,059	8,462	8,885	10,662	13,328
	Effective Unit Rate	208	208	229	229	229	275	275
	Water Costs	23	13	18	19	20	29	37
3	Other Water Charges - Kinley	2	2					
4	Reversal of Excess Water charges for the previous period		(10)					
	sub-total	233	200	279	342	359	517	646
B	Department -wise Outsourcing Costs							
		-						
1	Operations - Loading/unloading labor	398	311	493	552	666	791	929
2	Security	135	104	114	125	138	151	167
3	Housekeeping	80	89	100	112	135	160	188
	sub-total	612	504	706	789	939	1,103	1,283
1	Grand Total	845	704	986	1,131	1,297	1,619	1,929
2	Utilities and Outsourcing expences capitalised	0	0	0	0	0	0	0
3	Net Utilities and Outsourcing expences(1)-(2)	845	704	986	1,131	1,297	1,619	1,929

Note: For Power, Unit Rate increased by 25% in FY25 and Units consumed is directly proportional to the increased Total Terminal Area

Form F11 (f) - Other Outflows (ref: Section AI.5 of Appendix 1)

Rs. in Lakhs

Privileged and Confidential

S.No.	Particulars	Audited year	FY before Tariff Year 1	Tariff year 1	Tariff year 2	Tariff year 3	Tariff year 4	Tariff year 5
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
A	Concession Fee	1,774	1,434	1,541	1,619	2,371	2,915	3,586
B	Provison for Tax			0	0	0	0	0
	Customs Deployment Charge			0	240	328	425	450
	Grand Total	1,774	1,434	1,541	1,859	2,699	3,340	4,036

Note: Customs Cost calculated based on the letter received from Customs on 30th Jun'22 and considering increase in deployment from the current 4 to 16 nos to cater to the projected volume during CP3. Also factoring in 6% p.a. increase in salary cost

Form 12 (a) - Historical and Projected cargo volumes in tonnes (ref. Section A1.6 Appendix 1)

			2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Domestic	Loaded	General										
		Perishable										
		Valuable										
		Other										
		Total	17,497	18,405	19,489	19,561	14,776	23,350	25,941	28,424	30,210	33,250
	Un Loaded	General										
		Perishable										
		Valuable										
		Other										
		Total	22,364	23,801	28,665	30,207	20,945	26,926	29,354	31,416	33,390	36,750
International	Loaded	General										
		Perishable										
		Valuable										
		Other										
		Total	52,952	60,635	64,589	63,057	49,473	54,790	59,029	62,824	65,460	71,000
	Un Loaded	General										
		Perishable										
		Valuable										
		Other										
		Total	18,197	22,219	23,244	21,675	16,515	20,690	21,000	21,936	22,440	24,000
Express	Loaded	General										
		Perishable										
		Valuable										
		Other										
		Total	-	-	-	-	-	-	2,000	3,000	4,500	6,000
	Un Loaded	General										
		Perishable										
		Valuable										
		Other										
		Total	-	-	-	-	-	-	1,500	2,000	3,000	4,000