adani

Ref No: GIAL/CO/AERA-MYTP/2023/1 28th July, 2023

To,
The Chairperson,
Airports Economic Regulatory Authority of India,
AERA Building, New Administrative Block,
Safdarjung Airport,
New Delhi- 110003.

Sub: Submission of Multi Year Tariff Proposal (MYTP) by Guwahati International Airport Limited (GIAL) for True up period (From COD to 31st March 2022) & Projections for Third Control Period (FY2022-23 to FY2026-27) for Lokpriya Gopinath Bordoloi International Airport, Guwahati.

Dear Sir,

The Authority vide order Nos. 38/2017-18 and 20/2020-21 dated 16th February 2018 and 01st July 2020 approved the existing tariff for Guwahati International Airport till 31st March 2021, vide Order No. 22/2021-22 dated 06th October 2021 extended the said tariff till 31st March 2022, vide Order No. 42/2021-22 dated 14th March 2022 extended the said tariff till 30th September 2022. It was extended till 31st March 2023 vide Order No. 22/2022-23 dated 20th September 2022 and it is now further extended till 30th September 2023 vide Order No. 41/2022-23 dated 22nd March 2023. Further, recently AERA vide Order No. 08/2023-24 dated 31st May 2023 has allowed GIAL to levy Ad Hoc Tariff for Domestic Cargo Handling Services till 30th September 2023.

A clarification was sought for the Control Period for Jaipur, Guwahati & Trivandrum Airports on 15th April 2022, against which the Authority vide its Public Notice No 05/2022-23 dated 20th June 2022 decided as under:

> *4. Accordingly, in view of position explained in the preceding paras, which makes it difficult for AERA to stick to original tariff cycle in case of these three Airports, Concession Agreements and the request received from the Airport Operator, the Authority takes the following decision:*
> *(i) To shift the Control Period for Guwahati, Jaipur and Trivandrum Airports from 01.04.2021-31.03.2026 to 01.04.2022-31.03.2027. The periodicity of the Control Period will be five years only.*
> *(ii) To consider the true up for 01.04.2021 to 31.03.2022 at the time of determination of tariff for the Third Control Period as per AERA policy.*

Guwahati International Airport Limited
(Formerly known as Adani Guwahati International Airport Limited)
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(iii) This issue will be suitably highlighted in the Consultation Paper to be issued by the Authority for determination of Aeronautical tariff for the Third Control Period in respect of Guwahati, Jaipur and Trivandrum Airports.
(iv) The decision to shift the start of the tariff period by one year while keeping the Control Period of 05 years as per the provisions of AERA Act is taken under exceptional circumstances as elaborated above.

In line with the Authority's decision, we hereby submit the Multi Year Tariff Proposal for Guwahati International Airport Limited (GIAL) for the True up period (from COD to 31st March 2022) and determination of Aeronautical Tariff for Third Control Period starting from 1st April 2022 to 31st March 2027 for kind consideration and approval of the same.

We shall be pleased to provide any further information that Authority may require in this regard.

Thanking you

Yours truly,
For Guwahati International Airport Limited,

Manoj Chanduka
Authorized Signatory

Enclosures: -

1. Multi Year Tariff Proposal along with annexures
2. Financial Model in Excel format

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BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA
AT NEW DELHI
SUBMISSION OF MULTI YEAR TARIFF PROPOSAL FOR AND ON BEHALF OF:
M/S GUWAHATI INTERNATIONAL AIRPORT LIMITED (GIAL)

I, Manoj Chanduka, aged 57, resident of Gujarat, India acting in my official capacity as authorized signatory in M/s Guwahati International Airport Limited having its registered office at Adani Corporate House, Shantigram, S G Highway, Ahmedabad, 382421 do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/s Guwahati International Airport 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 (i) Business Plan; (ii) Information pertaining to physical assets; (iii) Information relation to the Regulatory Building Blocks; (iv) Historical and Forecasted Volumes; and (v) Historical Revenue, are correct and true to my knowledge and belief and nothing material has been concealed there from.

For Guwahati International Airport Limited,

Manoj Chanduka
Authorized Signatory
Place: Ahmedabad
Date: 28th July , 2023

Guwahati International Airport Limited
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Confidential Information

With reference to this MYTP, GIAL will make various submissions/providing information, including but not limited to the information being submitted along with this MYTP, from time to time to the Authority.

GIAL would request the Authority to maintain the confidentiality of financial information and commercial agreements by not sharing any such information in the public domain. GIAL would not have objections with the Authority publishing documents that should be available to public under any other law or are already under public domain. GIAL's MYTP business plan containing financials are requested not to be placed in public. The following legal agreements which contain commercially sensitive data for which parties have the responsibility to maintain confidentiality and/or are the property of parties signing them should not be published for common access:

- Any communication between AEL/AAHL/GIAL and AAI/Authority
- Commercial Agreements/arrangements/Letter of Awards/Bid documents etc.

Multi Year Tariff Proposal for Guwahati International Airport Limited (GIAL) (Formerly known as Adani Guwahati International Airport Limited) for True up period (from COD to 31st March 2022) and Determination of Aeronautical Tariff for Third Control Period (from 1st April 2022 to 31st March 2027)

28th July, 2023

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List of Abbreviations

AAHL	Adani Airport Holdings Limited
AAI	Airports Authority of India
AAICLAS	Airports Authority of India Cargo Logistics and Allied Services Company Limited
AEL	Adani Enterprises Limited
AERA	Airports Economic Regulatory Authority of India
AIC	Aeronautical Information Circular
ANS	Airport Navigation Services
AO	Airport Operator
AOCC	Airport Operations Control Center
AODB	Airport Operations Data Base
ARFF	Aviation Rescue and Fire Fighting
ARR	Aggregate Revenue Requirement
ASQ	Airport Service Quality
ATC	Air Traffic Control
ATM	Air Traffic Movements
ATRS	Automatic Tray Retrieval System
AUCC	Airports Users Consultative Committee
BCAS	Bureau of Civil Aviation Security
BHS	Baggage Handling System
BRS	Baggage Reconciliation System
CA	Concession Agreement
CAGR	Compounded Annual Growth Rate
CAPM	Capital Asset Pricing Model
CBR	California Bearing Ratio
CCR	Constant Current Regulator
CISF	Central Industrial Security Force
COD	Commercial Operations Date
CoD	Cost of Debt
CoE	Cost of Equity
CNS/ATM	Communications, Navigation and Surveillance Systems for Air Traffic Management
CPI	Consumer Price Index
CPWD	Central Public Works Department
CUTE	Common User Terminal Equipment
CWIP	Capital Work In Progress
DGCA	Directorate General of Civil Aviation
ERP	Equity Risk Premium
ETD	Explosive Trace Detector
FIDS	Flight Information Display Systems
FRoR	Fair Rate of Return
GA	General Aviation

GIA	Guwahati International Airport
GIAL	Guwahati International Airport Limited
GoI	Government of India
GSE	Ground Support Equipment
GST	Goods & Service Tax
HOS	Head of Stand
HVAC	Heating, Ventilation and Air Conditioning
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICC	Integrated Cargo Complex
IDC	Interest During Construction
ILHBS	In-Line Hold Baggage Screening
IMD	India Meteorological Department
IMG	Inter-Ministerial Group
LGBIA	Lokpriya Gopinath Bordoloi International Airport, Guwahati
LoA	Letter of Award
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers Per Annum
MoU	Memorandum of Understanding
MSSR	Mono-pulse Secondary Surveillance Radar
MYTP	Multi Year Tariff Proposal
NAR	Non-Aeronautical Revenue
NCAP	National Civil Aviation Policy
OLS	Obstacle Limitation Surfaces
ORAT	Operational Readiness and Airport Transfer
O&M	Operation & Maintenance
Pax	Passengers
PBB	Passenger Boarding Bridge
PBG	Performance Bank Guarantee
PCN	Pavement Classification Number
PHP	Peak Hour Passenger
PIDS	Perimeter Intrusion Detection System
PIF	Project Information File
PPP	Public Private Partnership
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RESA	Runway End Safety Area
RET	Rapid Exit Taxiways
RfP	Request for Proposal
RWY	Runway
SCP	Second Control Period
SMR	Surface Movement Radar
SOFR	Secured Overnight Financing Rate
SPV	Special Purpose Vehicle
STP	Sewage Treatment Plant

TCP	Third Control Period
UDF	User Development Fee
UPS	Uninterruptible Power Supply
WDV	Written Down Value Method
WIPA	Work In Progress Asset
WPI	Wholesale Price Index
XBIS	X-ray Baggage Inspection System
YoY	Year On Year

1. Background

1.1. LGBIA is the gateway to the North-Eastern states of India. LGBIA is situated about 22 km South-West of Guwahati Railway Station. The Airport abuts the Sevoke (WB) - Guwahati National Highway (NH 17). LGBIA (IATA: GAU, ICAO: VEGT) is an international airport serving the Capital of Assam and surrounding areas. Earlier known as Borjhar Airport when it was commissioned in 1958 for domestic operations, a new Terminal (T1) was later constructed in 1998. As a Gateway to the Northeast and due to its economic dependencies, Guwahati airport is poised and positioned to be the pivot airport in the region to ensure future economic development, developing tourism flows and creating multiple job opportunities in the entire region. Guwahati and the region have demonstrated fast traffic recovery to pre-COVID levels indicating strong resilience and the growth resurgence.

The entire region has immense potential for development of tourism, natural resources and related economic development. The forgoing is currently understated and is poised for major revamp with Guwahati becoming the epicentre to drive the change.

The airport has established non-stop connectivity with all 13 major cities in the northeast and the rest of India, with potential for high growth in the upcoming years. LGBIA was ranked 12th busiest airport in the country in 2019-2020 (pre-Covid) with total passenger traffic of 5.46 mppa.

1.2. LGBIA has a single runway, with orientation 02-20, measuring 3,103m in length and 45m in width. It can handle a wide range of aircrafts. Although the airport has been designated as Code 4D but can handle Code E aircraft with prior intimation.

1.3. The Government of India (GoI), in an attempt to bring expertise, enterprise, professionalism, investments, and efficiency in service delivery to airports, decided to privatize the operations, management, and development of LGBIA, Guwahati.

1.4. Accordingly, the Airports Authority of India (hereinafter referred to as "AAI") invited proposals, through a global competitive bidding process, for the

operations, management, and development of LGBIA, while prescribing technical and commercial terms and conditions. In a competitive bidding, Adani Enterprises Limited (AEL) emerged as the highest bidder to operate, manage, and develop LGBIA.

1.5. Having evaluated the bids and having received security clearance from the Ministry of Home Affairs, GoI, AAI accepted the bid of AEL, and issued a Letter of Award (LOA). As per the Concession Agreement, AEL has promoted and incorporated the Special Purpose Vehicle (SPV) –Guwahati International Airport Limited (GIAL), as the concessionaire under the Companies Act, 2013. GIAL signed the Concession Agreement with AAI on 19th January 2021 for exclusive right to operate, manage and develop LGBIA for a period of 50 (fifty) years from the Commercial Operations Date (COD).

1.6. Subsequently, AEL incorporated a 100% subsidiary named Adani Airport Holdings Limited (AAHL). As on date, AEL holds 100% shareholders equity in GIAL, directly or indirectly through AAHL.

1.7. GIAL achieved Commercial Operations Date (COD) on 08th October 2021.

1.8. The Concession Agreement between AAI and GIAL (refer Annexure – A) and Memorandum of Understanding between GoI and GIAL (refer Annexure – B) provides GIAL the right to levy aeronautical and non-aeronautical charges from users effective from the COD.

1.9. With respect to GIAL's right to demand User Fees for aeronautical and non-aeronautical services, the Concession Agreement[1] states that:

"On and from COD and till the Transfer Date, the Concessionaire has the sole and exclusive right to demand, collect and appropriate Fees from the Users for the provision of the Aeronautical Services and Non-Aeronautical Services, including the airlines and passengers, in accordance with the provisions of the Regulatory Framework and this Agreement including the terms set out in Schedule R (Memorandum of Understanding), provided that the Concessionaire may determine and collect Fees at such lower rates as may

[1] Clause 28.1.1. of the Concession Agreement

be agreed with the Users or any category of Users in accordance with the Applicable Laws and Applicable Permits."

Additionally, the Memorandum of Understanding[2] entitles GIAL to levy, collect and appropriate aeronautical charges from the COD, from the users of the GIA at the tariff rates approved by AERA.

1.10 In accordance with the same, AAI issued a notification to all the stakeholders of LGBIA informing that GIAL commenced operation from 08th October 2021 and shall be entitled to demand and collect fees in accordance with the provisions of the Concession Agreement.

A copy of said notification is enclosed herewith and marked as Annexure C.

1.11 As mentioned above, GIAL has an exclusive right to demand, collect and appropriate fees from COD onwards at the rates determined by AERA. As an interim measure, GIAL applied to AERA vide letter with reference no. AGIAL/CO/AERA-IT/2021/1 dated 27.08.2021 to allow the existing rates at LGBIA from COD till 31st Mar 2022. Subsequently, AERA vide order No. 22/2020-21 dated 6th Oct 2021 stated the following: -

(i) The new Airport Operator, M/s Adani is allowed to levy and collect the existing Aeronautical Tariffs as per the Tariff Orders mentioned at Table-I [(A) & (B)] above, at the International Airports of Jaipur, Trivandrum and Guwahati from their respective CODs (ref. Table-II) till the period ending 31.03.2022, or, till regular determination of tariff for the 3rd Control Period, whichever is earlier.

(ii) The Airport Operator shall submit MYTP for 3rd Control Period well in time as per the provisions of AERA Regulatory Guidelines and as per the timelines specified in the Concession Agreement with AAI.

1.12 Subsequently, GIAL received extension of existing rates till 30 September 2022, till 31 March 2023 and then till 30 September 2023 respectively from the Authority as per Order No. 42/2021-22 dated 14th March 2022, Order No.

[2] Clause 2.2.5 of the Memorandum of Understanding

22/2022-23 dated 20th September 2022 and Order No. 41/2022-23 dated 22nd March 2023 respectively.

1.13 In addition to Airport activities, GIAL will also be providing Cargo Handling services at LGBIA . GIAL vide letter no. GIAL/CO/AERA-IT/2023/2 dated 29th April 2023 requested AERA for an ad-hoc approval of domestic cargo charges to be levied at LGBIA for cargo handling services in line with approved cargo charges for AAICLAS. Recently, AERA vide Order No. 08/2023-24 dated 31st May 2023 has allowed GIAL to levy Ad Hoc Tariff for Domestic Cargo Handling Services till 30th September 2023 at LGBIA.

1.14 On 15th April 2022, a clarification was sought from AERA on the commencement of control period in respect of three Airports viz., Guwahati, Trivandrum and Jaipur.

AERA decided the following vide Public Notice No. 05/2022-23 dated 20th June 2022:

Accordingly, in view of position explained in the preceding paras, which makes it difficult for AERA to stick to original tariff cycle in case of these three Airports, Concession Agreements and the request received from the Airport Operator, the Authority takes the following decision:

(i) To shift the Control Period for Guwahati, Jaipur and Trivandrum Airports from 01.04.2021-31.03.2026 to 01.04.2022-31.03.2027. The periodicity of the Control Period will be five years only.

(ii) To consider the true up for 01.04.2021 to 31.03.2022 at the time of determination of tariff for the Third Control Period as per AERA policy.

(iii) This issue will be suitably highlighted in the Consultation Paper to be issued by the Authority for determination of Aeronautical tariff for the Third Control Period in respect of Guwahati, Trivandrum and Jaipur Airports.

(iv) The decision to shift the start of the tariff period by one year while keeping the Control Period of 05 years as per the provisions of AERA Act is taken under exceptional circumstances as elaborated above.

1.15 GIAL through this document aims to submit a detailed Multi Year Tariff Proposal (MYTP) for the True up period starting from 08th October 2021 to 31st March 2022 and for 3rd Control Period from 1st April 2022 to 31st March 2027 (TCP) of LGBIA.

Features of the Airport:

1.16 The traffic handled by LGBIA between FY2017 to FY2022 is given in the table below:

	Pax (Nos)			ATMS (Nos)			Cargo (MT)		
Year	**Dom.**	**Int.**	**Total**	**Dom.**	**Int.**	**Total**	**Dom.**	**Int.**	**Total**
2016-17	3,759,494	30,162	**3,789,656**	37,383	490	**37,873**	17,283	3	**17,286**
2017-18	4,636,604	31,449	**4,668,053**	40,668	504	**41,172**	22,343	2	**22,345**
2018-19	5,714,561	31,067	**5,745,628**	49,845	643	**50,488**	23,813	27	**23,840**
2019-20	5,422,289	35,160	**5,457,449**	44,539	1,000	**45,539**	21,267	3	**21,270**
2020-21	2,188,767	368	**2,189,135**	23,422	20	**23,442**	15,933	18	**2,186**
2021-22	3,148,940	16	**3,148,956**	33,564	8	**33,572**	21,814	44	**3,521**

*Above table includes total domestic ATMs, which comprise both ATMs less than 80-seater and ATMs more than 80-seater. Less than 80-seater aircraft movements account for approx. 20% of total domestic ATMs. GIAL requests AERA to kindly take cognizance of the fact.

1.17 Technical and Terminal building details of LGBIA are provided in the table below:

Particulars	Details
Total airport area	Total land 826.243 acres Carved Out approx. 28.4 Acres Demised approx. 797.843 Acres
Total covered area of Terminal Building (TB)	Terminal 1 – 20,300 sq mtrs as per area statement received from AAI on 12th June 2023. A copy of AAI's letter is enclosed herewith and marked as Annexure D.
Existing Passenger Capacity	850 Peak Hour Passenger. design capacity of approx. 2 million passengers per annum
Main Runway orientation and length	Runway 02/20, dimension 3,103m x 45m
Apron	Apron 1 – 9 Code C stands Apron 2 – 11 Code C stands

2 Methodology to determine Aggregate Revenue Requirement (ARR)

2.1. The Concession Agreement[3] defines the regulator and regulatory framework as the following:

""Regulator" means AERA or any other entity as may be designated by GoI for determination of Aeronautical Charges for the Airport as per Applicable Laws, as the case may be."

""Regulatory Framework" means the framework adopted by the Regulator as per the Applicable Laws, including the AERA Act and Airports Economic Regulatory Authority (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011."

2.2. As per the Concession Agreement[4]:
"The GOI has, through the National Civil Aviation Policy, dated June 16, 2016, approved, ("Shared-Till Approval") the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all airports in India, and the same shall be accordingly considered by the Regulator for the purposes of the determination of the Fees/Aeronautical Charges pursuant to the provisions of this Agreement."

2.3. As per clause 13 (1) of the AERA Act, 2018, the authority shall determine the tariff for aeronautical services taking into consideration "the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise."

2.4. The methodology adopted by the Authority to determine tariff is based on AERA Act, 2008 (AERA Act) and the AERA (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011 dated 28th February 2011 (Tariff Guidelines).

[3] As per definitions of Concession Agreement
[4] Clause 28.3.2. of the Concession Agreement

2.5. Further, tariff is based on 'hybrid till' method wherein 30% of non-aeronautical revenues is used to cross-subsidize ARR (Order No. 14/ 2016-17 "In the matter of aligning certain aspects of AERA's Regulatory Approach (Adoption of Regulatory Till) with the provisions of the National Civil Aviation Policy-2016 (NCAP-2016) approved by the Government of India" dated 12.01.2017).

2.6. The Authority shall determine the ARR for the current control period on the basis of the following Regulatory Building Blocks:

- Regulatory Asset Base (RAB)
- Depreciation (D);
- Fair Rate of Return applied to the Regulatory Asset Base (FRoR x RAB);
- Operation and Maintenance Expenditure (O);
- Taxation (T);
- Revenue from services other than aeronautical services (NAR).

2.7. Based on the building blocks provided above, the formula for determining ARR under Hybrid Till is as follows:

$$ARR = \sum_{t=1}^{5} (ARR_t) \; and$$

$$ARR_t = (FRoR \times RAB_t) + D_t + O_t + T_t - 30\% \; of \; NAR_t$$

Where:

- 't' is the Tariff Year in the Control Period;
- ARR_t is the Aggregate Revenue Requirement for year 't';
- FRoR is the Fair Rate of Return for the control period;
- RAB_t is the Regulatory Asset Base for the year 't';
- D_t is the Depreciation corresponding to the RAB for the year 't';
- $O_t$is the Operation and Maintenance Expenditure for the year 't', which includes all expenditures incurred by the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandate operating costs;
- T_t is the corporate tax for the year 't' paid by the airport operator on the aeronautical profits; and

- NAR_t is revenue from services other than aeronautical services for the year 't'

2.8. GIAL has adopted a similar approach for determination of aeronautical revenues as stated in the guidelines of AERA, as also in line with AERA Act and as mandated under the Concession Agreement.

2.9. A true up of all regulatory blocks in the next control period is required as per AERA methodology. In respect to the true-up till COD, it is to be provided by AAI to AERA for consideration. The same may be taken into account by the Authority while determining True Up for SCP. Further, GIAL has done calculations of true-up of the period from COD to 31st March 2022 and projections for the Third Control Period from 01st April 2022 to 31st March 2027.

2.10. GIAL has capitalised financing allowance using the formula provided by the Guidelines, 2011:

$$Financing\ Allowance = R_d \times (WIPA_{t-1} + \frac{Capex - SC - CA}{2})$$

Where

(i) R_d is the cost of debt determined by the Authority

(ii) SC are the capital receipts

(iii) CA are the commissioned assets

3. True-up for Second Control Period

True-up for SCP upto COD and related clauses under the Concession Agreement signed between AAI and GIAL

3.1. In June 2023, AAI & GIAL team members jointly carried out the physical verification of the assets and have signed the joint verification fixed asset register as on COD. The summary of the signed statement is as follows: -

S. No.	Particulars	No. of Assets	Amount (₹ in Crores)
A1	Aeronautical assets handed over to GIAL	957	156.60
A2	Non-Aeronautical assets handed over to GIAL	132	6.74
A3	ANS assets handed over to GIAL	52	3.16
	TOTAL	**1,141**	**166.50**

Joint asset reconciliation statement signed with AAI for assets handed over to GIAL on COD is provided as Annexure E.

3.2. As per the provisions of the Concession Agreement, GIAL is required to pay to AAI the amount of WDV (Written Down Value Method of Depreciation) of assets as on COD. The amount paid by GIAL to AAI for assets as at 31st March 2018 (Estimated Deemed Initial RAB) was INR 69 Crores for Aeronautical Assets and INR 12.71 Crores for Non-Aeronautical Assets. Invoices received from AAI for Estimated Deemed Initial RAB and Initial Non-Aeronautical Investment are enclosed herewith and marked as Annexure F.

3.3. **The amounts paid for Estimated Deemed Initial RAB is subject to final reconciliation by AERA to arrive at the Adjusted Deemed Initial RAB as per below clauses of CA including adjustment for over-recovery or under-recovery of true-up amount relating to period before COD.**

"28.11.3 *(a) It is agreed by the Parties that the Concessionaire shall be liable to pay to the Authority an amount equivalent to the investments made by the Authority in the Aeronautical Assets as of the COD and considered by the Regulator as part of the Regulatory Asset Base, subject to requisite reconciliation, true-up and final determination by the Regulator of the quantum of such investment ("**Deemed Initial RAB**").*

*(b) The estimated depreciated value of investments made by the Authority in the Aeronautical Assets at the Airport as on March 31, 2018 is Rs. 69,00,00,000 (Rupees Sixty Nine Three Crores) ("**Estimated Deemed Initial RAB**"). It is agreed by the Parties that the Estimated Deemed Initial RAB shall be due and payable by the Concessionaire to the Authority within 90 (ninety) days of COD.*

*28.11.4 Pursuant to the payment of the Estimated Deemed Initial RAB, and upon the reconciliation, true-up and final determination by the Regulator of the quantum of the investment under 28.11.3(a), any surplus or deficit in the Estimated Deemed Initial RAB with respect to the Deemed Initial RAB shall be adjusted as part of the Balancing Payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination by the Regulator, with due adjustment for the following ("**Adjusted Deemed Initial RAB**"):*

(a) reduced to the extent of over-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as a downward adjustment while determining Aeronautical Charges for the next Control Period; or

(b) increased to the extent of under-recoveries, if any, of Aeronautical Revenues by the Authority until the COD, that the Regulator would provide for as an upward adjustment while determining Aeronautical Charges for the next Control Period.

The amount(s) to be paid by the Authority or Concessionaire shall be the present value of Adjusted Deemed Initial RAB calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of the Adjusted Deemed Initial RAB.

28.11.5 Upon reimbursement of such amount by the Concessionaire to the Authority, the Deemed Initial RAB will, in addition to the investments made by the Concessionaire, be considered for the purpose of determination of Aeronautical Charges by the Regulator.

(a) The Authority undertakes to make any required supporting submissions to the Regulator towards such consideration and determination by the Regulator.

(b) The Parties shall submit to and request the Regulator to separately identify the Deemed Initial RAB in future determinations of Aeronautical Charges with regard to consideration of depreciation, required returns, etc.

*28.11.6 For the purpose of this Clause 28.11, "**Control Period**" and "**Regulatory Asset Base**" shall have the meaning set forth in Airports Economic Regulatory Authority (Terms and Conditions for Determination of Tariff for Airport Operators) Guidelines, 2011."*

28.12 "It is agreed by the Parties that the Concessionaire shall pay to the Authority an amount equivalent to the estimated depreciated value of investments made by the Authority in the Airport as of the COD towards development of Non-Aeronautical Assets ("Initial Non-Aeronautical Investments").

The estimated depreciated value of investments made by the Authority towards development of the Non-Aeronautical Assets at the Airport as on March 31, 2018 is Rs. 12,71,00,000 (Rupees Twelve Crores and Seventy One Lakhs) ("Estimated Initial Non-Aeronautical Investments"). It is agreed by the Parties that the Estimated Initial Non-Aeronautical Investments shall be due and payable by the Concessionaire to the Authority within 90 (ninety) days of COD.

28.12.3 Pursuant to the payment of the Estimated Initial Non-Aeronautical Investments, and upon the final determination by the Independent Engineer of the quantum of the Initial Non-Aeronautical Investments, any surplus or deficit amount(s) to be paid by the Authority to the Concessionaire or the Concessionaire to the Authority, as the case may be, shall be adjusted as part of the Balancing Payment that becomes due and payable as per Clause 31.4 after the expiry of 15 (fifteen) days from such final determination.

28.12.4 The amount(s) to be paid by the Authority or Concessionaire pursuant to Clause 28.12.3 shall be the present value of the same, calculated using the fair rate of return as determined by the Regulator for the time period from the COD to the date of actual payment of such amount(s).

31.4 Reconciliation

31.4.1 Every quarter the balancing payment (reflecting netting of amounts which are due and payable as reimbursement, adjustment or otherwise, or as

Damages which are not paid, or not recovered from the Performance Security or the Bid Security, as the case may be, under this Agreement) (the "Balancing Payment") shall be calculated by the Authority who shall deliver its calculation and statement to the Concessionaire within 15 (fifteen) days of the end of each quarter of an Accounting Year. Each such statement shall have attachments reasonably supporting evidence of all amounts claimed. For the avoidance of any doubt, Balancing Payment calculated under this Clause 31.4.1 shall not take into account the Monthly Concession Fee for such calculation, but shall include any adjustment pursuant to Clause 27.5.

31.4.2 On receipt of the Authority's statement under Clause 31.4.1, the Concessionaire shall have 20 (twenty) days in which to (a) approve or (b) require recalculations and amendments. Both Parties shall maintain sufficient records to enable verification of all the Authority's statements made under Clause 31.4.1. Failure by the Concessionaire to comment on any Authority's statement within the above 20 (twenty) day period shall be deemed to constitute approval.

31.4.3 If the Authority does not submit its calculation of the Balancing Payment within 10 (ten) days of the end of any quarter of an Accounting Year, the Concessionaire shall be entitled to submit such calculation, together with attachments reasonably supporting evidence of all amounts claimed, and in such event, the provisions of Clause 31.4.2 above shall apply to the Parties in reverse.

Capital Work in Progress (CWIP):

3.4. With respect to GIAL's obligations to pay AAI any amount incurred by AAI as on COD with respect to the contracts related to works-in progress, the Concession Agreement states the following[5]:

"6.4.5 Work in Progress

Notwithstanding anything to the contrary in this Clause 6.4, the Concessionaire shall be liable to pay to the Authority such amounts as may have been incurred by the Authority as on the COD in respect of the

[5] Clause 6.4.5. of the Concession Agreement

contracts relating to works-in-progress as have been set forth in Schedule T. Such amounts shall be intimated by the Authority with supporting documents and details within 30 (thirty) days of COD and shall be due and payable by the Concessionaire to the Authority within a period of 90 (ninety) days thereon.

The Parties shall constitute a committee comprising representatives of the Concessionaire, Authority and each of the counterparties under such contracts, which committee shall be responsible for: (a) facilitating any discussions and/ or interactions amongst AAI, the Concessionaire and the counterparties under such contracts, including in respect of any modifications to the works, and (b) coordinating, facilitating, and monitoring the progress of such works-in-progress. The Concessionaire shall be responsible to incur any additional cost towards completion of such work-in-progress assets after COD.

Upon reimbursement by the Concessionaire to the Authority, of amounts as may have been incurred by the Authority as on the COD for such work-in-progress assets as provided for above, and completion of such works-in-progress by the Concessionaire, such works-in-progress assets shall form part of the Airport.

The amounts reimbursed by the Concessionaire to the Authority and additional amounts incurred by the Concessionaire for completion of such work-in-progress assets shall be considered as investments made by the Concessionaire in creation of such assets for the purpose of determination of Aeronautical Charges by the Regulator. In the event that any part of the amounts reimbursed by the Concessionaire to the Authority pursuant to this Clause 6.4.5 are not considered for pass-through by the Regulator due to any act or omission on the part of the Authority, the adjustment towards any differences in the amounts reimbursed by the Concessionaire to the Authority and the amounts considered for pass-through by the Regulator shall be undertaken as part of the Balancing Payment that becomes due and payable as per Clause 31.4 immediately after the determination of the Aeronautical Charges by the Regulator."

3.5. GIAL received CWIP invoices (refer Annexure G) from AAI totalling INR 430.89 Crores (excluding GST). The assets under CWIP majorly includes New International Terminal Building which was under construction and carry forward by GIAL as per terms of the CA.

True-up for period from COD till 31st March 2022

3.6. As mentioned earlier, TCP commences from 1st April 2022. However, GIAL started operations from COD, i.e. 08th October 2021. Accordingly, GIAL is entitled for a true-up for the interim period between COD to 31st March 2022. The following table summarizes the submission of GIAL under various regulatory blocks:

Particulars (in INR Crores)	COD to 31st March 2022
Opening RAB as on COD	154.77
Closing RAB as on 31st March 2022	140.28
Average RAB	147.52
Add: FRoR return @14% on Average RAB for 175 days	9.90
Add: Operating expenses, Bank and Finance Charges, Working capital interest and Independent Engineers Fees	48.63
Add: Expenses pertaining to pre-COD period incurred to achieve successful transition of operation and management of Airport from AAI to PPP*	9.85
Add: Depreciation	16.81
Add: Taxes	1.32
Less: 30% of Non – Aero revenues	(2.99)
ARR (A)	**83.53**
Actual Aero Revenues earned (B)	59.95
True-up (A-B)	23.57
Present Value (PV) as on 31st March 2023 (calculated as 14% for FY21-22 and 14.76% for FY22-23)	28.81

Summary of information used for True-up calculation is as follows:

Items	Assumption	Remarks
Fair Rate of Return	14%	Considered in line with AERA order for Second Control Period
Operating Expenditure	Manpower AAI INR 14.19 Crores Manpower ADANI INR 4.72 Crores Utility Expenses INR 2.62 Crores IT Expenses INR 1.49 Crores Rates & Taxes INR 0.32 Crores Security Expenses INR 1.37 Crores Corporate Allocation INR 3.47 Crores Collection Charge on UDF INR 0.09 Crores Administrative Expenses INR 4.37 Crores Insurance INR 0.99 Crores R&M INR 9.71 Crores Other Operating Exp INR 2.83 Crores Bank & Finance Charges INR 0.50 Crores Working Capital Interest INR 0.26 Crores Independent Engineer INR 1.69 Crores	The same can be referred from audited financial statement provided as **Annexure H**. Working capital interest is calculated on net cash requirement during the period. As detailed in Chapter 10, all expenses are considered to be expense relating to

Items	Assumption		Remarks
	Total	**INR 48.63 Crores**	Regulated Assets and services.
Non-Aeronautical Revenues	Master Concession Building Rent Other Income Car Parking **Total**	INR 7.00 Crores INR 1.99 Crores INR 0.46 Crores INR 0.34 Crores **INR 9.79 Crores**	In the financial statement total non-Aeronautical revenues is INR 9.98 Crores. It includes IND AS income of Rs 0.19 Crores.
Aeronautical Revenues	Landing & Parking Ground Handling UDF CUTE and BRS Other Income	INR 16.77 Crores INR 0.78 Crores INR 40.17 Crores INR 1.71 Crores INR 0.52 Crores **INR 59.95 Crores**	In the financial statement total Aeronautical revenues is INR 59.95 Crores
Expenses pertaining to pre-COD period incurred to achieve successful transition of operation and management of Airport from AAI to PPP*	INR 9.85 Crores		Refer detailed note provided below
Regulated Asset Base and Depreciation	Opening RAB as on COD transferred from AAI as per joint asset register signed (A) Add: Assets Capitalised During period from COD to 31st March 2022 (B) Less: Depreciation calculated for Opening RAB based on balance useful life of the asset (useful life as per Chapter 10 is considered) (C1) Less: Depreciation on new assets capitalised as per useful life provided in AERA order (C2) Closing RAB = A + B – C Average RAB = (Opening RAB +Closing RAB)/2		Refer 3.1 point above about the reconciliation of opening RAB agreed with AAI. As detailed in Chapter 10, all assets are considered to be Regulated Assets Due to timing difference of reconciliation of opening RAB with AAI, the depreciation amount will not match with depreciation amount provided in the financial statements.

***Expenses incurred to achieve successful transition of operation and management of Airport from AAI to PPP**

- Adani Enterprises Limited (AEL) was announced the successful bidder for LGBIA in February-2019. As the Concession agreement was a part of the Bid, AEL was aware of its obligations and responsibilities under the Concession Agreement and about the activities that were required to be undertaken to achieve the successful

Commercial Operations Date (COD). This process was akin to Operational Readiness and Airport Transfer (ORAT) activity which is done when green field facility is commissioned at Airport. When an old asset is taken over by a new owner with a responsibility to maintain superior service standards which are not supported by the existing infrastructure and bottlenecks, it is akin to a greenfield asset from the operations perspective.

- The Concession agreement mandated certain activities/obligations to be performed by the Airport Operator prior to COD so that the transition from AAI to AO is smooth. These activities covered many areas like operational readiness, familiarization & training, Trial programs, Airport facility assessment, capability building & human resource management, observation period, financial closure etc. Being an operating Airport, these were important from the perspective of Airport users and passengers as well. The relevant provisions of the CA for ready reference are as:-

  Extract of relevant clauses from the Concession Agreement:

  Clause 16.5 Observation Period prior to COD:- There was a requirement to have 60 days of observation period before COD whereby Concessionaire's team was to work along with AAI's team to understand the Airport operations. In order to have a dedicated Airport team to be ready for participation in Observation period Concessionaire is required to hire personnel well before the time.

  Further As per Clause 5.8 of the CA, Concessionaire is obligated to have trained personnel employed all the time. Before taking over the Airport, the AO is required to hire people who are trained to take care of safe operations of the Airport.

  As per Clause 4.1.3 of the CA, as a condition precedent; Concessionaire needs to fulfil the following activities: -

Particulars	Details
Submission of PBG within 120 days of signing of CA.	Submission of PBG requires engagement with various Banks, lenders and financial institution. This also requires dedicated finance team to work with various financial institutions.
Procure all the applicable permits	All the necessary applicable permits need to be obtained which encompass all the functions of the Airport: - Operational like CTO, Fire NOCs, Clearance of BoD Financial – GST / PAN / TAN Engineering & Maintenance – Travelators, Weights & Measures, Single Line, HR Compliances – Shops & Establishment / ESI / PSF / CLRA Security – Clearance of Aviation Security Program

Particulars	Details
	In order to process and obtain the necessary applicable permits adequate manpower had to be onboarded well before the COD so that necessary applications are made timely, and approvals are obtained.
List of construction works to be undertaken in the first seven concession years	In order to provide list of construction works, Master planning needed to be undertaken which required engagement of master planner, designer, architects, town planners etc. Further under **clause 5.12 of the CA Obligations** relating to aesthetic quality of the Airport it is stated that "The Concessionaire shall engage professional architects and town planners of repute for ensuring that the design of the Airport meets the aforesaid aesthetic standards"
Execution of the escrow agreement as per Schedule M	This requires engagement with banks, lenders, financial institutions to perform the necessary documentation.

Clause 6.4.5 Works In Progress: - Concessionaire is obligated to pay CWIP amounts to AAI. "*The Parties shall constitute a committee comprising representatives of the Concessionaire, Authority and each of the counterparties under such contracts, which committee shall be responsible for: (a) facilitating any discussions and/ or interactions amongst AAI, the Concessionaire and the counterparties under such contracts, including in respect of any modifications to the works, and (b) coordinating, facilitating, and monitoring the progress of such works-in-progress.*"

In order to assess, the works in progress both physical and financial, necessary teams were engaged from master planning, designing, asset health check, vendor management and financial experts.

Clause 10.2 Lease, Access, and Right of Way:- Concessionaire is allowed to take necessary surveys, investigations etc of the property prior to COD to assess various risks associated with the site.

This activity required engagement of various experts and agencies.

Clause 10.3 Procurement of the Site:- Both AAI and Concessionaire need to undertake joint inspection of site, inventory of buildings, structures, roads works etc.

This required dedicated finance, operations and engineering & maintenance team in place for joint inspection and asset health check.

Clause 15.1 / 26.1 Commercial Operation Date / Financial Close:- In order to achieve COD, financial close is a mandatory requirement.

To make financial projections necessary studies were required to be undertaken like traffic study, revenue potential study, capex planning based on master planning, estimation of capex, operating cost estimation, engagement of financial consultant, financial modelling etc. This required engagement of consultants and also in-house corporate finance team.

Clause 18.17 Maintenance Programme :- On or before COD, Concessionaire needs to submit detailed Maintenance Programme which shall include: (a) preventive maintenance schedule; (b) arrangements and procedures for carrying out urgent repairs; (c) criteria to be adopted for deciding maintenance needs; (d) intervals and procedures for carrying out inspection of all elements of the Airport; (e) intervals at which the Concessionaire shall carry out periodic maintenance; (f) arrangements and procedures for carrying out safety related measures; and (g) intervals for major maintenance works and the scope thereof.
In order to prepare the Maintenance Programme a dedicated Engineer's team involvement was required. Further this required investigation and detailed health study of the existing assets. The detailed study was conducted by engagement of both in-house team and expert consultants.

Clause 28.1 Collection of Fees by the Concessionaire: - On and from COD and till the Transfer Date, the Concessionaire has the sole and exclusive right to demand, collect and appropriate Fees from the Users for the provision of the Aeronautical Services and Non-Aeronautical Services, including the airlines and passengers, in accordance with the provisions of the Regulatory Framework.
In order to collect the fees from COD onwards necessary IT infrastructure was required to be set up which included SAP, AODB, AOCC, Billing Systems, Passenger Data Collection System. In addition, it required Engagement of Finance team, assessment of existing IT Infrastructure, engagement of IT experts and experts who understood the regulatory framework.

Clause 28.8 Display of Aeronautical Charges:- Website was required to be ready and necessary aeronautical charges needed to be provided on the website. This required creation of websites, domains, engaging IT experts, domain experts, experts from regulatory framework etc.

Clause 30.3 Insurances:- No later than 30 (thirty) days prior to commencement of the Concession Period, the Concessionaire shall by notice furnish to the Authority, in reasonable detail, information in respect of the insurances that it proposes to take.
This required engagement of insurance agents, risk measurement, assessment of asset value, risk mitigation plan etc.

Various other requirements under the CA which entailed onboarding of personnel/consultants: -

- Operational SOPs

- Clause 23 - Readiness of Performance Measurement Plan
- Schedule H - to obtain ACI Membership
- Schedule 1 - Submission of Aerodrome Emergency Plan prior to COD
- 18.15.4 Establishing Airport Safety Management Unit (ASMU)
- Formation of various committees - JCC for CNS ATM, MoU, Capex, Right of Way
- Aeronautical Information Services
- Apron Management Unit

From the foregoing submissions, it is evident that without having proper manpower and professional support it would not have been possible to achieve transition of airport from AAI to GIAL as mandated under the CA. These activities were required to be performed prior to COD. GIAL has incurred expenditure of INR 9.85 Crores to achieve successful COD. In the financial statement the amount is reflected as Intangible Assets as per accounting principles. However, for MYTP purposes the same has been considered as operating expenditure in the first year of operation.

Particulars	INR Crores	Remarks
Expenses till letter of award	1.72	Majorly includes bid advisory expenses
Expenses from letter of award to COD	8.13	Majorly includes Salaries, professional services, and corporate Allocation
Total	**9.85**	

Disclaimer for GST on Opening RAB and CWIP

As described in detail in Chapter 3 above, as per CA clause 28.11 GIAL is required to make payment of Estimated Deemed Initial RAB and Initial Non-Aeronautical Investment. In addition, as per CA clause 6.4.5 GIAL is required to make payment of CWIP as on COD. GIAL had received invoice from AAI for RAB and CWIP exclusive of GST. AAI had taken legal opinion on applicability of GST on RAB and CWIP invoices and based on the said opinion, AAI requested GIAL to provide necessary indemnity bond in case in future GST amount is payable by AAI to tax authorities on RAB and CWIP invoices. GIAL submitted the necessary indemnity bonds (Refer Annexure I for the Indemnity Bonds). If in future, AAI is required to bear the GST, which based on indemnity bond inter-alia will be recovered by AAI from GIAL, the GST amount will be added to the Initial RAB and CWIP. For the time being, the Initial RAB and CWIP numbers provided in this MYTP are exclusive of GST. GIAL hereby, reserves the right to include the GST and to revise the Initial RAB and CWIP and thereby the MYTP or shall be considered in subsequent control periods as part of true-up, depending on the future outcome of the matter.

We request AERA to kindly take note of the above submissions and make necessary disclosures in the tariff order.

4. Passenger Traffic, Air Traffic Movements (ATMs) and Cargo forecasts for TCP

Impact of COVID-19

4.1. The airlines and airports industries were one of the worst affected sectors due to Covid-19 in FY21 and FY22, as countries across the World imposed travel restrictions and lockdowns in different phases.

4.2. India's aviation sector faced an unprecedented situation in March 2020, when the government grounded all scheduled domestic and international air services. While it took two months for domestic operations to recommence (domestic operations recommenced on 25th May 2020), international travel recommenced largely on account of repatriations, chartered, and bubble flights by both Indian and foreign operators still leaving travel operations out of ambit.

4.3. Total passenger traffic at Indian airports fell by 66.3% annually in FY2020-21 to 115 million passengers, a level last seen in FY2007-08, which comprised of 105 million domestic airport passengers and 10 Mn international pax.

4.4. The second wave in 2021 and third wave in Jan 2022 coupled with economic slowdown impacted a number of travel segments and the aviation sector as a whole.

4.5. Full international operations commenced from 27th March 2022.

Robust recovey of Traffic in India

4.6. As per ICRA March 2023 Aviation outlook (refer Annexure J): - *The international passenger traffic steadily increased in the past 12 months and is expected to reach 85% - 86% of pre Covid levels by end FY 2023 Domestic traffic recovered to 100% of pre Covid levels from December 2022 and is expected to reach more than 98% of pre Covid levels in FY 2023 Overall*

passenger traffic is expected to recover to 95 % of pre Covid levels to reach 324 - 327 million in FY 2023

Exhibit 6: Total passenger traffic (in million)

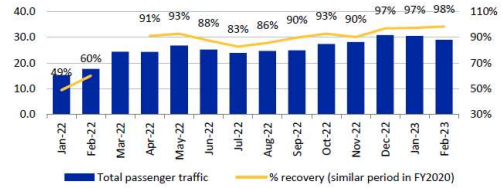


Exhibit 7: Domestic passenger traffic (in million)

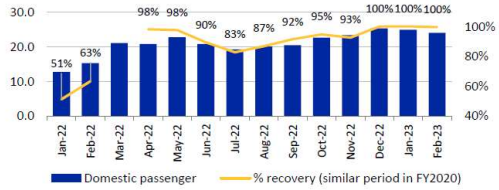
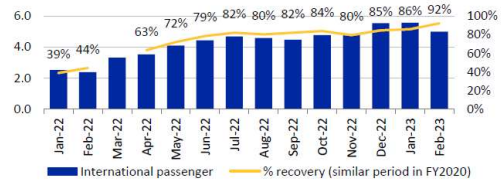


Exhibit 8: International passenger traffic (in million)



- Domestic passenger traffic reached more than 100% of pre-Covid levels in Dec 2022 and remained stable at around 100% in Jan & Feb 2023. Domestic traffic in FY2023 is expected to recover to more than 98% of pre-Covid levels.
- Post resumption of international commercial operations from March 27, 2022, international passenger traffic steadily increased and reached 92% of pre-Covid levels in February 2023. International traffic is expected to reach 85%-86% of pre-Covid levels for FY2023 (vs FY2020 level). Overall passenger traffic is expected to recover to 95-96% to reach ~ 324-327 million in FY2023.
- With resumption of business travel, sustained growth in leisure travel, increase in operational airports along with improvement in air connectivity to tier II cities/ tourist destinations and improvement in international travel on account of lower restrictions, the overall passenger traffic is estimated to witness growth of 12-14% in FY2024 to reach 365-368 million.

4.7 As per OAG report on Aircraft Supply Capacity as on December-22 -

4.7.1 The Airlines seat supply capacity in India has reached to 95% of the Pre-COVID period.

4.7.2 Indigo Airline seat supply capacity has reached more than Pre-COVID period.

Top 20 Country Market Capacity (Mn seats)

Country	2019	2020	2021	2022	% Change Year on Year	% Change V's 2020	% Change V's 2019
USA	1,145	678	883	1,062	20.30%	56.60%	-7.20%
China	836	684	783	666	-14.90%	-2.60%	-20.30%
India	211	127	153	199	30.00%	56.50%	-5.70%
Japan	215	138	106	150	41.60%	8.30%	-30.10%
Spain	159	65	85	146	70.90%	125.60%	-8.20%
United Kingdom	178	67	59	142	140.50%	110.10%	-20.50%
Brazil	134	66	85	119	40.10%	79.50%	-11.00%
Indonesia	154	117	86	112	30.70%	-3.90%	-27.20%
Germany	160	58	60	108	80.10%	85.20%	-32.80%
Italy	119	49	60	106	78.50%	119.20%	-10.30%
Mexico	96	61	83	106	27.30%	72.10%	10.00%
Russian Federation	125	87	113	105	-6.90%	20.10%	-15.90%
France	117	50	59	99	68.10%	97.20%	-15.60%
Australia	107	42	49	83	69.50%	97.90%	-22.90%
Canada	106	42	39	82	110.60%	93.30%	-23.00%
Viet Nam	71	51	40	67	68.80%	30.80%	-5.90%
United Arab Emirat	76	32	38	64	67.40%	97.90%	-15.70%
Saudi Arabia	68	34	42	61	47.50%	78.90%	-9.60%
Turkey	117	58	81	54	-32.90%	-6.70%	-53.90%
Colombia	44	18	35	54	53.00%	200.00%	21.10%

Top 20 Airlines Capacity

Airline	2019	2020	2021	2022	% Change Year on Yea	% Change V's 202	% Change V's 201
American Airlines	265	157	217	248	14.60%	58.10%	-6.30%
Delta Air Lines	243	139	186	210	13.10%	51.60%	-13.70%
Southwest Airlines	211	149	169	208	23.30%	39.70%	-1.30%
United Airlines	200	102	141	178	26.20%	74.60%	-11.10%
Ryanair	151	68	88	170	92.40%	149.40%	12.00%
China Southern Airlines	141	112	123	107	-13.70%	-5.10%	-24.50%
China Eastern Airlines	134	98	116	101	-12.80%	2.80%	-24.60%
IndiGo	89	56	72	99	37.30%	76.50%	12.00%
Turkish Airlines	93	42	64	89	40.80%	114.00%	-4.10%
Easyjet	106	39	39	88	123.20%	128.10%	-16.70%
LATAM Airlines Group	87	38	52	82	56.70%	117.10%	-5.80%
Air China	94	69	80	66	-17.70%	-4.40%	-29.40%
Deutsche Lufthansa AG	92	31	35	64	82.80%	109.80%	-30.10%
Emirates	76	27	31	55	76.30%	103.40%	-27.20%
Alaska Airlines	59	36	47	53	12.90%	48.30%	-10.50%
All Nippon Airways	74	58	36	52	46.40%	-9.80%	-29.80%
JetBlue Airways Corporation	52	27	40	51	27.50%	90.40%	-1.90%
Air France	60	30	34	50	47.90%	69.70%	-16.50%
Spirit Airlines	42	27	41	49	20.70%	80.10%	16.90%
Air Canada	66	24	21	48	126.40%	102.00%	-26.30%

4.8 The trend of recovery of Pre-COVID traffic achieved in the recent period[6] is as follows : -

a. Actual traffic (Dom +Intl) from April 2022 to March 2023 was ~ 327 million all over India which is approx. 96% recovery of Pre-COVID traffic of 341 million April 2019 to March 2020).

b. Actual ATMs (Dom +Intl) from April 2022 to March 2023 was ~ 2,508,315 all over India which is approx. 100% recovery of pre-COVID traffic of 2,587,054 from April 2019 to March 2020).

Traffic projections for TCP

4.9 The traffic at LGBIA increased at a CAGR of 15% to 5.5 Mn in FY2020 from 2.1 Mn passengers in FY 2013. At LGBIA, almost 99% of traffic is domestic.

4.10 The following table illustrates the traffic for previous 4 years and post COVID recovery trend:

Particular	Apr 2019 - Mar 2020	Apr 2020 – Mar 2021	Apr 2021 – Mar 2022	Apr 2022 – Mar 2023	Recovery in FY22-23 vs FY19-20
Passenger Traffic (No.)	5,457,449	2,189,135	3,148,956	5,051,480	93%

[6] AAI Aero Traffic News

Particular	Apr 2019 - Mar 2020	Apr 2020 – Mar 2021	Apr 2021 – Mar 2022	Apr 2022 – Mar 2023	Recovery in FY22-23 vs FY19-20
Air Traffic Movements (No.)	45,539	23,442	33,572	45,909	101%

In April 2022 to March 2023, the passenger and ATM has reached 93% and 101% respectively of Pre-COVID level.

4.11 A study of traffic for LGBIA was undertaken by a Third Party, M/s Mott Macdonald. As per the Mott-Macdonald study (Refer Annexure K), the traffic growth rates and traffic forecasts for the TCP for LGBIA are as follows:

Passenger Traffic (Pax) and Pax growth rate forecasts for LGBIA for TCP

	Passenger Traffic			Growth rate		
Year	Dom	Intl	Combined	Dom	Intl	Combined
2019-20* (Pre-COVID)	5,422,289	35,160	**5,457,449**			
2020-21*	2,188,767	368	**2,189,135**	-60%	-99%	-60%
2021-22*	3,148,940	16	**3,148,956**	44%	-96%	44%
2022-23*	5,039,315	12,165	**5,051,480**	60%	75931%	60%
2023-24	6,473,222	69,797	**6,543,019**	28%	474%	30%
2024-25	6,596,891	67,022	**6,663,913**	2%	-4%	2%
2025-26	7,430,971	113,091	**7,544,062**	13%	69%	13%
2026-27	8,958,026	136,180	**9,094,207**	21%	20%	21%

** Actuals as per AAI Aero traffic news*

Air Traffic Movements (ATM) and ATM growth rate forecasts for LGBIA for TCP

	ATM			Growth rate		
Year	Dom	Intl	Combined	Dom	Intl	Combined
2019-20* (Pre-COVID)	44,539	1,000	**45,539**			
2020-21*	23,422	20	**23,442**	-47%	-98%	**-49%**
2021-22*	33,564	8	**33,572**	43%	-60%	**43%**
2022-23*	45,701	208	**45,909**	36%	2500%	**37%**
2023-24	58,773	1,197	**59,970**	29%	475%	**31%**
2024-25	59,356	1,171	**60,527**	1%	-2%	**1%**
2025-26	66,498	1,552	**68,050**	12%	33%	**12%**
2026-27	80,216	1,893	**82,109**	21%	22%	**21%**

** Actuals as per AAI Aero traffic news*

4.12 Further it is to be noted that LGBIA handles significant volumes of ATM which are less than 80-seater capacity, some of which are under RCS category. Based on historical trend, for the purpose of revenue projection in the MYTP, less than 80-seater capacity category ATMs has been considered as approx. 18% of domestic ATMs.

Please refer below table indicating the historic volume of Domestic ATMs which are less than 80-seater:

Month	Total ATM	% Total Less than 80 seater ATM
Apr-22	**3,874**	21%
May-22	**4,102**	23%
Jun-22	**3,813**	20%
Jul-22	**3,659**	24%
Aug-22	**3,565**	25%
Sep-22	**3,412**	24%
Oct-22	**4,030**	23%
Nov-22	**3,856**	22%
Dec-22	**3,970**	21%
Jan-23	**4,116**	23%
Feb-23	**4,033**	26%
Mar-23	**4,025**	19%
Grand Total	**46,455**	**23%**

4.13 Similarly, the historical trend of exempt category of passengers is 12% for domestic (as indicated in table below). We have considered 10% exempt passengers for the purpose of revenue projections in the MYTP.

Month	Total Pax	Exempt Pax	% of Exempt Pax
Apr-22	464,523	49,428	11%
May-22	477,195	50,017	10%

Month	Total Pax	Exempt Pax	% of Exempt Pax
Jun-22	438,224	54,500	12%
Jul-22	457,469	57,175	12%
Aug-22	399,430	52,142	13%
Sep-22	407,994	50,777	12%
Oct-22	507,579	59,048	12%
Nov-22	505,347	62,486	12%
Dec-22	516,743	57,411	11%
Jan-23	499,266	58,068	12%
Feb-23	455,629	56,445	12%
Mar-23	446,657	58,125	13%
Grand Total	**5,576,056**	**665,622**	**12%**

4.14 In view of GoI/MoCA guidelines, the aircrafts less than 80-seater and RCS category are exempt from landing charges. Further, as per DGCA circular AIC No. 14/2019 dated 16.05.2019 and AIC No. 20/2019 dated 06.11.2019, certain category of passengers (Transit/transfer passengers, Children below 2 years, Diplomatic passport holders, Airline Crew etc.) are exempt from UDF. The relevant circulars/guidelines are enclosed herewith and marked as Annexure L. Accordingly, for the purpose of revenue projection, LGBIA request the Authority to consider the billable traffic after adjustment of the above is made in Total ATM and Total Pax Traffic in line with practice adopted across all major airports.

4.15 Therefore, in order to show correct revenue, while calculating the revised aeronautical charges, the ATM and Passenger traffic is suitably adjusted to account for only billable ATMs and billable Passengers. The adjusted billable ATM and Passengers after excluding exempted categories are as follows:

Adjusted Billable Air Traffic Movements (ATM) forecasts for LGBIA for TCP:

Year	Dom	Intl	Combined
2022-23	37,475	208	**37,683**

Year	Dom	Intl	Combined
2023-24	48,194	1,197	**49,391**
2024-25	48,672	1,171	**49,843**
2025-26	54,528	1,552	**56,080**
2026-27	65,777	1,893	**67,670**

Adjusted Billable Pax Traffic forecasts for LGBIA for TCP

Year	Dom	Intl	Combined
2022-23	4,535,384	7,907	**4,543,291**
2023-24	5,825,900	45,368	**5,871,268**
2024-25	5,937,202	43,564	**5,980,766**
2025-26	6,687,874	73,509	**6,761,383**
2026-27	8,062,224	88,517	**8,150,741**

4.16 Based on Mott Macdonald traffic forecast and internal forecast, the Cargo forecasts and growth rate for LGBIA for TCP is as follows:

Year	Domestic	Intl	Combined	Domestic	Intl	Combined
2019-20*	19,544	3	**19,547**			
2020-21*	15,933	18	**15,951**	-18%	500%	-18%
2021-22*	21,814	44	**21,858**	37%	144%	37%
2022-23*	22,823	-	**22,823**	5%	-100%	4%
2023-24	24,293	3	**24,296**	6.44%		6.45%
2024-25	23,699	1,300	**24,999**	-2.44%		2.89%
2025-26	27,126	1,400	**28,526**	14.46%	7.69%	14.11%
2026-27	33,301	1,500	**34,801**	22.77%	7.14%	22.00%

** Actuals as per AAI Aero traffic news*

4.17 LGBIA is expected to process certain cargo volumes out of the total volume at its own Cargo facility as discussed in Chapter 6.

5. Capital Expenditure for TCP

5.1. GIAL is required to undertake the operation, development, maintenance, and management of the airport to meet the requisite performance standards to ensure its obligations as described under the Concession Agreement (CA). As outlined in CA, the design, construction, modernization, up-gradation, and operation of the Airport shall comply with all Service Quality requirements as set out in Schedule H (Annex I) of CA and IATA Level of Service Optimum.

5.2. As required under the Concession Agreement, GIAL, in accordance with Clause 12.2 of Article 12 and in compliance with requirements set forth in Schedule A (and its Annex II and III), Schedule B (and its Annex I), Schedule C and Schedule H (Annex I) of the Concession Agreement, has finalized the Proposed Master Plan for development of LGBIA. GIAL has identified basic improvements projects to be implemented in five-year period from 1st April 2022 to 31st March 2027. The master plan has been prepared, based on a traffic forecast study carried out by GIAL with the support of Mott MacDonald, for the concession period of 50 years. GIAL has proposed projects which can be broadly classified under the following categories:

5.2.1. Passenger Terminal & Associated works
5.2.2. Land Development Works
5.2.3. Airside Improvement Works
5.2.4. Ancillary Building Development Works
5.2.5. Development of Cargo Facilities
5.2.6. ATF storage and distribution system
5.2.7. Utilities
5.2.8. Environment Related
5.2.9. Sustaining / Minor Capex Works

5.3. **Passenger Terminal & Associated works**

5.3.1. Currently, LGBIA has only one operational Terminal (T1), which caters to both domestic and international traffic. T1 was constructed in 1998 over approx. 20,000 sqm of area with peak hour capacity of 850 passengers (departure + arrival) and design capacity of approx. 2 million passengers per annum. However, it has handled about 5.74 million passengers in FY 2018-19.

5.3.2. Since the existing passenger Terminal (T1) is operating beyond its capacity, AAI had proposed a New Integrated Terminal Building (NITB), construction of which was already initiated in 2018. It is proposed to shift both domestic and international operations from the existing T1 to the NITB after commissioning of the latter, so that the service levels can be effectively met. The under-construction projects as on COD, which majorly includes NITB and it`s associated works, were novated to GIAL as per terms of the Concession Agreement (Works in Progress Clause 6.4.5 of the Concession Agreement)

5.3.3. New Integrated Terminal Building (NITB)

The NITB is currently under construction since March 2018 for approx. 1,46,292 sqm area with peak hour passenger handling capacity (arrival + departure, domestic and international put together, segregated peaks) of approx. 4,500.

The NITB has two main operational levels, with arrivals at the lower / apron level and departures at the upper level. A mezzanine floor is proposed, part of which is proposed to serve as the airside arrival corridor for passengers alighting from the PBBs and the other part is proposed to act as a service floor for the baggage handling system used for outbound baggage.

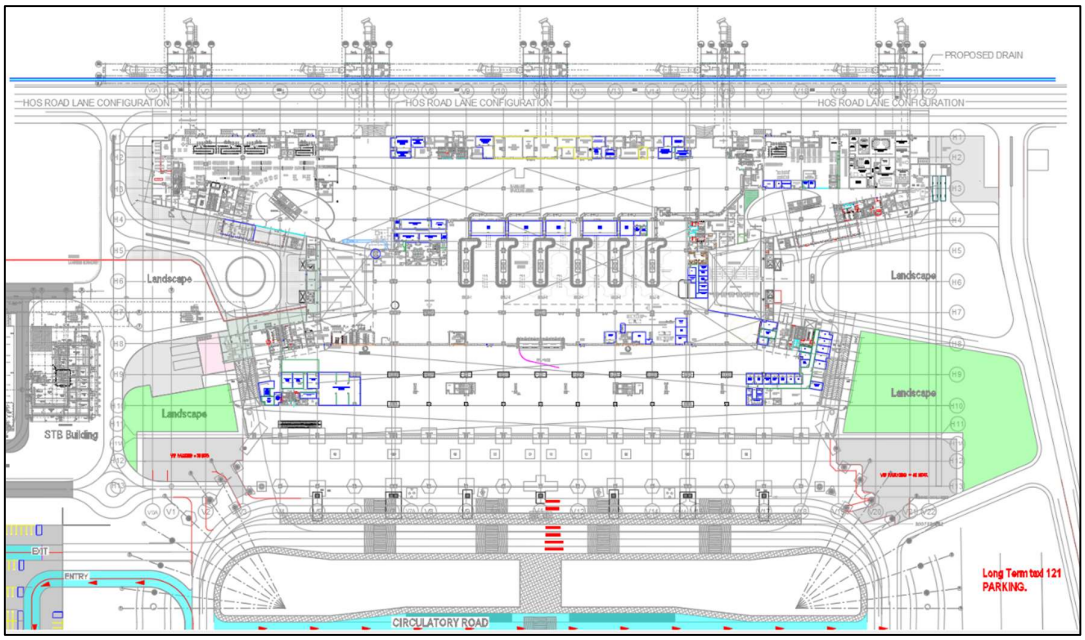
5.3.3.1. **Salient features of the NITB**

- Efficient design with all modern facilities and amenities;
- Centrally air-conditioned building with provision of Building Management System (BMS) to ensure energy efficiency;
- Features designed to comply with Green Buildings norms;

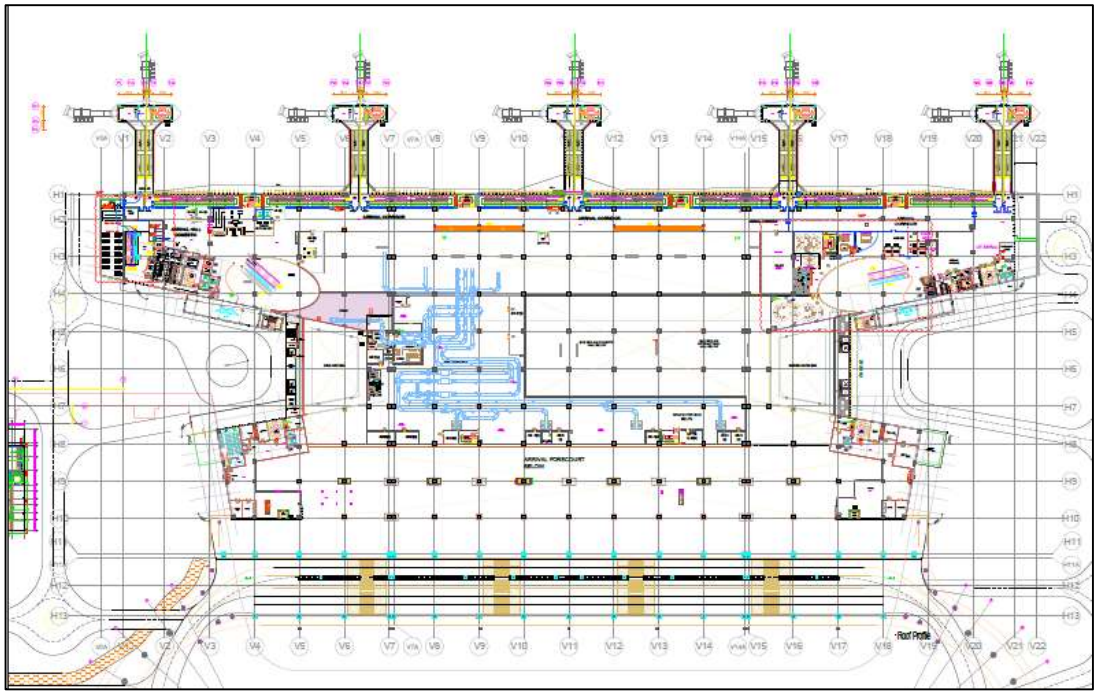
- Dedicated toilets and drinking water facility in Departure, Arrival, Security Hold and Concourse Areas;
- Baggage conveyer with inline X-ray inspection and other equipment and facilities will be provided in departure area and inclined carousels at Arrival Hall;
- Adequate Escalators, Elevators, Automatic Sliding Doors, Passengers Boarding Bridges etc.;
- Fire detection, alarm and protection system with fire control room;
- Public Address System, CCTV System, Flight Information Display System (FIDS) for passenger convenience;
- Security equipment as per requirement specified by BCAS; and
- Interventions for unique user experience such as adequate landscaping, etc.

The Floor Plans of the NITB are given below:

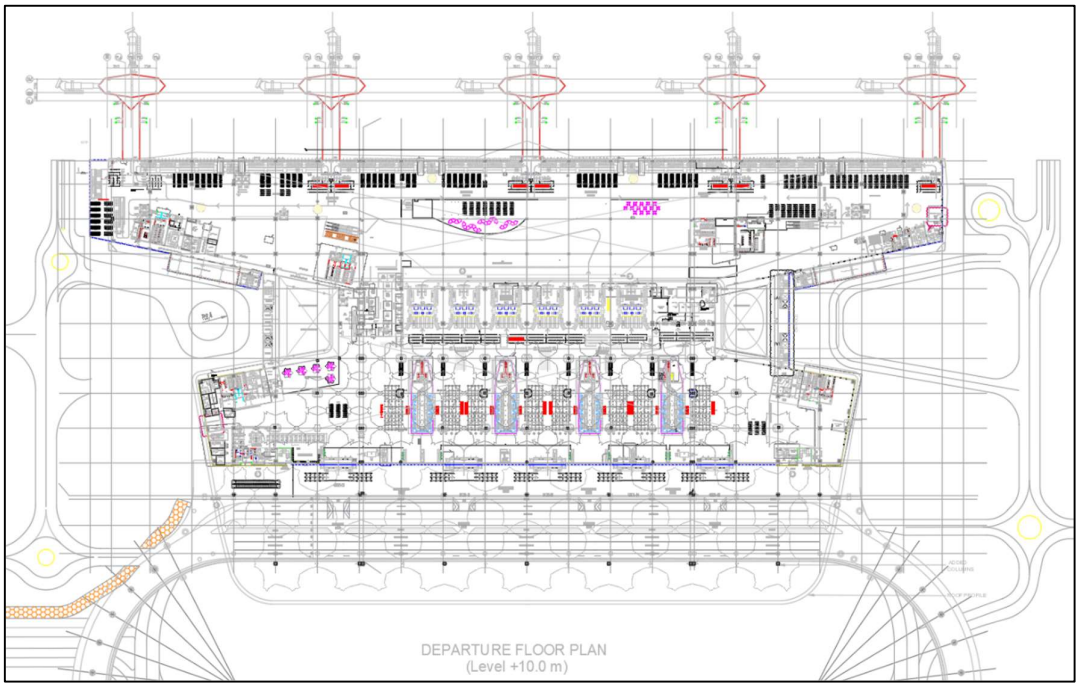
Proposed Plan at Arrival Level +/- 0



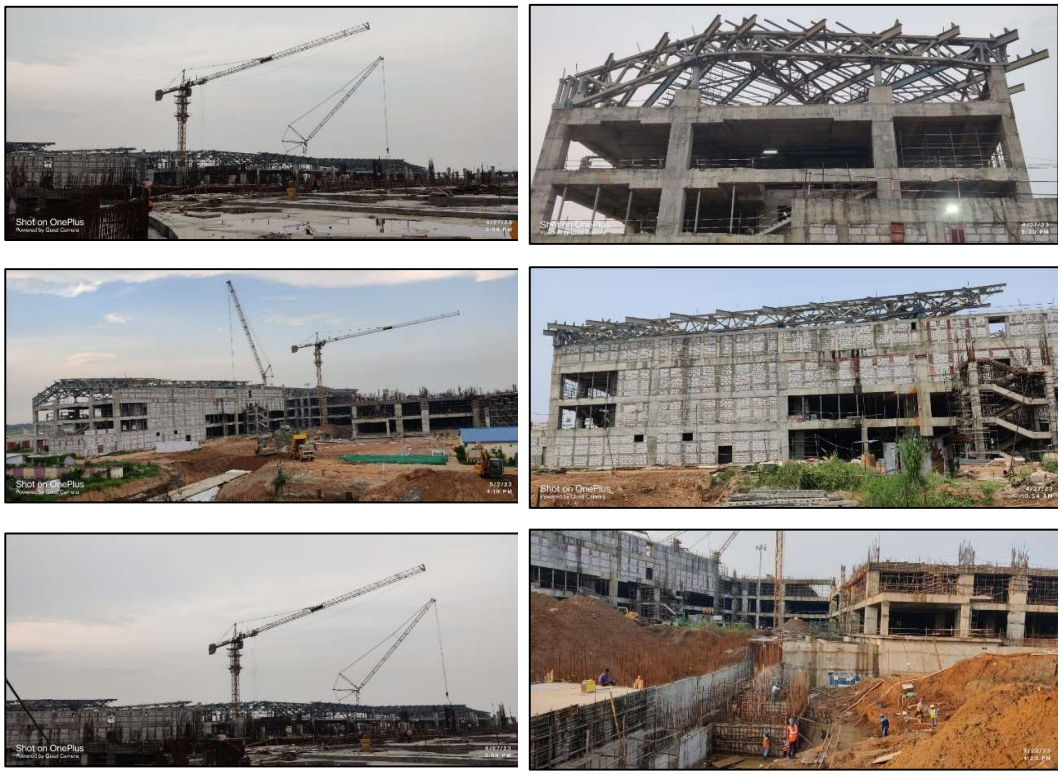
Proposed Plan for Mezzanine Floor at +5.5m level



Proposed Plan of Departure Floor at +10m



Photos of the under-construction NITB are given below:



Brief chronology of developments for construction of the NITB and major areas of improvements proposed by GIAL.

The work of construction of the NITB was awarded by the AAI on 26-03-2018, i.e. before the Commercial Operation Date.

- After commencing commercial operations, certain increase in quantities were observed in few critical items such as Reinforced Cement Concrete between the Contract and the Good for Construction drawings.

- There has been significant time overrun – one of the major reasons attributable for the same is COVID-19 pandemic, because of which the escalation payable as per Contract has increased.
- Further, on account of the time overrun and owing to the supply chain disruption necessitated by the pandemic, present day cost of the work packages that were not awarded by the AAI (e.g. part of the Airport Systems, certain IT items, etc.) have also increased significantly.

- As regards the design of the NITB is concerned, GIAL has examined the previous AAI design. GIAL proposes certain modifications, which pivot about environmental sustainability (e.g. improving energy efficiency) and technological interventions. For example, the specifications and design of the structural glazing is proposed to be modified to ensure minimum heat gain and allowing maximum penetration of daylight, which will greatly contribute to enhancing energy efficiency. Similarly, the proposed technological interventions are intended to comply with the security requirements, besides improving the processes by means of harnessing the potential of information and communication technology (e.g. CTX and ATRS have been proposed to comply with security requirements). The proposed interventions will significantly contribute to achieving the Service Quality Requirements specified in the Concession Agreement.

- To sum up, the modifications proposed by GIAL will help in unlocking the potential of an integrated terminal and will offer enhanced user experience. For reference, comparison of various parameters between the previous design and the design as proposed by GIAL are mentioned in the subsequent section. These parameters include (i) capacity (peak hour passengers); (ii) built-up areas; and (iii) various processing facilities.

Comparison of capacities between Previous Design and Proposed Design by GIAL

PARAMETER	TRAFFIC NUMBER COMPARISON	
	Previous Design	Proposed Design by GIAL
Peak Hour Passengers (Domestic + International)	4,500	4,527

Comparison of areas between Previous Design and Proposed Design by GIAL

Level / component-wise comparison of areas is presented in Table below.

SL. NO.	FLOOR / COMPONENT	BUILT-UP AREA (SQM)		JUSTIFICATION
		Previous Design	Proposed Design by GIAL	
1	Basement	8,240	9,471	To comply with the fire norms, the fire corridor is proposed to be increased.
2	Arrival Level	43,144	54,418	In the proposal by GIAL, compliance with BCAS Norm w.r.t. maintaining the Arrival Façade 20m away from alighting point has been maintained.
3	Arrival Mezzanine	19,775	21,000	For better passenger experience, gate lounge area has been included. Storage area has been proposed (Goods, Cold storage, Garbage etc.).
4	Departure	39,410	41,052	For better passenger experience, gate lounge area has been proposed. Further the compliance with the BCAS norm, as mentioned at Sl. No. 2 of this Table above, is proposed to be complied with.
5	Departure Mezzanine Floor level	14,406	14,993	Enhanced facilities for better user experience.
6	Utility Block	5,358	5,358	No change in area from the previous design
7	**NITB Total (Building)**	**1,30,333**	**1,46,292**	

Improvements proposed in the design of the NITB

Details of improvement in various facilities in the proposed design by GIAL are mentioned in Table below:

Comparison of Processing Facilities in NITB between the Previous design and the Proposed Design by GIAL

SL. NO.	FACILITIES	PREVIOUS DESIGN	PROPOSED DESIGN BY GIAL
A. Departure			
1	**Pre-Entry Security**		
1.1	Terminal Entry Gates	16	20
1.2	E-Gates ("Face recognition" or by Scanning the Govt ID Card)	16	20
1.3	Vestibules	4	5
2	**Check in Processors**	**80**	**88**

SL. NO.	FACILITIES		PREVIOUS DESIGN	PROPOSED DESIGN BY GIAL
3	**Security Screening**			
3.1	Emigration	Conventional Residents Counters	4	9
3.2	Departure Security Screening	Domestic ATRS X-Ray Lanes	11 (XBIS)	10 (ATRS)
		International ATRS X-Ray Lanes	2 (XBIS)	2 (ATRS)
3.3	E-Gates (pre-security)	Domestic Lanes	11	14
		Domestic Lanes (PRM)	-	6
		International Lanes	-	2
		International Lanes (PRM)	-	1
B. Arrival				
4	**Arrival Facilities**			
4.1	Hand Luggage screening	Channels (Inspection Rate = 100%)	1	1
4.2	Primary Inspection and X-ray "Red channel"	Channels (Inspection Rate = 10%)	1	1
4.3	Primary Inspection and X-ray "Green channel"	Channels (Inspection Rate = 10%)	2 (without X-ray)	1
4.4	Immigration	Conventional Residents Counters	4	12
4.5	Baggage reclaim belts (Domestic)		5	5*
4.6	Baggage reclaim belts (International)		1	1*
(* Incl. Swing) Reclaim belts of 65 m				
5	**Transfer Facilities**			
5.1	Conventional (Manned Service) Transfer Counter	Domestic to Domestic Desks	0	5
		International to International Desks	0	0
5.2	Domestic to Domestic Departure security	Domestic to Domestic	2	2
6	**Contact & Remote Gate Facilities**			
6.1	Contact Gates	Domestic Contact Gates	8	8

SL. NO.	FACILITIES		PREVIOUS DESIGN	PROPOSED DESIGN BY GIAL
		International Contact Gates	1	2 (* Incl. Swing)
6.2	Remote Gates	Domestic Remote Gates	4	4
		International Remote Gates	-	1

5.3.2 Kerbside Development Works

To facilitate smooth traffic circulation, grade separation between Departure and Arrival is proposed. The overall general arrangement has been worked out to ensure smooth traffic circulation and to cater to the estimated traffic (peak hour traffic on the main access road is estimated as approx. 3,058 PCUs).

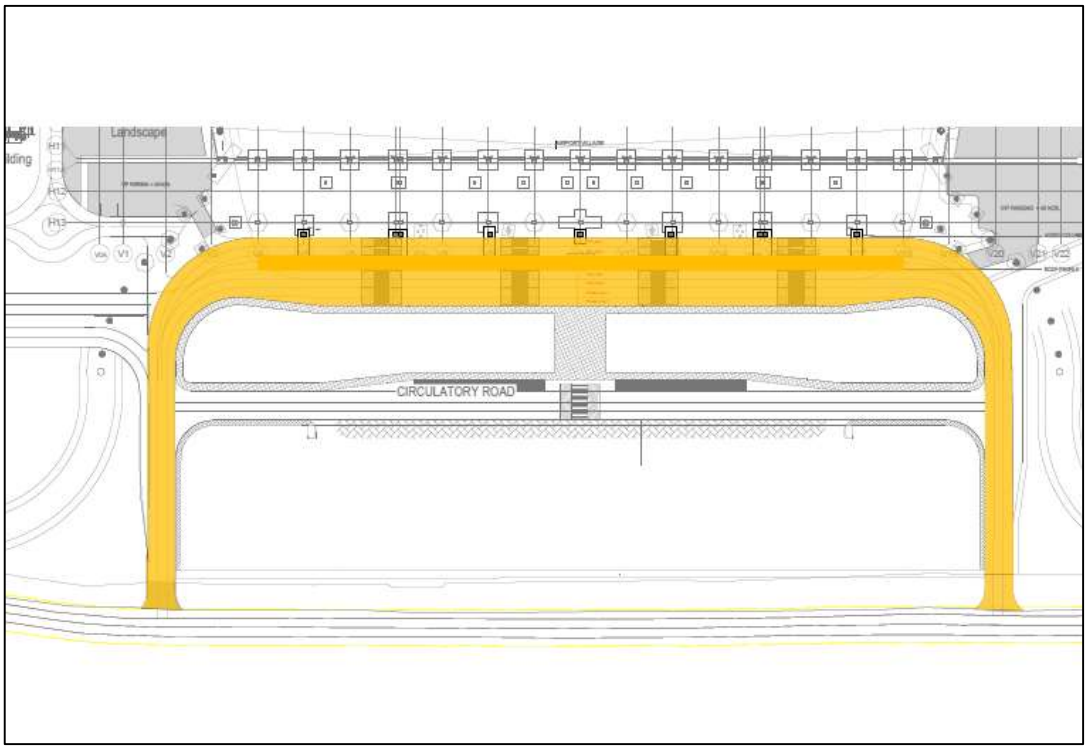
At the Arrival Access level, peak hour traffic is estimated as approx. 1,080 PCUs. To cater to this demand, 3 lane road is proposed as main entry road. This 3 lane road is proposed to flare up to total 6 lane road to form about 300 m of Kerb to facilitate smooth passenger transition from vehicles to the New Integrated Terminal Building (NITB). Out of the 6 lanes, 2 lanes are proposed to be reserved for VIPs separated by 5.2m of raised platform from 4 lanes open for public.

At Departure Ramp (elevated), peak hour traffic is estimated as approx. 1,079 PCUs. To cater to this demand, 2 lanes are proposed to be reserved for the VIP movement with an additional dedicated Stop Lane. The Stop Lane will ensure that parked vehicles do not affect traffic circulation in the 2 dedicated lanes for the VIP movement. For public, 3 dedicated lanes are provided for traffic circulation with one dedicated Stop Lane.

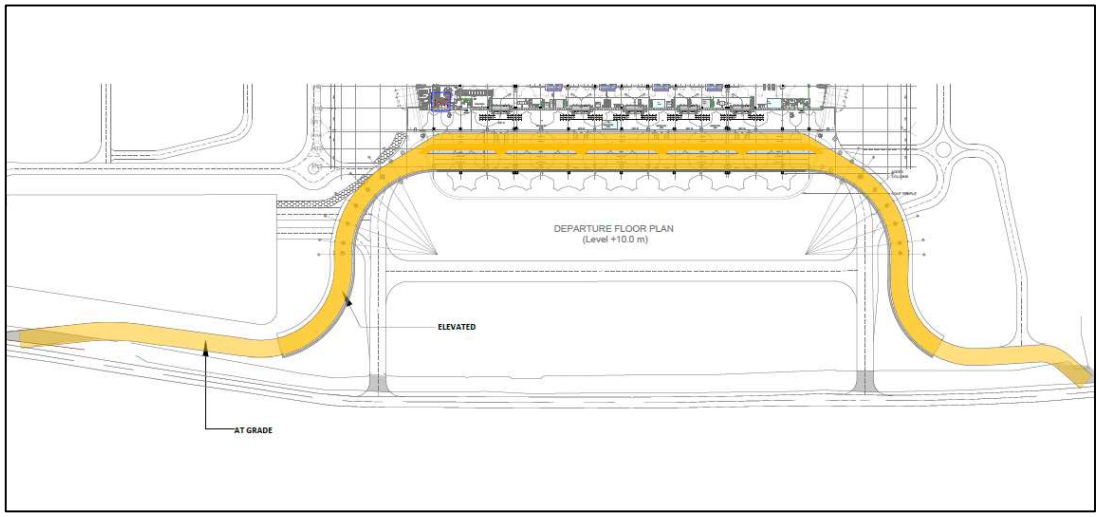
This is also the part of the AAI awarded project which is carried forward by GIAL.

Below figures illustrate the proposed general arrangement of the Kerbside at Arrival and Departure level respectively.

Proposed general arrangement of the Kerbside at Arrival Level


Landscape
CIRCULATORY ROAD

Proposed general arrangement of the Kerbside at Departure level



5.4 Land Development Works

Significant portion of the LGBIA lies at lower elevation (please refer Figure below, which illustrates difference in existing ground level between two points. Similar situation is prevalent at various locations of the Airport). Accordingly, filling and site grading works are proposed in these areas (approx. 6,05,750 Sqm) to prevent the risk of flooding and to make these areas suitable for various airside and associated facilities.

Contour and Spot Levels of a portion of LGBIA indicating low lying areas

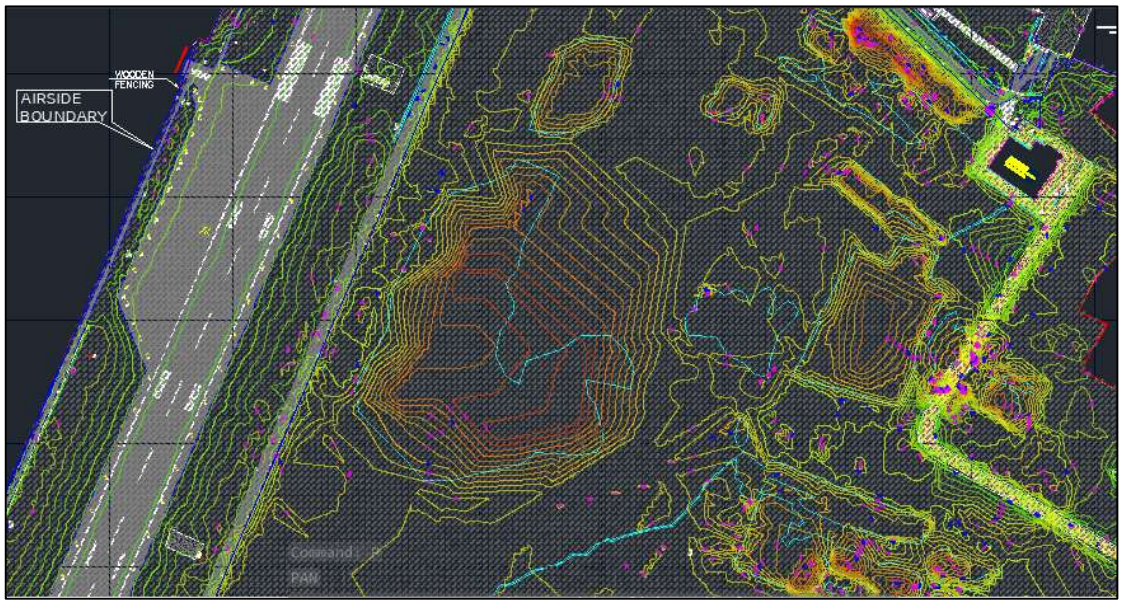


Figure below indicates various areas where filling and site grading works are proposed.

Proposed areas / zones for Land Development

5.5 Airside Improvement Works

5.4.1 Mott Macdonald has carried out the study on traffic projections along with daily distribution flight simulation. Based on the same, following peak hour runway capacity is projected:-

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Total Peak ATM projections	**16**	**19**	**18**	**19**	**22**	**24**	**25**	**27**
Arrivals only	8	10	10	11	13	14	14	15
Departures only	8	9	10	12	14	15	15	16
Domestic Arrivals	8	10	10	11	13	14	14	15
Domestic Departures	8	9	10	12	14	15	15	16
International Arrivals	1	1	1	1	1	2	2	2
International Departures	1	1	1	2	2	3	3	3

Runway Capacity Available

Relevant extract from Minutes of Slot Coordination Committee Meeting dated 30th Jan 2023 published by AAI is as below-

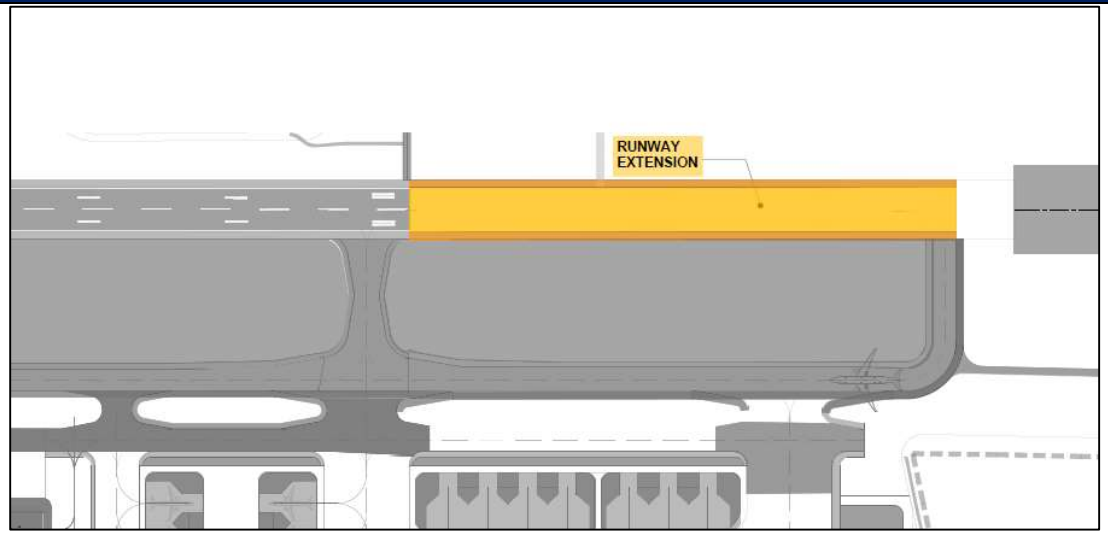
- *Maximum number of arrivals and departures in one hour - 18*
- *Maximum number of arrivals only in one hour - 13*
- *Maximum number of departures only in one hour - 15*

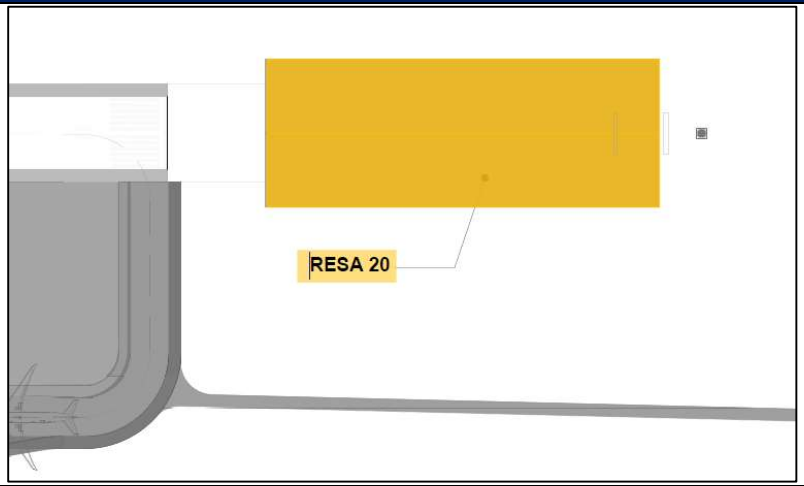
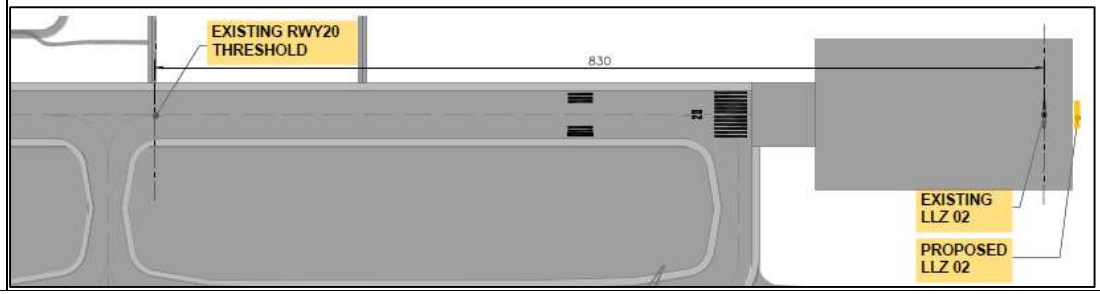
5.4.2 Presently, existing runway and taxiway system can handle upto 18 Aircraft movements in one hour which will increase to 25 movements by end of control period and will increase further to 30 movement in next control period.

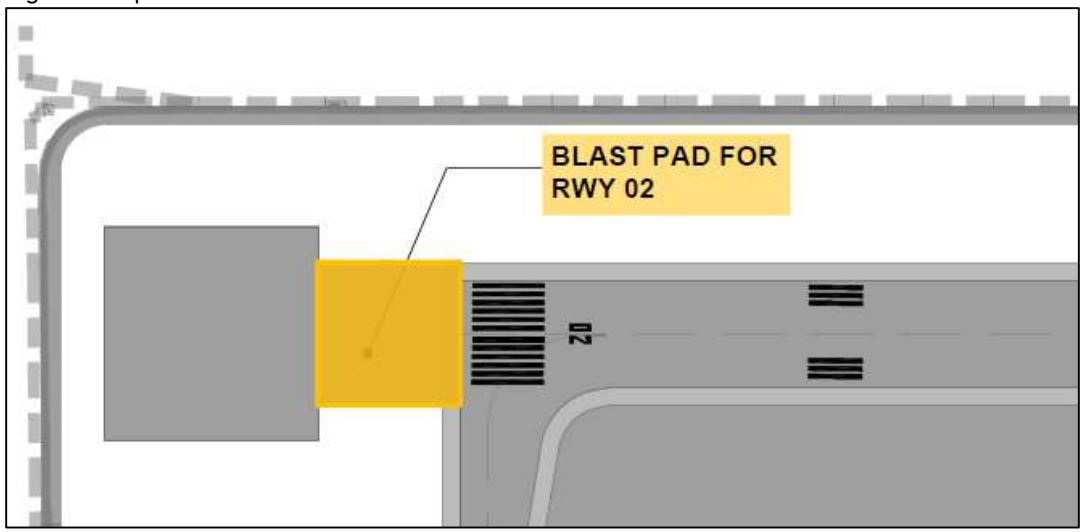
With the increase in traffic and to meet the service level requirements, various Airside Improvements works are identified which are detailed below. Further there are certain compliance related works like Basic Strip, RESA etc which have been planned during the control period.

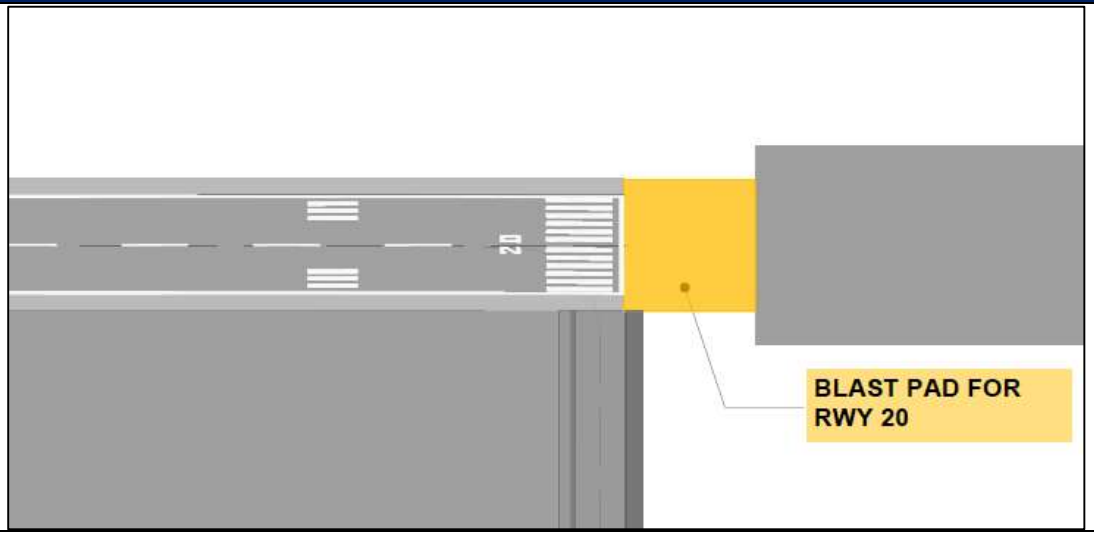
5.4.3 The list of major Airside Improvement Works is tabled below:

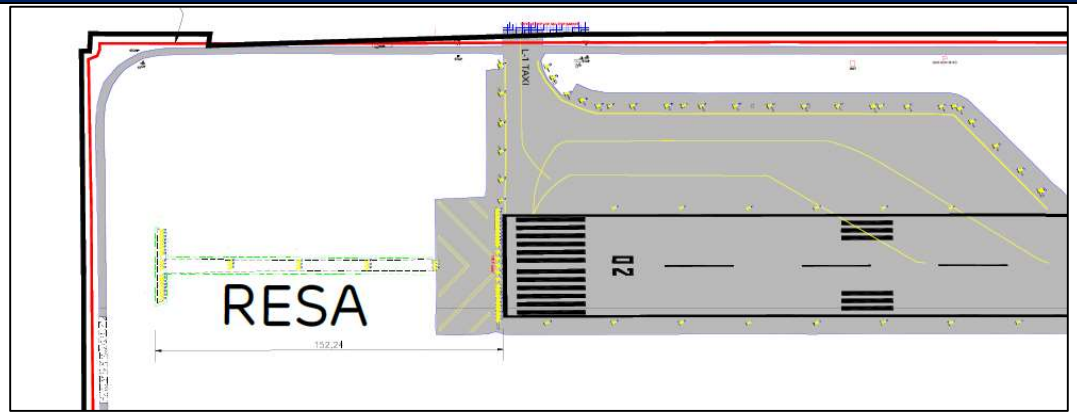
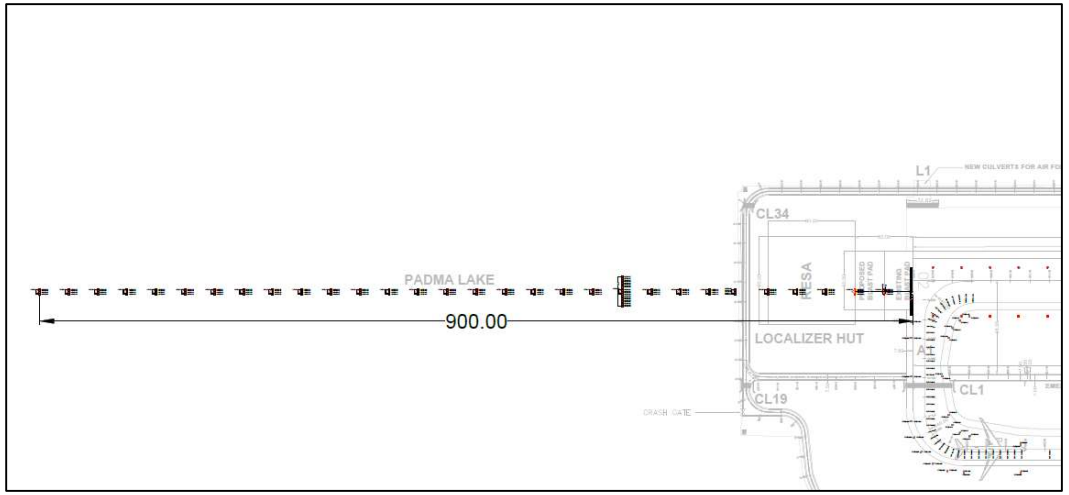
S.N.	Airside improvement projects	Need for the project
1. Runway Improvement Works		
1.1	Extension of Runway 02–20 towards RWY 20 (Northern side)	LGBIA has a single runway, 02-20, 3,103 m in length and 45m in width. GIAL proposes to extend it by 557m (admeasuring total 33,420 Sqm, out of which 25,065 Sqm is runway pavement and 8,355 Sqm is shoulder), to ensure compliance and improve operational efficiency of the proposed Apron-2. This is in line with the proposal of AAI. The proposal is indicated in Figure below: **Figure: Proposed extension of Runway 02-20**

S.N.	Airside improvement projects	Need for the project
		
1.2	Construction of Runway End Safety Area (RESA) for RWY 02	RWY 02-20 is proposed to be extended, as elaborated at para 5.4.4 (1.1) above. Accordingly, fresh construction of RESA for RWY 02 (after reserving 60m for Blast Pad from new RWY 20 threshold) is proposed. As regards length, para 3.5.3 of the CAR mandates that a RESA shall extend from the end of a runway strip to a distance of at least 90 m, where the code number is 3 or 4. Further, para 3.5.4 suggests that a RESA, as far as practicable, should extend from the end of a runway strip to a distance of at least 240 m, where the code number is 3 or 4. With respect to width, para 3.5.5 of the CAR mandates that the width of a RESA shall be at least twice that of the associated runway (in this case, 90m considering width of the Runway is 45m). In view of the above, construction of RESA is proposed with 240m x 90m (21,600 Sqm) dimension (Figure below). Figure : Proposed Construction of New RESA after RWY 20 Threshold

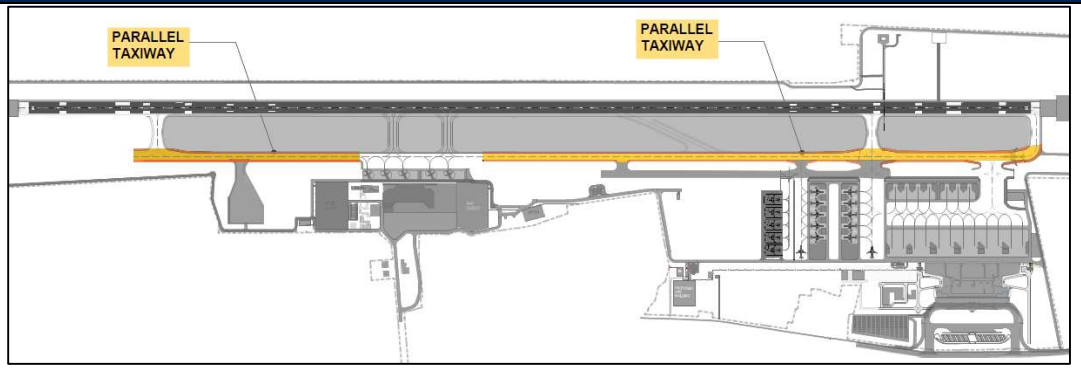
S.N.	Airside improvement projects	Need for the project
		
1.3	Relocation of Localiser 02	Currently, Localiser 02 (LLZ 02) is situated at approx. 830m from the threshold of RWY 20. After extension of RWY 20 by 557m (please refer para 5.4.4 (1.1) above), the localizer would be at approx. 273m (830m – 557m = 273m), as against the requirement of 305m (60m towards Blast Pad + 240m towards RESA + 5m clearance for localiser for operational purpose). Accordingly, relocation of Localizer 02 by about 32m towards the Northern side is proposed for operational requirement. This is illustrated at Figure below. Figure: Existing and proposed location of Localizer 02 

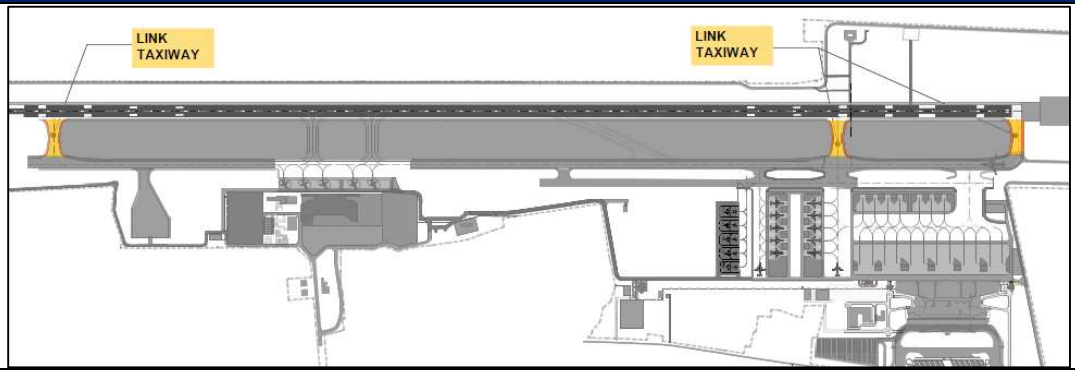
S.N.	Airside improvement projects	Need for the project
1.4	Extension of Blast Pad for RWY 02 and Construction of new Blast Pad for RWY 20	Currently, Blast Pad of 30m (length, i.e. along runway centreline) x 60m (lateral) after RWY 02 threshold is provided. To reduce the erosive effects of jet blast and propeller wash from aircrafts, it is proposed to increase the length of the Blast Pad after RWY 02 to make the final dimension of the Blast Pad to 60m x 60m. Additional construction works of 1,800 Sqm is proposed in this regard. This is to comply with the specifications / guidelines as stipulated in the Aerodrome Design Manual (Doc 9157, Fifth Edition, 2020, Part 2), which is referred to at para 3.4.11 of the CAR. As regards RWY 20, it is proposed to construct new Blast Pad of 60m x 60m (fresh construction of 3,600 Sqm) after the new proposed threshold of RWY 20 (i.e. after extension of the runway). The above proposal is illustrated in Figures below. Figure: Proposed extension of the Blast Pad for RWY 02  Figure: Proposed construction of new Blast Pad for RWY 20

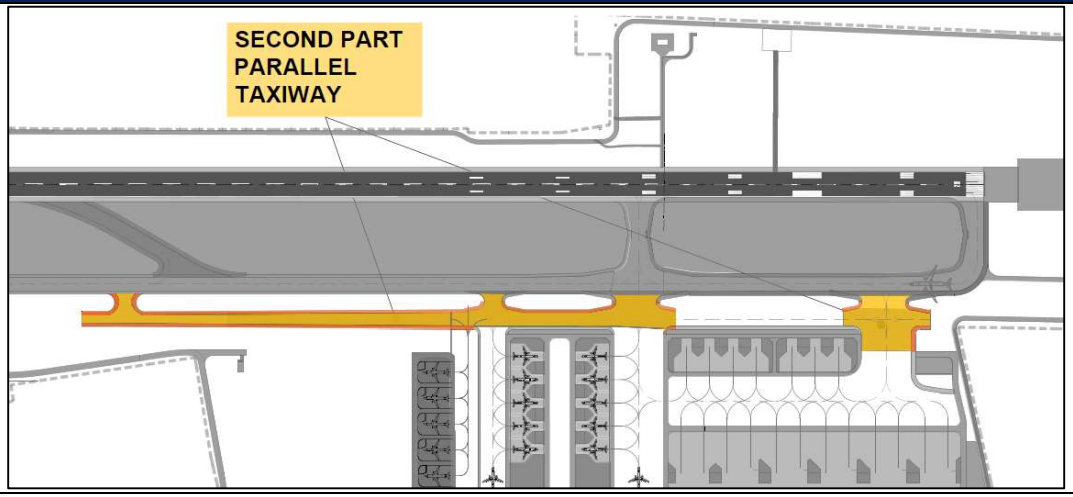
S.N.	Airside improvement projects	Need for the project
		
1.5	Relocation of Simple Approach Lighting System (SALS) for Runway 20	Currently, Simple Approach Lighting System (SALS) is installed for a length of approx. 420m after RWY 20 threshold. The existing SALS is proposed to be relocated in view of the proposed extension of the Runway 02-20 towards RWY 20.
1.6	Installation of Precision Approach Category-I Lighting System for Runway 02	Runway 02 is equipped with CAT-I Instrument Landing System (ILS) and accordingly, the Runway is treated as 'Precision Approach Runway'. However, currently, Simple Approach Lighting System is installed over a distance of approx. 152m from the RWY 02 threshold (please refer Figure below). Accordingly, to comply with the Civil Aviation Requirements, 'Precision Approach Category I Lighting System' is proposed over a distance of 900m from RWY 02 threshold. The proposal is illustrated in Figure below. **Figure: Existing Simple Approach Lighting System (SALS) for Runway 02**

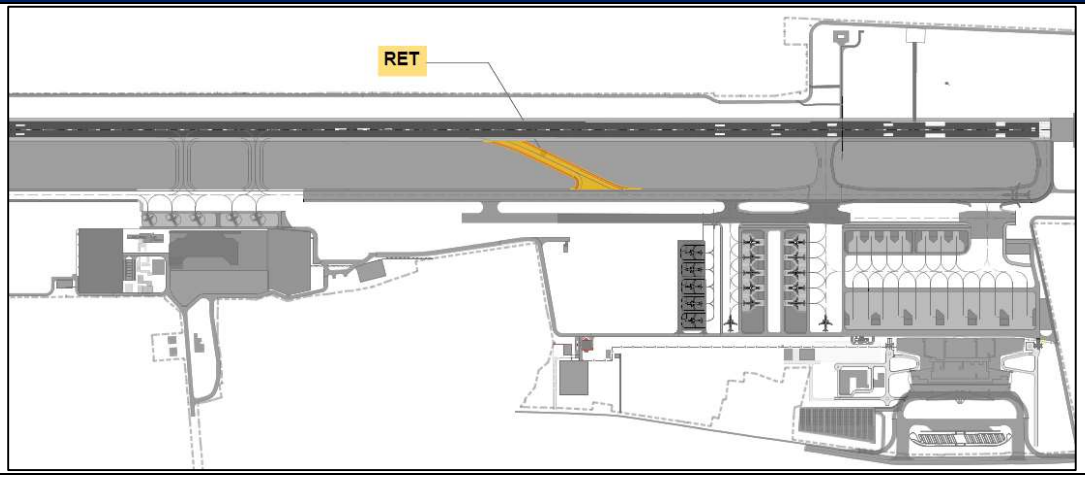
S.N.	Airside improvement projects	Need for the project
		 Figure: Proposed Precision Approach Category-I Lighting System for RWY 02 

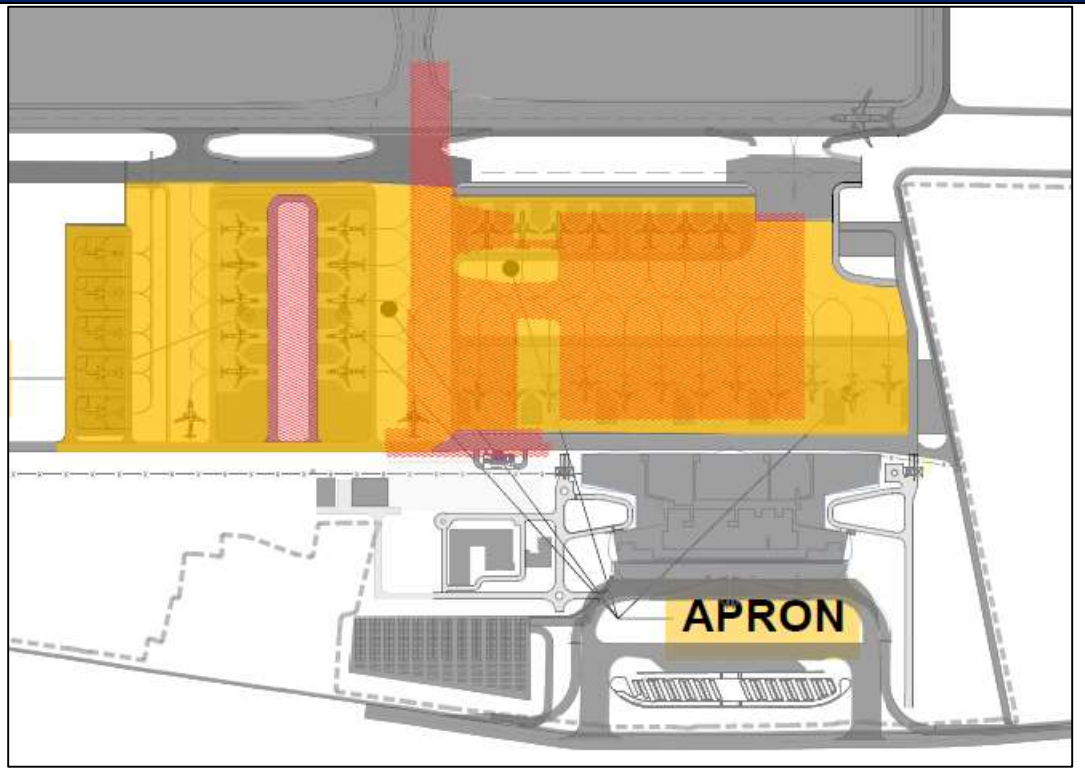
S.N.	Airside improvement projects	Need for the project
2	Widening of Runway Strip	As per Civil Aviation Requirements for Precision Approach Runway, the Runway Strip shall, wherever practicable, be extended laterally to a distance of at least 140m on each side of the centre line of the runway and its extended centre line throughout the length of the strip. As against the above-mentioned requirement, width of the runway strip is 75m on both sides from the centreline of the Runway. Accordingly, to comply with the statutory requirement, widening of the Runway Strip to 140m is proposed. For this, site grading works will be required to be carried out over approx. 5,41,530 Sqm of area. The proposal is illustrated in Figure below. Figure: Proposed widening of the Runway Strip 
3. Taxiway Improvement Works		
3.1	Construction of Part Parallel Taxiway and Link Taxiways	The existing peak capacity of the Runway 02-20 is 18 ATMs (Arrival & Departure) per hour. The peak ATM per hour is estimated to be 22 (Arrival & Departure) in FY 2026-27. To facilitate this increase in ATM and ensure operational efficiency, it is proposed that a Part Parallel Taxiway of total 1,00,861 Sqm including shoulders is proposed. This was also proposed by the AAI. The proposal is illustrated at Figure below.

S.N.	Airside improvement projects	Need for the project
		 Currently, there are 2 (two) Link Taxiways that connect the Runway with the existing Apron-1 in front of existing Terminal (T1) at Chainages 1344.50m and 1537.60m, measured from the existing threshold of RWY 02 to centerline of the respective existing Link Taxiway. In addition, 3 (three) more Link Taxiways, with total area of 15,845 Sqm (all Link Taxiways put together) are proposed at the following Chainages (please refer Figure 15 below for reference) : • Link Taxiway#1: Approx. 419.85m, measured from RWY 02 threshold till centerline of the Link Taxiway; • Link Taxiway#2: Approx. 589.30m, measured from RWY 20 threshold till centerline of the Link Taxiway; and • Link Taxiway#3: Approx. 26.65m, measured from RWY 20 threshold till centerline of the Link Taxiway. **Proposed Link Taxiways**

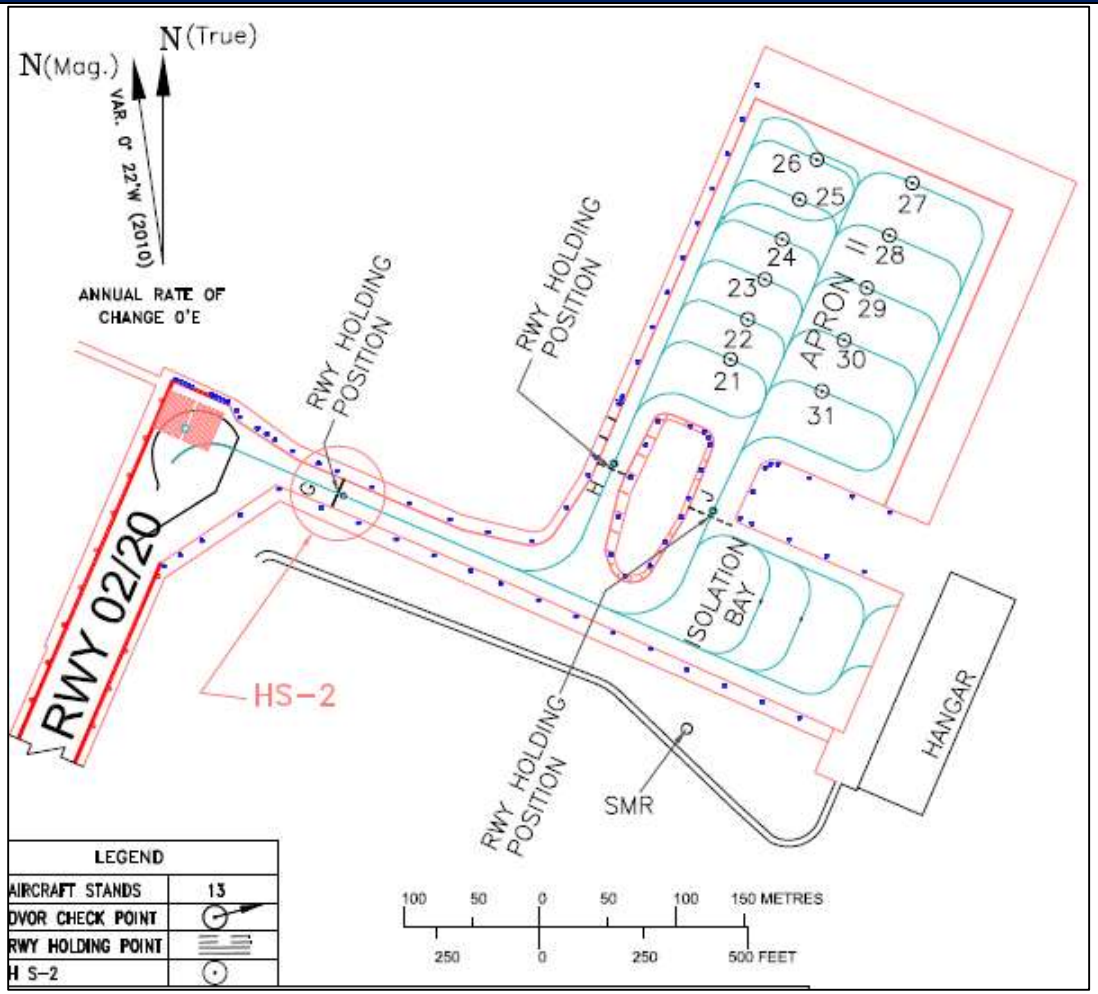
S.N.	Airside improvement projects	Need for the project
		
3.2	Construction of Second Part Parallel Taxiway	Second Part Parallel Taxiway of Code C (total area: approx. 46,546 Sqm) is proposed to ensure safety and operational efficiency. The Second Part Parallel Taxiway will facilitate seamless operation, i.e. movement of departing aircrafts can take place irrespective of movement of arriving aircrafts, which is imperative to facilitate the projected ATMs. The proposal is illustrated in Figure below. Figure: Proposed Second Part Parallel Taxiway

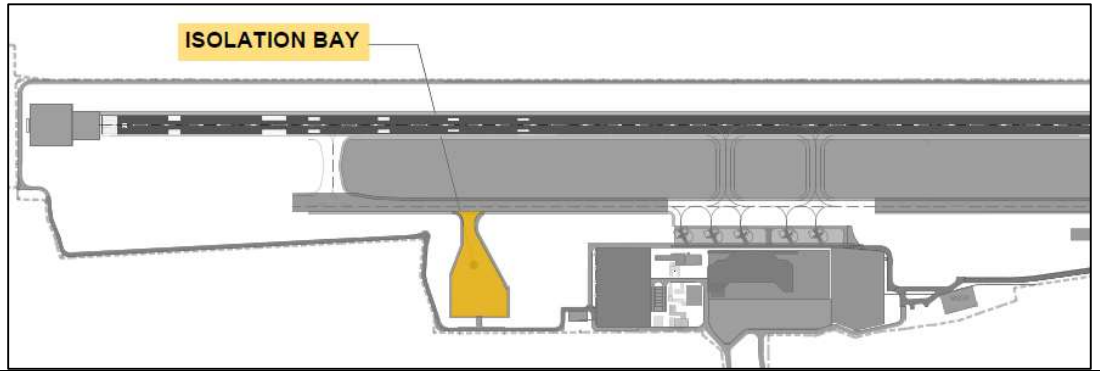
S.N.	Airside improvement projects	Need for the project
		
3.3	Construction of Rapid Exit Taxiway	To improve operational efficiency through reduction in Runway Occupancy Time (ROT), a Rapid Exit Taxiway (RET) is proposed at Chainage 1,970m measured from the threshold of RWY 02 till point of curvature of the RET [length: about 305m, area: approx. 11,238 Sqm]. The proposed chainage will facilitate exit of maximum number of Code C aircrafts. The proposal is illustrated at Figure below: Figure: Proposed Rapid Exit Taxiway (RET)

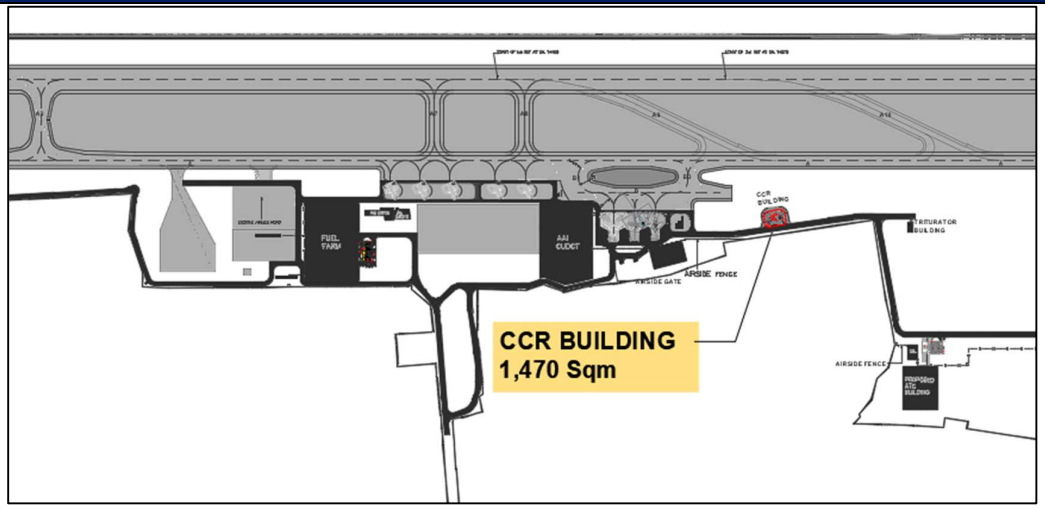
S.N.	Airside improvement projects	Need for the project
		
4	**Apron Improvement Works**	
4.1	Re-construction and expansion of Apron-2	Currently, total 20 nos. of Code C equivalent Stands are available (Apron-1: 9 nos. and Apron-2: 11 nos.). In view of the estimated demand, total 34 nos. of Code C equivalent Stands are proposed on Apron-2, considering that all commercial aircraft operations will be facilitated from the NITB, after commissioning of the same. The existing Apron-2 is non-compliant , as far as the pavement is concerned. It is proposed to demolish the entire apron (total approx. 1,18,088 Sqm including rigid and flexible pavements) and re-construct the same over expanded area (total approx. 2,66,535 Sqm of area, including approx. 34,196 Sqm of Head of Stand road). Figure below illustrates the proposal (the portion shaded in red denotes the existing apron pavement area). Figure: Proposed expansion of Apron 2 (in front of under-construction New Integrated Terminal Building)

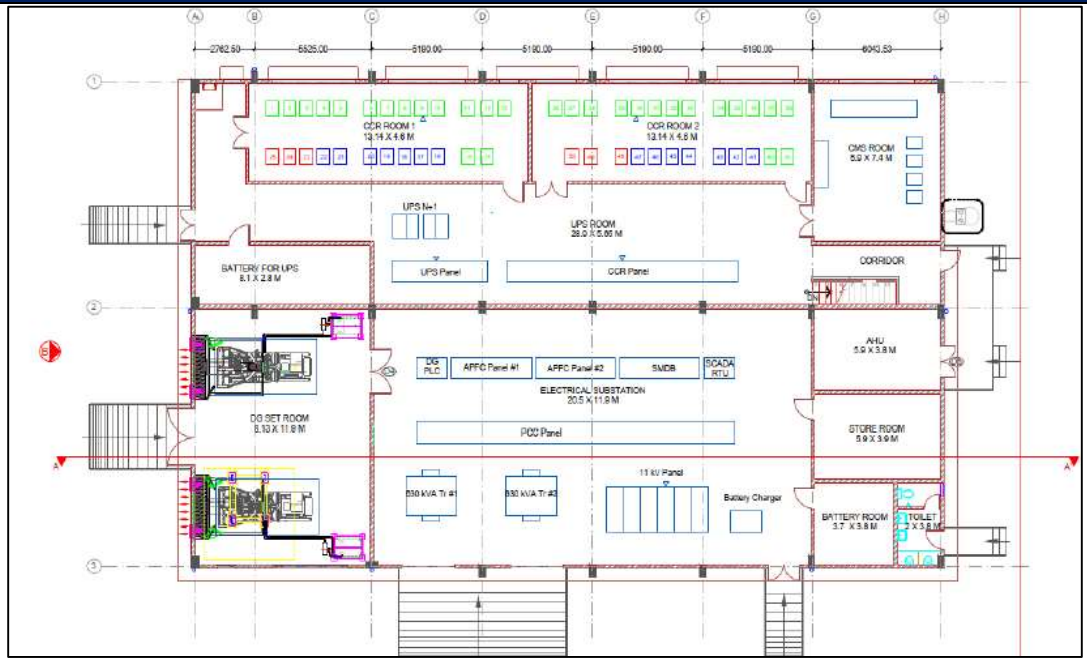
S.N.	Airside improvement projects	Need for the project
		
4.2	Provision of Off-stand GSE Staging Areas	To cater to the proposed Stands, Off-stand GSE Staging Areas of 3,935 Sqm are proposed (the location is illustrated in Figure below), Figure: Proposed Off-stand GSE Staging Areas

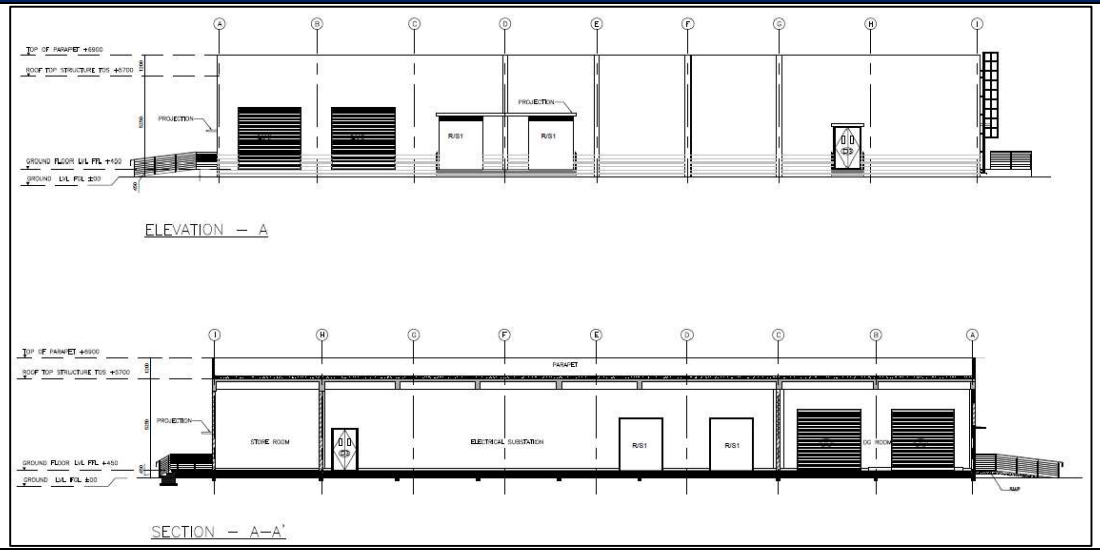
S.N.	Airside improvement projects	Need for the project
		
5	Construction of Isolation Bay	Currently, the Isolation Bay is accommodated on the Apron-2, in front of existing Hangar (please refer Figure below). This area will be required for aircraft stands (please refer Figure above, which illustrate the proposed layout of the stands). Accordingly, it is proposed to construct a new Isolation Bay (area: approx. 20,300 Sqm including shoulder) beside the Apron-1, towards RWY 02 (vacant land) to meet the regulatory requirement. This is in line with the proposal of AAI. The proposal is illustrated in Figure below. Figure: Existing Isolation Bay (accommodated in front of existing Hangar)

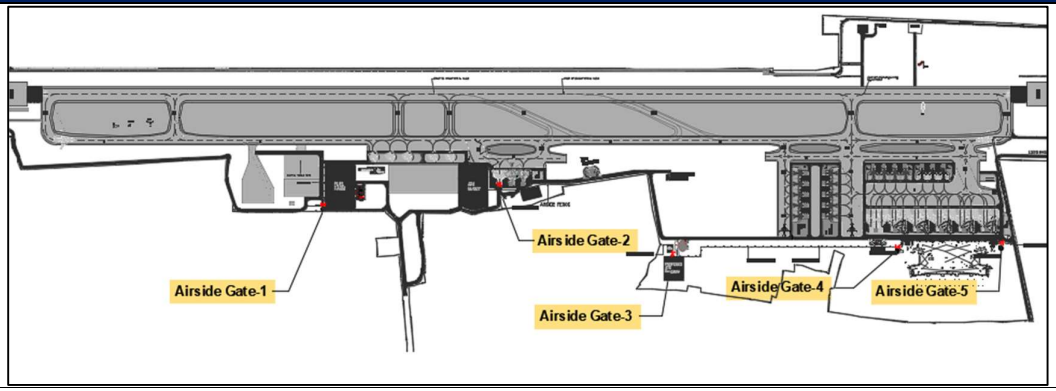
S.N.	Airside improvement projects	Need for the project
		

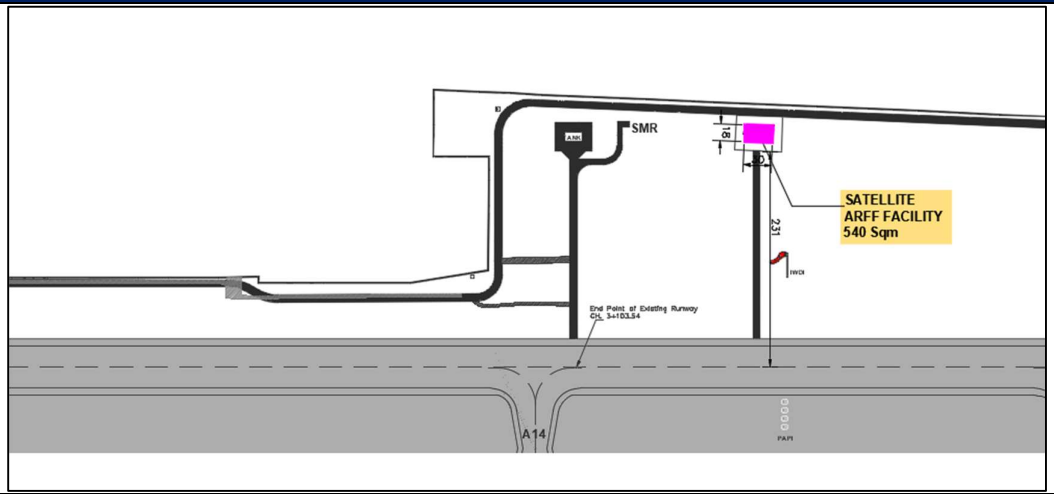
S.N.	Airside improvement projects	Need for the project
		Figure: Proposed Isolation Bay 
6	Construction of Constant Current Regulator (CCR) Substation Building	Currently, the CCR Hall is located on the Ground Floor of the Technical Block at ATC Tower, which is adjacent to the existing Passenger Terminal Building (Terminal 1). With the proposed extension of the Runway, construction of new Part Parallel Taxiway, Second Part Parallel Taxiway and Rapid Exit Taxiway as mentioned in the preceding sections, a new CCR Substation (built-up area: Approx. 1,470 Sqm) is proposed near the proposed MSSR. The illustrations below show the proposed location, Floor Plan, Elevation and Section of the CCR Substation Building. Figure: Location of the proposed Constant Current Regulator (CCR) Substation Building

S.N.	Airside improvement projects	Need for the project
		 Figure: Proposed Floor Plan of the Constant Current Regulator (CCR) Building

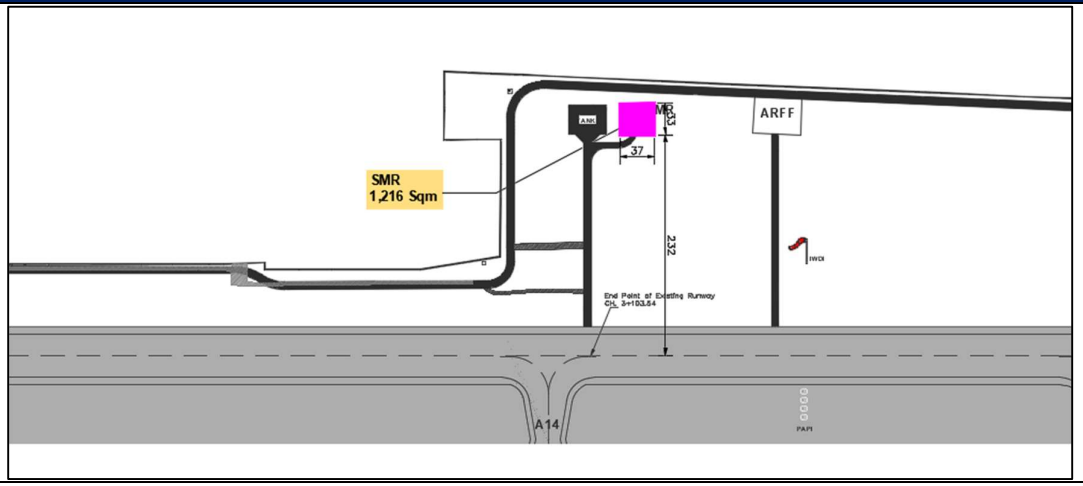
S.N.	Airside improvement projects	Need for the project
		 Figure: Proposed Elevation and Section of the Constant Current Regulator (CCR) Building

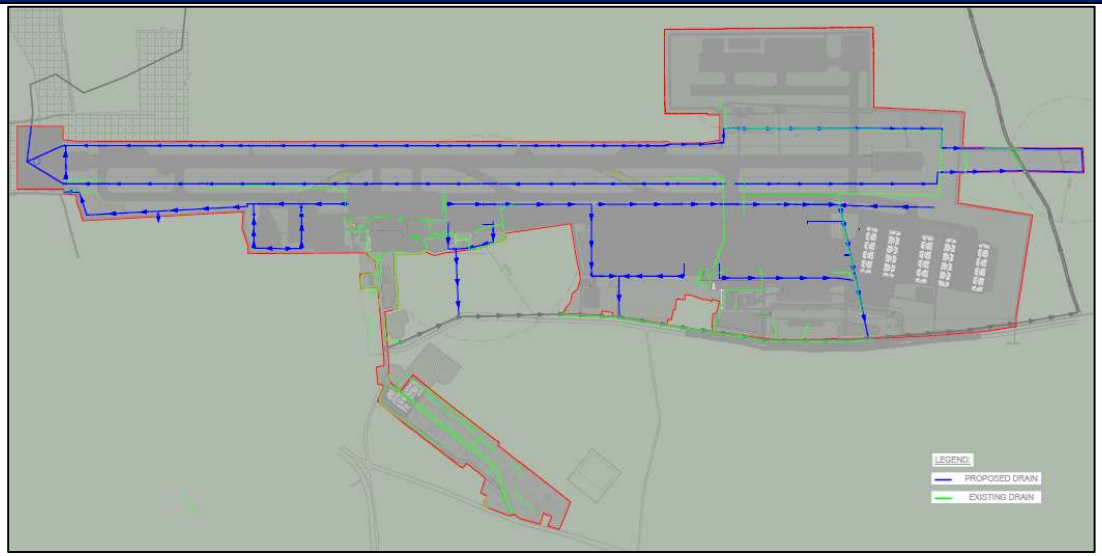
S.N.	Airside improvement projects	Need for the project
		
7	Provision of Oil Water Separator (OWS)	Run-off from aprons, hangars, cargo facility, GA & GSE workshop, etc. contains floating oil along with suspended solids. Accordingly, the same is proposed to be treated in OWS, before discharging the run-off to the storm water drains. 5 nos. of OWS (accessible from Head of Stand Road or Airside Perimeter Road, as applicable) are proposed in the airside. The treated water from OWS will be discharged into the storm water drains.
8	Construction of New Airside Security Gates	Security Gates are a necessity and act as a connectivity for the airfield. In accordance with the proposed New Integrated Terminal Building (NITB) and new facilities such as additional airside roads, Fuel Farm, etc., new security gates are required, which are proposed at the locations illustrated in Figure below. Figure: Proposed locations of new Airside Gates

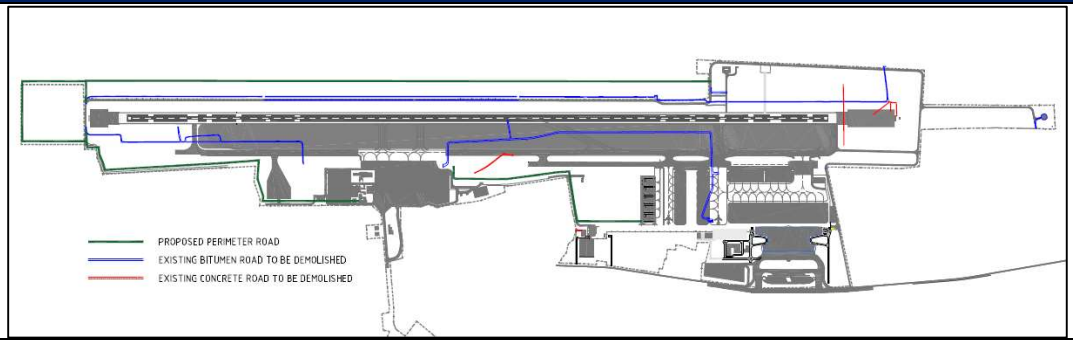
S.N.	Airside improvement projects	Need for the project
		
9	Construction of a Satellite Aircraft Rescue and Fire Fighting (ARFF) Station	The existing ARFF station is located close to Runway 02 around one-third the length of Runway 02-20, near Apron-1 and the existing ATC Tower. After the proposed airside and associated developments, the distance from the existing ARFF Station to various points of the airport will be too long and will affect the response time (for example, from the existing ARFF station to the end of the runway after extension will be approx. 2.5 KM). Accordingly, a satellite ARFF Station (built-up area: 1,350 Sqm, footprint: 540 Sqm) is proposed for emergency purpose on the Northern side (Western side of the extended Runway) to ensure compliance with airside safety requirements. Figure below shows the proposed location of the satellite ARFF station. Figure: Proposed location of the Satellite ARFF Building

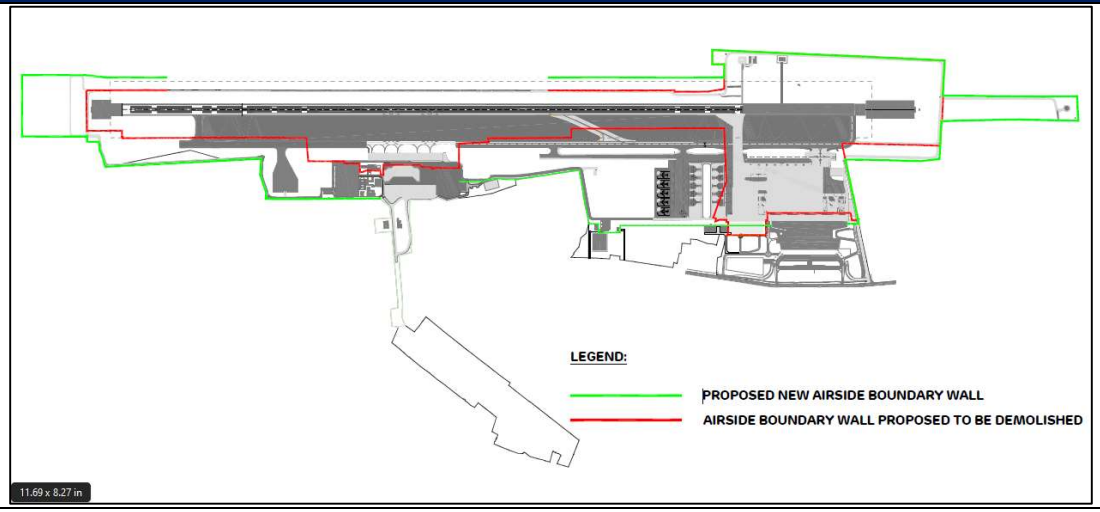
S.N.	Airside improvement projects	Need for the project
		
10	Relocation of Surface Movement Radar (SMR)	Expansion of Apron 2 (in front of the under construction New Integrated Terminal Building) is proposed in the area where the SMR is currently situated (please refer Figure below for the existing location of the SMR on Google Earth image). Accordingly, the SMR is proposed to be relocated to the Northern side of the airport (i.e. Western side of the extended Runway), near the proposed satellite ARFF station. The plot is approx. 1,216 sqm with 100 sqm building and the location is illustrated in Figure below. Figure: Existing location of the Surface Movement Radar (SMR)

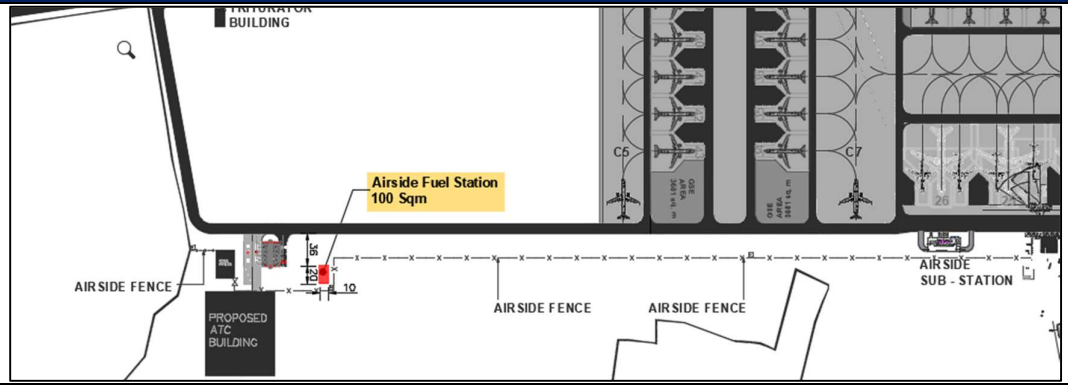
S.N.	Airside improvement projects	Need for the project
		 Figure: Proposed revised location of the Surface Mounted Radar (SMR)

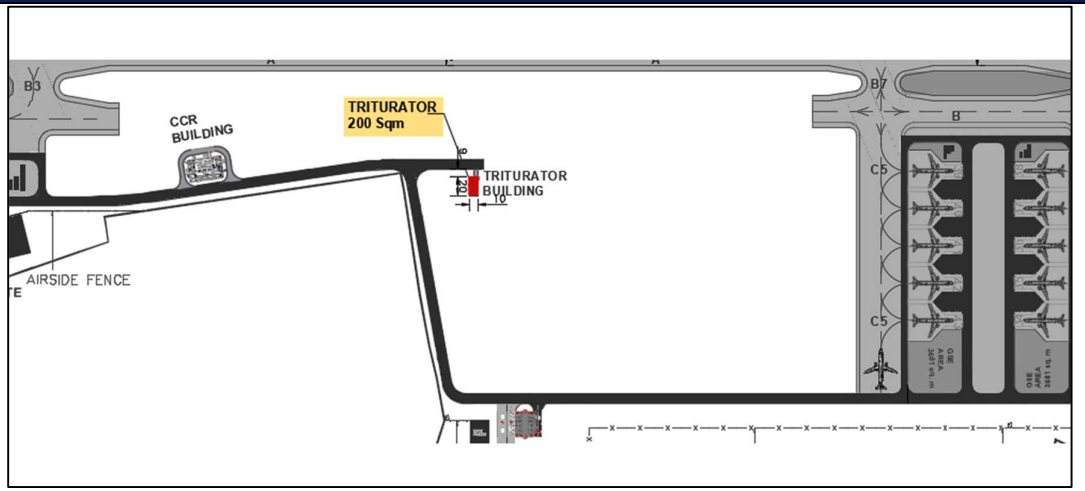
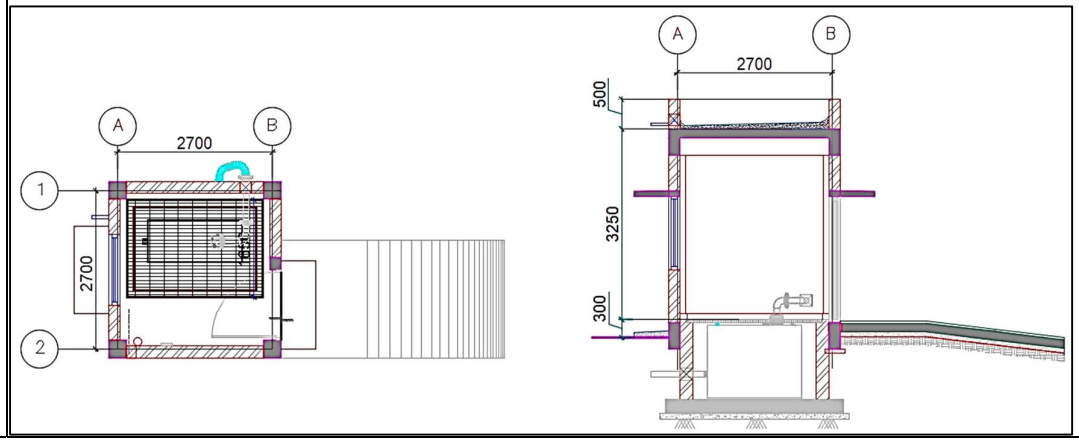
S.N.	Airside improvement projects	Need for the project
		
11	Airside Storm Water Drainage Works	The proposed airside development will result in an increase in storm water run-off in the existing drainage network, so enhancement of existing airside storm water drainage system will be required. A new / supplementary storm water drainage system to carry runoff to existing the outfalls is proposed. The indicative layout of the system is shown in Figure below. Total length of drainage network works out as approx. 35,128m out of which about 15,816m is existing and new proposed network in the airside is about 19,312m. The existing and proposed stormwater drains are shown in Figure below. Figure: Proposed network of Storm Water Drains

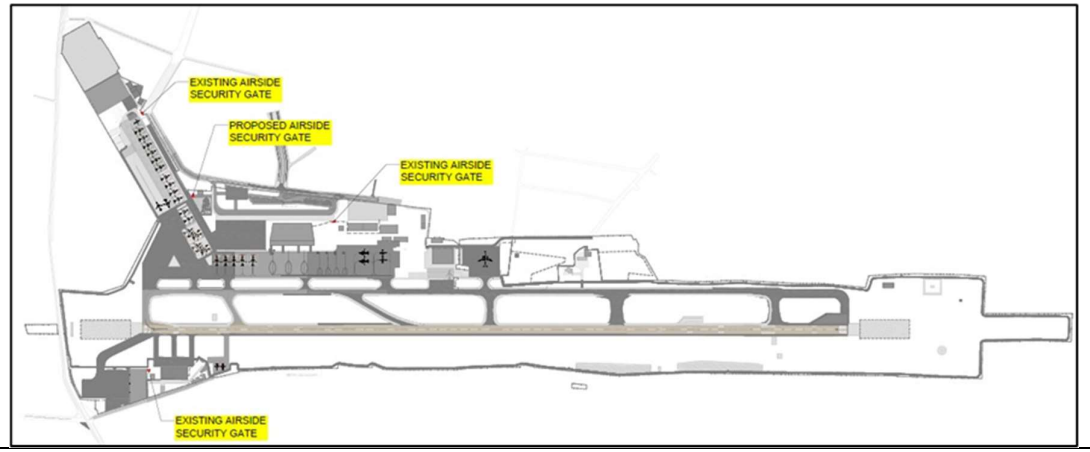
S.N.	Airside improvement projects	Need for the project
		
12	Construction and Modification of Airside Roads	Owing to widening of the Runway Strip, the existing airside roads at certain stretches (that fall within the area proposed for widening of the Runway Strip) will be required to be demolished and new airside roads will be required to be constructed. Total area of flexible pavement to be demolished works out as approx. 23,728 Sqm and that of rigid pavement works out as approx. 1,975 Sqm, whereas area of new airside roads works out as 47,989 Sqm. This is illustrated in Figure below. Figure: Proposed stretches of Airside Roads

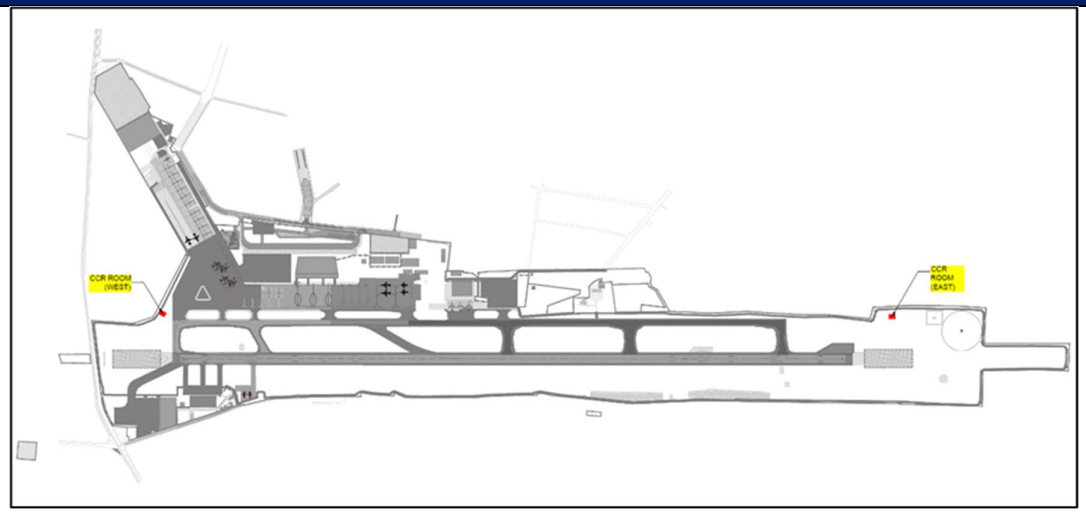
S.N.	Airside improvement projects	Need for the project
		
13	Construction and Modification of Airside Boundary Wall	Due to widening of the Runway Strip and other airside proposals, the existing airside boundary wall at certain stretches will be required to be demolished and new airside boundary wall will be required to be constructed. Figure below illustrates the proposed stretches for demolition and new airside boundary wall. Total approx. 11,692m of existing boundary walls are proposed to be demolished and 10,450m of new airside boundary wall is proposed to be constructed. Widening of the airside roads to 7.5m (5.5m carriageway and 1m earthen shoulder on both sides) is proposed on stretches where airside roads are not required to be demolished but width of the carriageway is less than 5.5m. Figure: Proposed locations for construction of new Airside Boundary Wall

S.N.	Airside improvement projects	Need for the project
		
14	Provision of Perimeter Intrusion Detection System	LGBIA currently does not have Perimeter Intrusion Detection System (PIDS) along / on its airside boundary wall. Due to security considerations, the airport requires PIDS as part of its airport security infrastructure. Therefore, installation of PIDS is proposed for a stretch of 10,450m on the boundary wall.
15	Construction of Airside Fuel cum Electric Vehicle (EV) Charging Station	Currently, LGBIA does not have this facility on airside. With an objective of reducing movement from airside to landside for re-fuelling / charging of airside vehicles, this facility is proposed (diesel, petrol, CNG and electric charging facility). Figure below illustrates the proposed location. Figure: Proposed location for Airside Fuel Station

S.N.	Airside improvement projects	Need for the project
		
16	Provision of Triturator	This facility is required for safe and hygienic disposal of waste from aircraft toilets to ensure compliance with public health and environment regulations. Liquid waste from aircraft is proposed to be treated in the Triturator as a primary treatment and further will be pumped to STP for secondary treatment. This facility is proposed near the new CCR building (proposed). Figures below illustrate the location and proposed design of Triturator. Figure: Proposed location of the Triturator

S.N.	Airside improvement projects	Need for the project
		 Figure: Proposed Arrangement of Triturator 

S.N.	Airside improvement projects	Need for the project
15.	Construction of New Airside Security Gate	Security Gates are a necessity and act as a connectivity for the airfield. In accordance with the proposed new integrated terminal and airside improvement works, a new security gate is required. One airside security gate is proposed and the indicative location of the same shown in the figure below: 
16.	Construction of CCR Rooms	Constant Current Regulator (CCR) is an electrical sub-station providing un-interrupted and regulated power supply to critical airfield infrastructure like runway lighting, lighting for RETs, approach lighting, etc. The current CCR has limited capacity and it is located near the existing ATC Block. Due to the need for increased capacity of CCR, and since the existing CCR building comes in the footprint of future apron expansion, two new CCRs of 600 sqm each are proposed near both ends of the runway. The parallel taxi track also requires CAT III lighting and the power will be supplied through the proposed CCRs. The works proposed includes the migration of the system from the old CCR to these new CCRs.

S.N.	Airside improvement projects	Need for the project
		

5.5 Ancillary Building Development Works

To ensure seamless operation of the airport, ancillary & support buildings are proposed to be constructed in this control period. These are listed below:

a. Integrated Building for Airport Police Station, Airport Health Facility and Airport Post Office;
b. Airport Administration Building; and
c. Airport Maintenance Building

5.5.1 Integrated Building for Airport Police Station, Airport Health Facility and Airport Post Office

An integrated building with built-up area of approx. 925 Sqm is proposed to be constructed to house the following:

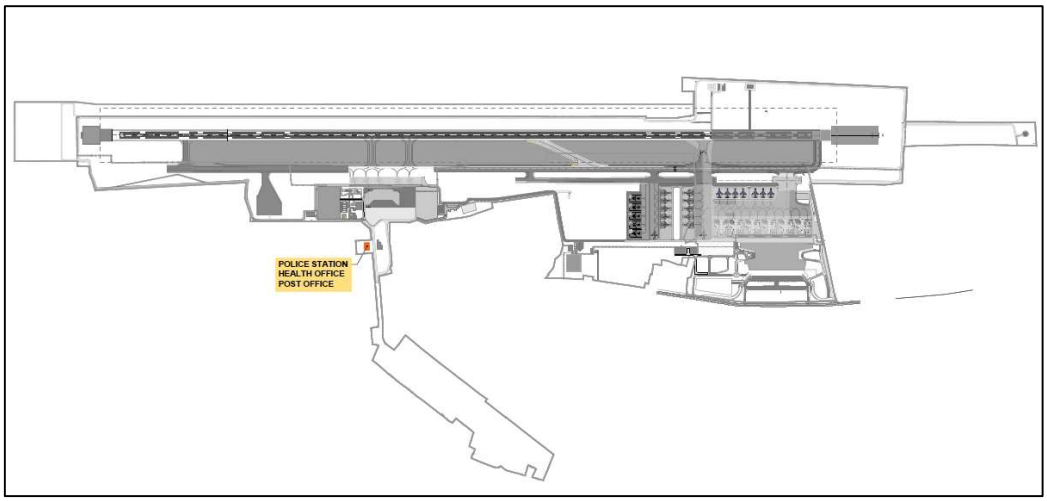
- Airport Health Facility: To provide basic and emergency health services in LGBIA, a Health Facility is proposed to be constructed with built-up area of approx. 600 Sqm.

- Airport Police Station: Airport Police provide a sense of enhanced safety to the users, besides providing a wide range of law enforcement duties and responsibilities including patrol, investigation, and response to airport emergencies. Approx. 260 Sqm of built-up area is proposed to be allocated in the integrated building for Airport Police Station.

- Airport Post Office: To facilitate various postal services in LGBIA, an Airport Post Office with built-up area of approx. 65 Sqm is proposed to be allocated in the integrated building for Airport Post Office.

Location of the integrated building is indicated in Figure below.

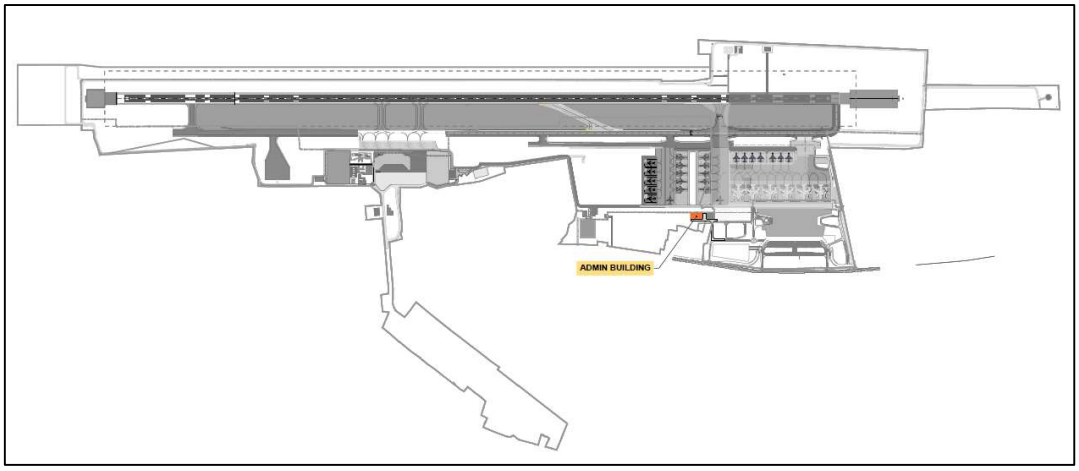
Figure: Proposed location of the Integrated Building housing Health Facility, Police Station and Post Office



5.5.2 **Airport Administration Building**

To accommodate airport staffs, an Airport Administration Building is proposed to be constructed with built-up area of approx. 5,000 Sqm. Proposed location of the building is indicated in Figure below. Till construction of the Airport Administration Building, it is proposed to retrofit the existing MT Workshop building (approx. 602 Sqm) to accommodate airport staffs.

Figure: Proposed location of the Airport Administration Building

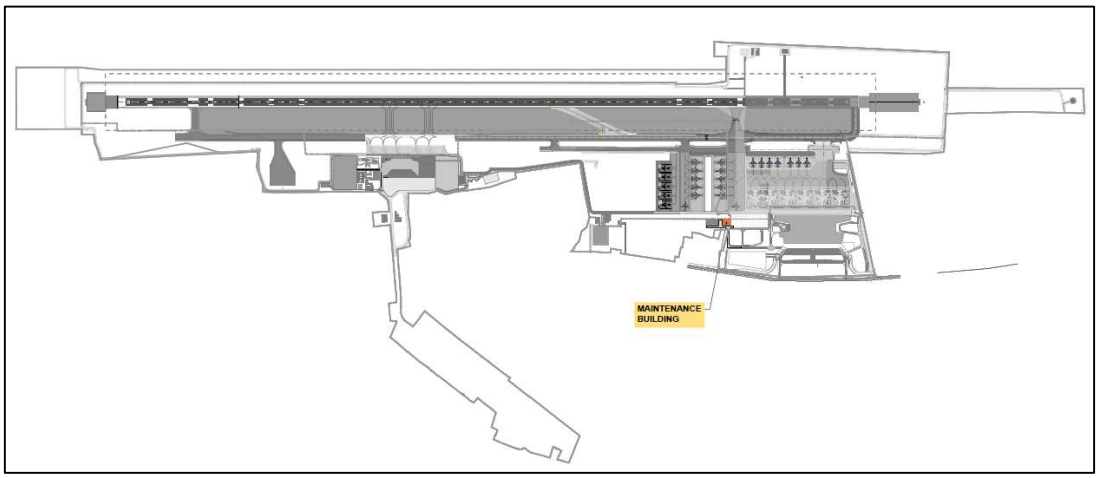


5.5.3 **Airport Maintenance Building**

In order to effectively monitor and control various maintenance related activities, particularly Electrical & Mechanical works, an Airport Maintenance Building with built-up area of approx. 1,200 Sqm is proposed to be constructed. Proposed location of the building is indicated in Figure below.

Figure: Proposed location of the Airport Maintenance Building

Figure: Proposed location of the Airport Maintenance Building



5.6 Utility Improvement Works

5.6.1 New electrical Sub-stations and power reticulation to the proposed new infrastructure

To cater to the increased electrical load that is to be generated from various facilities (e.g. new CCR Sub-station, SMR, relocated Localiser, satellite ARFF, Airport Administration Building, Airport Maintenance Building, Integrated building for Police Station, Health Facility, Post Office, etc.), new electrical Sub-stations and associated works are proposed..

5.6.2 Sewerage System

5.6.2.1 Sewage Treatment Plant (STP) and Sewer Network

To treat the sewage generated from the ancillary buildings, a 200 KLD Sewage Treatment Plant (STP) alongwith sewer network is proposed.

5.6.3 Water Supply System

5.6.3.1 Water Storage Reservoirs

To cater to the ancillary buildings, water tanks as per following details are proposed to be constructed:

- Raw Water Tank: 94 KLD
- Domestic Water Tank: 94 KLD
- Treated Water Tank (STP): 125 KLD

5.6.3.2 Water Supply Piping Network

Approx. 8.50 KM of potable water supply network is proposed to be laid to supply water to the ancillary buildings.

5.6.4 Solid Waste Storage Facility

The solid waste generated out of operations and regular maintenance of airport terminal and support facilities, needs to be stored in the airport till it is transported to the designated treatment / disposal facility. This facility will be used only for storage of the solid waste till the same is transported to authorised waste treatment / disposal facility. A building of approx. 640 Sqm is proposed to be constructed for this purpose. Proposed location and general layout of the facility are indicated in Figures below..

Figure: Proposed location of the Solid Waste Storage Facility

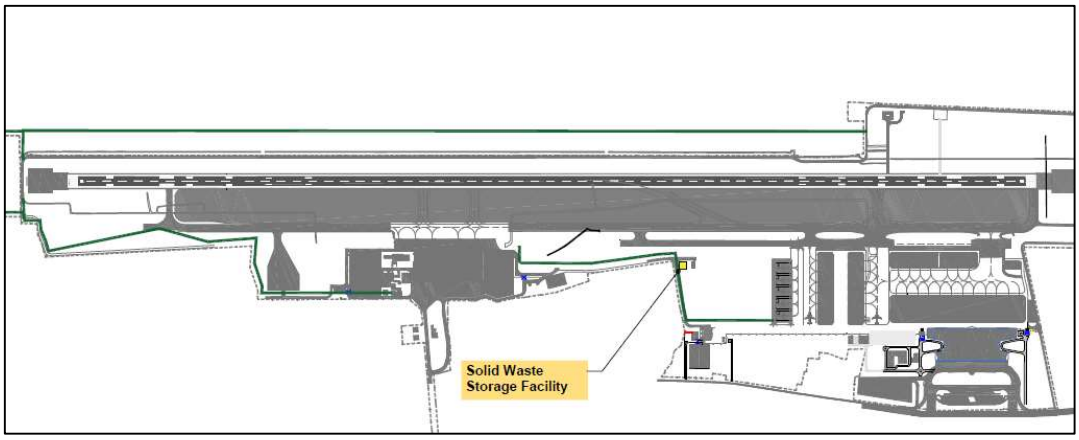
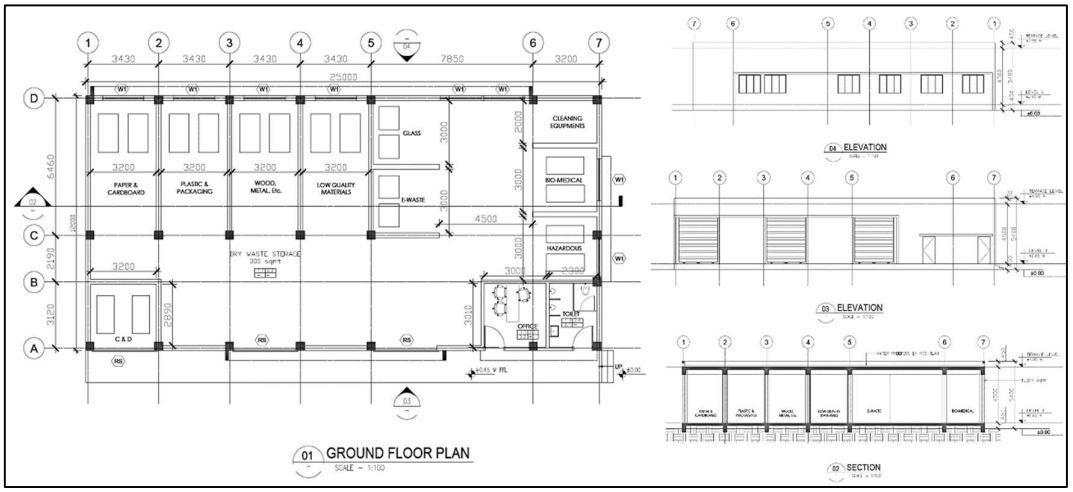


Figure: Proposed general layout of Solid Waste Storage Facility



5.6.5 Hazardous Waste Storage Building

The hazardous waste generated due to operations and regular maintenance of airport support facilities, need to be stored in the airport till it is transported to the designated disposal area, following the standard procedures. It is important to ensure that the stored materials do not spill

over and contaminate the surrounding areas while stored. This facility will be used only for temporary storage of the hazardous waste till the same is transported and disposed to authorised hazardous waste treatment / disposal facility. A building of approx. 125 Sqm is proposed to be constructed for this purpose. Proposed location and general layout of the facility are indicated in Figures below

Figure: Proposed location of the Hazardous Waste Storage Facility

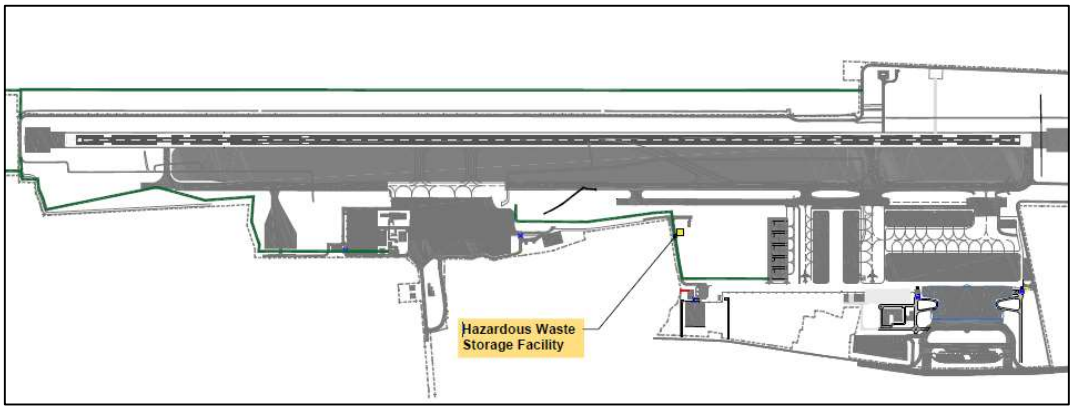
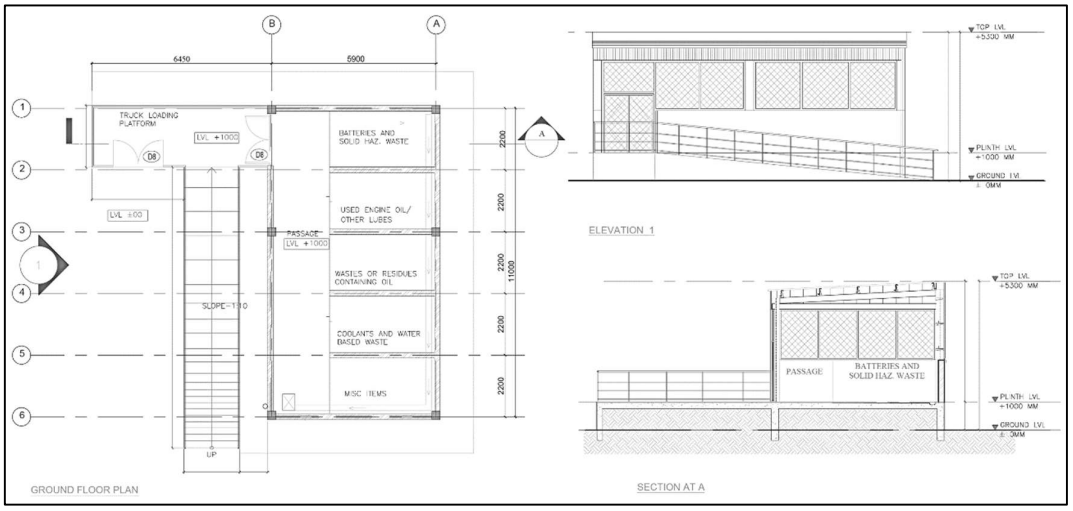


Figure: General Layout of the proposed Hazardous Waste Storage Building



5.7 Development of GIAL Cargo facility

5.7.1 As per Clause 19.4, 19.5 of the Concession Agreement, GIAL is required to provide Cargo Facilities at the Airport. The relevant clauses from the Concession Agreement as s follows:-

19.4 Cargo Facilities
19.4.1 (a) The Concessionaire shall upgrade, develop, operate and maintain the Cargo Facilities in accordance with the provisions of this Agreement, Applicable Laws, Applicable Permits, relevant ICAO Documents and Annexes and Good Industry Practice.

19.4.2 The Concessionaire shall:
(a) make reasonable endeavors to ensure that the Cargo Facilities include adequate cargo and parcel space, handling equipment, storage and handling of perishable cargo and dangerous goods, space for cargo agents and customers, inspection area, office space, automation systems, screening equipment, storage facilities, and facilities for mail handling and courier shipments in accordance with the provisions of this Agreement and Good Industry Practice;
(b) operate and maintain the Cargo Facilities and provide the associated services to airlines and consignors in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice;
(c) provide, free of charge and in accordance with Good Industry Practice, operational space and other facilities to the customs, security, quarantine and other Designated GOI Agencies, as the case may be, for discharging their statutory functions;
(d) install and keep operating in good working condition, web-cams, at all the strategic locations, wherever, the cargo facilities are being handled or dealt with in any manner whatsoever.

19.5.1 The Concessionaire shall ensure that the Master Plan earmarks an area for Cargo Facilities, and that such area shall be used only for handling of cargo and for associated activities.

"Cargo Facilities" means the buildings, structures and equipment, docking space, aircraft parking, vehicular parking and land appurtenant thereto, as the case may be, required for handling of incoming and outgoing cargo, including short-term warehousing thereof;

5.7.2 In Compliance to the CA, GIAL has planned for Cargo Facilities and its operations, the details of which are provided in Chapter 6.

5.8 Development of Fuel Storage and distribution Facility

5.8.1 As per Clause 19.3, the Concession Agreement, GIAL is required to provide infrastructure required for operation of fuelling services on equal access basis (Open access basis) at the Airport. The relevant clauses from the Concession Agreement as s follows:-

19.3 Aircraft Fueling Services
The Concessionaire shall provide, or cause to be provided, the infrastructure required for operation of fueling services on equal access basis for all the aircrafts at the Airport in a transparent and non-discriminatory manner. Such infrastructure shall include tank farms and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice. Good Industry Practice.

5.8.2 In Compliance to the CA, GIAL has planned for fuel farm infrastructure and its operations. The details regarding projected fuel throughput volume, short term and long-term infrastructure planning, operating expenses relating to planned fuel farm infrastructure are provided in Chapter 7.

5.9 Environment Related Capital Expenditure

In view of Aviation and Airport Industry's initiatives towards Carbon Neutrality and Net Zero Emissions, GIAL has planned certain capital expenditure to reduce emissions, development of green infrastructure, improving energy efficiency and improved airport operations with resource conservations. Few of the major Environment related capital expenditure are listed below:

I. Oil Water Separators (OWS)
II. Provision of Triturator
III. Solid Waste Facility
IV. Hazardous Waste Storage
V. Water Supply System
VI. Sewerage System
VII. R22 based will be replaced by R32, carbon offset projects, ACI 4 + certification, RE 100 etc
VIII. EV Charging Stations for E Buses , Apron Cars , Tugs along with their installation.
IX. Carbon sequestration

X. Biodiversity preservation projects

5.10 Sustaining/Minor capital expenditure

A detailed list of sustaining / minor capital works is provided below in point 5.12.

5.11 Basis of Costing

5.11.1 **Block Cost Estimate**: - Block Cost estimation for works / projects as included in each category of capex are based on DSR / MoRTH / PAR / Market rate including all necessary Taxes, duties, levies etc. as applicable. Indexation @ 5% per annum has been considered on the projected cash flows.

5.11.2 **Soft Costs of approx. 16%** - Technical consultancies, contingencies, pre-operative Cost, design cost, PMC, preliminary expenses

5.11.2.1 As per recent released CPWD SOP 2022 dated 13.07.2022 https://cpwd.gov.in/Publication/sop2022.pdf, the Project Estimation should take care of the following requirements :-

10. Preliminary estimate (PE) is to be prepared on the basis of Plinth Area Rates or length of road etc. worked out on the rate per unit area/length/number, or such other method adopted for ready and rough calculation, so as to give an idea of the approximate cost involved in the proposal.
11. Prevailing Cost Index over the plinth area rates, effect of ESI & EPF leviable (rates as given in Annexure -14, Contingencies and Departmental Charges (if applicable) are to be added in the PE.

As per CPWD norms, the various costs to be considered while preparing the preliminary estimates and should include the following components:

i. Planning Consultancy 4% and Project Management Consultancy 5% *(refer below PART 1 as the relevant extract from CPWD SOP2022)*
ii. Other Technical Services like Preliminary Sketches, Detailed Drawings, Preliminary Estimates, Structural Design, Execution, Audit & Account etc. is ranging between 7% to 24% depending upon size of the project *(refer below PART 2 as the relevant extract from CPWD SOP2022)*
iii. Contingency cost is 3% *(refer below PART 3 as the relevant extract from CPWD SOP2022)*
iv. ESI & EPF ranging between 0.85% to 4.2%, say average of 2% *(refer below PART 4 as the relevant extract from CPWD SOP2022)*

5.11.2.2 As per accounting standards *(refer extract as PART 5 below)* the costs relating to Project Team is required to be capitalized. These costs have been approved by AERA in various orders for PPP and AAI Airports ranging between 2-3% of the project cost *(refer below PART 6 for few Airports examples)*. The same is recognized by AERA in its Guidelines Form F11 (b) *(refer below PART 7 as the extract from AERA Guidelines)*.

The overall Soft Costs based on point 5.11.2.1 and 5.11.2.2 above is minimum 18-20%.

5.11.2.3 As per "Airport Capital Improvements: A Business Planning and Decision-Making Approach" study conducted by Airport Cooperative Research Program (ACRP), Transport Research Board (sponsored by US Government's Federal Aviation Administration). The soft costs range between 10% to 30%. The extract from Page 48 the report is as follows:

Soft costs typically range from 10% to 30% of total project costs. These include design fees, permitting fees, utilities, costs associated with inspections and land acquisition, costs associated with the bidding and procurement process, and project administration and management costs.

Full study report by ACRP is provided as Annexure M.

5.11.2.4 **GIAL has proposed soft cost of 16% of total Capex which is within the reasonable range based on information from reputed agencies from India and Overseas.**

PART 1

SOP No. 8/7: Levy of Fees by CPWD for Consultancy Services (Para 8.20)

CPWD handles consultancy works of planning and designing (with or without construction) of
various projects including high-rise buildings, housing complexes etc of Public Sector Undertakings and other organizations to undertake construction on turnkey basis, or for
Mission's buildings abroad, etc. at negotiated rates. Fee for the Consultancy Services is charged.
by CPWD as given below.

FEES FOR CONSULTANCY SERVICES

(a) Planning 4%
(b) Construction Management 5%
(c) Visits of CPWD Officers from India 1%

For planning and designing work, the following charges is levied:
(i) Development of Master Plan Rs.10000/- per hectare
(ii) Architectural plans and drawings 3 % for original work ½ % for repetition
(iii) Structural designs and drawings 1% for original work ½ % for repetition

PART 2

ANNEXURE- 5

(Reference Para 3.1.1.4 (1))

RATES OF DEPARTMENTAL CHARGES

Objectives of works	All maintenance works, and minor works costing upto Rs. one lakh	Construction works costing upto Rs. Two Crores	Construction works costing between Rs. Two and five Crores	Construction works costing more than Rs. five crores
1	2	3	4	5
(A) Establishment Charges				
1. Preparation of preliminary sketches	½%	¼%	¼%	¼%
2. Preparation of detailed working drawings	1%	¾%	½%	¼%
3. Preparation of preliminary estimates	¼%	¼%	¼%	¼%
4. Preparation of detailed estimates	½%	¾%	½%	¼%
5. Preparation of structural designs	1%	1%	¾%	¾%
6. Execution	19-¼%	7-¾%	4-¾%	4-¼%
Total Establishment charges	22-½%	10-¾%	7%	6%
(B) T&P (Machinery Equipment)	¾%	¾%	½%	½%
(C) Audit & Account	¼%	¼%	¼%	¼%
(D) Pensionary	¼%	¼%	¼%	¼%
	23-¾%	12%	8%	7%

PART 3

SOP No. ¾: Provision for Contingencies and its Utilization (Refer Para 3.1.1.3 (3))

1. *In addition to the provision for all expenditure which can be foreseen for a work, a provision of contingency is kept as follows : (i) Estimated cost up to Rs. 1 Crore ..... 5% (ii)* ***Estimated cost more than Rs. 1 Crore ... 3%, subject to minimum of Rs. 5 Lakh***

PART 4

ANNEXURE- 14

(Refer SOP No. 3/2)

STATEMENT SHOWING THE RATES OF EPF and ESI CHARGES TO BE INCLUDIED IN PRELIMINARY ESTIMATE

Category of work	Component of Labour	EPF @12.5 % of labour Component	ESI @ 4.5 %of labour Component	Total of EPF & ESI
Buildings	25%	3.125%	1.125 %	4.25%
Road Works & pavements in airfields	5%	0.625%	0.225%	0.85%
External sewerage	10%	1.25 %	0.45%	1.70%
External water supply	5%	0.625%	0.225%	0.85%
Bridge/Flyover works	25%	3.125%	1.225%	4.25%
Maintenance works engaging only labour component	100%	12.50 %.	4.50%	17.00 %
Other Maintenance work	70%	8.75%	3.15%	11.9%

PART 5

Indian Accounting Standard (Ind AS) 16 ***Property, Plant and Equipment***

Elements of cost

16 The cost of an item of property, plant and equipment comprises:

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

17 Examples of directly attributable costs are:

(a) costs of employee benefits (as defined in Ind AS 19, Employee Benefits) arising directly from the construction or acquisition of the item of property, plant and equipment;

(b) costs of site preparation;

(c) initial delivery and handling costs;

(d) installation and assembly costs;

(e) costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment); and

(f) professional fees.

PART 6

Extract from Chennai Airport Order No. 38/2021-22 for the Third Control Period

Grand Total of Capital Additions Proposed in the Third Control Period				
Grand total of capital additions proposed to be considered	Total	3,882.58	2,139.82	(1,742.66)
	Financing Allowance	51.88	-	(51.88)
	IDC	108.17	21.93	(86.27)
	Project division expenses capitalized (Exp. Cap)	87.07	47.58	(39.57)

~2.25%

Extract from Pune Airport Order No. 38/2021-22 for the Third Control Period

the control of Pune International Airport or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the Fourth Control Period. Further, this proposal was applicable to all the projects forecasted to be capitalized in the Third Control Period given in this Consultation Paper. This will ensure timely adherence to the capital expenditure plan proposed in the Third Control Period.

4.2.33 Based on the discussion above, the total capital additions proposed to be considered by the Authority in the Third Control Period was as tabulated below:

4.2.34 Based on the Authority's analysis of capital expenditure deferred from Second Control Period (Para 4.2.9 to Para 4.2.24) and new capital expenditure proposed to be incurred in the Third Control Period (Para 4.2.25 to Para 4.2.31), the Authority considered a total Capital Expenditure of Rs. 52,540.93 lakhs as given below:

Table 83: Capital Expenditure additions for the Third Control Period considered by the Authority

Reference	Project	No.	Particulars	Submitted by AAI	Proposed by the Authority	Difference
				1	2	3=2-1
I	Capital additions deferred from the Second Control Period to the Third	I.A	New Integrated Terminal Building	44,621.19	43,694.92	-926.27
		I.B	PMC-Expansion of Terminal Building- (Tensile canopy)			
		I.C	PMC-Expansion of Terminal Building-Electrieal works (aerobridge)			
		I.D	Baggage Trolley & XBIS	508.47	508.47	-
		I.E	Financing Allowance	3,337.57	-	-3,337.57
		I.F	IDC	2,023.22	2,005.96	-17.26
		I.G	Project division expenses capitalized (Exp. Cap)	1,651.26	1,630.60	-20.66
		I	Sub Total (M1B)	52,141.71	47,839.95	-4,301.77

~3.5%

PART 7

Form P11 (b): Payroll Related Expenditure and Provisions (ref: Section A5.5.5)

S.N.	Particulars - with detailed breakup	Last available audited year^	Financial Year before Tariff Year 1*	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A	*Salaries and Wages*							
B	*PF Contribution*							
C	*Medical Expenses*							
D	*Overtime*							
E	*Staff Welfare Fund*							
F	.....							
1	Grand Total							
2	Employee expenses capitalised							
3	Net Employee expenses (1)-(2)							

* Projected values to be provided
# Fields in italics are indicative only
^ Information for last financial year for which audited accounts are available

5.11.3 **Interest During Construction (IDC)** – IDC is calculated based on construction phasing, cash flows and proposed capitalization dates. The amount is calculated considering debt portion of 65% with actual cost of debt of 12%.

5.11.4 **Financing Allowance** – As per Para 5.2.7 of AERA Guidelines Clause, financing allowance is provided on Works in Progress. The relevant extract from the AERA Guidelines is as:-

5.2.7. Work In Progress assets
(a) Work in Progress Assets (WIPA) are such assets as have not been commissioned during a Tariff Year or Control period, as the case may be. Work in Progress assets shall be accounted for as:

WIP t *= WIPA* $t-1$

+ Capital Expenditure (Capex)
+ Financing Allowance
- Capital receipts of the nature of contributions from stakeholders (SC)
- Commissioned Assets (CA)

Where: -
WIP t *: Work in progress asset at the end of Tarif Year t*
WIP $t-1$ *: Work in progress asset at the end of Tarif Year t – 1*
Capital Expenditure: Expenditure on capital projects and capital! items made during Tariff Year t.

The Financing Allowance shall be calculated as follows:

$$Financing\ Allowance = R_d \times (WIPA_{t-1} + \frac{Capex-SC-CA}{2})$$

Where

(iv) R_d *is the cost of debt determined by the Authority*

(v) SC are the capital receipts

(vi) *CA are the commissioned assets*

As per AERA Guidelines, financing allowance is to be provided on WIPA (irrespective of the source of funds). Since IDC is already proposed on the 65% of the debt portion, the financing allowance is proposed on the balance 35% funding source.

5.11.5 All the procurement will be done as per company procurement policy which is available on the company website. The same can be accessed at the link https://www.adani.com/-/media/Project/Adani/downloads/Procurement-Policy---GAU.pdf?la=en&hash=CDBC70372DFBDF740BC09EE786B800A4

5.12 Total cost of the proposed Capital expenditure during TCP is tabled as below:

Project Heading and project details	Asset Category for Gross Block and Depreciation	Amount (Rs Crores)	Start Date	End Date
A. Land Development Works		**189.73**		
Filling and site grading works proposed over approx 6 05 750 Sqm of area		189.73		
B. Airside Improvement Works		**1423.95**		
Extension of Runway 02–20 towards RWY 20	Runway, Taxiway and Apron	51.61	Jul-23	Dec-24
Construction of Runway End Safety Area (RESA) after RWY 20 Threshold	Runway, Taxiway and Apron	4.21	Jul-23	Dec-24
Relocation of Localiser 02	Other Buildings	0.21	Jun-23	Jun-23
Extension of Blast Pad for RWY 02 and Construction of new Blast Pad for RWY 20	Runway, Taxiway and Apron	4.24	Jul-23	Dec-24
Relocation of Simple Approach Lighting System for Runway 20	Runway, Taxiway and Apron	0.78	Apr-24	Dec-24
Installation of Category-I Approach Lighting System towards Runway 02	Runway, Taxiway and Apron	7.38	Jul-23	May-24
Widening of Runway Strip	Runway, Taxiway and Apron	87.17	Apr-24	Mar-25
Construction of Part Parallel Taxiway and Link Taxiways	Runway, Taxiway and Apron	199.02	Jul-23	Dec-25
Construction of Second Part Parallel Taxiway	Runway, Taxiway and Apron	81.64	Apr-24	Dec-25
Construction of Rapid Exit Taxiway	Runway, Taxiway and Apron	19.73	Apr-24	Dec-25
Apron-2 (Demolition and rew-construction)	Runway, Taxiway and Apron	466.21	Apr-24	Dec-25
Off-Stand GSE	Runway, Taxiway and Apron	4.60	Apr-24	Dec-25
CCR Building new construction	Other Buildings	14.46	Apr-24	Dec-25
5 Airside Gates	Other Buildings	6.51	Apr-24	Dec-25
SMR Facilities (New Construction)	Other Buildings	1.00	Apr-24	Mar-25
Airside Storm Water Drainage works	Runway, Taxiway and Apron	208.38	Aug-23	Mar-25
New construction of Airside Perimeter & Service Roads and demolition of existing Airside Roads due to widening of Runway Strip	Boundary Wall	38.33	Apr-24	Dec-25
New construction of Airside Boundary Wall & demolition of existing Airside Boundary Wall due to widening of Runway Strip	Boundary Wall	77.37	Apr-24	Dec-25
PIDS System	Boundary Wall	26.24	Oct-24	Mar-26
Fuel/ EV Charging Station	Other Buildings	2.76	Apr-24	Mar-26
Construction of new Isolation Bay (Rigid Pavement)	Runway, Taxiway and Apron	30.89	Apr-24	Mar-25
Satellite ARFF Station (New Construction)	Other Buildings	13.61	Apr-24	Mar-25
Modification of MT workshop into Admin office building (Interim arrangement)	Other Buildings	2.36	Apr-24	Mar-25
Runway strengthening works	Runway, Taxiway and Apron	75.25	FY25-26	

Project Heading and project details	Asset Category for Gross Block and Depreciation	Amount (Rs Crores)	Start Date	End Date
C. Passenger Terminal & Associated works		**2,333**		
NITB	Access Road	2194.3	Mar-18	Feb-25
Kerbside Development	Terminal Building	138.6	Mar-18	Feb-25
D. Ancillary Building Development Works		**79.25**		
Integrated Building for Airport Police Station, Airport Health Office and Airport Post Office	Other Buildings	10.34	Apr-25	Jun-26
Airport Administration Building (5,000 Sqm)	Other Buildings	55.57	Apr-25	Jun-26
Airport Maintenance Office (1,200 Sqm)	Other Buildings	13.34	Apr-25	Jun-26
E. ATF storage and distribution system		**325.55**		
Fuel storage farm	Fuel	135.07	Apr-24	Dec-25
Fuel hydrant line	Fuel	160.68	Apr-24	Dec-25
Equipment cost	Fuel	3.15	Sep-23	Sep-23
Cost of procurement of IOCL and RIL assets	Fuel	10.50	Sep-23	Sep-23
Dead Stock	Fuel	16.14	Dec-25	Dec-25
F. Development of Cargo Facilities		**26.37**		
Interim Cargo Facility	Cargo Building	3.22	Apr-23	Jun-23
New Cargo Terminal	Cargo Building	23.15	Apr-25	Mar-26
G. Environment Related		**61.05**		
5 nos. OWS	Plant and Machinery	26.80	Apr-24	Dec-25
Triturator	Plant and Machinery	3.83	Apr-24	Mar-25
Solid Waste Facility	Other Buildings	2.82	Apr-24	Dec-25
Hazardous Waste Storage	Plant and Machinery	0.55	Apr-24	Oct-25
Water Supply system	Other Buildings	5.43	Apr-25	May-26
Sewerage System	Other Buildings	1.35	Apr-25	May-26
Environmental Projects (R22 based will be replaced by R32, carbon offset projects, ACI 4 + certificationn, RE 100 etc)	Vehicles	7.34	During the control period	
EV Charging Stations for E Buses , Apron Cars , Tugs along with their installtion .	Plant and Machinery	6.48		
carbon sequestration	Plant and Machinery	3.95		
Biodiversity preservation projects	Plant and Machinery	2.50		
G. Utilities		**9.78**		
Reticulation of utilities to new facilities	Plant and Machinery	9.78	Apr-25	May-26
H. Sustaining / Minor Capex Works		**316**		
Modification of watch tower at operational area L.G.B.I. Airport Guwahati	Other Buildings	0.37	Throughout the control period.	
Earth filling of low using areas and other miscellaneous works at operational area related to DGCS compliance from time to time at L.G.B.I. Airport Guwahati	Other Buildings	0.44		
Apron stand surface revamping work in old apron	Runway, Taxiway and Apron	0.32		
Manhole chamber covers for all manholes or pits at apron area, strip area as per ICAO standard	Runway, Taxiway and Apron	0.22		
Provision of new Earthing system for Runway and other associated works at Guwahati Airport	Runway, Taxiway and Apron	0.19		
SITC of Inset fittings for Runway-Taxiway intersection at Guwahati Airport	Runway, Taxiway and Apron	0.40		
SITC of LED type SPOL System at Sajanpara, Borsilla & Mirza Hills near LGBI Airport, Guwahati.	Plant and Machinery	0.06		
Laying of GLF light cables approximate 6500 mtrs	Plant and Machinery	0.94		
Laser unit for AVDGS-2NO	Plant and Machinery	0.44		
Upgradation of flexible pavements in Operational area	Runway, Taxiway and Apron	0.87		
SITC of A-VDGS at Bay no. 4	Plant and Machinery	0.78		

Project Heading and project details	Asset Category for Gross Block and Depreciation	Amount (Rs Crores)	Start Date	End Date
Energy saving projects (hymus perimeter lights, hymus solar lights, other energy saving projects) (Reduced from 2.7 to 1.52)	Plant and Machinery	1.60		
Runway Graded Strip and RESA strengthening (up to 300mm Depth)	Runway, Taxiway and Apron	0.18		
SITC of Repair and Maintenance work for Airside	Plant and Machinery	0.32		
Exisiting Terminal Building Development	Terminal Building	9.64		
Fire Station Improvement	Other Buildings	4.57		
Vehicles	Vehicles	12.58		
Modified vehicle for BDDS equipment	Vehicles	3.39		
Vehicle recovery Van	Vehicles	0.16		
2 Nos.Tractor withTrolleys & electric buggies to shuttle nursery between the two terminals	Vehicles	0.23		
Boundary Wall	Boundary Wall	0.21		
Miscellaneous Plant and Machinery (Boom lift, Chiller plant cooling tower development, Breath Analyser Equipment, Expansion of existing electrical office, Modification of Existing DG set controller etc)	Plant and Machinery	3.36		
Airside works (Apron surface revamping works, Provision of new Airfield signages, Joint filling and cleaning of old apron)	Runway, Taxiway and Apron	1.73		
PVC coated Chain net for Operation area drains	Plant and Machinery	1.10		
Other Building - Admin Office	Other Buildings	1.58		
Sewage Treatment Plant	Other Buildings	0.40		
Furniture & Fixtures for Terminal, Office, Security etc.	Furniture & fixtures	1.66		
Misc Other Buildings - Upgradation works at RED, ATC, CISF and BCAS building	Other Buildings	3.26		
Installation of LGB Statue	Other Buildings	0.16		
CISF accomodation	Other Buildings	15.64		
IT Equipments	IT equipment	17.80		
Apron Control	Runway, Taxiway and Apron	0.21		
Airside Equipments	Runway, Taxiway and Apron	1.65		
Ambulance	Vehicles	0.87		
Crash Fire Tender	Vehicles	25.81		
Fire Fighting Equipments	Plant and Machinery	3.86		
Disable Aircraft Removal Kit	Plant and Machinery	19.50		
Nursery Development	Other Buildings	0.73		
Misc Horticulture Improvements	Other Buildings	1.64		
Administrative Building	Other Buildings	3.91		
Hand Baggae X-Ray -60cmX40cm	Plant and Machinery	2.89		
Explosive Trace Detector(ETD)	Plant and Machinery	1.49		

Project Heading and project details	Asset Category for Gross Block and Depreciation	Amount (Rs Crores)	Start Date	End Date
Hand Held Metal Detector(HHMD)	Plant and Machinery	0.21		
Door Frame Metal Detector(DFMD)	Plant and Machinery	0.68		
Security Opration Control Center (CISF)	Plant and Machinery	3.29		
Security Survilience Centre (SSC)	Plant and Machinery	1.65		
Close CircuitTelevision (CCTV) Setup	Plant and Machinery	3.71		
Anti Hijacking Control Room (AHCR) upgradation	Other Buildings	1.40		
Access Control system, Adani	Plant and Machinery	2.78		
Container Tubular shooting Range	Plant and Machinery	1.43		
Procurement of Security Equipments (Bullet Proof Jackets, Bullet Proof Helmet, Bullet Proof Shield, Bullet Proof Morcha, Binocular Device etc)	Security equipment	2.96		
Threat Containment Vessel (TCV)	Security equipment	15.44		
Video Surveillace system	Plant and Machinery	4.23		
Body Scanner	Plant and Machinery	51.49		
BDDS	Security equipment	4.61		
Misc Security Equipments (Quick Reaction Team Equipments, Radiological Detection Equipment, Network Switch and Cabling Tec Refresh, OFC network CCTV etc)	Security equipment	12.70		
Quick Reaction Team (QRT) Vehicle	Vehicles	0.77		
VDGS	Plant and Machinery	13.89		
Sustaining Capex already spent in FY22-23	Various as per Financial Statements	47.64		
Grand Total (A to H)		**4,765**		

S. No	Project Name	Cost (INR Crores)
A	Basic Cost (including indexation) as tabled above	4,765
B	Soft Costs	682
C	Interest During Construction	412
D	Financing Allowance	248
E	**Grand Total (A to D)**	**6,107**

5.13 Following is the summary of cash flows of third control period for the airport based on project phasing plan is as follows:

S. No.	Particulars (INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
1	Terminal Building	399.66	1,208.63	995.34	-	-	**2,603.62**
2	Runway, Taxiway and Apron	10.04	179.24	841.64	713.49	0.04	**1,744.45**

S. No.	Particulars (INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
3	Boundary wall	-	0.24	60.17	120.46	-	**180.87**
4	Software	1.58	-	-	-	-	**1.58**
5	IT equipment	9.11	15.72	1.60	1.66	1.66	**29.76**
6	Security equipment	-	0.80	25.86	7.74	7.01	**41.41**
7	Plant and Machinery	8.28	12.93	62.02	121.53	17.51	**222.27**
8	Other Buildings	6.14	7.53	54.85	108.54	30.25	**207.32**
9	Access Roads	0.05	-	-	-	-	**0.05**
10	Furniture	2.35	0.74	0.37	0.26	0.56	**4.27**
11	Vehicles	2.55	17.22	21.89	6.15	5.56	**53.37**
12	Office Equipements	4.98	-	-	-	-	**4.98**
13	**Total Airport**	**444.75**	**1,443.07**	**2,063.75**	**1,079.81**	**62.58**	**5,093.95**
14	Cargo building	0.57	3.77	-	28.45	-	**32.79**
15	Cargo Equipment	-	-	-	-	-	**-**
16	Fuel	-	15.84	205.01	192.12	-	**412.97**
17	**Grand Total (13 to 16)**	**445.32**	**1,462.68**	**2,268.76**	**1,300.38**	**62.58**	**5,539.72**

5.14 Total capitalization amount during the TCP is as:

S No.	Particulars (INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
1	Terminal Building	1.98	7.88	3,073.68	0.00	0.00	**3,083.54**
2	Runway, Taxiway and Apron	10.04	3.31	496.21	1,234.85	0.04	**1,744.45**
3	Boundary wall	0.00	0.24	0.00	180.62	0.00	**180.87**
4	Softwares	1.58	0.00	0.00	0.00	0.00	**1.58**
5	IT equipment	9.11	15.72	1.60	1.66	1.66	**29.76**
6	Security equipment	0.00	0.80	25.86	7.74	7.01	**41.41**
7	Plant and Machinery	8.28	12.93	49.06	124.22	27.78	**222.27**
8	Other Buildings	6.14	7.53	34.82	44.88	113.95	**207.32**
9	Access Roads	0.05	0.00	0.00	0.00	0.00	**0.05**
10	Furniture	2.35	0.74	0.37	0.26	0.56	**4.27**
11	Vehicles	2.55	17.22	21.89	6.15	5.56	**53.37**
12	Office Equipment's	4.98	0.00	0.00	0.00	0.00	**4.98**
13	**Total Airport**	**47.08**	**66.40**	**3,703.48**	**1,600.37**	**156.55**	**5,573.88**
14	Cargo building	0.57	3.77	0.00	28.45	0.00	**32.79**
15	Cargo Equipment	0.00	0.00	0.00	0.00	0.00	**0.00**
16	Fuel	0.00	15.84	0.00	397.13	0.00	**412.97**
17	**Grand Total (14 to 16)**	**47.65**	**86.01**	**3,703.48**	**2,025.95**	**156.55**	**6,019.64**

**Runway recarpeting is not capitalised as asset in the above table since it is claimed as amortization as per AERA Guidelines along with carrying cost on un-amortized portion. Also, there are CWIP balances of approx. INR 453 Crs (largely cost for NITB) as on 31st March 2022 which got capitalised during the control period.*

Airport Users Consultative Committee (AUCC): GIAL conducted Airports Users Consultative Committee with all relevant stakeholders on 06th July 2023. The need

and costs for all the projects above INR 8 Crores (5% of opening RAB) or INR 50 Crores, whichever is lower were discussed in AUCC. The project information memorandum (PIF) was circulated to all stakeholders including AERA well in advance. The AUCC presentation and minutes of the meeting of AUCC are being submitted as Annexure N.

6 Cargo Handling Operations in TCP

6.1 LGBIA handled air cargo volume of approx. 19,547 metric tonnes in 2019-20 (Pre Covid), with inbound and outbound being equal (most of this volume is domestic, international cargo handled was negligible).
Before the COD, domestic and international air cargo was handled by AAICLAS (carved out facility).

6.2 GIAL being a part of Adani Group, which has strategic interest in logistics business, has decided to participate in the cargo handling business. Accordingly, GIAL has plan to start processing domestic cargo with capacity of 2,750 MT p.a. from June 2023 onwards. In this regard, AERA vide order no. 08/2023-24 dated 31st May 2023 allowed GIAL to levy the existing charges for Domestic Cargo Handling Services as per the approved Tariff for the other Cargo Service Provider at LGBIA till 30st September 2023 or tariff determination of third control period, whichever is earlier.

6.3 The cost of basic investment for interim domestic cargo facility will be approx. INR 3.22 Crores (soft cost, interest during construction and financing allowance will be separate) largely in building refurbishment and equipment. However, the interim facilities have limited capacity and will not be able to cater to the increased demand in future. In line with the cargo tonnage forecast, construction of a new Integrated Cargo Terminal (ICT) facility is proposed by refurbishing / retrofitting the existing passenger Terminal-1 building. The ICT facility is proposed over approx. 8,652 sq mtr with handling capacity of 43,260 MT p.a. It is expected to be made operational in FY25-26. The proposed ICT facility will house both domestic inbound and outbound, International Export & Import operations and will efficiently support regional distributions, besides facilitating the processing of special cargo such as perishables, pharma etc. Cost of new facility along with equipment is expected to be around INR 23.15 Crores (soft costs, interest during construction and financing allowance will be separate).

		FY19-20	FY20-21	FY 21-22	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27
		Actuals	Actuals	Actuals	Base Case Projection as per Mott Macdonald				
Volume	Ton	19,547	15,951	21,858	22,823	24,296	24,999	28,526	34,801
ATMs	No.	44,539	23,442	33,572	45,909	59,970	60,527	68,050	82,109
Ton / ATM		**0.44**	**0.68**	**0.65**	**0.50**	**0.41**	**0.41**	**0.42**	**0.42**
Volume to be processed by GIAL									
Total	**Ton**					**3,500**	**4,500**	**5,500**	**30,000**
% Market Share	**%**					**14%**	**18%**	**19%**	**86%**
Capacity Proposed									
Domestic - Interim facility	Ton					2,750	2,750	2,750	
Integrated Cargo Complex	Ton								43,260
Total						**2,750**	**2,750**	**2,750**	**43,260**
Capacity Utilization %						**127%**	**164%**	**200%**	**69%**

6.4 The day-to-day operations and management of existing domestic cargo facility are performed through outsourced employees with initial estimated cost of INR 0.12 Crores per month. However, over a long term GIAL is expected to outsource all day-to-day operations (domestic and international) to an O&M agency for a fee (O&M fees). It is expected that O&M Fees will be a variable fee based on volume of cargo tonnage processed from the cargo facility. The O&M Fee is expected to increase by 10% per annum.

Based on experience of Ahmedabad and Lucknow Airport in FY22, GIAL expect the average fees for O&M agency will be approx. INR 3,000 per ton subject to annual inflation: -

Airport	Fees
Ahmedabad	INR 3,130/ton
Lucknow	INR 2,590/ton
Guwahati **(projected)**	**INR 3,000/ton**

6.5 In addition to O&M fees, GIAL being operator for international facility will have to bear custom cost recovery charges of **INR 1.80 Crores** p.a. as per custom regulation circular 02/2021 dated 19.01.2021.

The calculation of custom cost recovery is given here under

5 staff required as follows: -

Deputy Commissioner – 1 No.

Superintendent – 1 No.

Appraiser – 1 No.

Inspector – 1 No.

Helper/Sepoy – 1 No.

Calculation

Average Salary per month – INR 160,000 (based on industry experience)

Salary for 5 staff (per month) – 5*160,000 = INR 800,000

As per Customs Circular – Cost of 1.85 times of Monthly Salary = 1.85*800,000 = INR 1,480,000

Annual Cost – INR 1,480,000 * 12 Months = INR 17,760,000 [Considered as INR 1.80 Crores p.a. (Rounded Up)]

The basis of 1.85 times is provided in the custom circular. The relevant extract is as follows -

> 7. **Payment of Cost Recovery Charges**[5]
>
> 7.1. The Cost Recovery Charges shall be payable by facilities at the uniform rate of 1.85 times of the monthly average cost[6] of the post plus other allowances (such as Dearness Allowance, House Rent Allowance, etc.) For this purpose, the following factors may also be kept in view for working out the cost regarding all the cost recovery posts:

Since International Operational are starting from FY 26-27, the custom cost recovery is considered from in FY26-27 onwards.

6.6 GIAL will be a Customs Custodian for the facility. GIAL is the ultimate responsible entity for any loss of cargo, loss of property, any issues in service levels of cargo processing, loss of brand name and any statutory liability. While the O&M is expected to be outsourced, GIAL will continue to retain Supervisory staff and Duty managers who look after the facility and functioning of the O&M operator on a day-to-day basis. It is a 24 * 7 facility, hence GIAL has retained the following staff in shifts:-

Supervisor 3

Duty Manager 3

The average annual cost per person is approx. INR 8 Lakhs (Total cost approx. INR 0.5 Crores per annum).

Future requirement of manpower requirement is projected based on likely volume to be processed.

6.7 GIAL's cargo operating expenses are projected to be as follows:

Operating expense (INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
GIAL Staff salary	-	0.50	0.55	0.61	0.67	**2.32**
O&M Expenses	-	1.05	1.49	2.00	11.98	**16.51**
Customs Cost Recovery	-	-	-	-	1.80	**1.80**
Total	**-**	**1.55**	**2.04**	**2.60**	**14.44**	**20.63**

7 Fuel Farm Operations in TCP

7.1 At present various Oil Marketing Companies (OMCs) (IOCL, RIL, BPCL and HPCL with storage facility of 800KL, 140KL, 800KL and 200KL respectively) have their respective fuel tanks and refuelling facilities at Guwahati Airport. OMCs manage the operations on their own, and currently operating expenditure and other charges are embedded in Aviation Turbine Fuel (ATF) fuel price. Therefore, as on date there is no concept of open access facility at the Airport. IOCL and RIL are located within the Airport premises whereas BPCL and HPCL are located outside.

7.2 With reference to GIAL's obligations towards providing aircraft fuelling services, the Concession Agreement[7] states that:

"The Concessionaire shall provide, or cause to be provided, the infrastructure required for operation of fuelling services on equal access basis for all the aircrafts at the Airport in a transparent and non-discriminatory manner. Such infrastructure shall include tank farms and associated facilities in accordance with the provisions of this Agreement, Applicable Laws and Good Industry Practice."

Under the Concession Agreement, it is responsibility of Airport Operator to provide necessary open access facility for the users.

7.3 Based on IATA Guidance Note on assessment of storage requirement (refer Annexure O for IATA guidance note) and past experience of various PPP Airports where Open Access is prevalent, it is proposed to provide open access storage facility equivalent to 8-10 day's throughput.

7.3.1 Any open access fuel storage (particularly, which operates 24x7) needs to have four tanks, as per details below. This is essentially because of prevailing batch control systems and quality control procedures in Jet Fuel handling: -

7.3.1.1 One tank on product receipt

[7] Clause 19.3. of the Concession Agreement

7.3.1.2 One tank on delivery

7.3.1.3 One tank under product settling

7.3.1.4 One tank as stand-by (to cover, issues like maintenance, periodic tank cleaning, tank sealing for VVIP movement etc)

7.3.2 Any greenfield facility should be developed with minimum 10 years horizon. The reason is that Open Access Fuel Farm is the sole facility at any airport, and it remains operational 24x7. It is serious hazard to carry out construction/fabrication work in such running facility which operates with such high inflammable product. In fact, since in India the growth is robust, the planning is done with 10 years horizon. In Europe, the horizon considered is for up to 25-30 years.

7.3.3 Broad consideration while designing fuel storage are:-

Demand
- To accommodate current demand
- To accommodate future demand growth (for the next 10 years)
- To cater for unexpected demand surge

Supply
- To accommodate normal current supply
- Buffer for supply schedule
- Cover against significant supply interruptions

Stock management
- To allow for day-to-day stock fluctuations
- To allow for seasonal variations in stock
- To provide an appropriate level of redundancy in case part of the infrastructure fails.

Quality Control

- To allow for settling time & quality control checks for recertification
- Maintenance requirements (preventive and breakdown)
- To allow for recirculation and filtering of product from any tank

IATA issued a guidance note in 2008 for estimation on fuel storage. It clearly defines that the facility should be able to withstand any abnormality/disruption in any of parameter related to demand, supply, storage and functioning of facility.

The guideline suggests that, while estimation is done, the additional days storage required on account on any normality/disruption which may take place in whole value chain, should be identified. Then, it can be fairly assumed that all the disruption may not take place simultaneously and therefore, the sum of total days of disruptions (for all parameters) needs to be discounted by 15%, and only 85% of same to be considered.

Estimation for GIAL

For GIAL, the various parameters are as listed below: -

Storage and Day-to-day operations

At any given point, the facility should have clear (QC cleared and ready to fuel) product for at least two days. This is to cover demand uncertainty (at GAU, there are unplanned heavy movement of non-scheduled operator's flights and very heavy VVIP movements etc.).

Product receipt and settling

One day storage should be considered on this account on normal course. However, there may be an upside down by two days, on account of any equipment failure, quality concerns in product received, retesting of products etc..

Product receipt

Currently there are four Oil Marketing active at Guwahati Airport – that is IOCL, RIL HPCL, and BPCL. At Guwahati, IOCL is the prominent player with around 65% market share and the remaining 35% distributed among the remaining three Oil Companies.

At present, all the oil companies at GAU airport receive products by road from the different refineries, via their inland oil terminals. IOCL is receiving product from Paradip Refinery, through IOCL's marketing terminal at Guwahati. Paradip is around 1,400 kms from Guwahati and this product movement takes place through wagon/tank truck. Rest all Oil Companies are receiving product from Numaligarh refinery, which is approx. 280 kms from Guwahati.

In a normal course, the product is received on a day-to-day basis. However, as experienced, and a well-established fact in Indian downstream Oil & Gas supply chain, there may be complete supply disruption for multiple days. It is on account of various factors like shutdown of refinery, non-availability of road tankers, disruption in road routes, breakdowns in offsite oil terminals of OMCs, batch failure in refinery (quality issues), disruption in crude oil supply (like the Suez Canal blockage few years back).

Considering the geography of Guwahati, its hilly terrain and due to extreme weather conditions like rainfall, floods etc. supply via road through TT may get affected, which makes the overall situation a bit more complicated.

Also, the northeast area is sensitive to agitation, riots, and protests which may further cause disruption in the supply chain.

Further, there is no pipeline supply from OMC's Terminal or source up to GAU airport or nearby OMC's Terminal. Supplies completely depend on road transport and Railway Wagon which has its own uncertainties.

Guwahati is gateway to northeast region and in future Guwahati is planned to be developed as hub. So, the Fuel storage at Guwahati needs to be ascertain considering all above uncertainties and contingencies to avoid any disruption in operation of airport.

In view of the above, it is imperative to note that the logistic contingencies and uncertainties are on higher side at Guwahati.

Basis above, all parameters are tabulated below: -

S. no.	Potential Purpose	Average Stock Required for this purpose	Max Stock Required for Worst Case scenario	Difference Between Avg & Max
1	Product readiness, storage	2	2	0
2	Product storage and settling	1	2	1
3	Product receipt, Logistic contingency, OMC's issue	0	5	5
4	Total (Average)	3		
5	Total (Difference)			6
6	85% of Total Difference			5.1
7	**Overall Total**			**8.1**
Recommended ATF Storage Days				**8-10 days**

7.3.4 Examples of storage capacity at various Open Access Facilities in India

Airport	AERA order reference no.	Storage Facility KL	Annual Fuel Throughput KL	Storage days No.	Owners of the facility
Mumbai	Order No. 20/ 2021-22 dated 24th September 2021	47,500	Pre-COVID volume of ~1,400,000	12	Joint venture of MIAL, IOCL, BPCL, HPCL
Bangalore	Order No. 30/ 2021-22 dated 07th December 2021	19,800	Pre-COVID volume of ~7,00,000 - 800,000	9-10	Indian Oil Skytanking
Kannur	Order No. 44/2021-22 dated 15th March 2022	1,000	~45,000	8	Joint Venture of BPCL and Kannur Airport

From the above assessment, it is evident that the ideal storage at Guwahati Airport is 8-10 days. The forecast for fuel demand is as given below. 4000 KL storage (1,000 X 4 Tanks) is planned at LGBIA in Phase-I and it is being constructed with long term horizon.

7.4 In order to provide open access facilities as per Concession Agreement, GIAL has planned the following infrastructure: -

7.4.1 **Immediate Plan** - GIAL is planning to purchase existing assets of IOCL and RIL, which are within Airport premises and it will be converted into Open Access facility. The budget proposed to acquire these assets is approx. **INR 11 Crores** for Fuel Farm tanks and other allied infrastructure facilities. Additionally, there will be requirement to acquire **3** refuelers/bowsers to deliver ATF from Fuel Farm storage tanks to Aircrafts at a cost of around **INR 3 Crores.** Delivery of new refuelers /bowsers have lead time of 9-12 months, therefore GIAL will hire refuelers/bowsers on rentals basis for approx. **INR 1.98 Crores p.a.** to operate the facility for first year of operations. The open access facility is expected to be operational in December 2023 subject to necessary regulatory approvals.

7.4.2 **Long Term Plan** – GIAL is proposing to build a new facility of approx. 4,000 KL with hydrant system of approx. 7 Kms. The proposed cost of these facilities is approx. **INR 312 Crores** (soft costs, interest during construction and financing allowance will be separate) which includes 4 number storage Tanks, Admin Facilities, Refilling / offloading area, Fuel Hydrant System, Pit Flushers. The new facility will be operational during FY25-26.

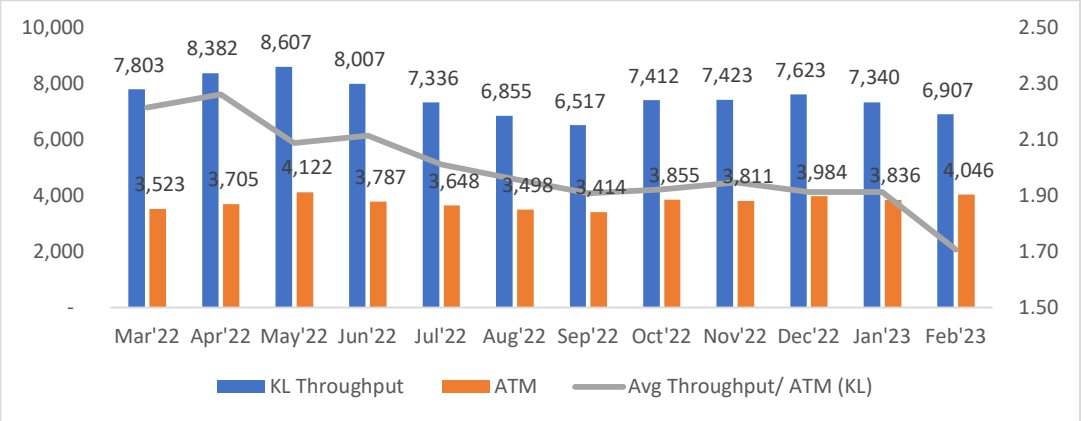
7.4.3 Apart from above, GIAL is required to purchase the deadstock of approx. 1,394 KL with an estimated investment of INR 16 Crores.

S. No.	Description	Quantity	Unit	Remarks
1	Hydrant Line	593	KL	Total length of around 5,352 mtr of pipeline dia of 14inch and length of around 1,596 mtr of pipeline dia of 10inch.
2	Storage tanks	400	KL	10% of total planned storage of 4,000 KL
3	Various Fuel Pipeline and filters	128	KL	Considering fuel farm piping of large bore dia (6inch and above)
	Total Requirement	**1,394 KL**		
	Cost @ INR 1.2 Lakhs per KL	**INR 16 Crores**		

7.5 GIAL storage requirement and throughput analysis

		FY23	FY24	FY25	FY26	FY27
IOCL and RIL	KL	940	940	940		
New Facility Proposed	KL				4,000	4,000
Total	**KL**	**940**	**940**	**940**	**4,000**	**4,000**
Fuel Throughput Projected						
Total ATMs	No.	45,909	59,970	60,527	68,050	82,109
Fuel per ATM (refer below the graph for historical throughput per ATM)	KL	2	2	2	2	2
Total Projected Volume	KL	90,714	119,940	121,054	136,100	164,218
Storage Days	**No**	**4**	**3**	**3**	**11**	**9**

Recent Trend for Throughput per ATM at LGBIA



7.6 The day-to-day operations and management of the Fuel Farm will be outsourced to an O&M agency for a fee (O&M fees). It is expected that O&M Fees will be a combination of minimum fixed fees and variable fees based on volume of fuel processed from the fuel farm facility. The O&M Fee is

expected to increase by inflation rate of 5% per annum. Based on experience of Lucknow Airport in FY22 which is of similar size (5 mppa Airport and reaching to 10 mppa by end of control period), GIAL expect the benchmark fees for O&M agency will be as follows subject to annual inflation: -

Airport	Fixed Fees	Variable Fees
Guwahati (projected)	Volume upto 80,000 KL, fixed fees of INR 7.69 Crores p.a.	Rs 290/KL for volume above 80,000

7.7 Following is the summary of fuel farm operation and maintenance costs as per GIAL for the TCP:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
O&M Expenses	-	2.95	9.33	10.27	11.73	**34.28**
Bowser Rental	-	0.66	0.99	-	-	**1.65**
Total	**-**	**3.61**	**10.32**	**10.27**	**11.73**	**35.93**

8 Ground Handling Operations in TCP

8.1 Ground handling (GH) activity has been outsourced by GIAL as per the Ground Handling Regulations. There are currently two service providers for Ground Handling services at the airport, (1) Indo Thai Airport Management Services Private Limited and (2) AI Airport Services Limited. As per commercial arrangement with the service provider, they are required to make two payments:-

a. Land Rentals; and
b. Revenue Share expressed as a percentage of GH revenue.

8.2 Revenue Share payable is based on concession contract with Ground Handling service providers and are fixed until the tenure as mentioned in the Concession Agreement. The revenues expected from Ground Handling services to GIAL are as given in the table below:-

Revenue (INR crores)		FY23	FY24	FY25	FY26	FY27
Total ATMs	No.	45,909	59,970	60,527	68,050	82,109
Share of airlines having its own GH facilities	No.	22,955	29,985	30,264	34,025	41,055
Balance ATM handled by Ground Handling (GHAs) Agencies	No.	22,955	29,985	30,264	34,025	41,055
Total Turnarounds handled by GHAs	No.	11,477	14,993	15,132	17,013	20,527
Avg. Revenue per turnaround earned by GH Agencies	INR	15,200	15,960	16,758	17,596	18,476
Revenue Share to GIAL	%	45%	45%	45%	45%	45%
Revenues Share earned by GIAL per Turnaround	INR per Turnaround	6,840	7,182	7,541	7,918	8,314
Revenues Share earned by GIAL	**INR Crores**	**7.86**	**10.77**	**11.41**	**13.47**	**17.07**

8.3 Amounts paid by ground handling service providers have been considered as Aeronautical revenues for tariff determination.

Refer Annexure P for the Letter of Award (LOA)/ License Agreement signed with AI Airport Services Limited and Indo Thai Airport Management Services Private Limited.

9 Allocation Methodology for TCP

Regulated Asset Base

9.1 As per AERA Order No 14/2016-17 and as mandated under the Concession Agreement, the Hybrid-Till with 30% cross subsidisation of non-Aeronautical revenues is the applicable methodology. The relevant extract from AERA order and Concession Agreement is as follows:

9.1.1 Extract from AERA order:

The authority, in exercise of powers conferred by Section 13(1)(a) of the Airports Economic Regulatory of India Act 2008 and after careful consideration of the comments of the stakeholders on the subject issue, decides and orders that : -

(i) The Authority will in future determine the tariffs of major airports under "Hybrid Till" where in 30% of non-aeronautical revenues will be used to cross-subsidise aeronautical charges. Accordingly, to that extent the airport operator guidelines of the Authority shall be amended. The provisions of the Guidelines issued by the Authority, other than regulatory till, shall remain the same.

(ii) In case of Delhi and Mumbai airports, tariff will continue to be determined as per the SSA entered into between Government of India and the respective airport operators at Delhi and Mumbai.

9.1.2 Extract from Concession Agreement:

28.3.2 The GOI has, through the National Civil Aviation Policy dated June 15, 2016, approved, ("Shared-Till Approval") the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all airports in India, and the same shall be accordingly considered by the Regulator for the purposes of the determination of the Fees/ Aeronautical Charges pursuant to the provisions of this Agreement. It is clarified that, for the purposes of this Agreement, the Shared-Till Approval shall apply as on the date of this Agreement notwithstanding any subsequent revision or amendment of such Shared-Till Approval.

28.3.3 The Aeronautical Charges shall be regulated and set/ re-set, in accordance with the Shared-Till Approval, terms of this Agreement including

the terms set out in Schedule R (Memorandum of Understanding) and the Applicable Laws.

9.1.3 Extract from Schedule R of the Concession Agreement:

2.2 Principles for Determination and Revision of Fees

2.2.1 The GOI has, through the National Civil Aviation Policy dated June 15, 2016 approved the 30% (thirty percent) shared-till framework for the determination and regulation of the Aeronautical Charges for all Airports in India ("Shared-Till Approval"), and the same shall be accordingly considered by AERA, for the purposes of the determination of the Fees/ Aeronautical Charges pursuant to the provisions of this Agreement.

2.2.2 The Aeronautical Charges shall be regulated and set/ re-set, in accordance with the Shared-Till Approval, the terms of the Concession Agreement and the Applicable Laws.

9.2 As per Clause 5.2 of the AERA Guidelines:

5.2.1. Scope of the RAB

(a) In normal course, all airport fixed assets will come under the scope of the RAB. However, the Authority may, based on due consideration of relevant factors, include or exclude certain fixed assets from the scope of RAB.

(b) The relevant RAB assets shall be all the fixed assets proposed by the Airport Operator(s), after providing for such exclusions therefrom or such inclusions therein, as may be determined by the Authority in respect of specific assets based on following principles:-

(i) The assets that substantially provide amenities / facilities/ services that are not related to, or not normally provided at an airport, may be excluded from the scope of RAB;

(ii) The assets that in the opinion of the Authority do not derive any material commercial advantage from the airport (for example from being located close to the airport) may be excluded from the scope of RAB;

(iii) Responses by stakeholders in relation to their inclusion or exclusion during consultations;

(iv) Specification of, to the Authority's satisfaction, sufficient accounting separation to ensure that the costs and revenues associated with the assets shall be clearly identified for the preparation and audit of regulated airport accounts;

(v) Specification of, to the Authority's satisfaction wherever appropriate (where the Authority considers there may be substantial financial risks associated with any asset), sufficient legal separation to protect the Airport Operators, and thus airport Users, in the event of any substantial financial risks materialising. The Authority shall require the Airport Operator(s) to insulate the Users by suitably ring fencing the assets excluded from the scope of RAB. The principles governing the ring fencing are mentioned in the paragraph 7.5 of Order Number 13/2010-11 of the Authority issued on 12-Jan-2011.

(vi) Notwithstanding the principles mentioned under points (i) to (v) above, assets with fixed locations inside terminal buildings shall be considered within the scope of RAB.

(c) Any exclusion/ inclusion shall only be considered if it is proposed to be executed in the Control Period for which the Multi Year Tariff Proposal is submitted.

(d) The Authority may also, in its discretion, consider any other relevant factors for exclusion or inclusion of assets.

(e) The assets related to any service(s) provided by the Airport Operator that are subject to separate control and regulated as per Clause 5.7, shall be excluded from the scope of RAB.

9.2.1 It is observed that as per AERA Guidelines, 5.2.1 (b) (vi) all the assets which are part of the terminal building shall be considered as part of RAB. Therefore, terminal building as a whole should be considered as RAB / Aeronautical asset and not required to be allocated into Aero and Non-Aero.

9.3 The norms mentioned in IMG report are not applicable to PPP airports, as per clause no. G of IMG Report. reproduced below:

"In case of airports developed through Public Private Partnerships the project authorities may adopt a case-by-case approach with respect to norms

relating to unit area and unit costs. Based on the judicious consideration of international best practices and financial viability, the norms may be specified in each case prior to inviting bids for private participation."

No norms with respect to unit area and costs were mentioned in the bidding documents and Concession Agreement of Guwahati Airport.

9.4 *Clause 5.4.1 of AERA Guidelines relating to Operation and Maintenance Expenditure (O) is as follows*

5.4.1. The operation and maintenance expenditure shall include all expenditures incurred by the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandated operating costs as defined in Clause 5.4.2.

5.4.2. The assessment of operation and maintenance expenditure by the Authority shall include a review of the forecast of such expenditure as submitted by the Airport Operator based on the following principles:

(a) Assessment of baseline operation and maintenance expenditure based on review of actual expenditure indicated in last audited accounts, and prudency check inter alia with respect to underlying factors impacting variance over the preceding year(s) including treatment for one-time costs or atypical costs. For avoidance of doubt, the operation and maintenance expenditure to be assessed will be limited to only those expenditure that relate to assets and services taken into consideration for determination of Aggregate Revenue Requirement;

(b) Assessment of efficiency improvement with respect to such costs based on review of factors such as trends in operating costs, productivity improvements, cost drivers as may be identified, and other factors as maybe considered appropriate; and

(c) Assessment of other mandated operating costs or statutory operating costs, where (i) subject to Clause 5.4.5, other mandated operating costs are costs incurred in compliance to directions received from regulatory agencies including Director General Civil Aviation; and (ii) statutory operating costs are costs incurred on account of fees, levies, taxes and other such charges, directly imposed on the Airport Operator by the regulatory agencies and directly paid for by the Airport Operator.

9.5 The summary of GIAL's proposal is as follows:-

9.5.1 Shared-till/Hybrid till methodology which mandates the cross subsidization of 30% non-aeronautical revenues for determination of aeronautical charges is considered. Under the Shared-Till model, 30% of Non-Aeronautical Revenues are accounted for cross subsidizing the ARR. Therefore, there is no need to apply the allocation ratio whereby, capital and operating expenditure is reduced.

9.5.2 IMG norms are not applicable to GIAL as the same is not specifically mentioned in Concession Agreement for Guwahati Airport. Hence, unit area norms as mentioned in IMG norms are not relevant.

9.5.3 GIAL has considered all assets as Regulated Asset Base as provided in clause 5.2.1 (b)(vi) of the AERA Guidelines.

9.5.4 Accordingly, as per clause 5.4.1 of the AERA Guidelines, all the operating and maintenance expenditures are considered to be relating to assets taken into consideration for determination of Aggregate Revenue Requirement, other than expenses which are specifically not allowed as pass-through as per Concession Agreement like Concession Fees.

10 Depreciation on Regulatory Asset Base for TCP

10.1 With respect to assets taken over from AAI as on COD as per signed Fixed Asset Register, GIAL proposes to calculate depreciation based on the remaining useful lives of the assets. This in in line with the decision 1.d of Authority`s Order No. 35/2017-18 dated 12th January 2018 and amendment to Order No. 35/2017-18 dated 09th April 2018. The relevant extract of the order is as follows:-

1.d To propose that the carrying amount of the asset as on the date of effect shall be depreciated over the remaining useful life of asset.

10.2 GIAL has considered the depreciation for the assets based on the useful life of the assets as per the Companies Act and useful life of various assets as recommended by independent technical evaluation for Lucknow and Ahmedabad Airports. GIAL also submits that the same is consistent with Authority's Order No. 35/2017-18 dated 12th January 2018 and amendment to the Order dated 09th April 2018.

10.3 Following are the useful life and depreciation rates assumed for the TCP:

Particulars	Book Depreciation	Useful Life (Years)	Income Tax Rates
Terminal Building	4%	25	10%
Runway, Taxiway and Apron	5%	20	10%
Cargo building	4%	25	10%
Cargo Equipment	13%	8	15%
Boundary wall	20%	5	10%
Software	33%	3	40%
IT equipment	33%	3	15%
Security equipment	13%	7.5	15%
Plant and Machinery	13%	7.5	15%
Other Buildings	3%	30	10%
Access Road	10%	10	10%
Fuel	13%	7.5	15%
Furniture & fixtures	14%	7	10%
Vehicles	20%	5	15%
Office equipment	20%	5	15%

10.4 For the purpose of MYTP, depreciation has been computed for full year for the Opening Gross Block and half year for the assets capitalised during the particular year. The methodology is used throughout the control period.

Following is the depreciation and amortization calculated by GIAL based on above methodology and also after considering all assets as 100% RAB:-

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Depreciation and Amortization on Deemed Initial RAB	21.75	17.97	14.13	12.15	9.24	**75.24**
Depreciation and Amortization on Asset acquired during the period	1.36	14.86	103.62	271.98	357.22	**749.05**
Total Depreciation	**23.11**	**32.83**	**117.76**	**284.13**	**366.46**	**824.29**

11 Regulatory Asset Base for TCP

11.1 After considering the financing allowance as per Clause 5.2.7 of the AERA Guidelines and expected capitalization date of various projects, following is the summary of the Opening RAB and Closing RAB :-

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY 27
Opening RAB	140.28	164.82	217.99	3,803.72	5,545.53
Assets Capitalised	47.65	86.01	3,703.48	2,025.95	156.55
Depreciation	23.11	32.83	117.76	284.13	366.46
Closing RAB	164.82	217.99	3,803.72	5,545.53	5,335.63
Average RAB = (Opening RAB + Closing RAB) / 2	**152.55**	**191.40**	**2,010.85**	**4,674.63**	**5,440.58**

12 Fair Rate of Return for TCP

Cost of Equity (COE)

12.1 It is mandated under the AERA Guidelines that Cost of Equity is to be calculated based on Capital Asset Pricing Model (CAPM). The relevant extract from AERA Guideline is as below:

5.1.3. Cost of Equity

The Authority shall estimate cost of equity, for a Control Period, by using the Capital Asset Pricing Model (CAPM) for each Airport Operator, subject to the consideration of such factors as the Authority may deem fit.

12.1.1 GIAL is a new Concession Agreement whose terms and conditions are different than other Concessions Agreement like Delhi Airport, Mumbai Airport, Hyderabad Airport, Bangalore Airport and Cochin Airport, hence it cannot be compared with these Airports.

12.1.1.1 Delhi and Mumbai Airports went into regulatory framework after 3 years of operations when all the initial improvement, service standards and AAI manpower obligation were phased out, whereas GIAL is already under regulatory framework with the transition phase of first few years and improvement process is still under progress.

12.1.1.2 Bangalore and Hyderabad Airport have no constraint on availability of land for expansion whereas the land is limited at GIAL.

12.1.1.3 Also, it is acknowledged by AERA in point 4.6.20 Tariff Order No 08/2021-22 for Cochin Airport for the Third Control Period that newer airport operators cannot be compared with old airport operators. It is reasonable to presume that newer companies would have a greater risk when compared to a well-established company.

12.2 GIAL believes that it is similar to Lucknow International Airport Limited (LIAL) in terms of size (with pax traffic between 5 to 10 mppa, a gateway to the city and similar Concession Agreement framework) and it would have similar risk factors. Accordingly, GIAL has adopted the CoE computed for LIAL.

12.3 The three components to be estimated in the CAPM are (a) the beta of the Airport, (b) the risk-free rate and (c) the equity risk premium. The process is elaborated in the table below:

Estimated parameter	Methodology/Approach	Result
Beta	Identification of comparable airports: Various airports were identified which are listed on stock exchanges across the globe or have regulated betas. A set of airports were removed from the list because of either lack of data for the required time period or unreliable data.	-
	Determination of equity and asset beta for the selected airports: Beta is indicative of the systematic risk of the project. In order to calculate this, the analysis regresses the movement of the stock prices (of respective airports) on the movement of an index representing the market portfolio. The beta values pertaining to this regression are called the 'equity' betas. Once the equity beta is calculated, the analysis 'un-levers' the beta (i.e., purges off the effects of the capital structure) by using the Hamada equation: $\beta_U = \frac{\beta_L}{(1+(1-t)(\frac{D}{E}))}$, where t is the tax rate, D and E are debt and equity respectively. This unlevered beta is called the 'asset' beta for the respective airports.	-
	Computing the proximity scores for each airport and asset beta of the airport: Once the asset betas have been computed, quantifiable assessment has been undertaken for identified airports to determine the proximity/ relevance scores. All the airports have been compared with the airport based on the following airport characteristics: Regulatory Environment Operational Structure Payment Structure Ownership Structure Numeric values of 1 to 3 have been assigned to each factor wherein lower the score, more comparable is the airport. Furthermore, an inverse of the proximity scores is used to calculate the 'asset' beta.	0.80 to 0.81
	Re-lever the asset beta to obtain the equity beta: The asset beta is re-levered using the Hamada equation to obtain the equity (re-levered) beta. As the re-levered beta is a function of D/E or gearing ratio, the beta value changes whenever the D/E or gearing ratio changes. A gearing ratio of 48:52 is considered. This has been derived from the gearing ratios set by the regulators at different comparable international airports.	1.35-1.38

Risk Free Rate	An average of daily yield for 10 years of the 10-year Government of India security has been considered as the risk-free rate.	7.57%
Equity Risk Premium	To avoid any bias, an average of equity risk premiums computed by a list of studies and standard market indices are taken for the analysis. The list of the same is provided as follows: Prof Damodaran's estimate of ERP as of January 2021 based on ratings of sovereign bonds. Prof Damodaran's estimate of ERP as of January 2021 based on ratings of sovereign bonds. Forward looking ERP of India as estimated in a study conducted in April 2019 by Grant Thornton ERP published by Incwert Valuation Chronicles in June 2020 ERP computed based on Nifty 50 ERP computed based on Sensex.	7.06%

12.4 After computing the parameters as mentioned in the table above, the inputs are fed into the CAPM:

$$R_e = R_f + \beta * (R_m - R_f)$$

Where,

R_e is the Cost of Equity

R_f is the risk-free rate

β is the equity beta of the airport

$(R_m - R_f)$ is the equity risk premium

12.5 After incorporating the above estimated figures in the CAPM equation, the computed CoE is 17.11% - 17.28%. The following table summarizes the sensitivity of the gearing ratio:

Gearing Ratio	CoE
48:52	17.11%-17.28%
60:40	19.55%-19.76%
65:35	21.06%-21.29%
70:30	23.07%-23.34%

12.6 Accordingly, CoE should be allowed at 17.30% for GIAL for the TCP, based on report by PwC which recommended CoE at 17.11% - 17.28%.

Cost of Debt

12.7 GIAL has considered cost of debt to be 12% per annum based on actual debt taken as of date.

12.8 In May-2022, AAHL had raised a 3-year External Commercial Borrowing facility from a consortium of Standard Chartered Bank and Barclays Bank PLC. The all-in borrowing cost of this facility is 12.10% p.a. (as tabled below). The part of the proceeds raised from this facility are being on-lent to GIAL for the purpose of financing its capital expenditure and other requirements at the rate of 12.25% p.a. For the purposes of computation of weighted average cost of capital, cost of debt has been assumed as 12% p.a. The raising of funds at GIAL was not possible without Corporate Guarantee support from Adani Group and hence borrowing with Corporate Guarantee of Adani Group in turn tantamount to Borrowing at Holding Company level.

Parameters	**Value**
Secured Overnight Financing Rate (SOFR) reference	2.28%
Spread over SOFR	4.25%
Withholding tax gross up (at 5% of SOFR + spread)	0.33%
One-year forward Dollar-Rupee hedge cost (mandatory as per RBI guidelines)	4.51%
Other Charges	0.73%
All-in Cost of External Commercial Borrowing	**12.10%**

Gearing Ratio

12.9 For calculating the fair rate of return (FRoR), GIAL has assumed debt-equity ratio of 48%:52% which is consistent with debt-equity ratio considered by AERA in various recent tariff orders.

FRoR

12.10 Based on above parameters, the below table summarizes the FRoR for TCP:

Particulars	FY23	FY24	FY25	FY26	FY27
Cost of Debt	12.0%	12.0%	12.0%	12.0%	12.0%
Cost of Equity	17.3%	17.3%	17.3%	17.3%	17.3%
D/E Ratio	0.48:0.52	0.48:0.52	0.48:0.52	0.48:0.52	0.48: 0.52
FRoR	14.76%				

13 Operation & Maintenance for TCP

13.1 **Introduction**

13.1.1 GIAL is committed to abide by the provisions of the Concession Agreement in totality and ensure a smooth transition and transformation of LGBIA from AAI to GIAL.

13.1.2 With respect to the O&M obligations of GIAL, the Concession Agreement[8] states that:

"...the Concessionaire shall operate and maintain the Airport in accordance with this Agreement, Applicable Laws and Applicable Permits, either by itself, or through O&M Contractors and if required, modify, repair or otherwise make improvements to the Airport to comply with the provisions of this Agreement, Applicable Laws and Applicable Permits, and conform to Specifications and Standards and Good Industry Practice. The obligations of the Concessionaire hereunder shall include but not limited to:

(a) ensuring to provide the Aeronautical Services, Non-Aeronautical Services and such other services, as are required as per the terms of this Agreement and Good Industry Practice;
(b) permitting safe, smooth and uninterrupted movement of Users and flow of traffic on the Airport, including prevention of loss or damage thereto, during normal operating conditions;
(c) collecting and appropriating the Fee;
(d) minimising disruption to the operation of the Airport, including airside, Terminal Building and land side, in the event of accidents or other incidents affecting the safety and use of the Airport by providing a rapid and effective response and maintaining liaison with emergency services of the State;
(e) carrying out periodic preventive maintenance of the Airport;
(f) ensuring that the Aeronautical Assets, including Runway, taxiways, aprons and approach areas are maintained and operated in accordance with the provisions contained in Applicable Laws, Applicable Permits and relevant ICAO Documents and Annexes;

[8] Clause 18.1. of the Concession Agreement

(g) ensuring that Runway, including the strips, shoulders, stop way and runway end safety area for Runway and strips and shoulders for taxiways and isolation bays are maintained in accordance with the provisions contained in Applicable Laws, Applicable Permits and relevant ICAO Documents and Annexes;

(h) ensuring that the obstacle limitation surfaces of the Airport and the approach and take-off areas are free from obstructions or that the obstructions shall be limited to the permissible limits specified in Applicable Laws, Applicable Permits and relevant ICAO Documents and Annexes;

(i) undertaking routine maintenance including prompt repairs of cracks, joints, drainage systems, embankments, structures, buildings, pavement markings, signaling systems, communication systems, lighting, signage and other equipment;

(j) undertaking major maintenance such as repairs to structures, repairs and refurbishment of equipment, signaling and communication system and major overhaul of equipment;

(k) ensuring that the sensitive and critical areas, as identified by the Authority or the Designated GOI Agency, as the case may be, for the operation of CNS/ATM Equipment and facilities shall be maintained free of any obstructions and that no obstruction which may hamper the safety or functioning of these equipment and facilities or endanger the safety of aircraft operations shall be permitted;

(l) ensuring that appropriate arrangements and precautions have been undertaken at the Airport to prevent bird and animal nuisance in and around the Airport, in accordance with the Applicable Laws and Good Industry Practices;

(m) maintaining the Airfield Lighting System and the main and standby power supply systems in accordance with the standards prescribed in Applicable Laws and relevant ICAO Documents and Annexes, and DGCA Civil Aviation Requirements, as may be issued or updated from time to time, and relevant codes and standards;

(n) preventing, with the assistance of the concerned law enforcement agencies, any encroachments on, unauthorised entry to or unauthorised use of the Airport;

(o) protection and conservation of the environment and provision of equipment and materials therefor;

(p) operation and maintenance of all communication, control and administrative systems necessary for the efficient operation and management of the Aeronautical Services and Non-Aeronautical Services;

(q) maintaining a public relations unit to interface with and attend to suggestions from the Users, Government Instrumentalities, media and other agencies in accordance with the Applicable Laws, for providing the requisite information;

(r) complying with Safety Requirements in accordance with Article 18;

(s) operation and maintenance of all Project Assets diligently and efficiently and in accordance with Good Industry Practice;

(t) maintaining punctuality and reliability in operating the Airport;

(u) maintaining a high standard of cleanliness and hygiene on the Airport including disposal of all kinds of waste at an appropriate location;

(v) taking all measures relating to fire precautions in accordance with relevant ICAO standards or appropriate international guidelines, Applicable Laws, Applicable Permits and Good Industry Practice;

(w) providing all the requisite information, data, operating statistics, etc., as may be required by the Authority, any of the Government Instrumentality, DGCA, State Government or GOI, from time to time."

13.1.3 Additionally, with respect to GIAL's obligations towards *IATA Level of Service Optimum*, the Concession Agreement[9] states that:

"Commencing from the date which is 1 (one) year from the COD, the Concessionaire agrees and undertakes to achieve IATA Level of Service Optimum at the Airport. In the event it is observed that the level of service is inferior to IATA Level of Service Optimum during Peak Hours in any quarter and the Concessionaire does not cure the same within 90 (ninety) days from the occurrence of such degradation of level of service in any Concession Year, the Concessionaire shall pay Damages to the Authority which shall be

[9] Clause 19.6.9. of Concession Agreement

determined at the rate of 0.5% (zero point five percent) of the total revenue from Fees for the immediate preceding quarter."

Where,

"IATA Level of Service Optimum" means the minimum service requirements at various airport subsystems as set out in the 'Optimum' category in the 10th edition of IATA's Airport Development Reference Manual, as may be amended, modified or supplemented from time to time, and shall, for the avoidance of doubt, mean any similar level of service framework in the event of IATA discontinuing publication of the Airport Development Reference Manual;"

13.1.4 In addition to the abovementioned clause, the Concession Agreement further elaborates on the service level monitoring obligations of GIAL. The Concession Agreement[10] states that:

"The Concessionaire shall:

(a) throughout the Concession Period, regularly monitor traffic flows at the Airport and regularly examine levels of service at the Airport;

(b) after achieving the COD, regularly monitor and count Peak Hour passengers enplaning to and deplaning from aircraft at the Airport;

(c) by the 7th (seventh) day after the end of each quarter, provide to the Authority, a detailed report: (i) confirming that the levels of service at the Airport over the preceding quarter (or part thereof) never fell below IATA Level of Service Optimum or describing the dates on or periods of time during which the levels of service at the Airport fell below IATA Level of Service Optimum, and (ii) setting forth its analysis (along with any and all supporting data) of the level of service anticipated at the Airport over the reporting quarter, including any period of time when the level of service at the Airport is projected to fall below IATA Level of Service Optimum; and

(d) promptly advise the Authority in writing, if it otherwise determines that the level of service at the Airport is projected to fall or has fallen below IATA

[10] Clause 21.3. of the Concession Agreement

Level of Service Optimum at any time and provide to the Authority any and all data related to such determination along with the mitigation plan for such deficiency."

13.1.5 The abovementioned clauses of the CA illustrate GIAL's obligations towards maintaining superior service standards. In addition to these obligations, expected increase in capacity due to existing Terminal refurbishment, completion of New Integrated Terminal Building, and development of additional facilities, warrants an increase in GIAL's O&M expenses.

13.1.6 In this MYTP, GIAL has adopted following aspects and principles to determine efficient aeronautical operating and maintenance cost:

13.1.6.1 Upcoming expansion at LGBIA: As explained in Chapter 5, LGBIA is constructing a New Integrated Terminal as obligated under Concession Agreement which has already achieved significant progress and shall be commissioned by FY 2024-25. After commissioning of NITB operations from the existing Terminal 1 will be moved to NITB. Year wise increase in operational terminal area is tabled below. Accordingly, there will be correspondingly increase in costs of various services like manpower, IT, Security, Utility, Housekeeping, Others etc.

Year	T1	NITB	**Total**	**YoY % Increase in Area**
	sq. mtr.	**sq. mtr.**	**sq. mtr.**	
FY21-22	20,300	-	**20,300**	
FY22-23	20,300	-	**20,300**	**0%**
FY23-24	20,300	-	**20,300**	**0%**
FY24-25	20,300		**20,300**	**0%***
FY25-26	-	146,300	**146,300**	**+621%**
FY 26-27	-	146,300	**146,300**	**0%**

**NITB shall be operational from Feb'25 onwards. Hence for projection of expenses we have assumed area increase from FY25-26 onwards. Once the traffic is shifted from T1 to NITB, T1 will be refurbished as Integrated Cargo Terminal.* Inflationary Increase: GIAL has considered inflationary increase based on 79th Round of RBI forecaster survey Dec-2022 towards all expenses which is considered basis the projections provided in Chapter 14 below.

13.1.6.2 Base Year: FY22-23 is the first full year of operations after transition from AAI to GIAL. Actual expenses for FY22-23, based on audited financial statements, are used as base year. and relevant growth percentages are applied over it.

13.1.6.3 **Airports have high fixed costs associated with the provision and maintenance of infrastructure and services such as safety and security. These are incurred regardless of traffic levels. Airport operators, therefore, have limited scope to curtail costs when facing a downturn in demand.**

13.2 **Employees Cost**

13.2.1 Manpower is a crucial resource of service-oriented industries such as airports. GIAL considers manpower as its biggest asset. Total employee costs covered under this section include salaries, wages and bonuses, contribution to PF, gratuity expenses, and staff welfare and training costs.

AAI Employees

13.2.2 With respect to GIAL's obligations towards AAI employees, the Concession Agreement states the following[11]:

"With the exception of the Select Employees, the Concessionaire shall have no obligations in relation to the existing employees of the Authority serving in connection with the Airport."

Where,

""Select Employees" shall mean those employees of the Authority as set forth in Schedule S[12] (of the rank of assistant general manager and below) who are posted at the Airport by the Authority and shall be deployed at the Airport for the duration of the Joint Management Period and Deemed Deputation Period."

[11] Clause 6.5.2. of Concession Agreement
[12] Annexure - A

13.2.3 With respect to the obligations of GIAL towards Select Employee Costs, the Concession Agreement[13] states that:

"The Concessionaire shall bear the Select Employee Costs for the Joint Management Period and Deemed Deputation Period.

… the Concessionaire shall pay to the Authority, on a monthly basis, such amounts as may be indicated in an invoice to be raised by the Authority on the Concessionaire with regard to the emoluments payable by the Authority to the Select Employees."

Where,

""Joint Management Period" shall mean the period commencing from the COD and ending on the date which is 1 (one) calendar year after the COD."

And,

""Deemed Deputation Period" shall mean the period commencing from the expiry of the Joint Management Period and ending on the date which is 2 (two) calendar years therefrom."

13.2.4 With respect to GIAL's association with AAI's senior personnel, the Concession Agreement[14] states that:

"The senior management staff of the Authority of the rank of deputy general manager and above ("Senior Personnel") shall remain deputed at the Airport for a period not exceeding 3 (three) months from the COD.

(i) On the expiry of such 3 (three) month period, the Senior Personnel shall be transferred out of the Airport and redeployed by the Authority.

(ii) It is clarified that the Concessionaire shall not be liable to bear any costs in respect of the Senior Personnel, which costs shall be borne entirely by the Authority."

[13] Clauses 6.5.4. and 6.5.5.
[14] Clause 6.5.3. of the Concession Agreement

13.2.5 There were 173 Select Employees[15] (as on March-2023, 133[16] employees) from AAI at GIA (level of AGM and below) whose employee costs are to be incurred by GIAL as stated in the abovementioned clauses of the Concession Agreement. In addition to this, a growth assumption of annual escalation of salaries has been taken at 10%.

13.2.6 With respect to GIAL's retention obligations of during the Joint Management Period, the Concession Agreement[17] states that:

"At any time during the Joint Management Period, but no later than 90 (ninety) days from the COD, the Concessionaire shall make offers of employment ("Employment Offers") to a minimum of 60% (sixty percent) of the Select Employees.

(i) It is clarified that, in the event of reduction in the number of Select Employees in the manner set forth in Clause 6.5.1, the minimum number of Select Employees to whom Employment Offers are required to be made shall stand correspondingly reduced, with any fractions thereof rounded off to the nearest whole number.

(ii) The terms and conditions of the Employment Offers shall, in terms of salary, position, etc., be the same as the current employment terms of the Select Employees on an annual cost-to-company basis."

13.2.7 As per the abovementioned clauses of the Concession Agreement, GIAL is required to provide offer of employment to at least 60% of Select Employees of AAI. However, it has to bear the cost of 100% of Select Employees of AAI for a period of 3 years. This cost will reduce to 60% of the employees after 3 years of COD in line with provisions of the Concession Agreement.

13.2.8 Moreover, in such a case where less than 60% of the Select Employees accept offers from GIAL, the Concession Agreement[18] states that:

[15] Schedule – S of Concession Agreement (Annexure – A)
[16] Refer Annexure – Q – Sample Invoice from AAI relating to Manpower Cost
[17] Clause 6.5.6. of the Concession Agreement
[18] Clause 6.5.10. of the Concession Agreement

"If, at the expiry of the Deemed Deputation Period, the number of Accepting Employees is less than 60% (sixty) percent of the Select Employees (the "Deficit Employees"), the Concessionaire shall, commencing from the expiry of the Deemed Deputation Period, pay to the Authority, on a monthly basis, such amounts as may be indicated in an invoice to be raised by the Authority on the Concessionaire with regard to the emoluments payable by the Authority in respect of such Deficit Employees (the "Deficit Employee Costs").

(i) The Select Employees in respect of which the Deficit Employee Costs are payable shall be mutually identified by the Parties no later than 3 (three) months prior to the expiry of the Deemed Deputation Period."

(ii) The Deficit Employee Costs shall be considered for pass-through in the determination of the Aeronautical Charges.

(iii) The provisions of sub-clauses 6.5.5 (i), 6.5.5 (ii), 6.5.5 (iii), and 6.5.5(iv) shall, mutatis mutandis, apply to payment of the Deficit Employee Costs.

(iv) The Deficit Employee Costs shall be payable until retirement or other separation from Authority's services of the Deficit Employees, whichever is earlier."

13.2.9 As mentioned in the above clauses of the Concession Agreement, GIAL is obligated to bear the Deficit Employee Cost as well. As stipulated above, Deficit Employee Cost shall be considered for pass-through in the determination of the aeronautical charges.

13.2.10 On 28th December 2021, GIAL made an offer to all AAI employees with substantial increase in their remuneration packages. The offer was valid till 31st January 2022. None of the AAI employees accepted the offer till the validity of the offer date.

13.2.11 Airports are national assets and need to be operated with utmost care and security. It is also a known fact that aviation industry in India is short of skilled manpower (which is also critically mentioned in the Vision 2040 for

the Civil Aviation in India[19]). GIAL is impacted from both the sides i.e. AAI employees want to continue with AAI and there is shortage of skilled manpower in the market. Aviation Sector was hit hardest by the COVID-19 situation and hence people from other industries are hesitant about joining the Aviation industry at the moment.

13.2.12 GIAL is ramping up its own manpower through all means, irrespective of the adverse circumstances, so that necessary on-the-job-training, know-how transfer and skill enhancement is done before the Joint Management Period and the Deemed Deputation Period (total 3 years from COD) ends.

GIAL Employees

13.2.13 Additionally, GIAL has also to hire its own employees for the airport operations. GIAL workforce planning is based keeping in mind the following:

(i) GIAL is committed to maintain the highest service standards and ensure highest level of user experience.

(ii) There are various obligations and responsibilities mandated under Concession Agreement which were not performed by AAI.

(iii) There is a need to hire, train, and maintain a greater number of employees. As explained above, Select Employees have not accepted the offer and therefore GIAL needs to find replacement for all employees.

(iv) Senior Personnel of AAI (approx. 6) were not part of the Schedule S and their deputation at GIA ended after 3 months from the COD as per the Concession Agreement. Therefore, there is a need for GIAL to replace and also train the replacements for these Senior Personnel.

(v) High attrition rates in the aviation sector with a recent increase in privatisation of Airports.

(vi) With suitable talent in the aviation sector being scarce, GIAL's expenses at seeking, hiring, and retaining suitable employees is estimated to increase.

[19] https://dag.um.dk/~/media/danishaviationgroup/market%20information/vision-2040-for-the-civil-aviation-industry-in-india.pdf?la=en

13.2.14 GIAL average employee costs are assumed to increase by 10% in line with growth assumed for AAI Manpower.

13.2.15 Based on the above assumptions, GIAL proposes the following projections for employee costs:

Particulars	FY23	FY24	FY25	FY26	FY27	Total
AAI employees (Nos.)	133	135	135	-	-	
AAI employees cost (INR Crores)	27.64	32.52	31.85	30.26	33.28	**155.55**
GIAL employees (Nos.)	85	115	325	350	375	
GIAL employees cost (INR Crores)	9.57	14.38	28.52	44.92	53.07	**150.46**
Total employee cost (INR Crores)	**37.21**	**46.90**	**60.37**	**75.18**	**86.35**	**306.01**

*AAI Select Employees are available till 7th October 2024. After that, no AAI employee will be available but cost of 60% of Select Employees to be incurred by GIAL as mandated under CA.

Employee recruitment Plan for the control period is as follows:

Departments	AAI Employees^	Adani Employee Projections				
	On COD	FY23	FY24	FY25	FY26	FY27
Chief Airport Office (CAO office) ~	1	2	3	4	4	5
Techno Commercial (Procurement) ~	-	6	8	9	10	11
Corporate communication ~	-	1	2	2	2	3
Corporate Affairs ~	-	1	1	2	2	2
Security	1	6	8	17	17	20
Legal ~	-	1	1	2	2	2
Safety ~	-	-	1	2	2	2
Quality ~	-	1	1	2	2	2
Customer Engagement ~	-	-	-	-	-	-
Information Technology	1	2	5	8	9	10
Airside Management#	-	16	23	30	35	40
Regulatory ~	-	-	-	1	1	2
Terminal and Operation	16	22	23	44	44	46
Non-Aero Commercial	1	3	4	7	7	7
Human Resources and Admin	21	5	5	6	6	6
Finance	7	5	5	8	8	8
Engineering & Maintenance	51	3	13	30	30	30

Departments	AAI Employees^	Adani Employee Projections				
	On COD	FY23	FY24	FY25	FY26	FY27
Airline Marketing ~	-	-	1	2	2	2
Aviation Rescue and Fire Fighting (ARFF) *	54	8	8	84	84	88
Environment & Sustainability ~	-	1	1	2	2	2
Horticulture ~	-	1	1	3	3	3
Land department ~	-	1	1	1	1	1
ILHBS Screeners **	-	-	-	59	77	83
Total Manpower Requirement	**153**	**85**	**115**	**325**	**350**	**375**

^Out of total Select Employees of 173 (Schedule S), only 135 are available at the Airport (as on date). Refer Annexure Q for sample invoice for AAI Manpower.

*ARFF manpower requirement is projected as per DGCA Taskforce Resource Analysis report (refer Annexure R)

**Existing Terminal 1 does not have ILBHS facility. ILBHS facility is provided in the New Terminal Building. Hence ILHBS Screeners requirement is projected as per requirement based on other similar size Airports like Lucknow.

~The new departments created based on various requirements emanating from CA and experience from other PPP Airports.

#Airside manpower projected by GIAL includes shift staff for various activities like AOCC, Airside Operations Executives, Aerodrome Safeguarding etc. Similarly, Security manpower projected by GIAL includes staff for Pass Section, AvSec Training and Compliances, Liaising with CISF/BCAS/Police and Monitoring of outsourced staff etc.

13.3 Utilities - Electricity, Water and Diesel for genset

13.3.1 Electricity and water costs are calculated at net level, i.e. gross expenses less recovery from various users / concessionaires.

13.3.2 GIAL has consumed approx. 8.6 Mn units of electricity in FY 2022-23. The electricity regulated average rate at Guwahati is approx. INR 9 per unit, GIAL's expenses on electricity (net of 16% recoveries) for 2022-23 is approx. INR 6.70 Crores. The latest trend in electricity consumption and recovery pattern is as below:-

Year	Electricity Consumption kwh	Per Unit Cost	Recovery from Concessionaire
Apr'22	689,780	8.81	10.96%
May'22	779,781	8.75	15.25%
June'22	778,347	8.68	12.20%
July'22	804,292	8.73	19.61%
Aug'22	804,292	9.03	16.82%
Sep'22	778,347	8.11	16.62%
Oct'22	804,292	8.88	14.94%
Nov'22	1,147,304	8.74	17.46%
Dec'22	595,777	9.26	16.69%
Jan'23	525,126	9.57	19.87%
Feb'23	538,334	9.47	18.68%
Mar'23	677,429	9.35	17.53%
Total	**8,923,101**	**8.90**	**16.00%**

13.3.3 Apart from Electricity, GIAL has assumed cost of water and diesel for genset for approx. INR 0.30 Crore p.a. based on the usage pattern.

13.3.4 Utility expenses are expected to increase by 5% on account of inflation. In addition, GIAL has considered increase in cost in proportion to increase in terminal area during the control period as provided in point 13.1.6.1 above.

13.3.5 Based on the above assumptions, GIAL proposes the following projections for electricity and water costs (net of recoveries):

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Electricity cost (net of recoveries)	6.70	8.24	8.65	65.49	68.76	**157.85**
Total (net of recoveries)	**6.70**	**8.24**	**8.65**	**65.49**	**68.76**	**157.85**

13.4 **Corporate Allocation**

13.4.1 GIAL is a Company of the Adani Group.

13.4.2 AEL is the flagship company for Adani Group which has promoted various businesses like Power, Renewable, Ports, Logistics, Airports, Data Center, Défense etc.

13.4.3 AAHL, 100% subsidiary of AEL, is a special purposes company incorporated with an aim to promote Airport and airport related activities.

13.4.4 AEL and AAHL have developed various capabilities, infrastructure and processes in various areas ("Corporate Support Services").

13.4.4.1 AEL has consolidated various strategic functions/activities like corporate finance, legal, central procurement, green initiative, ESG, Information technology, taxation, management assurance, internal audit, shared service for financial transactions. human resource management. AEL also includes various strategic and leadership functions like Chairman office, Group CFO office, Corporate Communication and Branding etc. AEL provides support on these functions to all group companies including but not limited to Power, Renewable, Ports, Logistics, Airports, Data Center, Défense etc.

13.4.4.2 AAHL houses a team of specialised subject matter expert in Aviation sector having domain knowledge and expertise in Airports Operation, Airside Management, Master Planning, Designing, Airport Development, Airport Regulatory, Human Resources, Transition Management, Hospitality, Customer management, Finance Management, Legal expertise, Cargo Development and Management, Airline Marketing, Retail, Commercial, Space Leasing, Non-Aeronautical etc.

13.4.5 These capabilities, infrastructure, and processes (retained under AEL and AAHL) are very important for sustainable operations of any business including Airports.

13.4.6 Cost is incurred by AEL and AAHL on overall basis to provide these services and support to various group companies (including Airports) by AEL and to various Airport companies in case of AAHL respectively. The major composition of these costs includes salaries and administrative cost.

13.4.7 These costs (except shareholders services and non-Aeronautical services) are recovered by AEL and AAHL through appropriate allocation method/keys. AEL and AAHL do not allocate the costs which are related to shareholders

services (activities performed by AEL / AAHL for their own benefits like consolidation of accounts, secretarial etc.) and Non-Aeronautical services.

13.4.8 The cost is allocated on cost-to-cost basis "without any mark-up". As on date Adani Group has portfolio of 8 Airports. In case these services are to be maintained by each Airport on standalone basis then the summation of cost incurred by each Airport will be much higher than the consolidated cost incurred by AEL and AAHL to maintain these services.

13.4.9 Corporate cost allocation has various benefits like: -

- Leveraging on best practices
- Centralized monitoring and control
- Efficiencies and economies of scale

13.4.10 It has been a common practice across all the industries operated by big business houses including private Airport entities and AAI, whereby cost allocation process is prevalent. Similar corporate cost allocation practice is used by aviation companies For e.g., GMR Infrastructure Limited (GIL) and GMR airports Limited (GAL) provides services to DIAL and GHIAL and their costs are allocated based on suitable drivers. Similar practice is followed by AAI as well in allocating its Central Head Quarters (CHQ) / Regional Head Quarters (RHQ) costs to various airports.

13.4.11 AAHL hired an independent consultant, PwC, to undertake the study on Corporate Cost Allocation who have opined that consolidation of support services have benefits like: -

a) Leveraging on best practices
b) Centralized monitoring and control
c) Efficiencies and economies of scale

The independent consultant also opined that such corporate cost allocation practice is adopted by various large corporates including Aviation companies in India and overseas.

Further the independent consultant has advised that non-allocation of shareholders cost, non-allocation of non-aeronautical services at AAHL, recovery at cost to cost without mark-up and allocation based on various drivers, are suggested approach for allocation methodology.

13.4.12 The cost is escalated based on employee growth.

13.4.13 Based on the above assumptions, GIAL proposes the following projections for corporate allocation as an operating expenditure:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Corporate allocation	12.89	15.00	42.39	45.65	48.91	**164.85**

13.5 **Repairs & Maintenance expenses**

13.5.1 GIAL aims at maintaining best-in-class service quality levels through upkeep and maintenance of the buildings, equipment and other infrastructure to ensure hassle-free, safe and smooth operations. Repairs and Maintenance includes civil, electrical and mechanical works for the maintenance of the airport including the terminal, runways, taxiways, parking bays, aprons, aerobridges, power substations, IT and other plants and machinery.

On Existing Assets

13.5.2 In relation to GIAL's obligations with respect to existing contracts with AAI, the Concession Agreement[20] states that:

"The Authority shall, during the Inception Period, perform and comply with all its obligations under the Existing Contracts, and shall, at its own cost and expense, procure novation of such contracts and agreements in favour of the Concessionaire, to take effect from the COD and remain in force for the remaining term thereunder. The Parties agree to execute the documents necessary for novation of the Existing Contracts ("Novated Contracts") as contemplated under this Clause 6.4.1. The Concessionaire shall bear and pay all stamp duties payable in connection therewith.

[20] Clause 6.4. from the Concession Agreement

In the event the Authority is unable to procure novation of any Existing Contract in accordance with the foregoing ("Non-Novated Contracts"), it shall execute a power of attorney, effective on and from the COD, designating the Concessionaire (acting through its authorised representative) as its attorney and agent with powers to act on its behalf for all intents and purposes to the extent of the scope of the Non-Novated Contracts, including the power to appropriate all benefits which may accrue to the Authority from time to time under any such Non-Novated Contract, and terminate such Non-Novated Contracts in accordance with their terms. The Concessionaire shall bear and pay all stamp duties payable in connection with such power(s) of attorney.

On and from the COD, the Concessionaire shall, at its own risk and cost, perform and comply with (i) all its obligations under the Novated Contracts; and (ii) all obligations of the Authority under the Non-Novated Contracts, as if the Concessionaire were an original party to such contracts. The Concessionaire agrees and undertakes to indemnify, defend, save and hold harmless the Government Indemnified Persons against any and all suits, proceedings, actions, demands and claims for any loss, damage, cost and expense of whatever kind and nature under or in connection with any Novated Contract or the Non-Novated Contract arising after the COD save and except any loss, damage, cost and expense arising after the COD but relating to any act or omission of the Authority prior to the COD. It is clarified that, unless they are terminated earlier in accordance with the terms of such agreements, the Novated Contracts and Non-Notated Contracts shall subsist until their expiry. Pursuant to such expiry or termination, the Concessionaire may, at its own discretion, enter into any contract with respect to the subject matter of the relevant Novated Contract and/ or Non-Notated Contract, with any third party, on such terms and conditions as it may deem fit."

13.5.3 With respect to Repairs and Maintenance, GIAL received over 100 contracts from AAI. These contracts were of varied nature, including but not limited to:

a. Electrical
b. Civil
c. HVAC
d. PBB

e. BHS
f. Airside
g. Public Address System
h. STP
i. Water Management
j. Waste Management
k. UPS
l. Lift
m. Escalator

13.5.4 While taking over the Airport, GIAL carried out a facility health assessment and found various deficiencies.

13.5.5 During the first year of operations GIAL felt a need to improve the service level of the vendors and also to address the identified deficiencies, GIAL carried out a consolidation of the contracts and awarded fresh contracts through a transparent bidding process. Refer Annexure S for the major contract/LOA for Repair & Maintenance.

13.5.6 The estimated expenses that will be incurred by GIAL on the repairs and maintenance works of existing assets (transferred from AAI to GIAL), are expected to increase by 5% inflation and another 5% allowance is provided as contingency for change of scope, overtime, escalation etc.

On New Assets

13.5.7 Repairs and maintenance expenses that are to be incurred by GIAL for new assets have been calculated as 3% of the opening gross block of new assets of the respective years.

Total R&M Expenditure

13.5.8 Based on the above assumptions, GIAL proposes the following projections for repair and maintenance:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
R&M (Initial assets)	19.51	22.00	24.20	26.62	29.28	**121.61**
R&M (New Assets)	-	1.74	4.09	109.69	171.23	**286.75**
Total R&M cost	**19.51**	**23.74**	**28.29**	**136.31**	**200.51**	**408.36**

13.6 **Insurance**

13.6.1 With respect to GIAL's insurance obligations, the Concession Agreement states that:

*"**Insurance Obligations***

The Concessionaire shall effect and maintain at its own cost, during the Concession Period, such insurances for such maximum sums as may be required under the Financing Agreements and Applicable Laws, and such insurances as may be necessary or prudent in accordance with Good Industry Practice. The Concessionaire shall also effect and maintain such insurances as may be necessary for mitigating the risks that may devolve on the Authority as a consequence of any act or omission of the Concessionaire. The Concessionaire shall procure that in each insurance policy, the Authority shall be a co-assured and that the insurer shall pay the proceeds of insurance into the Escrow Account. The Parties agree that the level of insurance to be maintained by the Concessionaire after repayment of Senior Lenders' dues in full shall be determined on the same principles as applicable for determining the level of insurance prior to such repayment of Senior Lenders' dues.

Insurance Cover

Without prejudice to the provisions contained in Clause 30.1, the Concessionaire shall, during the Concession Period, procure and maintain Insurance Cover including but not limited to the following:

(a) loss, damage or destruction of the Project Assets, including assets handed over by the Authority to the Concessionaire, at replacement value;
(b) comprehensive third party liability insurance, including injury to or death of personnel of the Authority or others who may enter the Airport;

(c) the Concessionaire's general liability arising out of the Concession;

(d) liability to third parties for goods or property damage;

(e) workmen's compensation insurance; and

(f) any other insurance that may be necessary to protect the Concessionaire and its employees, including all Force Majeure Events and not otherwise covered in items (a) to (e) above."

Being an airport operator, GIAL is expected to take various insurances for property damage, business interruption, third party liabilities, and terrorism. GIAL has incurred insurance expenses of INR 2.31 Crores for 2022-23 for the initial asset base with a replacement cost coverage of INR 1,150 Crores. The implied cost is approx. 0.20% of the replacement cost. The cost is expected to increase by inflation @5%.

The insurance expenses for new assets to be acquired/added have been calculated as 0.1% of the new additions to the gross block based on market rates.

13.6.2 Based on the above assumptions, GIAL proposes the following projections for insurance:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Existing Assets	2.31	2.75	3.03	3.33	3.66	**15.07**
New Assets	-	0.14	3.66	5.71	5.86	**15.36**
Total Insurance cost	**2.31**	**2.89**	**6.68**	**9.03**	**9.52**	**30.43**

13.7 **Rates and taxes**

13.7.1 Rates and taxes costs contain several costs such as property tax, water tax and sewage tax to local authorities.

13.7.2 GIAL has incurred approx. INR 0.31 Crores as taxes and other statutory obligations in FY23. This is based on property tax invoice raised by local authorities on AAI which has in turn requested for reimbursement from GIAL as per terms of the concession agreement. The cost is expected to increase by 5% on account of inflation. In addition, GIAL has considered increase in

cost in proportion to increase in terminal area during the control period as provided in point 13.1.6.1 above.

13.7.3 Based on the above assumptions, GIAL proposes the following projections for rates and taxes:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Rates and taxes	0.31	0.75	0.79	5.71	6.00	**13.56**

13.8 **Security Expenses**

13.8.1 Security related operating expenses are dynamic in nature and the requirement of the same varies with perceived security threat and mandates from various agencies. GIAL expects to incur significant security expenses with the expansion of the terminal building area. GIAL's security expenses includes outsourced manpower, security guards, security operation maintenance, surveillance vehicles, access controls and expenses related to other automation systems. Total cost estimated for FY 23 to be INR 3.75 Crores which is expected to increase in line with traffic growth.

The activities covered under outsourced Security Services include Kerbside Management and Other Area (ALS, Patrolling, Pass Section and other Automations)

As per Concession Agreement, Terminal Building *includes kerbside and access roads.* The definition of Terminal Building as provided in the Concession Agreement is as follows:-

"Terminal Building" means the stand-alone and/ or integrated passenger terminal building with separately identified area for domestic passengers and international passengers on the Site and the land appurtenant thereto, ***including the kerbside and approach roads*** *and including the existing terminal building, as described and demarcated in the perspective plan set out at Annex II of Schedule A, and/ or the Master Plan, as the case may be.*

13.8.2 For the forecasts, security expenses are expected to increase by a traffic growth. Further GIAL has considered increase of 50% in FY25-26. due to

increase in terminal area during the control period as provided in point 13.1.6.1 above.

13.8.3 Based on the above assumptions, GIAL proposes the following projections for security expenses:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Security expenses	**3.75**	**6.00**	**6.11**	**9.97**	**12.02**	**37.86**

Counter Drone Expenses

Bureau of Civil Aviation Security (BCAS) had directed the Indian Airports to implement Counter drone technology/solution for Surveillance, detection and Neutralization of drones/ UAVs vide AVSEC Circular no 02/2020 dated 11th February 2020 and vide addendum dated 09th February 2021 to the said circular. However, the above-mentioned Circular has been subsequently withdrawn by BCAS vide Order No. CAS-6(11)/2018/ Div-I/RPA/ (Part2)/ 180940 dated 23rd February 2022. For the time being, the numbers provided in this MYTP are exclusive of such expenses as the circular has been withdrawn. In future, GIAL may require to incur expenses relating to counter drone subject to revised guidelines.

We request AERA to kindly true-up such expenditure on actual incurrence basis in the tariff determination of the next control period. However, if revised guidelines are issued before tariff approval by AERA, we will provide details of likely expenditure for consideration and inclusion of the same in ARR by AERA.

13.9 **IT Expenses**

13.9.1 With respect to GIAL's obligations with respect to setting up of an Airport Operation Data Base, the Concession Agreement[21] states that:

"The Concessionaire shall set up Airport Operation Data Base ("AODB") consisting of an airport operations database, communications layer and

[21] Clause 21.1. of the Concession Agreement

visual system that link various systems in the Airport together. The AODB must provide all operations data at the Airport including but not limited to the data related to objective service quality requirement and parameters defining level of service of the Terminal Building and any other such information as may be required by the Authority and/ or any Designated GOI Agency pursuant to this Agreement. AODB shall generate daily, weekly, monthly, quarterly and annual reports as per the requirements of this Agreement. The AODB system should be capable to provide historical, real-time data to assist in strategic decision making as well as to help the Concessionaire for various compliance requirements. The Concessionaire shall provide AODB access to the Authority for periodic review and generation of reports."

13.9.2 To ensure world-class IT infrastructure, GIAL intends to revamp the existing IT capacity and efficiency. IT expenses incurred by GIAL include the following:

- System license costs
- IT consumables
- IO/AO support
- Digitization, travel, and group governance
- Operating cost of servers, website, and other systems
- Maintenance costs (office, cables, and DC room)
- IT resources
- AMC for airport systems
- AAI end user system support

13.9.3 For the forecasts, IT expenses are expected to increase in line with growth in manpower strength. Further GIAL has considered increase of 100% in FY25-26 due to increase in terminal area during the control period as provided in point 13.1.6.1 above.

13.9.4 Based on the above assumptions, GIAL proposes the following projections for IT expenses:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
IT expense	2.50	7.00	19.78	41.09	44.02	**114.39**

13.10 **Administrative and General Expenses**

13.10.1 Administrative costs contain expenses such as consultancy expenses, advertisement, travel, audit, printing & stationery, office expenses, communication costs, business promotion etc. These costs are necessary for the efficient working of the Airport. The initiatives include industry outreach programs, meeting various stakeholders, participation in various domestic and international forums and catchment area programs. GIAL is transforming Guwahati Airport into a smart and futuristic airport.

13.10.2 Admin and General expenses expected to increase by inflation 5% and another 5% allowance is provided as contingency for change of scope, overtime, escalation etc.

13.10.3 Based on the above assumptions, GIAL proposes the following projections for admin expenses:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Admin expenses	13.56	34.00	37.40	41.14	45.25	**171.35**

13.11 **UDF Collection Charges**

13.11.1 UDF collection charges are currently applicable as INR 5 per departing passenger. The same has been used to project the cost during TCP.

13.11.2 Based on the above assumptions, GIAL proposes the following projections for UDF collection charges:-

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
UDF Collection Charges	0.98	1.64	1.67	1.89	2.27	**8.45**

13.12 **Other Operating Expenses**

13.12.1 Other operating expenses include expenses such as (i) housekeeping and upkeep expenses; (ii) horticulture expenses; and (iii) outsourced manpower/ hire charges.

The other Operating Expenses largely incudes Cleaning & Housekeeping Services, Pest Control Services, Cleaning of Public Toilet, providing biomedical waste management services, garbage collection services etc. Refer the attached Annexure T for LOA issued for one of the major contract. The major agreements were entered during FY22-23 and hence in order to provide its annualised impact necessary increase factor has been considered in FY23-24.

Outsourced manpower hire charges include expenses such as operations of Bird Scarers for WHM, customer service executive, guest relation executive etc. and a trolley management O&M contract.

13.12.2 In line with growth assumptions mentioned earlier, other operating expenses are expected to increase by inflation of 5%. Further in FY25-26, GIAL has considered increase in cost in proportion to increase in terminal area during the control period as provided in point 13.1.6.1 above.

13.12.3 GIAL proposes the following projections for other operating expenses:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Other operating expenses	13.43	22.00	23.10	167.63	176.02	**402.18**

13.13 **Independent Engineers' Cost**

13.13.1 As per Article 24 of the Concession Agreement, AAI and GIAL will appoint the Independent Engineer (IE). The IE to be appointed initially for 3 years and thereafter for every 3 years till the end of concession period of 50 years. The cost of the Independent Engineer shall be paid by AAI and that shall be reimbursed by GIAL to AAI. The cost of Independent Engineer will be pass-through for the determination of Aeronautical Charges by the regulator.

13.13.2 The extract of the relevant clause is as follows: -

24.1.2 The appointment of the Independent Engineer shall be made within 90 (ninety) days of the date of execution of this Agreement, and such appointment shall be valid for a period of 3 (three) years. On the expiry or termination of the said appointment, the Authority shall appoint an Independent Engineer for a further term of 3 (three) years in accordance with the provisions of Schedule K, and such procedure shall be repeated after expiry of each appointment.

24.3.1 The remuneration, cost and expenses of the Independent Engineer shall be paid by the Authority, and all such remuneration, cost and expenses shall be reimbursed by the Concessionaire to the Authority within 15 (fifteen) days of receiving a statement of expenditure from the Authority. Any amounts paid to the Independent Engineer shall be considered for a pass-through for the determination of the Aeronautical Charges by the Regulator.

13.13.3 In accordance with above, AAI has appointed M/s IRCON International Limited as the Independent Engineer initially for 3 years with total cost of INR 11.74 Crores (or INR 3.91 Crores annually). GIAL has assumed escalation in cost based on inflation of 5% after the expiry of initial period of 3 years.

Refer Annexure U for the agreement between AAI and Independent Engineer.

13.13.4 GIAL proposes the following projections for the cost of Independent Engineer.

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Independent Engineers	3.91	3.91	3.91	4.11	4.31	**20.16**

13.14 **Runway Re-Carpeting**

13.14.1 AERA Order No. 35/2017-18, explains that the useful life prescribed to runways "would depend on the design life planned at the time of construction of the pavement based on which composition, thickness of each layer and other components of the pavement would have been planned for construction." The runway at LGBIA requires recarpeting in order to

ensure the minimum quality required for future use. The previous runway recarpeting was done in FY 2018-19 by AAI. The ATM movement is expected to get double during the control period. Assessing the present condition of the runway (refer the photos provided in Annexure V) and projected operational movements, GIAL is expected to undertake next runway recarpeting in FY25-26. This will help to restore the PCN value of the runway. The cost of runway re-carpeting proposed in FY2025-26 is considered at approx. INR 75 Crores (soft cost, interest during construction and financial allowance is separate).

13.14.2 In terms of provisions of AERA Order no. 35/2017-18 dated 12th January, 2018 in respect of useful life of assets, the Authority has allowed the expense incurred on re-carpeting of runways, taxiways and apron as O&M expenses which are to be amortized over a period of 5 years to avoid burden on users. Authority should provide a carrying cost on the balance unamortized portion of such expense incurred by GIAL which will accrue in future, though the expense has already been incurred upfront. GIAL submits that the carrying cost on the unamortized balance of the expense incurred on re-carpeting of runways / taxiways will enable it to obtain return of capital together with the reasonable return on investment commensurate with the risk involved. The amortization of runway recarpeting expense has been provided as: -

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Runway re-carpeting	-	-	-	22.61	26.47	**49.08**

13.15 **Financing Charges**

13.15.1 Financing charges includes but not limited to bank charges for routine operations, debt arranging charges, processing fees and upfront fees payable to lenders, documentation charges, and various agencies. As per industry trade practice, the cost for upfront fees ranges from 1.5% to 2.5% depending on the size and complexity of the transaction. Accordingly, GIAL has assumed 1.5% of the debt amount as financing charges.

13.15.2 GIAL has also tendered a Performance Bank Guarantee to AAI as mandated by the CA[22] as follows:

"The Concessionaire shall, for the performance of its obligations during Phase I hereunder, provide to the Authority, no later than 120 (one hundred and twenty) days from the date of this Agreement, an irrevocable and unconditional guarantee from a Bank for a sum equivalent to Rs. 115,00,00,000 (Rupees One Hundred and Fifteen Crores) in the form set forth in Schedule E ("Performance Security"). Until such time the Performance Security is provided by the Concessionaire pursuant hereto and the same comes into effect, the Bid Security shall remain in force and effect, and upon such provision of the Performance Security pursuant hereto, the Authority shall release the Bid Security to the Concessionaire."

13.15.2.1 GIAL has arranged Performance Bank Guarantee from Woori Bank in favor of AAI. Annual fee of 0.50% of the Performance Bank Guarantee is to be paid to the lenders as per agreed terms. (Refer Annexure W for the copy of Performance Bank Guarantee and agreement with Woori Bank)

13.15.3 Additionally, a working capital loan has been assumed at an interest rate of 12% per annum of average of opening and closing working capital balance.

The following table provides a summary of the various financing charges that are incurred by GIAL:-

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Finance charges	-	44.77	-	-	-	**44.77**
Annual Fee for Performance BG	0.58	0.58	0.58	0.58	0.58	**2.88**
Working Capital interest	-	2.46	10.29	15.66	17.93	**46.34**
Total	**0.58**	**47.81**	**10.87**	**16.24**	**18.50**	**93.99**

[22] Clause 9.1.1.

13.16 Summary of O&M Expenses

13.16.1 The summary of aeronautical operation and maintenance expenditure for the TCP is as follows:

No	Particulars	FY23	FY24	FY25	FY26	FY27	Total
1	Manpower expenses - AAI employees	27.64	32.52	31.85	30.26	33.28	**155.55**
2	Manpower expenses - Adani employees	9.57	14.38	28.52	44.92	53.07	**150.46**
3	Utility expenses	6.70	8.24	8.65	65.49	68.76	**157.85**
4	IT expenses	2.50	7.00	19.78	41.09	44.02	**114.39**
5	Rates & taxes	0.31	0.75	0.79	5.71	6.00	**13.56**
6	Security expenses	3.75	6.00	6.11	9.97	12.02	**37.86**
7	Corporate Allocation	12.89	15.00	42.39	45.65	48.91	**164.85**
8	Administrative Expenses	13.56	34.00	37.40	41.14	45.25	**171.35**
9	Collection Charges on UDF	0.98	1.64	1.67	1.89	2.27	**8.45**
10	Insurance	2.31	2.89	6.68	9.03	9.52	**30.43**
11	R&M	19.51	23.74	28.29	136.31	200.51	**408.36**
12	Others Operating expenses	13.43	22.00	23.10	167.63	176.02	**402.18**
13	Independent Engineers Cost	3.91	3.91	3.91	4.11	4.31	**20.16**
14	Runway recarpeting	-	-	-	22.61	26.47	**49.08**
15	Financing Charges and Others	2.52	47.81	10.87	16.24	18.50	**95.94**
16	**Total (Airport related)**	**119.58**	**219.87**	**250.01**	**642.06**	**748.94**	**1,980.47**
17	Cargo operating expenses	-	1.55	2.04	2.60	14.44	**20.63**
18	Fuel Farm operating expenses	-	3.61	10.32	10.27	11.73	**35.93**
19	**Grand Total (16 + 17 + 18)**	**119.58**	**225.03**	**262.36**	**654.93**	**775.11**	**2,037.03**

13.17 **Concession Fee**

13.17.1 Clause 27.3.1. of the Concession Agreement states that "the Parties hereto acknowledge and agree that the Per Passenger Fee for Domestic Passengers and Per Passenger Fee for International Passengers shall be applicable from the COD and shall be revised annually on each anniversary of the COD to take account of the variation in the CPI (IW)."

13.17.2 As per the abovementioned clause, the per passenger fee for domestic passengers in the first 15 (fifteen) concession years shall be revised in accordance with the following formula:

$$PPF\ for\ Dom.Pass._{(CY)} = PPF\ for\ Dom.Pass._{(CY-1)} \times (1 + 85\%\ of\ Delta\ CPI\ (IW))$$

Additionally, the per passenger fee for domestic passengers in the remaining concession years shall be revised in accordance with the following formula:

$$PPF\ for\ Dom.Pass._{(CY)} = PPF\ for\ Dom.Pass._{(CY-\ )} \times (1 + 50\%\ of\ Delta\ CPI\ (IW))$$

Where,

- $PPF\ for\ Dom.Pass._{(CY)}$ means the revised Domestic Per Passenger Fee to be paid by the Concessionaire in the new Concession Year;
- $PPF\ for\ Dom.Pass._{(CY-1)}$ means Per Passenger Fee being paid by the Concessionaire in the previous Concession Year;
- $Delta\ CPI\ (IW)$ shall be calculated as follows:

$$\frac{\text{[Latest available monthly CPI (IW) as of the date of calculation]} - \text{[CPI (IW) pertaining to 12 (twelve) months prior to such latest available monthly CPI (IW)]}}{\text{CPI (IW) pertaining to 12 (twelve) months prior to such latest available monthly CPI (IW)}}$$

13.17.3 As per clause 27.1.2 of the Concession Agreement, the concession fees are not a pass-through expense. Hence, GIAL has not included the concession fees paid/payable to AAI in the O&M expenses as submitted above.

14 Inflation considered for TCP

14.1 As per RBI Forecaster Survey 79th round dated 07th Dec 2022, the projection of inflation is as follows : -

Calendar Year	WPI All commodities
FY23-24 onwards	Mean as 5%

14.2 Based on the above data, GIAL has assumed inflation as 5% from FY23-24 onwards every year, while projecting capital expenditure and operating expenditure.

14.3 The actual audited financial statements are used till FY22-23.

15 Non-Aeronautical Revenue for TCP

15.1 GIAL has outsourced all non-aeronautical businesses to the Master Concessionaire with emphasis on: -

15.1.1 High standards of airport services, safety and security

15.1.2 Functionality and flexibility

15.1.3 Deployment of modern information technology systems and equipment

15.1.4 Environment friendliness

15.1.5 Cost effectiveness

15.1.6 Ability and willingness to provide a high level of customer service at competitive prices

15.1.7 Experience and expertise in provision of non-aeronautical services with innovation in concept and design

15.1.8 Experience and expertise in city side development to meet the requirements of the travellers

15.1.9 Follow good industry practice in performing the Airport Services

15.2 The process for selection and appointment of Master Concessionaire was carried out through a global competitive bidding process as per the terms of the Concession Agreement. The RfP for the tendering process was issued in March 2021 and a Master Service Agreement has been signed on 25th October 2021. The agreement was effective from December 2021.

15.3 The Master Concessionaire scope is to develop, operate, maintain, manage the following at LGBIA in accordance with best-in-class standards and facilities at comparable airports and good industry practices:

- Duty free stores
- Food and beverages outlets
- Retail outlets
- Lounges
- Advertising, sponsorship and promotion opportunities
- Car parks and ground transportation facilities
- Airport hotels and transit hotels

- Preferred partners association for including but not limited to pouring rights, services in air (Wi-Fi, Bluetooth, aroma etc.), music and video rights, mobile wallet, payment gateway and other as may be approved by Airport Operator
- Business centre
- City side development
- Flight catering services
- Foreign exchange services
- Freight consolidators/forwarders or agents
- Left luggage, lost and found, excess baggage
- Messenger services
- Porter service
- Special assistance services
- Vending machines
- Meet and assist services
- Provision of land and space for various stakeholders at Airport
- Various passenger amenities, including but not limited to, banks, foreign exchange, SIM card, child-care room, kids play areas, car rental and hotel reservation counters, digital wallet tie-ups, ATMs, spas, and entertainment areas
- Airport village comprising of various retail, food and beverage, entertainment and amenities options; and
- Any other services as may be mutually agreed or permitted pursuant to applicable law.

15.4 For each year during the term of the Agreement, Master Concessionaire will pay to GIAL an amount which is higher of the following:

- Minimum Guarantee amount of INR 21 Crores per annum; or
- Amount arrived by multiplying the revenue share percentage i.e. 10% of Gross Revenue of Master Concessionaire in that year.

15.5 Minimum Guarantee amount will remain unchanged for first five years and will increase by 50% of CPI thereafter.

Refer Annexure X for the Master Service Agreement.

15.6 Apart from above, GIAL has provided rental space to various government agencies like Customs, Immigration, CISF, Plant or Animal quarantine, IMD, Coast guard, Airforce, BCAS, etc. The annual space rentals from these Government Agencies are approx. INR 0.50 Crore. The same is projected to be increase by inflation rate of 5%.

15.7 Following table summarizes the projection for non-aeronautical revenues at GIAL: -

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Revenue from Master Concession	21.00	21.00	21.00	21.00	21.00	105.00
Other revenues	0.50	0.53	0.55	0.58	0.61	2.76
Total Non-Aero Revenue	**23.28**	**21.53**	**21.55**	**21.58**	**21.61**	**109.54**

16 Aeronautical Income Tax for TCP

16.1 The computation of income tax on aeronautical income, has been made on the prevailing Income Tax laws and rules. Further, the aeronautical segment has been treated as a standalone entity with its own tax computations. Therefore, this may not necessarily reflect the overall tax computation of GIAL as a whole.

16.2 The following treatment is considered while calculating aeronautical tax:

I. 30% of Non-Aeronautical income which was reduced while calculating the ARR and corresponding Aeronautical revenues streams, are added back to reflect the comprehensive revenues for the Airports. This is in line with AERA Guidelines as mentioned below.

As per AERA guidelines 5.5.1 as provided below, corporate tax paid on ***income from assets/ amenities/ facilities/ services*** (emphasis) taken into consideration for determination of Aggregate Revenue Requirement (ARR) will be considered for calculation of taxation component of ARR. Clause 5.5 of the AERA Guidelines is reproduced below:

5.5. Taxation (T)

5.5.1. Taxation represents payments by the Airport Operator in respect of corporate tax on income from assets/ amenities/ facilities/ services taken into consideration for determination of Aggregate Revenue Requirement.

5.5.2. The Authority shall review forecast for corporate tax calculation with a view to ascertain inter alia the appropriateness of the allocation and the calculations thereof.

Explanation: For avoidance of doubt, it is clarified that any interest payments, penalty, fines and other such penal levies associated with corporate tax, shall not be taken into consideration for calculation of Taxation.

II. Concession Fee is not considered as expenditure in line with Supreme Court judgement dated 07th July 2022 in case of Delhi and Mumbai Airport.

16.3 The following table summarizes the income tax projections that have been calculated as per the above assumptions for GIAL:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	FY27	Total
Aero Revenues	154.58	430.04	1,204.91	1,426.73	1,811.14	**5,027.39**
Add 30% Non-Aero Revenues	6.98	6.46	6.47	6.47	6.48	**32.86**
Less Aero Expenses (as per 13.16.1 above)	(119.58)	(225.03)	(262.36)	(654.93)	(775.11)	**(2,037.03)**
Less Depreciation	(20.27)	(26.83)	(216.80)	(496.19)	(566.72)	**(1,326.82)**
Aero PBT	**21.70**	**184.63**	**732.21**	**282.07**	**475.78**	**1,696.41**
Tax expenses @25.17%	**(5.46)**	**(46.47)**	**(184.30)**	**(71.00)**	**(119.76)**	**(426.99)**

17 Airport Service Quality

17.1 With respect to the Airport Service Quality obligations of GIAL the Concession Agreement has defined them *"as set forth in Annex I of Schedule H;"* (Annexure – A).

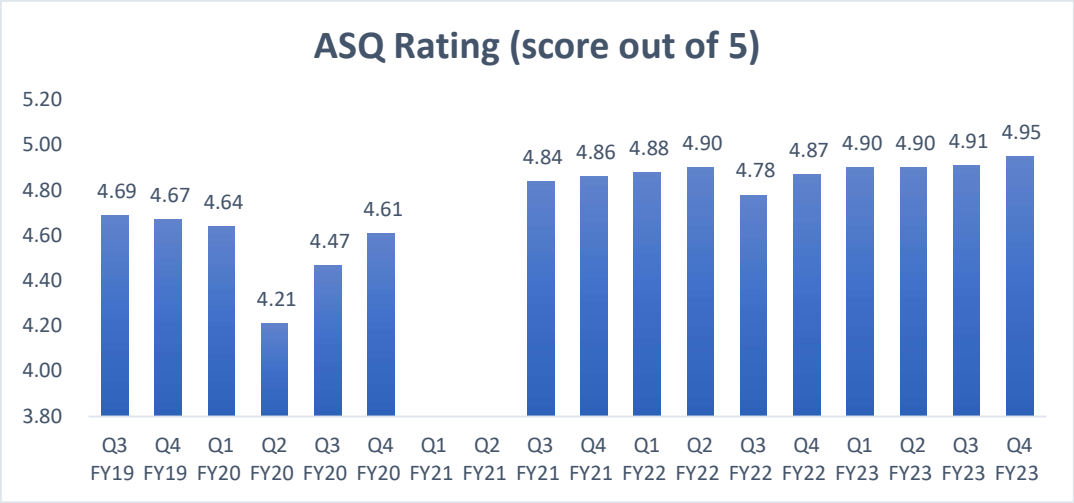
17.2 These service qualities have been summarized on the basis of performance indicators, measures, measurement mechanisms and measurement frequency. GIAL is committed to abide by the following ASQ performance indicators mentioned in Annex I of Schedule H:

S. No.	Performance Indicator	Performance Measure	Minimum Performance Standard
1	**Car Parking**	Average time taken to find parking space including the time taken for payment of parking fee or collection of ticket Average time from parking slot to the exit gate including the time for payment of parking fee	95% of drivers take less than 5 minutes 95% of drivers take less than 5 minutes
2	**Security Check**	Waiting time in queue	95% of the Peak Hour passengers wait less than 5 minutes
3	**Check-in**	Waiting time in queue	95% of business class passengers wait less than 5 minutes 95% of economy class passengers wait less than 20 minutes
4	**Immigration**	Waiting time in queue	95% of passengers wait less than 10 minutes
5	**Baggage delivery domestic**	Time taken for baggage delivery from aircraft arrival	First baggage will arrive on baggage belt within 10 minutes of aircraft on blocks time, and Last baggage will arrive on baggage belt within 30 minutes for Code C aircraft 45 minutes for Code E of aircraft on-blocks time
6	**Baggage delivery domestic**	% time available	Each baggage belt should be available at least 95% of the time
7	**Baggage delivery international**	Time taken for baggage delivery from aircraft arrival	First baggage will arrive on baggage belt within 15 minutes of aircraft on blocks time, and Last baggage will arrive on baggage belt within 40 minutes for Code C

S. No.	Performance Indicator	Performance Measure	Minimum Performance Standard
			aircraft 45 minutes for Code E of aircraft on-blocks time
8	**Baggage delivery international**	% time available	Each baggage belt should be available at least 95% of the time
9	**Passenger arrival process**	Time taken from aircraft arrival to kerbside	International – 95% of passengers take less than 45 minutes Domestic – 95% of passengers take less than 35 minutes
10(a)	**Passenger boarding bridges**	Percentage time available	Each Passenger boarding bridge should be available at least 95% of the time
10(b)		Availability for % of aircraft movements to meet airline request	The Passenger boarding bridges should be available to 90% of international passengers and to 90% of domestic passengers travelling on aircrafts B737/A320 or larger unless not required by airlines.
11	**Parking bays**	Percentage time available	Each parking bay stand should be available at least 99% of the time.
12	**Availability of Flight Information Display Systems (FIDS)**	Percentage time available	Each FIDS should be available at least 98% of the time.
13	**Availability of baggage trolleys**	Percentage time available	Baggage trolleys should be available 100% of the time.
14	**Passengers requiring wheel chairs**	Waiting time for provision of assistance	100% of departing Passengers, needing a wheel chair, should not wait longer than 5 minutes
15	**Transit/transfer Passengers**	Minimum connect time for transit/transfer Passengers (i) domestic / domestic or (ii) domestic / international or (iii) international / international	Minimum connect time to be not more than 60 minutes for 80% of the domestic / domestic Passengers , Minimum connect time to be not more than 75 minutes for 80% of the domestic / international Passengers Minimum connect time to be not more than 60 minutes for 80% of the international / international Passengers
16	**Escalators, elevators, & travellators**	Percentage time availability	Escalators, elevators & travellators should be available 98% of the time.
17	**Automated services**	Percentage time availability	Automated services should be available 98% of the time. "Automated services" shall include

S. No.	Performance Indicator	Performance Measure	Minimum Performance Standard
			but not limited to inbound baggage system, outbound baggage system, X-Ray machines and public announcement system.
18	**Information /complaint desks**	Availability of personnel at the information/ complaint desk	Information/complaint desks should be manned 100% of the time.
19	**Ambient conditions in the Passenger Terminals**	Maintenance of ambient conditions in the Passenger Terminals	Temperature range in a Passenger Terminal to be 21-25 degree Celsius during operational hours in the Passengers areas, and Relative humidity levels – correlated relative humidity to specified temperature range
20	**Runway operational safety**	Number of runway incursions	Recording, investigating and minimizing runway incursions
21	**ARFF**	Response time to incident	As specified by ICAO achieve a response time not exceeding 3 minutes to any point of each operational runway, and to any other part of the movement area in optimum visibility and surface conditions Any other vehicles required to deliver the amounts of extinguishing agents should arrive no more than 1 minute after the first responding vehicle(s) (i.e. no more than 4 minutes after the first call) so as to provide continuous agent application.
22	**Availability of taxi**	Waiting time in queue	Queuing time for taxis will not be more than 5 minutes for 95% of the passengers.
23	**Handling of complaints**	Percentage of complaints responded within specified time	100% of complaints responded within 2 working days.
24	**Repair completion Time**	Percentage of repairs done within specified time	95% of high priority repair works should be addressed within 4 hours, 95% of others should be addressed within 24 hours
25	**Cleanliness**	Ratings during cleanliness surveys	Achieve a satisfactory cleanliness rating for 95% of all inspections
26	**Gate lounges**	Seating availability	As per IATA Optimum Level of Service
27	**Buggy Services**	Availability of buggies	Buggy service should be available 98% of the time

17.3 The ASQ rating achieved by the Airport in last few years is as follows:



*In Q2 & Q3 FY20, the ASQ rating was not conducted due to lockdown restriction imposed by Government of India as a measure against pandemic COVID-19

18 Aggregate Revenue Requirement (ARR) for TCP

18.1 Based on the above analysis, GIAL estimates the present value of target revenue for the airport related services (including Cargo handling and Fuel farm services) to be INR 3,433 Crores (India Rupees Three Thousand Four Hundred and Thirty Three Crores). The following table summarizes the ARR of GIAL for the TCP:

Particulars (in INR Crores)	FY23	FY24	FY25	FY26	**FY27**	**Total**
Opening RAB	140.28	164.82	217.99	3,803.72	5,545.53	
Closing RAB	164.82	217.99	3,803.72	5,545.53	5,335.63	
Average RAB	152.55	191.40	2,010.85	4,674.63	5,440.58	
Add: FRoR return on avg. RAB @14.76%	22.51	28.24	296.72	689.79	802.81	**1,840.07**
Add: Operating expenses	119.58	225.03	262.36	654.93	775.11	**2,037.03**
Add: Depreciation	23.11	32.83	117.76	284.13	366.46	**824.29**
Add: Amortisation of land	0.00	0.00	0.00	0.00	0.00	**0.00**
Add: Taxes	5.46	46.47	184.30	71.00	119.76	**426.99**
Add: True-up for SCP for GIAL	28.81					**28.81**
Add: True-up for SCP for AAI	0.00					
Less: 30% Non - Aero	(6.98)	(6.46)	(6.47)	(6.47)	(6.48)	**(32.86)**
ARR	**192.49**	**326.12**	**854.67**	**1,693.38**	**2,057.65**	**5,124.32**
Discounting Factor applied to compute present value	1.00	0.87	0.76	0.66	0.58	
Present Value (PV) of ARR	192.49	284.19	649.01	1,120.54	1,186.51	**3,432.74**
Sum of PV of ARR for Control Period	**3,432.74**					

19 Annual Tariff Proposal for TCP

19.1 The existing applicable rate card is provided at company's website. The same can be accessed at the link https://www.adani.com/lgbia-guwahati-airport/-/media/DAE692CE5B694909AA9B6DDD3AB26D97.ashx

19.2 As regard to the annual tariff proposal for TCP, it is submitted that in line with the extant practice, the detailed pricing proposal (rate card) will be submitted upon release of consultation paper by AERA.

20 Annexures

(A) Concession Agreement and its Schedules (https://www.aai.aero/en/system/files/resources/Signing-of-Concessioon-Agreement---Guwahati-Airport.pdf)

(B) Memorandum of Understanding between GoI and GIAL

(C) AAI notification for handover

(D) Letter from AAI on Terminal Area

(E) Joint Asset Reconciliation Statement signed between AAI and GIAL

(F) Invoice from AAI for Estimated Deemed Initial RAB and Initial Non-Aero Investment

(G) Invoices from AAI for CWIP handed over to GIAL

(H) Financial Statements - FY 21-22 and FY22-23

(I) Indemnity Bond for GST

(J) ICRA – March 2023 - Airport Infrastructure

(K) Traffic Forecast Report from Mott Macdonald

(L) Circulars & Guidelines on Exempt ATM and Exempt Pax

(M) Report on ACRP Study

(N) AUCC Presentation and Minutes of Meeting

(O) IATA Guidance Note on Fuel Storage Capacity

(P) Letter of Award / Licence Agreement with Ground Handling Agency

(Q) Sample Monthly Invoice for AAI Manpower

(R) Task Resource Analysis for ARFF

(S) Major Contract for Repairs & Maintenance

(T) Major Contract for Other Operating Expenses

(U) Agreement with Independent Engineer

(V) Present condition of the runway

(W) PBG from Woori Bank

(X) Master Service Agreement

(Y) Forms as required under AERA guidelines.