



Letter No. GHIAL/ 2025-26/AERA/ 2128

Dated : 26th June 2025

The Secretary,
Airport Economic Regulatory Authority of India,
AERA Building,
Administrative Complex, Safdarjung Airport,
New Delhi-110003

Sub: Multi Year Tariff Proposal for RGI Airport, Shamshabad, Hyderabad for fourth control period (FY2027 – 2031)

Dear Sir,

We write with reference to the regulatory requirement under Section 13 of the AERA Act 2008 read with the concession awarded by Government of India to Hyderabad International Airport Limited (HIAL). In this regard, we herewith enclose the Multi Year Tariff Proposal (MYTP) for the fourth control period starting from 1st April 2026 to 31st March 2031.

The MYTP submission includes the changes in building blocks on account of implementation of Hon'ble TDSAT Judgement dated 14th February 2024. Therefore, the submission includes the revised building blocks for the pre- control period, first control period, second control period and true-up of third control period and projected building blocks and aggregate revenue requirement for the Fourth control period.

The detailed Multi Year Tariff Proposal containing the Application, Financial Model and relevant documents as annexures is attached herewith. Basis our submission the Projected Aero Revenue per pax is calculated as Rs.1,312 for the Fourth Control Period.


GMR HYDERABAD INTERNATIONAL AIRPORT LIMITED

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We would also like to inform you that we have successfully completed the Airport User Consultative Committee (AUCC) Meeting on 11th June 2025 for the Fourth Control Period. The Minutes of Meeting including replies to stakeholder queries and attendance sheet has been attached as Annexure no. 17 of MYTP.


As regards the Annual Tariff Proposal, it is submitted that a detailed pricing proposal (rate card) will be submitted based on the receipt of approval of MYTP from the Authority.

We therefore request you to consider the attached MYTP and approve the Projected Aero Revenue per pax of Rs. 1,312 for the Fourth control period.

Thanking you

Yours sincerely,

For GMR Hyderabad International Airport Limited


K Nalayana Rao
Authorized Signatory

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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.GMR Hyderabad International Airport Limited

I, Narayana Kada, aged about 70 years, resident of India acting in my official capacity as Authorized Signatory in M/s. GMR Hyderabad International Airport Limited, having its registered office at GMR Aero Towers, Rajiv Gandhi International Airport, Shamshabad, Hyderabad-500 108, Telangana, India do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of M/s. GMR Hyderabad International Airport Limited in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('AERA');
2. I am competent to make this submission before AERA;
3. I am making this submission in my official capacity and the facts stated herein are based on official records ;
4. The contents of the submission which include (i) Business plan (ii) Information pertaining to physical assets; (iii) Information relating to the Regulatory Building Blocks; (iv) Historical and Forecasted volumes; and (v) Historical revenues, are correct and true to my knowledge and belief and nothing material has been concealed therefrom.

For GMR Hyderabad International Airport Limited


K Narayana Rao
Authorized Signatory

Place : Hyderabad
Date : 26th June 2025

GMR HYDERABAD INTERNATIONAL AIRPORT LIMITED

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Multi Year Tariff Proposal for CP-IV (FY 2027 – FY 2031)



**GMR Hyderabad
International Airport
Limited**

June 26, 2025

List of Abbreviations

Abbreviation	Expansion
AAI	Airport Authority of India
ACS	Access Control System
ADFG	Advance Development Fund Grant
AERA	Airports Economic Regulatory Authority
AERAAT	Airports Economic Regulatory Authority Appellate Tribunal
AGL	Airfield Ground Lighting
ALS	Airside Landside
AMC	Annual Maintenance Cost
ARR	Aggregate Revenue Requirement
AS	Accounting Standard
ATM	Aircraft Traffic Movement
AUCC	Airport Users Consultative Committee
BCAS	Bureau of Civil Aviation Security
BMS	Building Management System
CAGR	Compound Annual Growth Rate
CAPM	Capital Asset Pricing Model
CGF	Cargo, Ground Handling and Fuel
CISF	Central Industrial Security Force
CNS	Communication, Navigation, Surveillance
CP	Control Period
CPI	Consumer Price Index
DGCA	Director General Civil Aviation
DVOR	Doppler Very High Frequency Omnidirectional Range
ECB	External Commercial Borrowing
EOI	Expression of Interest
EPC	Engineering & Procurement Contract
FCB	Foreign Currency Borrowing
FroR	Fair Rate of Return
FY	Financial Year
GAL	GMR Airports Limited
GHIAL	GMR Hyderabad International Airport Limited
GSE	Ground Support Equipment
HIAL	Hyderabad International Airport Limited
HVAC	Heating Ventilation and Air Conditioning
ICAO	International Civil Aviation Organisation
IDC	Interest during construction
IFL	Interest Free Loan
KL	Kilo Litres
MAHB	Malaysia Airports Holding Berhad

Abbreviation	Expansion
MCA	Ministry of Corporate Affairs
MEP	Mechanical, Engineering and Plumbing
Mn	Million
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers Per Annum
MTPA	Million Tonnage Per Annum
MYTP	Multi Year Tariff Proposal
NAR	Non-Aeronautical Revenue
O&M	Operation and Maintenance Expenditure
PAPI	Precision Approach Path Indicator
PAT	Profit After Tax
PAX	Passenger
PCPE	Pre Control Period Entitlements
PHP	Peak Hour Passengers
PMC	Project Management Consultancy
PTB	Passenger Terminal Building
RAB	Regulatory Asset Base
RBI	Reserve Bank of India
RET	Rapid Exit Taxiway
RGIA	Rajiv Gandhi International Airport
SFIS	Served from India Scheme
SHA	Security Hold Area
SOP	Standard Operating Procedure
SMR	Surface Movement Radar
SSA	State Support Agreement
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
UDF	User Development Fee
USD	United States Dollars
WP	Writ Petition
WPI	Wholesale Price Index
YoY	Year on Year
YPP	Yield Per Passenger

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1. Background

In November 2000, the Government of Andhra Pradesh and the Airports Authority of India (AAI) signed a Memorandum of Understanding on the greenfield airport project, establishing it as a Public-Private Partnership (PPP). The State and AAI together planned to hold a 26% stake in the project, while the remaining 74% was to be held by a private partner. Through a competitive bidding process, Rajiv Gandhi International Airport was awarded to a consortium of GMR Group and Malaysia Airports Holdings Berhad (MAHB).

GMR Hyderabad International Airport Limited (“RGIA”, “GHIAL”, “HIAL”, “The Company”,) was incorporated on 17th December 2002, in order to design, finance, build, operate and maintain a world-class green-field airport at Shamshabad, Hyderabad. GHIAL is a joint venture company with following shareholding pattern:

Company / Party	% stake as at 31.03.2025
GMR Airports Limited (GAL) ¹	74
Government of Telangana (GoT)	13
Airports Authority of India (AAI)	13
Total	100

The key agreements governing the functioning of GHIAL inter alia include:

- **Concession Agreement**, executed between Government of India, MoCA and GHIAL, on 20.12.2004.
- **Land Lease Agreement** executed between the State Government (Lessor) and GHIAL (Lessee) on 30.09.2003.
- **State Support Agreement (SSA)** executed between the State Government and GHIAL on 30.09.2003.
- **CNS / ATM Agreement** executed between AAI and GHIAL on 11.08.2005. It defines the scope of services for Pre-Commissioning Phase, Commissioning Phase and Operation Phase.
- **Shareholder’s Agreement** executed between State Government, AAI, GIL, MAHB and GHIAL on 30.09.2003.
- **Sponsors’ Agreement** executed between GIL and MAHB on 22.08.2005. The Sponsors’ Agreement defines the roles of GMR group and MAHB in the JV.

These agreements are henceforth referred to as **Project Agreements**.

Rajiv Gandhi International Airport is an international airport that serves Hyderabad, the capital of the Indian state of Telangana. It is located in Shamshabad, about 24 kilometres (15 miles) south of Hyderabad.

RGIA commenced operations from 23.03.2008. The terminal had a modular design with capacity of 12 MPPA which has increased to 34 MPPA after the current expansion.

The concession agreement had an initial term of 30 years, with GHIAL having a right to extend the agreement for a further period of 30 years, which has already been exercised by GHIAL on 02.05.2022. GHIAL can now operate RGIA for a period of 60 years from Airport Opening Date. The airport operator has also entered into other agreements with the state government and other agencies in order to complete the project and provide various services at the airport, collectively referred to as the Concession offered by Government of India.

¹ RGIA was awarded to a consortium of GMR Group and Malaysia Airports Holdings Berhad (MAHB) originally. The GMR Group has acquired the stake from the MAHB (13% of the equity) in the year 2024.

2. Principles for Tariff Determination of RGIA

2.1. Tariff principles as set forth in AERA Act, 2008

The Authority is required to perform the following functions in respect of major airports under Section 13 (1) of the Airports Economic Regulatory Authority of India Act, 2008 (AERA Act, 2008):

Quote

“

(a) *to determine the tariff for the aeronautical services taking into consideration:*

- (i) the capital expenditure incurred and timely investment in improvement of airport facilities;*
- (ii) the service provided, its quality and other relevant factors;*
- (iii) the cost for improving efficiency;*
- (iv) economic and viable operation of major airports;*
- (v) revenue received from services other than the aeronautical services;*
- (vi) the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise;*
- (vii) any other factor which may be relevant for the purposes of this Act:*

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

Un-quote

2.2. Concession granted by the Government of India

The Concession Agreement between GHIAL and MoCA is the concession offered by the Government of India. The principles towards Regulated Charges for RGI Airport have been specified in Schedule 6 to the Concession Agreement. Relevant extract of the Concession Agreement is as follows:

Quote

SCHEDULE 6: REGULATED CHARGES

Pursuant to and without prejudice to the principles set out in Article 10.2 of this Agreement, HIAL shall be entitled to levy and recover from airline operators, passengers and other users and in respect of both domestic and international aircraft and passenger movements, at rates consistent with ICAO Policies, the following Regulated Charges:

- (i) Landing, Housing and Parking charges (domestic and international):*

The charges to be adopted by HIAL at the time of Airport Opening will be the higher of:

- (a) The AAI tariff effective 2001 duly increased with inflation index, as set out hereunder, up to the Airport Opening Date, or*
- (b) The then prevailing tariff at the other AAI airports.*

- (ii) Passenger Service Fee (domestic and international):*

The charges to be adopted by HIAL at the time of Airport Opening will be the higher of:

(a) The AAI tariff effective 2001 duly increased with inflation index, as set out hereunder, up to the Airport Opening Date, or

(b) The then prevailing Passenger Service Fee at the other AAI airports.

The Passenger Service Fee chargeable by HIAL, as given above, is inclusive of the cost of security expenditure on Central Industrial Security Force (CISF). This component of the cost towards security expenditure on CISF shall be revised upwards by HIAL as and when directed by GoI, subject to the provision that such increases will also be accompanied by similar increase in the Passenger Service Fee.

(iii) User Development Fee (UDF) (domestic and international):

HIAL will be allowed to levy UDF w.e.f. Airport Opening Date, duly increased in the subsequent years with inflation index as set out hereunder, from embarking domestic and international passengers, for the provision of passenger amenities, services and facilities and the UDF will be used for the development, management, maintenance, operation and expansion of the facilities at the Airport.

The Regulated Charges set out in Schedule 6 shall be the indicative charges at the Airport. Prior to Airport Opening HIAL shall seek approval from the Ministry of Civil Aviation for the Regulated Charges, which shall be based on the final audited Project cost.

Note: (a) Charges will be calculated on the basis of nearest MT (i.e. 1000 kg)

(b) The minimum fee per single landing will be INR 1000

(c) Peak hour surcharge on international landing between 2301 hrs (IST) to 2400 hrs (IST) will be 5%

(d) If US\$ rates are to be charged the following rule for conversion, US\$ into INR the rate as on the 1st day of the 1st fortnight billing period and rates as on the 16th of the month for the 2nd fortnightly billing period, will be applicable.

(e) All tariffs are net for HIAL. Any taxes such as service tax, if applicable, will be over and above the tariff proposed.

Formula for inflation index:

Base fee (multiplied by) WPI1 (divided by) WPI where,

WPI is the WPI for 'All Commodities'

WPI = is the WPI as on March 31st, 2001

WPI1 = is the WPI as on March 31st preceding the fee revision date

For the avoidance of doubt, Route Navigation Facilities Charges and Terminal Navigational Landing Charges shall be levied and collected by AAI."

Un-quote

The Schedule 3 to Concession Agreement, bifurcates the activities of GHIAL into two categories i.e., Airport Activities and Non-Airport Activities. Regulated Charges referred above contains some of the activities referred in the Airport Activities. For the sake of simplicity and clarity, GHIAL used following nomenclature in the Concession Agreement:

- **Regulated Charges:** – Refers to services pertaining to Landing, Parking / Housing and User Development Fee. Investments made by GHIAL towards these activities are referred to as aeronautical assets and for the purpose of convenience, the revenue generated from these activities are referred to as aeronautical revenues.
- **Services pertaining to activities other than Regulated Charges:** - The airport activities referred to in Schedule 3, Part 1 which are not pertaining to the Regulated Charges are considered as services pertaining to activities other than Regulated Charges. Investments made by GHIAL towards these activities are referred to as non-aeronautical assets and revenues from these activities are referred to as non-aeronautical revenues for the purpose of simplicity and clarity in this MYTP application.
- **Non-Airport Activities:** - Schedule 3, Part 2 lists out the Non-Airport Activities. Investments made by GHIAL towards these activities are referred as Non -Airport Assets and revenues from these services are referred to as non-airport revenues for the purpose of simplicity and clarity in this MYTP application.

2.3. TDSAT Judgement dated 14.02.2024 in reference to the appeal made by GHIAL against Order No. 12/2021-2022

GHIAL had filed appeal in TDSAT against the Authority's tariff order for the Third Control Period (Order No. 12/2021-22). TDSAT had pronounced its Judgement on 14.02.2024. Following judgements on specific issues raised by GHIAL have been considered in respective control periods, which is impacting the building blocks:

- Pre-Control Period Entitlement (PCPE):** GHIAL had appealed to the Hon'ble TDSAT that it is entitled to recover the expenses from the date on which the commercial operations were started i.e., 23.03.2008 which is notified by the Central Government vide gazette notification dated 20.03.2008. Whereas, the Authority has considered the building blocks for the pre-control period from 01.04.2008 onwards till 31.03.2011 as pre-control period entitlement. The Hon'ble TDSAT has found merit in the arguments of GHIAL and relying on the Section 13 of AERA Act, 2008, adjudicated that the Authority shall consider the true-up with effect from 23.03.2008. GHIAL has also appealed on incorrect calculation of the PCPE losses with respect to FY 2009-10 and FY 2010-11 wherein the authority has applied incorrect mechanism while calculating PCPE losses for the said year. Hon'ble TDSAT has found merit in the arguments of GHIAL and adjudicated that the Authority shall include these amounts correctly.

Relevant Excerpts are as follows:

".....268. We, therefore, hold that the decision of AERA to include PCPE suffered by appellant only from 1st April, 2008 is incorrect, improper and unjustified. It should have been w.e.f. 23rd March, 2008. Hence, HIAL is entitled to PCPE of Rs.51.82 Crores as its present value for the period from 23-March-2008 to 31-March-2008 hence, this amount of Rs. 51.82 Crores shall be Trued-Up during 4th CP Tariff Determination Process.

269. We also direct AERA to True-Up Rs. 36.52 Crores during 4th CP Tariff Determination Process because this appellant is entitled to an incremental/corrective True-Up of Rs.36.52 Crores for the reasons as stated hereinabove...."

Impact on GHIAL Tariff filing:

We request the Authority to consider the following as part of the true up exercise for PCPE in line with the above adjudication of the Hon'ble TDSAT:

- Consider the true-up of PCPE pertaining to the period from 23.03.2008 till 31.03.2008.
- Correct the amounts pertaining to the true-up of FY 2009-10 and FY 2010-11 amounting to Rs. 36.52 Crores as part of the PCPE.

The revised PCPE amounts after considering the above impacts are provided in Para 3 of this MYTP submission.

- ii. **Treatment of Cargo, Ground Handling & Fuel Services:** GHIAL had appealed to the Hon'ble TDSAT, that Cargo, Ground Handling & Fuel Services are not forming part of the Regulated Charges as per Schedule 6 of the Concession Agreement which was offered by the Government of India. The relevant excerpts from the judgement are provided below:

Relevant Excerpts:

*“315. This aspect of the matter has not been properly appreciated by AERA while passing the impugned order for the Third Control Period and hence, so far as Issue No. II, **we hereby quash and set aside the decision of AERA, and we hold that the decision of AERA to treat Cargo, Ground Handling and Fuel Services as aeronautical services and the revenue generated therefrom as aeronautical revenue is incorrect, improper & unjustified. We hereby hold that the activities of CGF in case of HIAL are non-regulated activities and the revenue received by the Airport Operator – Appellant from the service providers of CGF are non-aeronautical charges.**”*

Impact on GHIAL Tariff filing:

In accordance with the above adjudication by the Hon'ble TDSAT, the following building blocks pertaining to the Cargo, Ground Handling & Fuel Services (CGF) are being resubmitted for all the control periods including the pre-control period for the Authority's consideration:

- Re-allocation of the CGF assets forming part of the Regulatory Asset Base into non-regulated activities, hence CGF assets are considered as non-aeronautical assets.
- Re-allocation of the expenditure related to CGF activities from aeronautical to non-aeronautical
- Re-classification of the revenues pertaining to the CGF activity from the aeronautical revenue to non-aeronautical revenue.

We request the Authority to consider the same while determining the Regulated Charges for the 4th Control Period of the RGI Airport including true up for previous periods.

- iii. **Treatment of income from Real Estate Development:** GHIAL had appealed to the Hon'ble TDSAT, that the Concession Agreement for RGI Airport has listed the activities into two categories i.e., Airport Activity and Non-Airport Activity (refer Schedule 3 of the Concession Agreement). Non-Airport Activity in the Schedule 3 includes business parks, airport hotels, restaurants, offices for freight consolidators / forwarders or agents at cargo complex and also various other activities listed therein including real estate.

The Hon'ble TDSAT has found merit in the arguments of the GHIAL and adjudicated that the revenues accrued to GHIAL on account on Non-Airport Activity shall be excluded from the building blocks.

Relevant Excerpts:

*“342. In view of the aforesaid facts and reasons, provisions of land lease agreement to be read with provisions of AERA Act, 2008, the decision of AERA to consider income of appellant from Real Estate Development under its regulatory purview is incorrect, improper and not justified. **We, hereby, hold that income from Real Estate Development (RED) is from Non-Airport Activities and it cannot be treated as Aeronautical, nor it can be treated as Non-Aeronautical but they are simply “Non-Airport Activity” revenue. AERA has no power or jurisdiction over such revenue.**”*

Impact on GHIAL Tariff filing:

The revenue accrued to GHIAL on account of Non-Airport Activities are required to be excluded from the ambit of regulatory building blocks for determining the Regulated Charges of GHIAL. Thus, income from real estate activity and such other activities as stipulated in the Non-Airport activities of the Concession Agreement is to be considered outside regulatory purview.

We request the Authority to consider the same while determining the Regulated Charges for the 4th Control Period of the RGI Airport including true up for previous periods.

- iv. **Treatment of Other Income:** GHIAL had appealed to the Hon’ble TDSAT, that the income from interest and dividend earned by GHIAL is outside the purview of cross subsidy as it is a cash management process and no services is involved to earn these amounts. Further, the Authority had followed inconsistent approaches across various control periods in this regard. Thus, the same shall not be considered for the purpose of the Regulated Charges determination.

The Hon’ble TDSAT has found merit in the arguments of the GHIAL and adjudicated that the income from interest and dividend earned by this appellant is because of cash management process and there is no underlying service for this activity, hence it shall be excluded from the building blocks.

Relevant Excerpts:

*“359. In view of the aforesaid facts and reasons, the decision of AERA to bring “Other Income” within its regulatory purview is incorrect, improper and unjustified. We hereby hold that **Income from interest and dividend earned by this appellant is because of Cash Management Process (CMP). In fact, there is no legal base, to treat “Other Income” as a part of revenue for calculation of cross-subsidization.**”*

Impact on GHIAL Tariff filing:

The TDSAT judgement has impact on the aeronautical revenue and non-aeronautical revenue across all control periods. In this MYTP application, items forming part of other income are excluded from these building blocks which were considered by the Authority during the exercise of true-up for previous control periods.

We request the Authority to consider the same while determining the Regulated Charges for the 4th Control Period of the RGI Airport including true up for previous periods.

- v. **Capital expenditure for phase expansion of RGIA to increase capacity from 20 MPPA to 34 MPPA:** GHIAL had appealed to the Hon’ble TDSAT, with regard to the Authority decision of not considering the prices discovered by the GHIAL for the expansion project. The Authority instead of accepting the

project costs discovered through the international competitive bidding process, had adopted a different approach.

The Hon'ble TDSAT had found merits in the argument of the GHIAL with regard to the submission made, wherein the Hon'ble TDSAT had directed the Authority in the event where the prices are market discovered and the actual contract was awarded based on the bidding process, then the market discovered prices shall be adopted by the Authority for the purposes of cost determination.

Relevant Excerpts:

“397. We, hereby, direct AERA to allow the actual expenditure incurred by appellant for phase expansion of RGIA to increase the capacity to 34 MPPA. Thus, on the basis of proof of actual expenditure incurred by appellant for increasing the capacity of the airport 20 MPPA to 34 MPPA, True-Up shall be allowed in next Control Period.”

Impact on GHIAL Tariff filing:

In accordance with the Hon'ble TDSAT Judgement, we request the Authority to consider the actual cost incurred by the GHIAL towards expansion project of 34 MPPA. Details are provided in the relevant section.

- vi. **Treatment of Cargo Satellite Building (CSB) as Non-Airport Asset:** GHIAL had appealed with the Hon'ble TDSAT that the activities from Cargo Satellite Building are forming part of the Schedule 3, Part 2 of Concession Agreement i.e., Non Airport Activities and in this list of activities, “office for freight consolidators/ forwarders or agents at cargo complex” is listed. As CSB is used for these purposes, it is a Non-Airport Activity. Further, the Non-Airport Activities are completely bifurcated from the Airport Activity, and CSB shall not fall under any of the building blocks forming part of the Regulated Charges.

The Hon'ble TDSAT had examined the arguments of the GHIAL and adjudicated that revenues from Cargo Satellite Building shall not be forming part of the building blocks while determining the Regulated Charges.

Relevant Excerpts:

“409. In view of the aforesaid facts and reasons, the activity of CSB is a Non-Airport Activity. Non-Airport Activity has already been reproduced in paragraph numbers 322 & 326 of this judgment. In the Concession Agreement, “Non-Airport Activity” has been defined in Schedule 3, Part 2 of Concession Agreement and in this list of activities, “**office for freight consolidators/ forwarders or agents at cargo complex**” and the CSB is used for these purposes, hence, it is a non-airport activity and, **therefore, the decision of AERA to treat CSB as aeronautical service is hereby quashed and set aside. We, hereby direct AERA to treat CSB as Non-Airport Activity since Cargo is not a part of Regulated Charges as per Schedule -6 of the Concession Agreement.**”

Impact on GHIAL Tariff filing:

The judgement of the Hon'ble TDSAT has impact on the various building blocks across various control periods. As part of MYTP application we have excluded Cargo Satellite building related items in building blocks across all the control periods.

We request the Authority to consider the same while determining the Regulated Charges for the 4th Control Period of the RGI Airport including true up for previous periods.

- vii. **Calculation of aeronautical taxes:** GHIAL had appealed to the Hon'ble TDSAT that the taxes for the purpose of building blocks shall be calculated under the normal provisions of the Income Tax Act, 1961 i.e., at the corporate tax rates. Further, the Minimum Alternate Taxes and Section 80IA are special provisions which impacts on the collection of the taxes, however the taxes being aeronautical building blocks are required to be calculated in accordance with the normal provisions.

Furthermore, the Authority while calculating the taxes for the purposes of the building blocks, did not consider 30% of Non-Aero Revenue as part of aeronautical revenue base which is being subsidised for the purpose of determination of the Regulated Charges.

The Hon'ble TDSAT had examined the detailed submission of the GHIAL and adjudicated that the character of the 30% of the Non-Aeronautical Revenue has a colour of aeronautical revenue once the cross-subsidisation is performed for the purpose of the Regulated Charges and thus the amount is required to be considered for the calculation of the aeronautical tax calculation. The Hon'ble TDSAT further adjudicated that the special provision i.e., Minimum Alternate Tax and Section 80 IA of the Income Tax Act, 1961 shall not be considered by the Authority for determination of the Regulated Charges.

Relevant Excerpts:

418. In view of the aforesaid decision, the amount of 30% of Non-Aeronautical Revenue (NAR) partakes in the character of Aeronautical Revenue and, therefore, in case of HIAL, the tax calculated on NAR ought to be included in "T". NAR becomes part and parcel of ARR and has a colour of aeronautical revenue when used for cross-subsidization of Aeronautical Revenue. For ready reference it is pertinent to peruse the formula for the same which reads as under:

$$\text{"ARR} = (\text{FRoR} \times \text{RAB}) + \text{D} + \text{O} + \text{T} - \text{NAR}"$$

419. Thus, ARR is determined, based on aeronautical building blocks, post cross-subsidy of NAR, meaning thereby to part of aeronautical revenue has been recovered from non-aeronautical revenue (NAR). In view of this formula for arriving at ARR, it is amply clear that NAR is a mechanism of recovery of ARR. In view of these facts, NAR is a subset of Aeronautical Revenue. Thus, once the part of Aeronautical Revenue has been recovered from NAR, the effect of NAR should always be given in "T".

*422. AERA ought to have calculated "T" based on normal provisions of Income Tax Act because computing "T" based on **Minimum Alternate Tax (MAT)** nullifies and takes away the statutory benefits which were made available to HIAL under **Section 80 IA of Income Tax Act, 1961**. The calculation of "T" ought to be on normal provisions of Income Tax Act.*

*423. The aforesaid facts of the matter have not been properly appreciated by AERA, and therefore, the decision of AERA not to consider 30% of **Non-Aeronautical Revenue (NAR) as part of Aeronautical Revenue Base for computation of aeronautical taxes is incorrect, improper and unjustified.***

424. We, hereby direct AERA to consider (i) the calculation of "T" on 30% of Non-Aeronautical Revenue because it partakes the character of Aeronautical Revenue in calculation of ARR as per the aforesaid formula, (ii) the aeronautical taxable income computed as per the normal provisions of the Income Tax Act, 1961. (Emphasis Supplied)

Impact on GHIAL Tariff filing:

The judgement of the Hon'ble TDSAT has following impact on aeronautical tax:

- The 30% of non-aeronautical revenue considered for the purpose of the building blocks, turns into aeronautical revenue in nature once these amounts are considered as part of the building blocks for determination of the Regulated Charges. Thus, the revenue for the aeronautical Profit and Loss shall include 30% of non-aeronautical revenue along with Regulated Charges.
- While calculating the taxes, normal provisions of the income tax is considered by GHIAL.

We request the Authority to consider the same while determining the Regulated Charges for the 4th Control Period of the RGI Airport including true up for previous periods.

viii. Allocation of various assets (reservoir, parking stand, IDAT & IIDT, Township & Landscaping): GHIAL had appealed with the Hon'ble TDSAT on allocation of the various assets. The Hon'ble TDSAT had examined each component of asset classification under appeal and had relied on the following aspects for the asset allocation.

- i. **Reservoir** - Reservoir is part of critical infrastructure constructed to prevent the probable risk of flood and for ground water recharge. Moreover, the location of the reservoir is based on Hydrological study conducted by Telangana Remote Sensing Application Centre (TRAC). The reservoir caters to the needs of entire airport and not for the hotel alone. The location of the assets doesn't have any impact on the classification of the asset, rather the use of the asset for the Airport is the basis for the classification of the asset.
- ii. **Parking Stands** - The Parking Stands were earlier used for the parking of aircraft and Contact Stand is used for boarding and de-boarding of the passengers of the aircraft. It also appears that Contact Stand is also used for fuelling the aircrafts. Thus, Parking Stands which are converted into Contact Stands have been continuously used for aircraft operations.
- iii. **Interim International Departure Terminal (IIDT) & Interim Domestic Arrival Terminal (IDAT)** – GHIAL constructed IIDT and IDAT as interim passenger processing terminals to support the main terminal. Therefore, the segregation into Aero and Non-Aero cannot be done by the Authority for the aforesaid two buildings. Further, IIDT and IDAT are interim terminals which served for a limited period and the treatment followed by GHIAL based on the technical useful life is found justified.
- iv. **Township;** - The Hon'ble TDSAT had relied on the fact that the very nature of the Township constructed by GHIAL for its employees and staff, is for smooth functioning, management and operation of the airport and, therefore, the approach of Authority to bifurcate asset of township into aeronautical and non-aeronautical based upon ratio of employees engaged in critical operations and employees engaged for non-critical operations is incorrect.
- v. **Landscaping** – The Hon'ble TDSAT had found that the Authority had followed different approaches at different airports regulated by the Authority. It was further relied on the fact that the Landscaping is an integral part of customer experience at the airport campus, and it is an integral part of airport operations.

The relevant excerpts of these judgements are as follows:

Relevant Excerpts:

Reservoir:

“432. Therefore, a reservoir was constructed 2 to 3 kilometers away by HIAL, to cater the need of entire airport and not for the hotel alone. This aspect of the matter has not been properly appreciated by AERA while passing the impugned order. The decision of AERA to exclude the asset of reservoir from RAB based on its proximity to the hotel has no basis. We, therefore, quash and set aside the decision of AERA to exclude the asset of reservoir from RAB. We, hereby direct AERA to include asset of reservoir into the calculation of RAB in the formula-

$$\text{“ARR= (FRoR x RAB) + D + O + T – NAR”}$$

Parking Stands:

“435. This conversion of asset has been reflected in the Fixed Assets Register of this appellant. Parking Stands are useful as future economic benefits will flow to the enterprise. The cost of this parking stand can also be ascertained and, therefore, AERA ought not to have deleted these assets of Parking Stands which are converted into contact stands from computing RAB. We, therefore, quash and set aside the decision of AERA of deleting parking stands from computation of RAB.

436. We, hereby direct AERA to include asset of Parking Stands into the calculation of RAB as per the aforesaid mentioned formula for the ARR.”

IIDT and IDAT:

“440. AERA has no jurisdiction to dictate, how the assets are to be utilised by HIAL. Merely because HIAL has not utilised an asset as desired by AERA, cannot be the basis to arbitrarily reduce RAB. Both the aforesaid buildings, IIDT and IDAT have been used for the purposes of passengers and other stakeholders and, therefore, the segregation in Aero and Non-Aero cannot be done by AERA for the aforesaid two buildings.

441. Moreover, it appears that IIDT and IDAT are interim terminals which serve for a limited period. In the books of accounts of HIAL, these two assets have been depreciated for over 7 years. However, AERA has depreciated these assets over 30 years. Though IIDT and IDAT are the assets not made for operational use for 30 years. We, therefore, direct AERA to depreciate IIDT and IDAT as per books of accounts of HIAL over 7 years only.

Township:

“446. We, therefore, direct AERA to treat whole of the asset of township (without any bifurcation into aero and non-aero) for the calculation of RAB for determination of ARR into the formula-

$$\text{“ARR= (FRoR x RAB) + D + O + T – NAR”}$$

447. From the conspectus of the above it is amply clear that for operation, management and development of the RGI Airport. The township has been constructed and this intention of the construction of the asset and the use thereof requires to treat the whole of the building of township without any bifurcation for the calculation of RAB.

448. AERA has also gone into the actual occupancy or the vacancy of the flats of the township. This is also not required to be done by AERA because vacancy and recruitment of employees is a routine - phenomena in such a huge activity of operation of airport. The recruitment of manpower depends upon several factors like urgency for the requirement for the staff, future expansion of the airport etc. and,

therefore, township has to be kept ready in advance. Few vacancies here and there cannot be gone into, therefore, the whole township should be treated as aeronautical asset for the calculation of RAB.”

Landscaping:

*“450. In the case of BIAL, AERA has treated landscaping at Real Estate Development Area as non-aeronautical expense, but, so far as within the terminal area is concerned, AERA has treated landscaping as aeronautical expense in the case of BIAL. Therefore, in the case of RGIA, Hyderabad, the landscaping at the airport campus should be treated as an integral part of the airport operations and the whole of the landscaping expense should be treated as aeronautical in nature. **We, therefore, quash and set aside the decision of AERA treating landscaping expense as a common one.**”*

Impact on GHIAL Tariff filing:

The judgement of the Hon’ble TDSAT has following impacts on the building blocks:

- Building block RAB: The above assets have been considered as aeronautical for calculation of the average RAB, return on RAB and allocation of Depreciation.
- Building block O&M: Inclusion of expenses pertaining to the above assets under O&M expenses.
- Building block 30% Non-Aeronautical Revenues: Reclassification of non-aeronautical revenue into aeronautical wherever applicable.

We request the Authority to consider the same while determining the Regulated Charges for the 4th Control Period of the RGI Airport including true up for previous periods.

- ix. **Failure to consider depreciation as per the Audited Financials:** GHIAL had appealed in the Hon’ble TDSAT that the treatment of the depreciation considered by the Authority is not based on the books of account of the GHIAL. The Hon’ble TDSAT had heard the arguments of both the parties and directed as follows:

- GHIAL to approach Authority with requisite data, in a format requested by AERA.
- Authority to consider the same and provide true up in 4th Control Period, on the basis of the figures supplied by GHIAL and the facts established before Authority.
- Whenever Authority deletes an asset from gross block, it must also delete the corresponding accumulated depreciation so that gross block less accumulated depreciation of deleted assets is reflected in the Profit and Loss account

Relevant excerpts of the Hon’ble TDSAT Judgement are as follows:

Relevant Excerpts:

“453. Having heard the counsels for both sides and looking to the facts of the case and circumstances of the case, it appears that AERA had requested HIAL to submit the basis of depreciation calculation in the fixed assets register detailing the rates prescribed by AERA as per Order No. 35/2017-18 for various asset class but the same was not provided by this appellant.

454. In view of these facts, as no details as stated hereinabove which was asked for by AERA was supplied by this appellant, we hereby allow this appellant and liberty is reserved in this appellant to approach AERA with requisite data, in a format requested by AERA. Consequently, we direct AERA to consider the same and provide true up in fourth Control Period, on the basis of the figures supplied by this appellant and the facts established before AERA.

455. We make it explicitly clear that whenever AERA deletes an asset from gross block, it must also delete the corresponding accumulated depreciation so that gross block less accumulated

depreciation of deleted assets is reflected in the Profit and Loss account. In view of the facts that this appellant has failed to supply the details as demanded by AERA, the issue of depreciation has been decided by AERA. We, therefore, reserve liberty with this appellant to supply data in proper format and we direct AERA to consider the same during determination of tariff for 4th Control Period. Thus, Issue no IX which is about depreciation is answered accordingly.

456. In view of the facts that this appellant has failed to supply the details as demanded by the AERA, the issue of depreciation has been decided by AERA. **We, therefore, reserve liberty with this appellant to supply data in a proper format to AERA and we direct AERA to consider the same during determination of tariff for 4th Control Period. Thus, Issue No. IX which is about depreciation is answered accordingly.**

Impact on GHIAL Tariff filing:

The Hon'ble TDSAT Judgement has impacted the calculation of the building block RAB for the 2nd Control Period.

We request the Authority to consider the same while determining the Regulated Charges for the 4th Control Period of the RGI Airport while performing true-up of the 2nd Control period.

- x. **Correction in Cost of Debt:** GHIAL had appealed with the Hon'ble TDSAT that the Authority had not trued up the actual cost of debt correctly. The Hon'ble TDSAT after examination of the documents and tables produced to them, directed the Authority to consider the actual cost of debt for FY 2018 and thus FRoR for calculation of the average return on RAB. Relevant excerpts are as follows:

Relevant Excerpts:

*"466. In view of this judgment, AERA must consider Cost of Debt actually incurred by the airport operator. These aspects of the matter have not been properly appreciated by AERA while passing the impugned order especially in the correction of Cost of Debt especially in FY 2018 and has wrongly considered the cost of Debt at 7.94% instead of 9.28%. **We, therefore, direct AERA to consider 9.28% for Cost of Debt for FY 2018 as stated in table number 40 of the impugned order.**"*

Impact on GHIAL Tariff filing:

GHIAL in its MYTP application has considered the cost of Debt at 9.28% instead of 7.94% for FY 2018. We request the Authority to consider this treatment while determining the Regulated Charges for the 4th Control Period of the RGI Airport while performing true-up of the 2nd Control period.

- xi. **Interest Charges on Delayed Payments of Advance Tax:** GHIAL had appealed in the Hon'ble TDSAT that the advance tax determined by any Company is on expected performance basis, but the actual performance in comparison to the expected performance may be different. However, the statutory requirement of the Income Tax Act, 1961 is to discharge the interest on the deficit if the expected profit and actual profit is having a variance. As per the legal requirements, the company has paid such interest.

The treatment of the Authority by considering the interest payment as penalty in nature is not viable since GHIAL has not defaulted on payment of any of the tax, it has actually improved its performance quarter by quarter, thus resulting in the deficit. The Hon'ble TDSAT had found merit in the arguments of the GHIAL and adjudicated that these costs are required to be allowed as part of the Operation and Maintenance Expenditure. The relevant excerpts of the Hon'ble TDSAT judgement are as follows:

Relevant Excerpts:

*“472. Thus, the payment of interest upon delayed payment of advance tax, in the facts of the present case is an operational expenditure. This aspect of the matter has not been properly appreciated by AERA and we, therefore, quash and set aside the decision of AERA of not to allow the interest charges on delayed payment of advanced tax as operational expenditure. **We, therefore, direct AERA to allow interest charges on delayed payment of advanced taxes as operational expenditure.**”*

Impact on GHIAL Tariff filling:

GHIAL in its MYTP application has considered the interest amount paid by GHIAL on the payments towards the Advance Tax as part of the Operation & Maintenance Expenditure.

We request the Authority to consider this treatment while determining the Regulated Charges for the 4th Control Period of the RGI Airport while performing true-up of all periods.

- xii. Treatment of income generated from SFIS:** GHIAL had appealed to the Hon’ble TDSAT that the income generated by GHIAL with regard to the SFIS are not relatable to any service provided at the airport. Thus, the income is neither generated from Regulated Charges nor from services other than Regulated Charges. The Hon’ble TDSAT has found merit in the arguments of GHIAL and adjudicated this income is not generated from services provided at the airport and shall not be considered as part of the tariff determination in any of the building blocks. The relevant excerpts are as follows:

Relevant Excerpts:

*“479. If the contention of AERA is accepted, the same would tantamount to the fact that the benefit given by the central government under the SFIS scheme is being taken back by AERA which is not permissible because the income derived by appellant from SFIS Scrips is not relatable to any service provided at the airport. We, therefore, quash and set aside the decision of AERA of treating the income of SFIS Scrips as aeronautical and non-aeronautical based on allocation of income that resulted in earning of those SFIS Scrips. **We, therefore, direct AERA not to consider income from sale of SFIS Scrips in tariff determination process.**”*

Impact on GHIAL Tariff filling:

The income pertaining to the SFIS spread over the FY 2011 to FY 2013 is excluded from both the Regulated Charges and revenue from services other than Regulated Charges, in line with the adjudication of the Hon’ble TDSAT in this regard.

We request the Authority to consider this treatment while determining the Regulated Charges for the 4th Control Period of the RGI Airport including true up for previous periods.

- xiii. Postponement of Partial Recovery of ARR:** The Authority has considered the postponement of the eligible Aggregate Revenue Requirement (ARR) pertaining to the 3rd Control Period to 4th Control Period considering various factors including the COVID-19. GHIAL had appealed this item in the Hon’ble TDSAT regarding its validity considering the AERA Act, 2008 and Guidelines issued by the Authority, wherein such power of suo-moto postponement of ARR for the next control period is not permissible.

The Hon’ble TDSAT has adjudicated that the Authority has no power, jurisdiction or authority to apply the True Up mechanism by reducing the determined ARR to make it recoverable in the next Control Period. The relevant excerpts are as follows:

Relevant Excerpts:

*“492. Meaning thereby to if the recovery of part of ARR is to be postponed, there will be mismatch of “ARR” and “Y”. **We, therefore, quash and set aside the decision of AERA to postpone the part of recovery of ARR in the next Control Period and direct AERA to allow Airport Operator to recover ARR during the Control Period.**”*

Impact on GHIAL Tariff filing:

GHIAL has already requested the Authority to recover the postponed ARR during the control period vide letters dated 05.06.2024 & 13.09.2024 and restore the tariffs of GHIAL with effect from 01.01.2026 with the rates effective as on 31.12.2025 vide letter dated 04.12.2024. The Authority has yet to take action towards this item. Thus, in our MYTP application the projected aeronautical revenue for FY 26 is calculated based on the rates applicable in the 3rd control period tariff order. In case of any revision in the rates by the Authority during the course of MYTP assessment and consultation, we would submit the revised projected revenue and the building blocks for the assessment of the Authority.

- xiv. Penalty in case of delayed execution of projects:** GHIAL had appealed to the Hon’ble TDSAT that the levy of penalty in case of delayed execution of projects is not permissible on the grounds that the Concession Agreement between GHIAL and Government of India doesn’t stipulate levy of such penalties. Moreover, the AERA Act, 2008 doesn’t stipulate levy of such penalties.

The Hon’ble TDSAT has adjudicated that the power to levy penalty is not provided to the Authority. The relevant excerpts of the judgement are as follows:

Relevant Excerpts:

*“519. Therefore, by trueing up the cost of incomplete project, much higher amount is going to be deducted, therefore, again second time penalty cannot be imposed by 1%. **Hence, we hereby quash and set aside of carrying out 1% of readjustment to project cost and applicable carrying cost in ARR.**”*

Impact on GHIAL Tariff filing:

We request the Authority to implement the TDSAT Judgement in this regard.

- xv. Interest During Construction:** The Hon’ble TDSAT has adjudicated that the Authority should not consider the interest income earned during the construction period on surplus funds available with the Airport Operator and reduce from the IDC, since it is not earned from aeronautical services and consideration of interest income is beyond the regulatory ambit of the Authority because it does not accrue from any services rendered by the Airport Operator. Further, the Hon’ble TDSAT has also opined that the funding for projects shall be secured in advance instead of piecemeal manner and arrangement fees/charges for debt funding should be allowed as costs.

Relevant Excerpts:

“499. AERA has deducted interest at the rate of 6.5% per annum for the unutilised debt and has reduced IDC to that extent. This is not permissible in the eyes of law and this deduction is beyond the regulatory ambit of AERA because interest does not accrue from any services rendered by the Airport Operator. Much has been argued out by the counsel for AERA that interest earned upon the unutilised

debt has to be deducted from the calculation of IDC. This contention of the counsel for Respondent No.1 - AERA is not accepted by this Tribunal mainly for the reason that –

- a. The earning of interest is not arising out of aeronautical services ;
- b. Consideration of interest income is beyond the regulatory ambit of AERA because it does not accrue from any services rendered by the Airport Operator;
- c. The formula for calculation of Financing Allowance which is set out in paragraph number 5.2.7(a) of the Tariff Guidelines, 2011 is unequivocal and unambiguous. Thus, it is explicitly clear that calculation of financing allowance given in para 5.2.7(a) does not require netting-off interest;
- d. The rate of interest fixed by AERA at 6.5% is without any basis and no reasons have been given by AERA for the same and, therefore, it is arbitrary in nature and excessive.

500. *The aforesaid aspects of the matter have not been properly appreciated by AERA while calculating IDC and, therefore, the decision of calculation of IDC by AERA in the impugned order is hereby quashed and set aside. Moreover, AERA has not considered the amortization of charges related to bonds over the 3rd Control Period.*

501. *Arrangement Fee has been borne by the Airport Operator – Appellant and accordingly being amortized in the 3rd Control Period as part of the project cost till March, 2023 and thereafter this Arrangement Fee has become a part of Profit & Loss account of this appellant till February, 2026 and, therefore, the Arrangement Fee which is Rs.40.54 Crores should have been considered by AERA as part of Project Costs.*

502. *Nowadays, no loan can be obtained and that too of such a huge magnitude without Arrangement Charges and, therefore, it has to be amortized during the 3rd Control Period and, therefore, it has to be considered by AERA as part of the project cost. **We, therefore, direct AERA to consider (i) the amortization of Arrangement Charges during 3rd Control Period, and (ii) Arrangement Fee of Rs.40.54 crores (as per HIAL's audited financial statements), at the time of True-Up for the Fourth Control Period***

Impact on GHIAL Tariff filing:

In case of GHIAL, the project funds are drawn for the purpose of executing 34 MPPA expansion works spanning the 2nd Control Period and 3rd Control Period. The interest income arising from the debt funds invested during the construction period has not been deducted from IDC for Regulatory Asset Base as these are not generated from any services. Therefore, the IDC has been claimed as per actual and without netting-off of the interest income as per the above judgement. Further, in case of the arrangement fees paid for the borrowings, the costs are considered in accordance with the audited financial statements of GHIAL.

We request the Authority to consider the same while determining the Regulated Charges for the 4thControl Period of the RGI Airport.

Annexure 1: Hon'ble TDSAT Judgement dated 14.02.2024 in case of RGI Airport for the Third Control Period tariff order

3. Pre-Control Period (March 23, 2008 to March 31, 2011)

The Authority vide Tariff Order no. 12/2021-22 dated 31.08.2021 has decided the pre-control period entitlement of GHIAL for RGI Airport as follows:

Table 1: Pre-Control Period entitlement allowed by the Authority in Third Control Period Order

S.No.	Particulars (INR in Crores)	2009	2010	2011	Total
1	Return on Capital Employed (a)	201	198	192	591
2	Total Expenses (incl. Concession Fee) (b)	192	169	197	558
3	Depreciation (c)	99	103	105	306
4	Tax (d)	-	-	-	-
5	NAR Cross-Subsidisation (e)	(27)	(29)	(32)	(88)
6	Aggregate Revenue Requirement (f) = (Sum of a to e)	464	441	462	1,367
7	Actual Aero Revenue (g)	(290)	(330)	(412)	(1,032)
8	Annual Deficit (h) = (f) + (g)	174	111	50	335
9	Combined true-up awarded in the previous control periods (i)	-	81	50	131
10	True-up (j) = (h) - (i)	174	30	-	204
11	Discounting factor the PCPE (k)	1.21	1.10	1.00	
12	PV of true up as on 31.03.2011 (l) = (j) * (k)	211	33	-	244
13	Discounting factor for the 1 st Control Period (m)				1.62
14	PV of true up as on 31.03.2016 (n) = (l) * (m)				394
15	Discounting factor for the 2 nd Control Period (o)				1.87
16	PV of True Up (as on 31.03.2022) [(p)=(n)*(o)]				737

Refer Table 6 of Order No. 12/2021-22 for the Third Control Period RGI, Hyderabad (GHIAL)

GHIAL has appealed on various items pertaining to the regulatory principles to Hon'ble TDSAT and some matters were adjudicated in favour of GHIAL for RGI Airport. The detailed impact of the adjudication of the Hon'ble TDSAT are presented in the Para 2.3 of this MYTP Application.

In view of the above adjudication by Hon'ble TDSAT, GHIAL hereby submits the revised calculation of the PCPE entitlement effective from 23.03.2008 to 31.03.2011 as explained below:

a. Adjustments to Regulatory Asset Base and Depreciation on account of following:

Table 2: Adjustment to Regulatory Asset Base for the PCPE Entitlement

Assets identified by GHIAL which impacts the asset classification	Classification by the Authority	Classification in accordance with Hon'ble TDSAT Judgement	INR in Crores			
			23.03.08	01.04.08	01.04.09	01.04.10
			31.03.08	31.03.09	31.03.10	31.03.11
Additions						
1. Cargo Assets	Aero	Non-Aero	48	0.2	6	-
2. Ground Handling Assets	Aero	Non-Aero	62	-	1	-

Assets identified by GHIAL which impacts the asset classification	Classification by the Authority	Classification in accordance with Hon'ble TDSAT Judgement	INR in Crores			
			23.03.08	01.04.08	01.04.09	01.04.10
			31.03.08	31.03.09	31.03.10	31.03.11
3. Fuel Farm Service	Aero	Non-Aero	97	0.1	3	0.1
4. Cargo Satellite Building	Aero	Non-Airport	-	25	1	0.0
Total			207	25	11	0.1
Depreciation:						
1. Cargo Assets	Aero	Non-Aero	0.1	2	2	2
2. Ground Handling Assets	Aero	Non-Aero	0.1	2	2	2
3. Fuel Farm Service	Aero	Non-Aero	0.1	5	5	5
4. Cargo Satellite Building	Aero	Non-Airport	-	0.4	1	1
Total			0.2	9	10	10

Basis for arriving the above presented amounts:

- The amounts pertaining to the Cargo Assets, Ground Handling and Fuel Farm presented above are duly verified and certified by the then Statutory Auditors of GHIAL vide their certificate dated 19.01.2017.

Annexure 2: Statutory Auditor's certificates dated 19.01.2017 on amounts of the CGF Assets.

- The amounts pertaining to the Cargo Satellite Building presented above are duly verified and certified by the then Statutory Auditors of GHIAL vide their certificate dated 25.03.2016

Annexure 3: Statutory Auditor's certificates dated 25.03.2016 on CSB Assets

Table 3: Revised Regulatory Asset Base and Depreciation for the PCPE

Particulars (Aeronautical Block) (INR in Crores)	Ref	23.03.08	01.04.08	01.04.09	01.04.10
		31.03.08	31.03.09	31.03.10	31.03.11
Regulatory Asset Base considered by Authority	(A)	-	2,007	1,973	1,920
Fair Rate of Return	(B)	-	10.02%	10.02%	10.02%
Return on RAB	(C)	-	201	198	192
Amount omitted by the Authority pertaining to 23.03.2008 to 31.03.2008					
- Return on Regulatory Asset Base	(D)	5	-	-	-
- Depreciation	(E)	2	-	-	-
Adjustments on account of Hon'ble TDSAT Judgement (Reclassification from Aero to Non-Aero/Non-Airport)					

Particulars (Aeronautical Block) (INR in Crores)	Ref	23.03.08	01.04.08	01.04.09	01.04.10
		31.03.08	31.03.09	31.03.10	31.03.11
Opening RAB	(F)	-	207	223	224
Additions	(G)	207	25	11	0.1
Deletions (net-off of accumulated depreciation)	(H)	-	-	-	-
Depreciation	(I)	0.2	9	10	10
Closing RAB (J = F + G - H - I)	(J)	207	223	224	213
Average RAB [K = (F+J)/2]	(K)	103	215	223	218
Revised RAB for calculation of Return for PCPE (L = A - K)	(L)		1,793	1,750	1,702
Revised Return on RAB for PCPE (M = D + L * B)	(M)	5	180	175	171
Depreciation considered by the Authority	(N)	-	99	103	105
Revised Depreciation for PCPE (O = N + E - I)	(O)	2	89	93	95

b. Adjustments to Regulated Charges and Non-Aeronautical Revenue:

Table 4: Revised Regulated Charges and Non-Aeronautical Revenue for PCPE

Particulars (INR in Crores)		23.03.08	01.04.08	01.04.09	01.04.10
		31.03.08	31.03.09	31.03.10	31.03.11
Aeronautical Revenue considered by the Authority	(A)		290	330	412
Reduction on account of:					
-Cargo, Ground Handling & Fuel Services revenues considered as part of non-regulated charges	(B)	-	81	79	82
-Cargo Satellite Building considered as Non-Airport services	(C)	-	1	2	2
-Other Income considered by the Authority adjudged as out of regulatory ambit:					
i. Dividend & Interest from HMA CPL ²	(D)	-	1	1	2
ii. SFIS Revenue	(E)	-	-	-	1
Reduction in Aeronautical and addition to Non-Aeronautical Revenue (F=B)	(F)	-	81	79	82
Reduction in Aeronautical and classified as Non-Airport (G=C+D+E)	(G)	-	2	3	5
Revised Regulated Charges (H = A-F-G)	(H)	-	207	248	325
Non-Aeronautical Revenue considered by the Authority	(I)	-	90	95	107

² Hyderabad Menzies Air Cargo Private Limited (presently known as GMR Air Cargo and Aerospace Engineering Limited);

Particulars (INR in Crores)		23.03.08	01.04.08	01.04.09	01.04.10
		31.03.08	31.03.09	31.03.10	31.03.11
Income from Real Estate Development	(J)	-	-	-	3
SFIS Revenue (Non-Aero Portion)	(K)	-	-	-	0.1
Revised Non-Aeronautical Revenue (L = I+B-J-K)	(L)	-	171	174	186

- The amounts pertaining to the Cargo Assets, Ground Handling, Fuel Farm, Cargo Satellite Building and Dividend and Interest from HMA CPL presented above are duly verified and certified by the then Statutory Auditors of GHIAL vide their certificate dated 25.03.2016.

Annexure 4: Statutory Auditor's certificate dated 25.03.2016 on non-aeronautical revenue and other income.

c. Adjustments to Operating & Maintenance Expenditure:

Table 5: Revised Operating & Maintenance Expenditure for PCPE

Particulars (INR in Crores)		23.03.08	01.04.08	01.04.09	01.04.10
		31.03.08	31.03.09	31.03.10	31.03.11
Total Expenses Considered by the Authority including Concession Fee	(A)	-	192	169	197
Adjustments:					
- Expenses pertaining to Cargo, Ground Handling & Fuel Services are not considered as part of O&M	(B)	-	7	9	11
- Expenses pertaining to 23.03.2008 to 31.03.2008	(C)	50	-	-	-
Revised Expenses to be considered by the Authority for the PCPE (D = A – B + C)	(D)	50	184	160	186

d. Adjustments to Tax:

The Hon'ble TDSAT in the Judgement dated 14.02.2024 had adjudicated that 30% of Non-Aeronautical revenue is inherent part of the Aeronautical Revenue for the purpose of tax calculation and thus required to be included as part of the revenue while calculating the taxes pertaining to Aeronautical Services. Since it becomes part and parcel of the aggregate revenue requirement, it obtains the colour of aeronautical revenue. Therefore, Tax-T ought to be calculated even upon amount equal to 30% of Non-Aeronautical revenue.

Further as adjudicated vide the Hon'ble TDSAT judgment dated 14.02.2024, GHIAL calculated Taxes as per the normal provisions of the Income Tax. GHIAL has recalculated building block 'T' and the resultant amount is as follows:

Table 6: 'T' proposed for PCPE

Particulars (INR in Crores)		23.03.08	01.04.08	01.04.09	01.04.10
		31.03.08	31.03.09	31.03.10	31.03.11
Revenue from Regulated Charges	(A)	4	207	248	325
30% of Revenue from services other than Regulated Charges	(B)	2	51	52	56
Sub-total (C) = (B) + (A)	(C)	6	259	300	381
Operation and Maintenance Expenditure	(D)	50	176	150	173
Concession Fee	(E)	0.2	8	10	13
Depreciation	(F)	2	89	93	95
Interest expenses [^]	(G)	4	130	126	123
Sub-total (H) = (D+E+F+G)	(H)	56	403	379	403
Earnings pertaining to the Regulated Charges	(I)	(50)	(144)	(79)	(22)
Opening Accumulated Losses	(J)	-	50	195	274
Current losses	(K)	50	144	79	22
Current year set-off	(L)	-	-	-	-
Closing Accumulated Losses	(M)	50	195	274	296
Earning on which normal tax is calculated	(N)	-	-	-	-
Normal Tax Rate	(O)	33.99%	33.99%	33.99%	33.22%
Taxes pertaining to Regulated Charges (P) = (N) * (O)	(P)	-	-	-	-

[^]Interest cost is considered as per the follows:

Approved RAB X Approved/Eligible Debt Gearing X Approved cost of debt

e. Revised PCPE Entitlement for the period from March 23, 2008 to March 31, 2011:

Table 7: Revised PCPE entitlement for RGI Airport

Particulars (INR in Crores)		23.03.08	01.04.08	01.04.09	01.04.10	Total
		31.03.08	31.03.09	31.03.10	31.03.11	
Return on Capital Employed	(A)	5	180	175	171	531
Total Expenses (incl. Concession Fee)	(B)	50	184	160	186	580
Depreciation	(C)	2	89	93	95	279
Tax	(D)	-	-	-	-	-
Less: NAR Cross-Subsidisation	(E)	2	51	52	56	161
Aggregate Revenue Requirement (F = A+B+C +D-E)	(F)	56	402	376	395	1,228
Actual Regulated Charges	(G)	4	207	248	325	784
Annual Deficit (H) = (F) - (G)	(H)	52	195	128	70	444
Present Value as on 31.03.2022		208	711	431	222	1,572

GHIAL requests the Authority to consider the revised PCPE entitlement of GHIAL as presented in the Table 7 above for the purpose of the tariff determination for the 4th Control Period i.e., present value of INR 1,572 Crores for the entire building blocks up to 31.03.2022.

4. True-up for the 1st Control Period (April 01, 2011 to March 31, 2016)

The Authority vide Tariff Order no. 12/2021-22 dated 31.08.2021 has decided the 1st Control Period True up of GHIAL for RGI Airport as follows:

Table 8: True-up considered by the Authority for the 1st control period

Particulars (INR in Crores)	Ref	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Return on Capital Employed	(A)	184	175	167	155	147	828
Operation & Maintenance expenditure ³	(B)	230	233	244	238	252	1197
Depreciation	(C)	106	106	107	139	153	611
Tax	(D)	-	13	12	-	-	25
Less: 30% of Non-Aeronautical Revenue	(E)	38	46	51	59	67	261
Aggregate revenue requirement (excluding true-up of PCPE Losses) (F) = (A + B + C + D - E)	(F)	482	481	479	474	486	2,402
Aeronautical revenue	(G)	474	559	559	227	401	2,221
(Over Recovery) / Under Recovery (H= F-G)	(H)	7	(78)	(80)	247	85	181

Reconstructed by summation of Table 13 in Order No. 34/2019-20 and Table 76 in Order No. 38/2013-14

GHIAL has appealed on various items pertaining to the regulatory principles to Hon'ble TDSAT and some matters were adjudicated in favour of GHIAL. The detailed impact of the adjudication of the Hon'ble TDSAT are presented in the Para 2.3 of this MYTP Application.

In view of the above adjudication by Hon'ble TDSAT, GHIAL hereby submits the revised building blocks for the 1st Control Period for the period from 01.04.2011 to 31.03.2016 as explained below.

4.1. Regulatory Asset Base (RAB) and Depreciation (D)

The revised Regulatory Asset Base and Depreciation for the 1st Control Period is as follows:

Table 9: Adjustment to Regulatory Asset Base for the 1st Control Period

Assets identified by GHIAL which impact asset classification	Classification by the Authority	Classification by the Hon'ble TDSAT	INR in Crores				
			FY 12	FY 13	FY 14	FY 15	FY 16
<i>Additions</i>							
1. Cargo Assets	Aero	Non-Aero	-	13.63	0.25	0.22	-
2. Ground Handling Assets	Aero	Non-Aero	-	-	0.02	-	-
3. Fuel Farm Service	Aero	Non-Aero	2.91	1.52	-	-	-
4. Cargo Satellite Building	Aero	Non-Airport	0.01	-	-	1.48	-
Total			2.92	15.15	0.27	1.70	-
<i>Deletions</i>							
1. Cargo Assets	Aero	Non-Aero	-	-	0.10	-	-
2. Ground Handling Assets	Aero	Non-Aero	-	-	-	-	-

³ Including the Concession Fee payable by GHIAL on aeronautical revenue

Assets identified by GHIAL which impact asset classification	Classification by the Authority	Classification by the Hon'ble TDSAT	INR in Crores				
			FY 12	FY 13	FY 14	FY 15	FY 16
3. Fuel Farm Service	Aero	Non-Aero	0.53	0.01	0.13	-	-
4. Cargo Satellite Building	Aero	Non-Airport	-	-	-	-	-
Total			0.53	0.01	0.23	-	-
Depreciation:							
1. Cargo Assets	Aero	Non-Aero	1.91	2.07	2.39	2.82	3.11
2. Ground Handling Assets	Aero	Non-Aero	2.22	2.22	2.22	3.30	3.17
3. Fuel Farm Service	Aero	Non-Aero	5.19	5.11	5.29	8.05	7.99
4. Cargo Satellite Building	Aero	Non-Airport	0.93	0.90	0.90	1.23	1.09
Total			10.26	10.31	10.81	15.40	15.36

Basis for arriving the above presented amounts:

- The amounts pertaining to the Cargo Assets, Ground Handling and Fuel Farm presented above are duly verified and certified by the then Statutory Auditors of GHIAL vide their certificates dated 19.01.2017 which is attached herewith as Annexure 2.
- The amounts pertaining to the Cargo Satellite Building presented above are duly verified and certified by the then Statutory Auditors of GHIAL vide their certificates dated 25.03.2016 which is attached herewith as Annexure 3. Further for FY 15-16, the auditor had provided a certification dated 15.11.2016 on non-aeronautical revenue and other income.

Annexure 5: Statutory Auditor's certificate dated 15.11.2016 on amounts pertaining to CSB assets.

Below is the revised regulatory asset base after carrying out the above adjustments for the 1st Control Period.

Table 10: Revised Regulatory Asset Base and Depreciation for the 1st Control Period

Particulars (Aeronautical Block) (INR in Crores)	Ref	FY 12	FY 13	FY 14	FY 15	FY 16
Regulatory Asset Base considered by Authority	(A)	1,824	1,734	1,649	1,536	1,458
Fair Rate of Return	(B)	10.10%	10.10%	10.10%	10.10%	10.10%
Return on RAB	(C)	184	175	167	155	147
Reclassification from Aero to Non-Aero/ Non-Airport						
Opening RAB	(D)	213	206	210	200	186
Additions	(E)	3	15	0	2	-
Deletions (net-off of accumulated depreciation)	(F)	1	0	0	-	-
Depreciation	(G)	10	10	11	15	15
Closing RAB (H = D+E-F - G)	(H)	206	210	200	186	171
Average RAB [I = (D+H)/2]	(I)	210	208	205	193	178
Reclassification from Non-Aero to Aero (Township assets)						

Particulars (Aeronautical Block) (INR in Crores)	Ref	FY 12	FY 13	FY 14	FY 15	FY 16
Opening RAB	(J)	-	-	-	-	-
Additions	(K)	-	-	-	-	21
Deletions (net-off of accumulated depreciation)	(L)	-	-	-	-	-
Depreciation	(M)	-	-	-	-	0.1
Closing RAB (N = J+K-L-M)	(N)	-	-	-	-	20
Average RAB [O = (J+N)/2]	(O)	-	-	-	-	10
Revised RAB for calculation of Return for 1st Control Period (P = A - I + O)	(P)	1,615	1,527	1,445	1,344	1,290
Revised Return on RAB for 1st Control Period (Q = P * B)	(Q)	163	154	146	136	130
Depreciation considered by the Authority	(R)	106	106	107	139	153
Revised Depreciation for 1st Control Period (S = R - G + M)	(S)	96	96	96	124	138

The Authority is requested to consider the above calculation for the 1st control period for implementation of the TDSAT Judgement referred above.

4.2. Operating and Maintenance Expenditure ('O&M')

The Operating & Maintenance Expenditure approved by the Authority for the 1st control period along with the adjustment carried by GHIAL based on the Hon'ble TDSAT Judgement is as follows:

Table 11: Revised Operating Expenses for 1st Control Period

Particulars		FY 12	FY 13	FY 14	FY 15	FY 16
Total Expenses Considered by the Authority including Concession Fee	(A)	230	233	244	238	252
Adjustments:						
- Expenses pertaining to Cargo, Ground Handling & Fuel Services are not considered as part of O&M	(B)	11	11	12	13	14
Revised Expenses to be considered by the Authority for the 1st Control Period (C = A - B)	(C)	218	221	232	225	238

The Authority is requested to consider the above calculation for the 1st control period for implementation of the TDSAT Judgement referred above.

4.3. Revenues from aeronautical services and non-aeronautical services

The revenues from aeronautical services and non-aeronautical as approved by the Authority for the 1st control period along with the adjustment carried by GHIAL based on the Hon'ble TDSAT Judgement is as follows:

Table 12: Revised revenue from aeronautical services and non-aeronautical services for 1st Control Period

Particulars (INR in Crores)		FY 12	FY 13	FY 14	FY 15	FY 16
Aeronautical Revenue considered by the Authority	(A)	474	559	559	227	401
Reduction on account of:						
-Cargo, Ground Handling & Fuel Services revenues considered as part of other than Regulated charges	(B)	92	92	98	99	101
-Cargo Satellite Building considered as Non-Airport Services	(C)	2	2	3	3	3
-Other Income considered by the Authority adjudged as out of regulatory ambit:						
i. Dividend & Interest from HMA CPL	(D)	1	6	4	5	6
ii. SFIS Revenue (Aero Portion)	(E)	1	3	-	-	-
Reduction in Aeronautical and addition to Non-Aeronautical Revenue (G =B)	(G)	92	92	98	99	101
Reduction in Aeronautical and classified as Non-Airport (H =C+D+E)	(H)	5	12	7	8	10
Revised revenue from Regulated Charges (K = A-G-H+M)	(I)	378	456	454	119	290
Non-Aeronautical Revenue considered by the Authority	(J)	128	153	170	195	223
i. Interest income from HDFRL	(K)	1	2	1	0.1	3
ii. Income from Real Estate Development	(L)	3	5	5	5	1
iii. Township Rentals	(M)	-	-	-	-	0.2
Revised Non-Aeronautical Revenue (N = J+B-K-L-M)	(N)	216	238	262	289	320

The Authority is requested to consider the above calculation for the 1st control period for implementation of the TDSAT Judgement referred above.

4.4. Aeronautical Tax ('T')

As explained in detail at Section 2.3, recalculated building block 'T' and the resultant amount is as follows:

Table 13: Revised 'T' for the 1st Control Period

Particulars (INR in Crores)		FY 12	FY 13	FY 14	FY 15	FY 16
Aeronautical revenue	(A)	378	456	454	119	290
30% of non-aeronautical revenue	(B)	65	71	79	87	96

Particulars (INR in Crores)		FY 12	FY 13	FY 14	FY 15	FY 16
Sub-total (C) = (B) + (A)	(C)	443	527	533	206	386
Expenditure / Allowances:						
Operation and Maintenance Expenditure	(D)	203	203	214	220	226
Concession Fee	(E)	15	18	18	5	12
Depreciation	(F)	96	96	96	124	138
Interest expenses [^]	(G)	120	114	108	100	96
Sub-total (H) = (D+E+F+G)	(H)	434	431	436	449	472
Earnings pertaining to the Regulated Charges (I) = (C) - (H)	(I)	9	96	97	(243)	(86)
Accumulated Losses:						
Opening Accumulated Losses	(J)	296	287	191	94	337
Current year losses	(K)	-	-	-	243	86
Current year set-off	(L)	(9)	(96)	(97)	-	-
Closing Accumulated Losses (M) = (J + K - L)	(M)	287	191	94	337	423
Earning on which normal tax is calculated post accumulated loss adjustment	(N)	-	-	-	-	-
Normal Tax Rate	(O)	32.45%	32.45%	33.99%	33.99%	34.61%
Taxes pertaining to Regulated Charges (P) = (N) * (O)	(P)	-	-	-	-	-

[^]GHIAL has considered the Interest cost as follows:

Approved RAB X Approved/Eligible Debt Gearing X Approved cost of debt

The Authority is requested to consider the above calculation for the 1st control period for implementation of the TDSAT Judgement referred above.

4.5. Revised true-up for 1st Control Period

After taking various issues into consideration from the above section 4.1 to 4.4, GHIAL proposes the following revised true-up for the 1st control period:

Table 14: Revised true-up proposed by the GHIAL for the 1st control period

Particulars (INR in Crores)	Ref	FY 12	FY 13	FY 14	FY 15	FY 16	Total
RAB for Calculating ARR	(A)	1,615	1,527	1,445	1,344	1,290	
Fair Rate of Return applied to the RAB	(B)	10.10%	10.10%	10.10%	10.10%	10.10%	
Return on RAB	(C)	163	154	146	136	130	729
Operation and Maintenance Expenditure (including Aeronautical concession fee)	(D)	218	221	232	225	238	1,135
Depreciation	(E)	96	96	96	124	138	550
Taxes pertaining to Aeronautical Services	(F)	-	-	-	-	-	-

Particulars (INR in Crores)	Ref	FY 12	FY 13	FY 14	FY 15	FY 16	Total
Gross Aggregate Revenue Requirement (G = C+D+E+F)	(G)	477	471	474	484	506	2,414
Less: 30% of Revenue from Non-Aeronautical Services	(H)	65	71	79	87	96	397
Net Aggregate Revenue Requirement (I = G-H)	(I)	412	400	396	398	411	2,016
Actual Regulated Charges	(J)	378	456	454	119	290	1,698
Under Recovery / (Over Recovery) K = (I-J)	(K)	34	(56)	(59)	278	120	318
Present value as on 31.03.2022		98	(145)	(140)	600	236	649

GHIAL requests the Authority to consider revised true-up for 1st Control Period as presented in the Table 14 above for the purpose of the tariff determination for the 4th Control Period i.e., present value of INR 649 Crores for the entire building blocks up to 31.03.2022.

5. True-up for the 2nd Control Period (April 01, 2016 to March 31, 2021)

The Authority vide Tariff Order no. 12/2021-22 dated 31.08.2021 has decided the 2nd control period True up for GHIAL as follows:

Table 15: True-up considered by the Authority for the 2nd control period

Particulars (INR in Crores)		FY 17	FY 18	FY 19	FY 20	FY 21	Total
RAB for Calculating ARR	(A)	1,402	1,323	1,502	1,827	1,887	
Fair Rate of Return applied to the RAB	(B)	10.73%	10.73%	10.73%	10.73%	10.73%	10.73%
Return on Capital Employed	(C)	151	142	161	196	203	852
Operating Expenses (Aero)	(D)	232	385	316	418	325	1,675
Aeronautical Concession Fee	(E)	34	38	44	45	11	171
Depreciation on RAB	(F)	131	122	139	179	193	765
Aeronautical Tax	(G)	72	11	19	19	-	121
NAR Cross-Subsidisation	(H)	106	115	135	147	91	594
Net Aggregate Revenue Requirement (Sum of C to G) -H	(I)	513	583	544	710	640	2,990
Actual Aero Revenue	(J)	841	949	1,100	1,121	264	4,275
Under Recovery / (Over Recovery)	(K)	(328)	(366)	(556)	(411)	376	(1,285)

Refer table 81 of the Third Control Period Order No.12/2021-22

GHIAL has appealed on various items pertaining to the regulatory principles to Hon'ble TDSAT and some matters were adjudicated in favour of GHIAL. The detailed impact of the adjudication of the Hon'ble TDSAT are presented in the Para 2.3 of this MYTP Application.

In view of the above adjudication by Hon'ble TDSAT, GHIAL hereby submits the revised building blocks for the 2nd Control Period for the period from 01.04.2016 to 31.03.2021 as explained below.

5.1. Regulatory Asset Base ('RAB') and Depreciation ('D')

The revised regulatory asset base for the 2nd Control Period is as follows:

Table 16: Revised RAB Depreciation proposed by GHIAL for the 2nd Control Period

Particulars (INR in Crores)	Ref	FY 17	FY 18	FY 19	FY 20	FY 21
Opening RAB	(A)	1,295	1,194	1,112	1,610	1,976
Additions to RAB	(B)	36	58	620	555	192
Depreciation (incl. ADFG adjustment)	(C)	137	137	122	134	157
Deletions to RAB	(D)	0.3	3	-	54	2
Closing RAB (E) = (A) + (B) - (C) - (D)	(E)	1,194	1,112	1,610	1,976	2,009
Average RAB for Tariff Determination (F) = (A+E)/2	(F)	1,245	1,153	1,361	1,793	1,992

The Authority is requested to consider the above calculation for the 2nd control period as per TDSAT Judgement for determination of 4th Control Period Regulated Charges.

5.2. Operating and Maintenance Expenditure ('O&M')

The revised Operating and Maintenance Expenditure including CSR expenditure for the 2nd control period are as below:

Table 17: Revised 'O&M' Expenditure proposed by the GHIAL for the 2nd Control Period

Operating & Maintenance Cost (INR in Crores)	FY 17	FY 18	FY 19	FY 20	FY 21
Staff cost	51	62	87	107	99
Administration & general expense	69	205	95	147	91
Electricity & Water charge	17	16	19	19	11
Operating expense	81	88	98	123	108
Concession Fee	28	32	36	36	6
Total	248	403	336	432	315

The Authority is requested to consider the above calculation for the 2nd control period for implementation of the TDSAT Judgement referred above.

5.3. Revenues from aeronautical services and non-aeronautical services

The revenues from aeronautical services and non-aeronautical as approved by the Authority for the 2nd control period along with the adjustment carried by GHIAL based on the Hon'ble TDSAT Judgement is as follows:

Table 18: Revised revenue from aeronautical services and non-aeronautical services for 2nd Control Period

Particulars (INR in Crores)	FY 17	FY 18	FY 19	FY 20	FY 21
Revised aeronautical revenue	710	808	910	911	156
Revised non-aeronautical revenue	385	431	522	592	243

The Authority is requested to consider the above calculation for the 2nd control period for implementation of the TDSAT Judgement referred above.

5.4. Fair Rate of Return ('FRoR')

Table 19: Revised 'FRoR' proposed by the GHIAL for the 2nd control period

Particulars	Ref	CP - II
Return on Equity	(A)	16.00%
Cost of Debt	(B)	8.39%
Weightage of Equity	(X)	30.51%
Weightage of Debt	(Y)	69.49%
FRoR [A*X + B*Y]		10.71%

The Authority is requested to consider the above calculation for the 2nd control period for implementation of the TDSAT Judgement referred above.

5.5. Aeronautical Tax ('T')

As explained in detail at Section 2.3, recalculated building block 'T' and the resultant amount is as follows:

Table 20: Revised 'T' for the 2nd Control Period

Particulars (INR in Crores)		FY 17	FY 18	FY 19	FY 20	FY 21
Aeronautical revenue	(A)	710	808	910	911	156

Particulars (INR in Crores)		FY 17	FY 18	FY 19	FY 20	FY 21
30% of non-aeronautical revenue	(B)	115	129	157	178	73
Sub-total (C) = (B) + (A)	(C)	826	937	1,067	1,088	229
Expenditure / Allowances:						
Operation and Maintenance Expenditure	(D)	220	371	300	395	309
Concession Fee	(E)	28	32	36	36	6
Depreciation	(F)	137	137	122	134	157
Interest expenses [^]	(G)	73	67	79	104	116
Sub-total (H) = (D+E+F+G)	(H)	457	608	538	670	589
Earnings pertaining to the Regulated Charges (I) = (C) – (H)	(I)	368	330	529	418	(360)
Accumulated Losses:						
Opening Accumulated Losses	(J)	423	55	-	-	-
Current year losses	(K)	-	-	-	-	360
Current year set-off	(L)	(368)	(55)	-	-	-
Closing Accumulated Losses (M) = (J + K – L)	(M)	55	-	-	-	360
Earning on which normal tax is calculated (N) = Max((I-J),0)	(N)	-	275	529	418	-
Normal Tax Rate	(O)	34.61%	34.61%	34.94%	34.94%	34.94%
Taxes pertaining to Regulated Charges (P) = (N) * (O)	(P)	-	95	185	146	-

[^]GHIAL has considered the Interest cost as follows:

Approved RAB X Approved/Eligible Debt Gearing X Approved cost of debt

The Authority is requested to consider the above calculation for the 2nd control period for implementation of the TDSAT Judgement referred above.

5.6. Revised true-up for 2nd Control Period

After taking into consideration the proposals made by the GHIAL in the above sections, GHIAL proposes the following revised true-up for the 2nd control period.

Table 21: Revised true-up proposed by the GHIAL for the 2nd control period

Particulars (In Rs. Crores)	Ref	FY 17	FY 18	FY 19	FY 20	FY 21	Total
RAB for Calculating ARR	(A)	1,245	1,153	1,361	1,793	1,992	
Fair Rate of Return applied to the RAB	(B)	10.71%	10.71%	10.71%	10.71%	10.71%	
Return on RAB	(C)	133	123	146	192	213	808
Operating Expenses (including concession fee)	(D)	248	403	336	432	315	1,735
Aeronautical Depreciation	(E)	137	137	122	134	157	687
Aeronautical Tax	(F)	-	95	185	146	-	426
Less : NAR Cross-Subsidisation	(G)	115	129	157	178	73	652
Net Aggregate Revenue Requirement (H= C+D+E+F-G)	(H)	403	630	633	726	613	3,004
Actual Aero Revenue	(I)	710	808	910	911	156	3,495
Under Recovery / (Over Recovery) - (J= H-I)	(J)	(308)	(178)	(278)	(185)	457	(491)
Present value as on 31.03.2022	(K)	(512)	(268)	(377)	(226)	506	(876)

GHIAL requests the Authority to consider revised true-up for 2nd Control Period as presented in the Table 21 above for the purpose of the tariff determination for the 4th Control Period i.e., present value of INR (876) Crores for the entire building blocks up to 31.03.2022.

6. True-up for the 3rd Control Period (April 01, 2021 to March 31, 2026)

GHIAL had appealed on various items pertaining to the regulatory principles to Hon'ble TDSAT and some matters were adjudicated in favour of GHIAL. The detailed impact of the adjudication of the Hon'ble TDSAT are presented in the Para 2.3 of this MYTP Application.

This MYTP Application contains the actual figures / amounts up to March 31, 2025. For the period from 01.04.2025 to 31.03.2026 the figures/amounts are projected based on the macroeconomic factor which are explained in detail at Para 7 including the period from 01.04.2026 to 31.03.2031. For the sake of simplicity and to avoid redundancy, these items are not being repeated in this section.

6.1. Traffic for the 3rd control period

The traffic proposed by AERA for the 3rd Control Period i.e., from 01.04.2021 to 31.03.2026 are as follows:

Table 22: Traffic projected by the AERA for RGI Airport for the 3rd control period

Particulars	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Passenger Traffic (Mn)						
Domestic	12.06	18.62	19.51	21.28	24.82	96.28
International	0.89	2.89	3.85	4.16	4.47	16.25
Total	12.94	21.51	23.36	25.44	29.29	112.53
Air Traffic Movements (No.s)						
Domestic	1,07,659	1,66,238	1,74,154	1,89,986	2,21,650	8,59,686
International	5,826	18,997	25,329	27,355	29,382	1,06,888
Total	1,13,484	1,85,234	1,99,483	2,17,341	2,51,032	9,66,574
Cargo Projections (in MT)						
Domestic Traffic	58,640	62,158	69,445	76,204	81,623	3,48,070
International Traffic	77,732	82,396	92,056	1,01,015	1,08,198	4,61,396
Total	1,36,372	1,44,554	1,61,501	1,77,219	1,89,821	8,09,466

Refer table 90 of the Third Control Period Order No. 12/2021-22

GHIAL proposes to consider the actual traffic for the 3rd Control Period at the RGI Airport as follows:

Table 23: Actual traffic at the RGI Airport for the 3rd control period

Particulars	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Passenger Traffic (Mn)						
Domestic	11.00	17.58	20.83	24.44	27.43	101.28
International	1.43	3.42	4.21	4.73	5.62	19.41
Total	12.43	21.00	25.04	29.17	33.05	120.69
Air Traffic Movements (Nos)						
Domestic	1,01,389	1,35,790	1,48,291	1,72,217	1,90,062	7,47,749
International	12,537	22,957	27,995	30,178	32,547	1,26,214
Total	1,13,926	1,58,747	1,76,286	2,02,395	2,22,609	8,73,963

Particulars	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Cargo (in MT in 000's)						
Domestic Traffic	64.53	66.99	69.03	68.84	77.80	347.19
International Traffic	75.55	75.45	80.78	98.83	121.90	452.50
Total	140.08	142.43	149.81	167.67	199.70	799.69

List of statutory auditor's reports with regard to the billable traffic are as follows:

Annexure 6: Statutory Auditor's report on Billable Air Traffic Movements from 01.04.2021 to 31.03.2025

Annexure 7: Statutory Auditor's report on Billable Passenger from 01.04.2021 to 31.03.2025

6.2. Regulatory Asset Base ('RAB')

(i) Project Capex – Expansion for 34 MPPA

RGIA witnessed significant traffic growth during FY17-FY19 and revised the capacity expansion plan and initiated capacity expansion to 34 MPPA to cater to the growth in its 3rd control period (FY22-FY26).

The summary of the works executed by the GHIAL for the purpose of meeting the 34 MPPA for RGI Airport is as follows:

- **Apron & Taxiway:**
 - Apron expansion on West-side covering an area of 237,565 Sqm for stands and access taxi provision. Construction of contact stands about 33 no's, in and around Terminal & Remote stands of about 52 no's.
 - 2 new Rapid Exit Taxiways
 - Construction of the second parallel Taxiway (Taxiway-B) from the existing stretch available at Cargo Stand to the full extent possible
 - 3 lane wide tunnel linkage of about 262 m length to provide seamless connectivity between remote stands & the terminal.
- **Passenger Terminal Building:**
 - Expansion of the existing terminal (processor) on the eastern side with an additional space of 47,969 Sqm.
 - Expansion of the existing terminal (processor) on the western side with an additional space of 67,144 Sqm.
 - East-side pier expansion (addl. space of 72,193 Sqm) to accommodate 16 contact stands
 - West-side pier expansion (addl. space of 70,783 Sqm) to accommodate 17 contact stands
 - In total an additional built up area of 2,58,089 Sqm is added in expansion to the existing terminal size of 1,21,281 Sqm thus making an integrated terminal of 3,79,370 Sqm in size.

- **Main Access Road Improvements & Ramp of the Terminal Building:**
 - 8 Lane MAR from NH-7 to departure Junction with a provision of elevated ramp for provision of seamless access to the terminal.
 - Redevelopment of existing departure & arrival ramp for provisioning of additional alighting position using the existing right of way of approach ramps
 - Increase of the no. of lanes in the departure ramp to 8 lanes and arrival ramp to 7 lanes Increase in the kerb length to 300 m from current 210 m to correspond to a larger terminal processor building
 - Expansion of the departure & arrival approach road to Ramp from current 2 lane to 3 lanes.
- **Check-in:**
 - Addition of 5 more check-in islands to the existing 2 no.s of check-in islands thus making 7 check-in islands now.
 - Enhancement of availability of baggage check-in counters to 149 no.s from current 60 no.s.
 - Providing E-boarding Gates of 68 at 20 entry lanes
- **Security Channels:** Security zone expansion with 24 New ATRS X-Ray security channels in lieu of Conventional X-Ray Lanes.
- **Emigration & Immigration:**
 - Addition of 26 emigration counters to the existing 19 counters
 - Addition of 30 emigration counters to the existing 20 counters
- **Boarding Gates:** Additions of 33 new contact stands are proposed with 16 in domestic and 17 in international zone. This will take overall contact gates numbers to 44 including 7 MARS stands.
- **Stand Requirement:** To cater to increased traffic and requirements of night parking total stand requirement as per the traffic will be 101 Apron stands, which translates to the addition of minimum 59 new Aircraft stands.
- **Allied Infrastructure:**
 - Technological advancements: Upgrade all the screening lane system to ATRS screening lane SBDs, Smart lighting, paperless boarding, self-bag drop, ICT Equipment/Systems
 - Construction of 3 additional fuel farm tanks of 6,500 KL each
 - An elevated flyover to cross the central roadway for the airport bound traffic from the west side
 - Addition of 26 emigration counters to the existing 19 counters

(ii) **GHAL Submission during the 3rd Control Period**

GHAL in the 2nd Control Period proposed for the expansion of the RGI Airport to cater to 20 MPPA. However, due to the significant growth observed during the 2nd Control Period, GHAL revised the expansion plan to 34 MPPA to meet the growing demand.

(iii) Contract Award and management process for expansion works of 34 MPPA

GHIAL planned the expansion contract management through a mix of independent packages and EPC contracts. In respect of the EPC contracts, GHIAL had invited tenders through International Competitive Bidding and post negotiation of financial bids, the contracts were broken into two packages in order to optimize project cost and avail input tax credit on supplies under the Goods & Service Tax (GST).

The following major activities were considered by GHIAL for the award of EPC Contract:

Passenger Terminal Building:

- Structures
- Finishing Works
- HVAC Systems
- Electrical Supply Systems
- Low Voltage System
- Plumbing and Firefighting systems
- Extra Low Voltage System
- Elevators and Escalators
- IT Systems
- Baggage Handling Systems
- Passenger Boarding Bridges
- Automated Tray Retrieval System
- Visual Guidance Docking System
- Ground Power Unit
- Pre-conditioned air units
- Security Systems
- Furniture
- Signage

Airside/Landside:

- Taxiways, Aprons, Roads, Surface drainage
- AGL and Apron Electrical Works
- Firefighting, Alarm and Airside Systems
- Aviation Fuel Hydrant System
- GSE Tunnel

Request for Qualification (RFQ) for EPC works were published in the newspaper on 26.09.2017 to obtain Expression of Interest from interested applicants having prior experience in EPC work of similar nature. In response to RFQ notification, EOI were received from 4 firms on 26.10.2017 as mentioned below:

- M/s Larsen & Toubro Limited, India
- M/s Megawide Construction Corporation, Philippines
- M/s Limak As, Turkey
- M/s Shapoorji Pallonji & Company Private Limited, India

The RFQ's were opened on 01.11.2017 and all the submissions made by the applicants were scrutinized by the evaluation committee members. Based on the details furnished in the response to the RFQ, an evaluation was carried out to determine compliance with eligibility criteria as detailed in RFQ.

Based on the evaluation, the following Bidders were pre-qualified to participate in the bidding:

- M/s Larsen & Toubro Limited, India
- M/s Megawide Construction Corporation, Philippines
- M/s Limak As, Turkey

Subsequent to the pre-qualification process, GHIAL had floated invitation to tenderer bearing tender no. GHIAL/EXP/EPC/2018/01 on 01.12.2017 to qualified bidders to participate in the tender with the deadline for submission as 15.01.2018. Post pre-bid meeting on 12.12.2017, amendments to the tender were issued on 02.01.2018; 17.02.2018; 10.03.2018 and thus final submission date was extended to 22.03.2018.

Tenders were opened on 24.03.2018 to evaluate the technical capabilities of the bidders and technical presentation was requested from all the bidders. Post technical presentation, the bidders were requested to submit the supplementary proposal in the event of any changes to the main proposal by 30.04.2018. There were further clarifications which were required to remove ambiguity in the documents provided by the bidders and further supplementary information was requested and the revised proposal were received on 13.06.2018. All the bidders were technically qualified with L&T scoring the highest technical score.

The financial bids were opened on 04.07.2018 with first round of negotiations conducted on 11.07.2018. The L1 & L2 bidders were requested to submit the revised offers on 13.07.2018 and second round of negotiations were conducted on 16.07.2018. At this stage, to save project cost, GHIAL identified that EPC contract can be split into two packages i.e., Airport Systems and all works other than Airport Systems. GHIAL requested bidders to submit the bids for Option 1 for entire works, Option 2 for all works other than Airport Systems and Option 3 for Airport Systems. The revised offers were received on 18.07.2018 as follows:

Table 24: Final quote by qualified bidders for 34 MPPA expansion

Items (INR in Crores)	Option 1 Entire scope of work		Option 2 All works other than Airport Systems		Option 3 Airport Systems	
	L&T	Megawide	L&T	Megawide	L&T	Megawide
Phase 1 Works	2,355.52	2,523.04	1,768.62	1,978.57	Regretted to Quote	591.51
Phase 2 Works	997.86	1,001.48	720.38	779.30		230.81
Sub-Total	3,353.38	3,524.52	2,489.00	2,757.87		822.32
Taxes & Cess	643.17	634.43	477.39	528.96		157.72
Total	3,996.55	4,158.95	2,966.39	3,286.83		980.04
Provision Sums (including tax)	61.32	138.32	61.32	138.32		Nil
Final Cost incl. provisional sum	4,058.57	4,297.27	3,027.71	3,425.15		980.04
Rank	L1	L2	L1	L2	L1	

Table 25: Savings on account of EPC Contract split for 34 MPPA Expansion

	Bidder	INR in Crores
Cost of L1 bidder under Option 1 (Entire Scope of Work) (A)	L&T	4,058.57
Cost of split contracts		
a. Option 2 - all works other than Airport Systems: L1	L&T	3,027.71
b. Option 3 – Airport Systems: L1	Megawide	980.04
Total (B)		4,007.75
Savings (C) = (A) – (B)		50.82

GHIAL managed to save INR 50.82 Crores by splitting the contract between L&T Limited and Megawide.

Summary of the contract awarded during CP3 submission vs actual cost against these contracts

Table 26: Summary of the contract awarded for 34 MPPA Expansion

Particulars (INR in Crores)	L&T	MCSP	MVR	VNC	Beumer	Others	Total
Expansion of the Terminal Building including Piers	2,753.80	-	-	-	-	162.23	2,916.03
Airport Systems	-	906.54	-	-	152.48	82.77	1,141.80
Expansion of Apron & Taxiways, GSE Tunnel	746.90	-	142.70	58.52	-	59.31	1,007.44
Expansion of the Kerb & Approach ramp	-	-	-	146.77	-	0.97	147.74
Road Infrastructure	-	-	-	23.38	-	144.04	167.42
Total Hard Cost (A)	3,500.70	906.54	142.70	228.67	152.48	449.32	5,380.43
Preliminaries	-	-	-	-	-	18.33	18.33
Insurance & Permits	-	-	-	-	-	19.18	19.18
Design Development and PMC	-	-	-	-	-	253.40	253.40
Total Soft Cost (B)	-	-	-	-	-	290.91	290.91
Cost before IDC (C) = (A) + (B)	3,500.70	906.54	142.70	228.67	152.48	740.24	5,671.34
Contract value provided during the CP3 Submission	3,063.98	875.04	142.70	229.99	138.32	1,146.20	5,596.23

During the construction, below are the changes in the costs since our submissions in the 3rd Control Period till date:

Table 27: L & T Contract for expansion works other than Airport Systems:

L&T Contract (INR in Crores)	Ref	Expansion of the Terminal Building	Expansion of Apron & Taxiways (including GSE Tunnel)	Total
EPC Contract awarded through tender including changes submitted to the Authority during the 3rd Control Period	A	2,343.44	720.54	3,063.98
<u>Utilisation of provisional sums - Airport Weather Proofing:</u> Expansion works pertaining to Airport Plaza weather proofing. These amount are already part of provisional sums included in the EPC contract. GHIAL had utilised this amount for construction.	B	10.38	-	10.38
Increase in scope of work for weather proofing	C	8.69	-	8.69
<u>Decrease in the scope of works:</u> During the execution of the works by the L&T, GHIAL had revisited material specifications for certain material used in the airside & PTB, length & breadth of the certain civil works, doors etc., in the terminal building. This has resulted in the decrease of the cost. In addition to it, based on the operational requirements specified by the AAI with regard to the configuration of RET's, out of the 4 RET's (including provision sum), 2 RET's were constructed at CODE C compliant and 2 RET's were constructed at CODE E compliant. This has resulted in the decrease of the cost as well.	D	(91.88)	(10.19)	(102.07)
<u>Award of new works from contingency budget: - Airside Works</u> During the execution of the expansion works at the Airside, GHIAL had proposed for additional work for L&T contractor in the following areas: <ul style="list-style-type: none"> ○ Revised layout of South East Remote Apron along with Taxilane C & C1 Works ○ Four RETs i.e., L1, L2, R1 & R2 in compliance to the CAT II requirements as against CAT 1 compliant. ○ Construct additional length of pavement beyond 6M (as per consideration) on either side of GSE Tunnel eastern ramp at North East remote ramp ○ Aviation Fuel Hydrant system works at West Pier 	E	-	36.54	36.54

L&T Contract (INR in Crores)	Ref	Expansion of the Terminal Building	Expansion of Apron & Taxiways (including GSE Tunnel)	Total
<ul style="list-style-type: none"> ○ Additional filling at North West Apron & Increase in Retaining Wall height ○ <u>North West Apron</u>: Due to level increase around 15,000 Sqm of existing rigid apron and flexible pavement was dismantled and reconstructed as per revised levels. ○ South east taxiway and associated AGL works around 18,000 Sqm area (B2, H1) 				
<p>Award of new works from contingency budget: -</p> <p>Electrical Works</p> <p>Based on the final electrical load requirements for the Expansions Works, the Employer would like to propose the following changes in the Electrical Systems:</p> <ul style="list-style-type: none"> - Instead of 5 no.s of 2,000 KVA, GHIAL proposes to consider 5 no.s of 2,500 KVA - Instead of 2 No. of 3 MVA, GHIAL proposes to consider 4 no.s of 2 MVA - 3 no.s of Transformers with capacity of 2.5 MVA - 3 no.s of 11 KV DG Sets with capacity of 2 MVA - Electrical load enhancement - UPS for IT Equipment - Electrical Loads for Advertisement - IT Loads - Tenant Loads <p>Based on the above change and also as represented by the L&T, the following are additional changes required:</p> <p>Bus Ducts: - 3200A bus duct needs to be upgraded to 4000A</p> <p>Main LT Panels: - Incomer breaker & bus bar needs to be upgraded from 3200A to 4000A current rating</p> <p>APFC Panels: - APFC Panel KVAR rating changed from 2000KVA to 2500KVA</p> <p>This also consider all required and associated works like Bus Duct, HT cable, LT cable, HT panel, LT panel, Sub LT panel, Cable Tray, earthing works</p> <p>Further, the overall connected load increased from 14.8 MW to 37.6 MW.</p>	F	119.40	-	119.40

L&T Contract (INR in Crores)	Ref	Expansion of the Terminal Building	Expansion of Apron & Taxiways (including GSE Tunnel)	Total
<p>Award of new works from contingency budget: - Grid Change</p> <p>During the execution of the works at the PTB area, GHIAL proposed changes based on the final design. Accordingly following works were required to be additionally executed by the L&T.</p> <ul style="list-style-type: none"> - Existing PTB is with 9mtrs X 9mtrs grid and tender drawings were also at this dimensions for grid. - This grid has been changed to 18 mtrs X 18 mtrs & 18 mtrs X 36 mtrs grids, which has impacted concrete, shuttering, rebar, structural steel, Facade, Electrical works, HVAC duct additional cable trench in Apron in-lieu of bottom of FLB etc., 	G	83.52	-	83.52
<p>Award of new works from contingency budget: - Other items</p> <ul style="list-style-type: none"> - GHIAL has proposed to move Façade outwards by a distance of nine (09) meters / 1 grid on Norther Side of both east & west processor building from the existing façade line at the arrivals concourse. - FOH Toilet specifications enhancement as per Woods Baggot concept design, FOH False ceiling in arrival areas at E level and C Level of East & West Pier and D level of East & West Processor & All counters (excluding gate portals) as per Woods Baggot concept design. - Increase in the overall Toilet Areas - Increase in the Warehouse, Office, SPS & STP Office - Increase in the FLB Area & FLB Glass Thickness - Enhancements in lighting in comparison to original specification 	H	82.04	-	82.04
<p>Increase due to additional manhour for design changes</p> <p>While executing the EPC works, the L&T contract had to spent additional manhours due the changes in the design and resulting into the changes for drawings as follows:</p> <ul style="list-style-type: none"> - Architectural drawings - Structural drawings - MEP drawings <p>GHIAL after negotiation with the L&T Contractor final settled at INR 9.42 Crores for these works.</p>	I	9.42	-	9.42
Increase due to extended stay cost implication	J		-	

L&T Contract (INR in Crores)	Ref	Expansion of the Terminal Building	Expansion of Apron & Taxiways (including GSE Tunnel)	Total
On a contract of this nature, the price schedule has two components, the first component being Preliminaries and General Requirements and the second the Works. The Preliminaries considers the Contractor general obligations and has one-time costs and costs that are time related like supervision, guarantees, running costs etc. Amid multiple unforeseen lockdowns & bans, the project has been hit very hard and being challenged by many obstacles like logistic disruptions, manpower exodus etc. Considering these factors, the project duration got extended for the terminal building from the original planned completion of 2021 for majority of the activities to 2023 & 2024. Though the delay requested by the EPC contractor was more, it was negotiated multiple times and finally was agreed for the 10 months of time.		112.10		112.10
Price Escalation As is the methodology followed in major contracts where price escalation is available, the GHIAL has evaluated the increase based on WPI. WPI is used as the base when calculating the payment towards escalations in various Govt contracts and also when unit rates are revised in the Schedule of rates. Hence, the GHIAL had considered that the same could be considered as equitable and fair method of evaluation. Further, the balance works at the end of the original contract period of was considered and the impact of the WPI increase applied on the same.	K	76.70	-	76.70
Utilisation of provisional projects as part of L&T Contract (L = B)	L	10.38	-	10.38
Award of new works from contingency including de-scope (M = C + D + E + F + G + H)	M	201.76	26.35	228.11
Increase in costs due to extended period of the contract (N = I + J + K)	N	198.22	-	198.22
Total Cost (O = A+L + M + N)	O	2,753.81	746.89	3,500.70

The contingencies budget proposed by GHIAL during the CP3 submission was INR 243.01 Crores. Against these contingencies, new works were awarded to L&T for additional works identified by GHIAL during the execution of the expansion project 34 MPPA and its amounting to INR 228.11 Crores.

Table 28: Airport Systems contracts – Megawide:

Airport Systems Contract	Ref	Megawide
EPC Contract awarded through tender including changes submitted to the Authority during the 3rd Control Period tariff determination	A	875.04
Descoping of Self-Baggage Drop and other works: During the execution of the works for the contract, based on the design changes, the scope of works for following works are reduced: - PBB Tunnels - Ground Power Unit Converters & Hatch pits - Pre-Conditioned Air Units - Screening-Machines - VDGS - De-Scoping of Self Baggage Drop's from Megawide Contract Scope of work is increased in the following activities: - CTX Screening Machines & Automated Tray Retrieval System - BHS Equipment Scope - Pre-Conditioned Air Units & Ground Power Units proposed to be attached to the PBBs. In addition to the above, the GST on Pre-Conditioned Air units were considered at 18% instead of 28%, thus, the same is revised.	B	(32.71)
Amid multiple unforeseen i.e., delay in approvals from the authorities, multiple lockdowns due to COVID-19 & bans, the Russia-Ukraine Conflict, the blockage of waterways and its impact on supply chain ultimately resulted in to the price escalations for the project and this was coupled with the extension of the project originally planned to complete by FY 21 at the time of bidding to FY 24 by completion. This, resulted into multiple claims from the Megawide which was settled after careful evaluation and multiple negotiations by Mar'25.	C	64.21
Total cost of the Airport Systems to Megawide (D = SUM of A to C)	D	906.54

Table 29: Airport Systems contracts – Beumer:

Airport Systems Contract	Ref	Beumer
EPC Contract awarded through tender including changes submitted to the Authority during the 3rd Control Period tariff determination	A	138.32
Prolongation Cost:	B	14.16
Total cost for Airport System to Beumer (C = A + B)	C	152.48

As referred in the Para 2.3 above, the Authority is requested to consider the actual cost incurred towards the expansion i.e., INR 5,671.34 crores plus the interest during construction amounting to INR 1,506.17 Crores.

(iv) RAB and Depreciation

The Authority vide its Order No. 12/2021-22 had adopted the Independent Study by CRISIL on Allocation of Assets between Aeronautical Assets and Non-Aeronautical Assets. GHIAL has followed a similar mechanism for allocation of the assets (refer the statutory auditor's report below) for the true-up of 3rd Control Period with the changes arising out of implementation of Hon'ble TDSAT Judgement referred in 2.3 above.

The resultant regulatory Building Block RAB and Depreciation are as follows:

Table 30: Regulatory Asset Base and Depreciation proposed for the 3rd control period

Particulars (INR in Crores)	Ref	FY 22	FY 23	FY 24	FY 25	FY 26
Opening RAB	(A)	2,009	2,287	3,783	6,564	6,465
Additions to RAB	(B)	479	1,730	3,171	349	476
Depreciation (incl ADFG adjustment)	(D)	184	233	354	442	461
Deletions to RAB	(C)	17	1	36	6	-
Closing RAB (E) = (A) + (B) - (C) - (D)	(E)	2,287	3,783	6,564	6,465	6,480
Average RAB for Tariff Determination (F) =(A+E)/2	(F)	2,148	3,035	5,173	6,514	6,473
FROR	(G)	12.23%	12.23%	12.23%	12.23%	12.23%
Return on RAB (H = G * F)	(H)	263	371	632	796	791

Annexure 8: Statutory Auditor's report on allocation of the assets from 01.04.2021 to 31.03.2025.

Annexure 9: Statutory Auditor's report on retrospective capitalisation of GST on Civil Portions from 01.04.2017 to 31.03.2024.

Annexure 10: Area Allocation Report post 34 MPPA expansion.

The Authority is requested to consider the above calculation of RAB and Depreciation for the 3rd control period.

6.3. Operation and Maintenance Expenditure ('O&M')

GHIAL has worked out the true-up of operating and maintenance expenditure after considering the Hon'ble TDSAT Judgement referred in 2.3 above.

Authority in its 3rd Control Period Order had considered the base year for the projections as FY 2021 (which was affected by COVID-19) for advertisement, business promotion, corporate cost etc., whereas GHIAL had proposed FY 2020 as the base year for the projections. In case of repairs & maintenance the Authority had considered only 0.5% of the new additions as repairs & maintenance expenses instead of GHIAL proposal of 1.5%. This has resulted in the gap between the Authority's projection vs actual incurrence by GHIAL for the 3rd Control Period. Therefore, we request the Authority to consider the actual cost incurred by GHIAL in this regard.

Further, GHIAL has considered the allocation of CSR expenditure in accordance with the principles enumerated by TDSAT in case of other Airports. Accordingly, following building block of O&M is arrived as follows:

Table 31: Revised 'O&M' proposed for the 3rd Control Period

Operating & Maintenance Cost (INR in Crores)	FY 22	FY 23	FY 24	FY 25	FY 26
Staff cost	95	101	135	158	193
Administration & general expense	150	329	200	246	245
Electricity & Water charge	11	14	52	50	63
Operating expense	133	164	219	264	310
Concession Fee	10	24	43	54	55
Total	398	631	649	773	867

The Statutory Auditor of the company has reviewed the allocation methodology and given a report on the allocation for operation and maintenance expenditure from 01.04.2021 to 31.03.2025.

Annexure 11: Statutory Auditor's report on the allocation of the operation and maintenance costs from 01.04.2021 to 31.03.2025

The Authority is requested to consider the above calculation of operation and maintenance cost for the 3rd control period.

6.4. Fair Rate of Return ('FRoR')

(i) Cost of Equity

GHIAL has adopted the IIM Bangalore study instituted cost of equity as approved by the Authority for the 3rd Control Period. The cost of equity has been considered as 15.17%.

(ii) Cost of Debt

The actual cost of debt has been arrived at after considering all the debt outstanding during the 3rd control period. For the financial year 2026 we have considered refinancing of existing USD 287 Mn debt in Feb 2026 with new debt.

(iii) Calculation of FRoR

GHIAL has followed the approved methodology of the Authority in 3rd control period for calculating FRoR as below.

Table 32: Weighted Average Cost of Capital (FRoR) proposed for the 3rd control period

Particulars	Ref	CP - III
Return on Equity	(A)	15.17%
Cost of Debt	(B)	9.04%
Normative Equity	(X)	52.00%
Normative Debt	(Y)	48.00%
FRoR [A*X + B*Y]		12.23%

6.5. Aeronautical Tax ('T')

As explained in detail at Para 2.3, recalculated building block 'T' and the resultant amount is as follows:

Table 33: 'T' proposed for the 3rd Control Period

Particulars (INR in Crores)		FY 22	FY 23	FY 24	FY 25	FY 26
Aeronautical revenue	(A)	239	596	1,067	1,346	1,384
30% of non-aeronautical revenue	(B)	121	184	217	244	272
Sub-total (C) = (B) + (A)	(C)	360	780	1,283	1,590	1,657
Expenditure / Allowances:						
Operation and Maintenance Expenditure	(D)	389	608	607	719	812
Concession Fee	(E)	10	24	43	54	55
Depreciation	(F)	184	233	354	442	461
Interest expenses [^]	(G)	93	132	224	283	281
Sub-total (H) = (D+E+F+G)	(H)	675	996	1,228	1,497	1,609
Earnings pertaining to the Regulated Charges (I) = (C) - (H)	(I)	(315)	(216)	56	93	48
Accumulated Losses:						
Opening Accumulated Losses	(J)	360	675	892	836	743
Current year losses	(K)	315	216	-	-	-
Current year set-off	(L)	-	-	(56)	(93)	(48)
Closing Accumulated Losses (M) = (J + K - L)	(M)	675	892	836	743	696
Earning on which normal tax is calculated [Max (I-J,0)]	(N)	-	-	-	-	-
Normal Tax Rate	(O)	34.94%	34.94%	34.94%	34.94%	34.94%
Taxes pertaining to Regulated Charges (P) = (N) * (O)	(P)	-	-	-	-	-

[^]GHIAL has considered the Interest cost as follows:

Approved RAB X Approved/Eligible Debt Gearing X Approved cost of debt

6.6. Revenues from Non-Aeronautical Services

Following is the actual revenue from services other than aeronautical service(s):

Table 34: Revenue from Non-Aeronautical Services proposed for the 3rd Control Period

Particulars (INR in Crores)	FY 22	FY 23	FY 24	FY 25	FY 26
Flight Kitchen- Concession Fee	6	11	14	17	20
Flight Kitchen – rentals	1	1	1	2	2
Cark Park	47	93	108	83	94
Retail	33	71	84	80	91
Food & Beverages	20	41	53	72	81
Advertisement License Fee	22	43	64	81	92
Lounge Income	12	37	42	62	70
Sub Total	141	297	367	397	450
<u>International Passenger Revenue:</u>					
Duty Free Concession Fee	22	66	92	119	142
Duty Free Rentals	1	2	3	2	2
Public Admission Fee	1	8	4	2	2
Sub Total	25	76	99	123	146
<u>Contract linked Revenues:</u>					
Forex	4	10	13	13	13
Miscellaneous income	45	14	15	17	17
Land & Space					
New Office Building (NOB)	4	5	0	-	-
Old Site Office (SO)	1	1	1	1	1
Others	44	49	52	67	70
Sub Total	99	80	82	98	102
<u>Cargo Revenue:</u>					
Concession Fee	15	17	27	39	51
Cargo Rental income	3	3	3	4	11
Sub Total	18	20	31	43	62
<u>Ground Handling Revenue:</u>					
Ground Handling	16	39	47	53	58
BME Revenue	1	1	1	4	4
ICT Revenues	45	12	3	4	4

Particulars (INR in Crores)	FY 22	FY 23	FY 24	FY 25	FY 26
Sub Total	62	52	51	60	67
Fuel Farm					
Fuel Farm Revenue	58	86	94	92	81
Sub Total	58	86	94	92	81
Total	403	612	722	814	908

The above breakup of the Non-Aeronautical revenue is based on the Statutory Auditor's Certificate as per the special purpose audited financial statements for the period from 01.04.2021 to 31.03.2025. For the period from 01.04.2025 to 31.03.2026, GHIAL had considered estimates referred in the Section 7 of this MYTP Application.

Annexure 12: Statutory Auditor's Certificate for the period from 01.04.2021 to 31.03.2025 with regard to the breakup of the revenue from operations

6.7. True-up for 3rd Control Period

Basis the submissions made by GHIAL in the earlier paragraphs the revised Building Blocks pertaining to aeronautical assets proposed by GHIAL for the 3rd control period is as follows:

Table 35: True-up proposed for the 3rd control period

Particulars (INR in Crores)	Ref	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Average RAB	(A)	2,148	3,035	5,173	6,514	6,473	
FROR	(B)	12.23%	12.23%	12.23%	12.23%	12.23%	
Return on RAB (C = A*B)	(C)	263	371	632	796	791	2,854
Aeronautical Depreciation	(D)	184	233	354	442	461	1,674
Operation & Maintenance Expenditure (Including Aeronautical Concession Fee)	(E)	398	631	649	773	867	3,319
Aeronautical Taxation	(F)	-	-	-	-	-	-
Less: 30% of Non-Aeronautical Revenue	(G)	121	184	217	244	272	1,038
Aggregate Revenue Requirement (H=C+D+E+F-G)	(H)	724	1,052	1,419	1,767	1,847	6,809
Aeronautical Revenue	(I)	239	596	1,067	1,346	1,384	4,632
Under Recovery / (Over Recovery) (J=H-I)	(J)	485	456	353	421	463	2,176
True up till the 2 nd control period as on March 31, 2022 including PCPE and 1 st control period	(K)	1,345					1,345
Net Under Recovery / (Over Recovery) (L=J+K)	(L)	1,830	456	353	421	463	3,522
Present value factor	(M)	1.78	1.59	1.41	1.26	1.12	
Present value as on 31.03.2027	(N)	3,258	723	498	530	519	5,528

The audited financial statements for the years under true-up are hereby attached for the Authority's reference.

Annexure 13: Audited financial statements of GHIAL for the year ended 31.03.2022 to 31.03.2025

7. Projection for 4th Control Period (April 01, 2026 to March 31, 2031)

GHIAL has assumed the following projections for the 4th Control Period assuming the economic conditions prevailing in FY 2025 would continue throughout FY 2026 as well as the 4th Control Period. However, there are adversaries in the month of April and May due to India Pakistan war, escalations in conflict between Israel, Palestine, Iran and other middle east countries and uncertainties in tariff. Hence any impact arising out of this might impact the actual performance of the RGIA airport. This should be considered by the Authority for evaluating the actual performance against the projections of building blocks.

7.1. Traffic Projection for 4th Control Period

GHIAL has appointed M/s CAPA for study of the traffic growth at the RGI Airport taking into consideration demand side and supply side factors. CAPA has forecasted Traffic, ATM and Cargo for the FY 2026 to FY 2035 using a multi-faceted approach which includes both demand side and supply side forecast. Based on the study undertaken by CAPA, the below table encapsulates the traffic projections.

Table 36: Traffic projections proposed by GHIAL for the 4thControl Period

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31
Passengers (Mn)					
Domestic	30.6	33.1	36.4	38.5	41.2
International	6.3	7.2	8.2	9.3	10.3
Total	36.9	40.3	44.6	47.8	51.5
ATM (Nos)					
Domestic	2,11,424	2,28,003	2,48,379	2,60,042	2,74,391
International	36,419	41,978	47,168	53,919	59,110
Total	2,47,843	2,69,981	2,95,547	3,13,961	3,33,501
Cargo (In 000's MT)					
Domestic	83.1	88.7	94.4	100.3	106.6
International	135.7	151.3	167.6	185.7	205.9
Total	218.8	240.0	262.0	286.0	312.5

The traffic study is also attached for the Authority's reference.

Annexure 14: Traffic Study for RGI Airport by CAPA

7.2. Inflation

For the purpose of inflation, GHIAL has considered the mean CPI as per RBI Survey of Professional forecasters on macroeconomic indicators – result of the 94thround.

The resultant inflation of 3.8% is considered for FY2026 and 4.2% is considered for the entire 4th Control Period.

Annexure 15: Extract of RBI Survey of Professional Forecasters 94thRound

7.3. Regulatory Asset Base

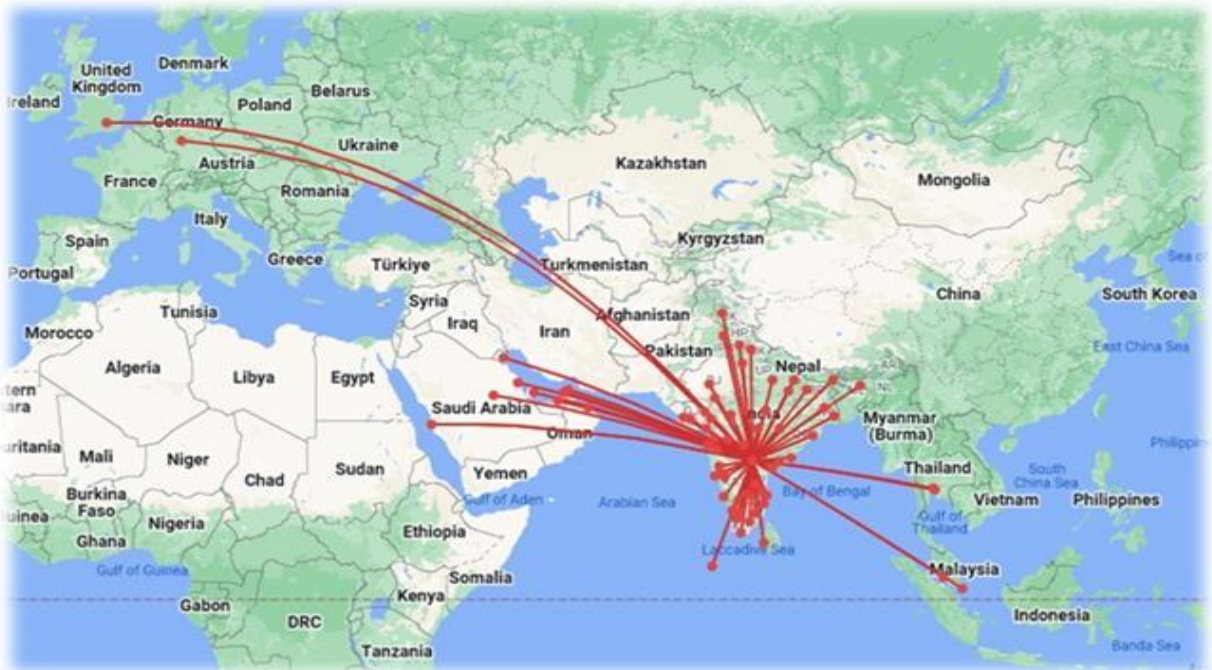
GHIAL is proposing following capital projects for the 4th Control Period:

(i) Need for expansion

The existing layout of the southern precinct is as follows:



In 2024-25, RGIA handled about 7.1 per cent of the total passengers handled at all the airports in India, and 7.0 per cent of the ATMs. This puts RGIA at the fourth position among Indian airports in terms of the total number of passengers and ATMs handled, after Delhi, Mumbai and Bengaluru airports. In terms of the volume of cargo handled during 2024-25, Hyderabad is amongst the top five airports in India with 1,82,426 metric tonnes (MT). In 2024-25, RGIA handled 29.16 million passengers, making it the fourth busiest airport overall, including 24.43 million domestic passengers. Despite Delhi and Mumbai having higher domestic passenger numbers, RGIA showed a faster domestic passenger growth rate. For international passengers, it was the sixth busiest with 4.73 million passengers but had the second highest growth rate from 2014-15 to 2024-25. RGIA was connected to 72 domestic destinations and 24 international destinations in FY2025.



Between 2014–15 and 2024–25, RGIA’s CAGR significantly outpaced the national average across all major categories—passenger traffic (10.9% vs. 8.0%), freight (5.4% vs. 3.9%), and air traffic movements (8.0% vs. 6.1%)—despite the impact of COVID-19. Notably, amongst the major airports, RGIA recorded the highest CAGR among all the airports for domestic passenger traffic movements

	% growth	Delhi	Mumbai	Bengaluru	Hyderabad	Cochin	Chennai	Kolkata	All India
PAX	International	4.8	3.2	7.1	5.4	3.4	2.2	2.3	4.3
	Domestic	7.7	4.6	11.2	12.4	8.3	5.6	8.0	9.2
	Total	6.8	4.2	10.5	10.9	5.7	4.6	7.2	8.0
Freight	International	5.6	3.0	6.8	6.0	-2.4	2.9	0.8	4.2
	Domestic	3.4	1.2	4.9	4.6	3.2	0.3	2.5	3.5
	Total	4.8	2.5	6.0	5.4	-1.3	2.2	1.9	3.9
Aircraft	International	2.9	1.9	5.3	5.1	2.1	1.2	1.4	3.0
	Domestic	5.1	2.1	7.5	8.6	4.6	2.9	4.9	6.8
	Total	4.5	2.0	7.2	8.0	3.4	2.5	4.4	6.1

Based on internal exercise, it is estimated that current capacity can be extended to handle up to 47 MPPA with certain modifications to both operational processes and infrastructure (terminal, airside, and landside). This approach of capacity enhancement of existing assets involves maximizing the utilization of existing assets to their fullest potential with marginal capital expenditure, before investing in new infrastructure. By optimizing processes and making strategic enhancements to the current infrastructure, the southern development can accommodate a higher volume of traffic without the immediate need for extensive new construction. This has been categorized as capacity enhancements to the Southern Precinct in the following section.

With regards to the Northern Precinct development, below are the reasons as to why the development of Northern Precinct is to be initiated immediately:

- a) While the current passenger terminal building is built to process 34 MPPA, the runway has 42 approved movements at present (currently handling average of 36 peak hour movements). With high-intensity operations (subject to approvals), this airside capacity can be further extended to 46 ATMs per hour. According to the CAPA study, the demand for these 46 ATMs per hour is expected to be exceeded during FY28-29.
- b) The traffic forecast indicates that the estimated handling capacity of the current development at the southern terminal (including the capacity enhancements) will be surpassed by 2030, i.e. 47.8 million passengers expected in 2030. The traffic projections highlight the necessity for expanding the infrastructure beyond the proposed modifications.

Plans are being prepared to develop new infrastructure in the northern part of the land parcels at RGIA to accommodate the anticipated increase in traffic. It is proposed to start developing the northern precinct by FY27, considering about three-year construction timeline required for the runway and passenger terminal building (PTB) to become operational by FY30 (September 2029). The expansion project presented in Chapter 7.3 is therefore aligned with the above requirements

In order to optimise the plan for the development of the Northern Precinct, GHIAL is currently in the process of appointing the Independent Consultant for preparation of the Master Plan.

The details of the same will be provided by the GHIAL as and when finalised.

(ii) Expansion Project for the 4th Control Period

GHIAL proposes following expansion capex for 4th Control Period:

1) Capacity Enhancements to the Southern Precinct

The existing southern precinct of the RGI Airport has scope for enhancement of its capacity to cater to the immediate requirement of the airport. These capex enhancements will increase the passenger processing capacity of the RGI Airport from 34 MPPA to 47MPPA on the terminal side.

Below are the scope enhancement projects proposed by the RGI Airport for the 4th Control Period:

Sl. No.	Nature of Work	Project	Expected Costs INR Crores
EC1	Car Park	MLCP (Multi Level Car Park)	219
EC2	Airside Works	Addition of 9 Stands (Equivalent to Code C) on eastern side and 3 Equivalent code C on western side	138
EC3	Terminal Side	BHS-BMA Upgrade and Transfer Baggage Storage Management	25
EC4	Terminal Side	Improvement of Departure & Arrival Entry & Exit NAKA	13
EC5	Airside Works	Conversion of Stand 53 to Code E/MARS Stand with Associated Works (Taxiways and Taxi lanes)	13
EC6	Terminal Side	Conversion from SBD to ABD (check-in island reconfiguration)	6
EC7	Terminal Side	Conversion of 8 Swing PESC (16 Domestic, 8 Swing, 5 International) and Civil Work (Partitions and DOM Movement)	6
EC8	Terminal Side	Addition of One Machine in PESC Area for D-to-D Transfer	5
EC9	Terminal Side	Other Miscellaneous	3
Total			427

- **EC1 – Multi Level Car Parking (MLCP):**

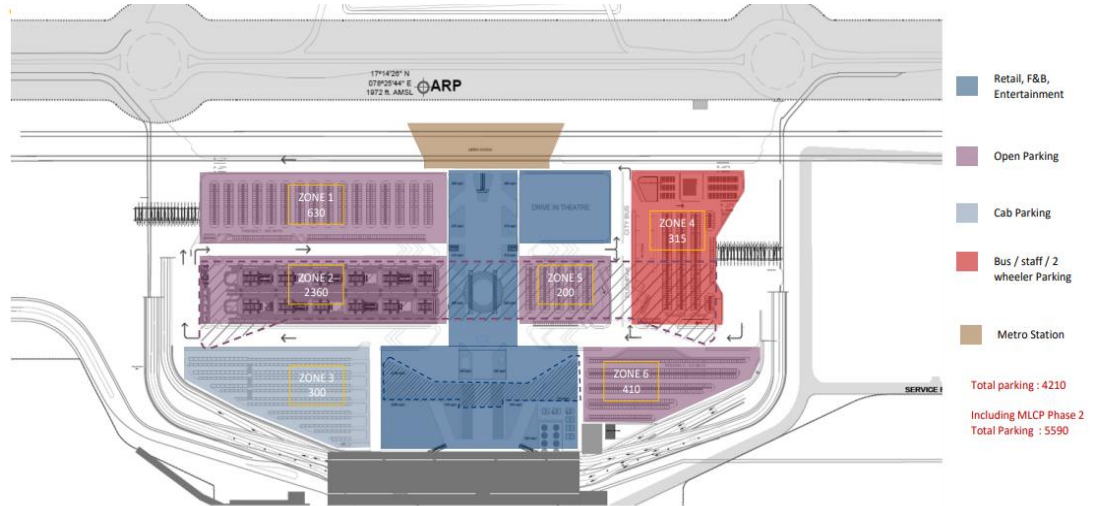
Project Overview: The MLCP (Multi-Level Car Park) aims to increase the overall car park capacity from 2600 slots at present to 5590 slots, thus enhancing the parking capacity and future-proofing the airport for projected growth. This project aligns directly with our organizational goals of operational efficiency and passenger experience.

Primary Business Need

Current Scenario: At present, there are 2600 parking slots available at Hyderabad with an average occupancy of 100% during peak hours and 75% during normal hours. This indicates that a solution is needed as it directly affects operational efficiency, customer satisfaction, and the reputation of the airport due to congestion.

Future State: The proposal is to develop a multi-level car parking facility at the current car park area to provide ample space for vehicles to park in the limited available space. The proposed MLCP will increase the overall capacity from 2600 slots at present to 5590 slots, thus enhancing the parking capacity and future-proofing the airport for future expansions.

Below is the location of the MLCP Project:

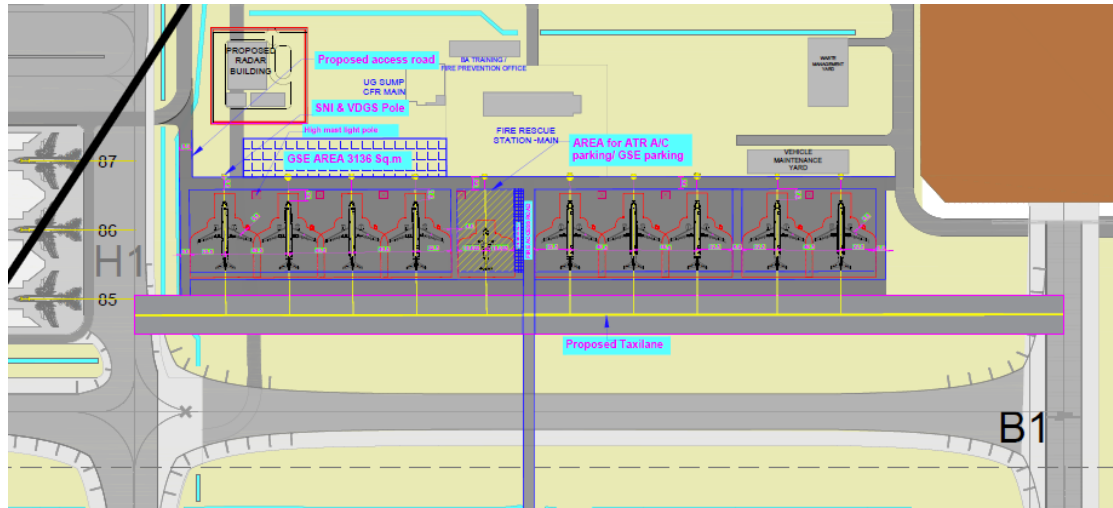


- **EC2 – 2. Addition of 9 Stands (Equivalent to Code C) and Conversion to 1 Code E Stand/MARS Stand on eastern side and 3 Equivalent code C on western side:**

Project Overview: GHIAL plans to construct 12 new Code C aircraft stands - 10 on the eastern side and 2 on the western side. This capex will enable GHIAL to cater for more flights from remote Apron. The new 10 stands are planned to be constructed in the below location to the east side of the existing remote parking Aprons of the RGI Airport.

Details: This new capex is supported by integrated civil and operational works including the construction of a new apron and grating drains for efficient stormwater management. The project also encompasses the development of connecting roads and the construction of Taxiway-C to streamline aircraft movement. Complementary infrastructure includes pipe culverts for drainage, fuel hydrant connections, installation of Airfield Ground Lighting (AGL), high mast lighting for visibility, and Visual Docking Guidance Systems (VDGS) to enhance aircraft parking precision.





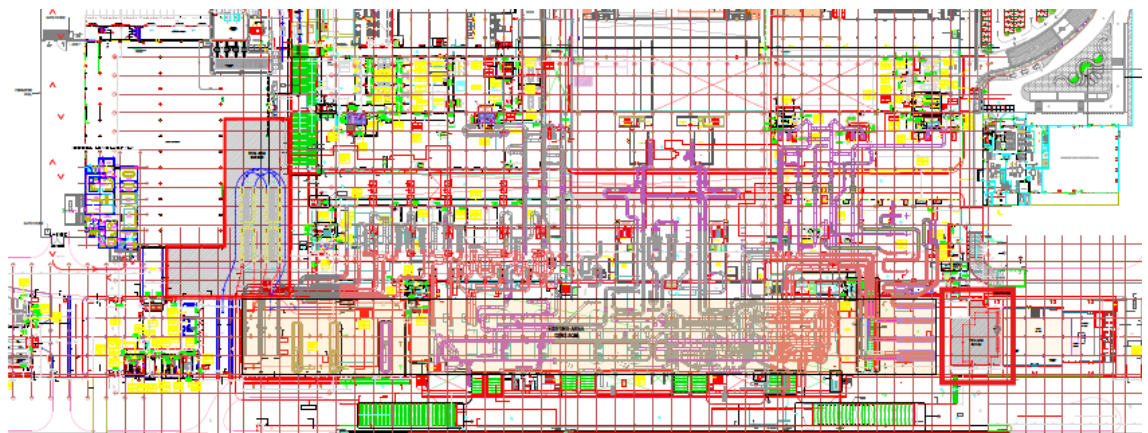
- **EC3 – 3. BHS-BMA Upgrade and Transfer Baggage Storage Management**

Project Overview: As part of its ongoing efforts to enhance operational efficiency, RGI Airport has identified the need to expand its Baggage Make-Up Area (BMA) to meet growing demand. A comprehensive assessment revealed that the current BMA capacity is insufficient for optimal baggage handling operations, prompting the proposal for additional space allocation and infrastructure development.

Project Details: To address this requirement, approximately 700 sqm of space on the domestic side and 3,400 sqm on the international side—both adjacent to the existing BMA—have been earmarked for expansion. The proposed development will involve converting these areas into fully functional BMA zones, with an estimated project cost of INR 25 crores. Upon completion, the total BMA footprint will increase to approximately 16,000 sqm, significantly boosting the airport’s baggage processing capabilities.

Proposed benefits due to this project:

- Improved baggage handling capacity to support increased passenger volumes
- Enhanced operational efficiency and reduced turnaround times
- Enhanced early baggage storage (EBS) for transfer facility
- Optimized use of available terminal space
- Strengthened infrastructure to support future growth and scalability



Project Details: To support this transformation, the apron layout and associated ground systems—including Fixed Electrical Ground Power Units (FEGPU), fuel hydrant pits, and the aerobridge ramp—will be realigned. These changes will accommodate simultaneous aircraft positioning and streamline passenger boarding processes.

Proposed benefits due to this project:

- Dual aircraft parking capability
- Direct aerobridge access for enhanced passenger convenience
- Optimized apron space and infrastructure
- Improved turnaround times and resource utilization
- Greater operational flexibility for varying aircraft types

Below is the location of the project where the works are planned.



- **EC6 – Conversion from SBD to ABD (check-in island reconfiguration):**

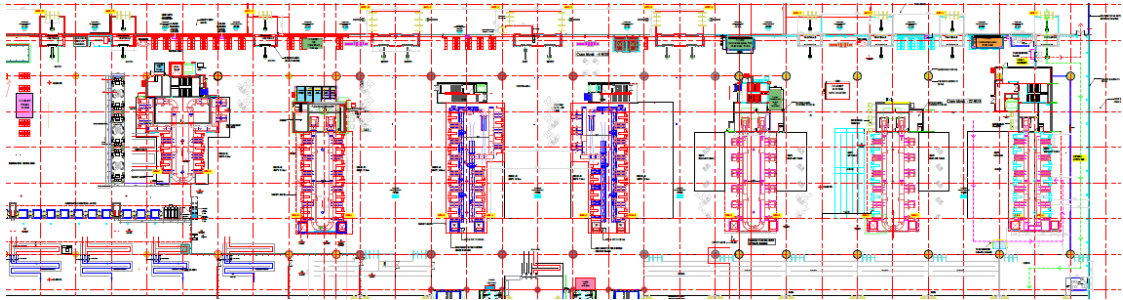
Project Overview: RGI Airport is undertaking a strategic enhancement of its baggage drop infrastructure to improve passenger experience and operational efficiency. Following an assessment of usage patterns, it was observed that Self Baggage Drop (SBD) counters have lower adaptability among embarking passengers than initially anticipated. To address this, the airport plans to convert 15 existing SBD units into Assisted Baggage Drop (ABD) counters, thereby increasing the overall share of ABDs and reducing congestion at check-in areas.

Project Details: The conversion will involve reconfiguring the 15 SBDs into BEUMER check-in lanes—specifically, 11 lanes in the A-row and additional lanes in the P-row. This upgrade will bring the total number of ABDs to 117 and reduce the SBD count to 43. The revised layout is designed

to streamline passenger flow, minimize delays, and better align with user preferences, ensuring a more efficient baggage handling process across both domestic and international terminals.

Proposed benefits due to this project:

- Increased ABD capacity to meet passenger demand
- Reduced crowding and wait times at check-in counters
- Improved passenger experience through guided baggage drop support
- Optimized use of existing infrastructure with minimal disruption
- Enhanced operational efficiency and throughput during peak hours



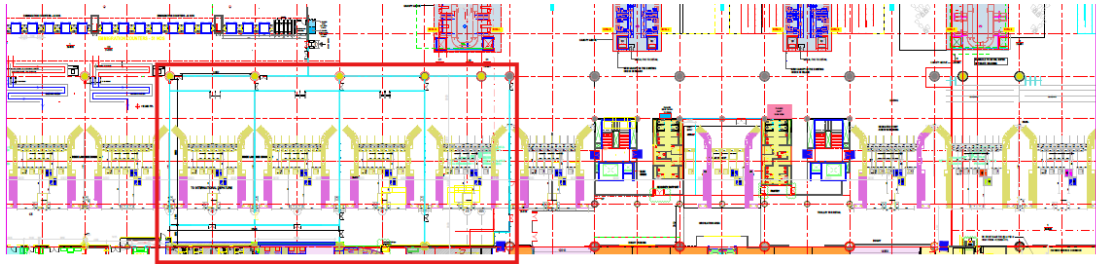
- **EC7 – Conversion of 8 Swing PESC (16 Domestic, 8 Swing, 5 International) and Civil Work (Partitions and DOM Movement)**

Project Overview: Following the southern terminal expansion at RGI Airport, three swing gates have been operational, serving both Domestic and International passengers based on demand. However, with rising passenger volumes and evolving operational needs, a reassessment of gate capacity has indicated the necessity for additional swing gates. To meet this requirement, the airport proposes converting 5 more gates into swing gates within the processor area, enhancing flexibility and responsiveness to fluctuating traffic patterns.

Project Details: The conversion will involve reconfiguring the existing cabin baggage screening machines and the automated tray retrieval system. These systems, currently arranged in a curved layout, will be realigned into a parallel configuration to optimize space and accommodate the new swing gates. Additionally, relocating these machines will expand the circulation area, improving passenger flow and reducing congestion. Upon completion, the total gate configuration will increase from 24 to 29, comprising 5 international gates, 16 domestic gates, and 8 swing gates.

Proposed benefits due to this project:

- Increased gate flexibility to support both Domestic and International operations
- Enhanced passenger circulation and reduced congestion in the processor area
- Optimized use of terminal space through parallel system alignment
- Improved operational efficiency and adaptability to demand fluctuations
- Future-ready infrastructure to support projected growth in passenger volumes



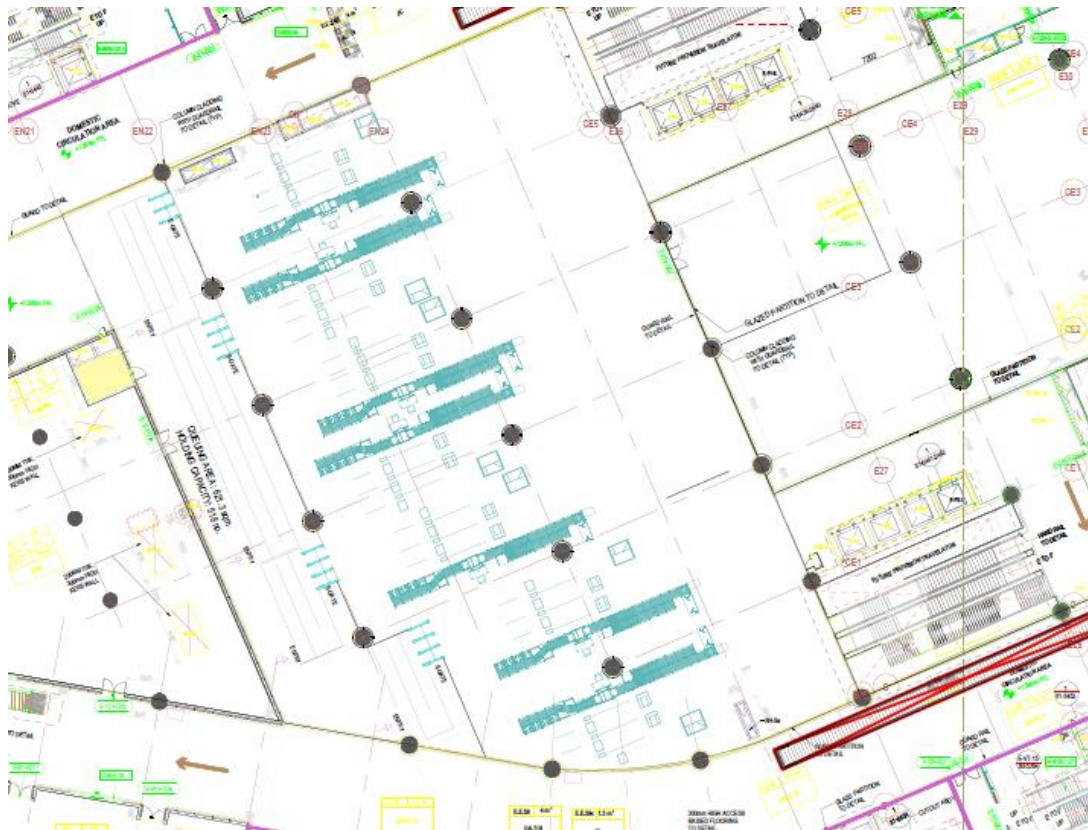
- **EC8 – Addition of One Machine in PESC Area for D-to-D Transfer:**

Project Overview: To support the projected peak hour passenger handling capacity of 47 million passengers per annum (MPPA), RGI Airport is planning to enhance its domestic transfer infrastructure. The anticipated peak hour passenger (PHP) load for domestic transfers is estimated at 1,220 passengers. In response to this demand, the airport aims to improve operational efficiency and ensure seamless passenger movement through targeted infrastructure upgrades.

Project Details: Currently, the terminal is equipped to handle 34 MPPA with six machines at the Domestic-to-Domestic (D-D) transfer area, of which only three are functional. Based on updated capacity enhancement assessments, it is proposed to install one additional Automated Tray Retrieval System (ATRS) to support smoother operations and reduce processing time. This addition will help bridge the gap between current capabilities and future demand, ensuring readiness for increased traffic volumes.

Proposed benefits due to this project:

- Improved handling capacity for domestic transfer passengers
- Reduced congestion and faster processing during peak hours
- Enhanced operational efficiency and passenger experience
- Better utilization of existing infrastructure with minimal disruption
- Future-proofing the terminal for projected traffic growth



- **EC9 – Other Miscellaneous items**

Conversion of Code C (ATRs to Narrowbody’s): This project aims to upgrade six existing Code C ATR aircraft stands at RGI Airport to accommodate full Code C narrowbody aircraft. The enhancement is part of a broader initiative to improve airside infrastructure and optimize stand usage in response to evolving operational requirements and aircraft mix for the enhanced traffic.

5 counter / 1 E Gate (D - I Transfers): To enhance processing capacity in the Domestic-to-International (D-I) transfer area at RGI Airport, the project proposes the addition of one more immigration counter, increasing the total from 4 to 5. This upgrade is aimed at improving passenger flow and reducing wait times during peak hours.

Re - orientation of the Queue area at all the Terminal Entry gates: This project aims to enhance entry gate efficiency at RGI Airport by increasing the number of entry gates from 11 to 13. The upgrade is designed to improve passenger flow and queuing management, especially during peak hours.

2) Northern Precinct Development

RGI Airport, is currently in the process of updating the existing Master Plan through an Independent Consultant with a forward outlook towards the enhancement of the existing airside facilities for runway operations, as well as efficient planning of the Northern Precinct development which includes the development of the northern airfield as well as Northern Terminal Building. These documents would be shared to the Authority in the due course.

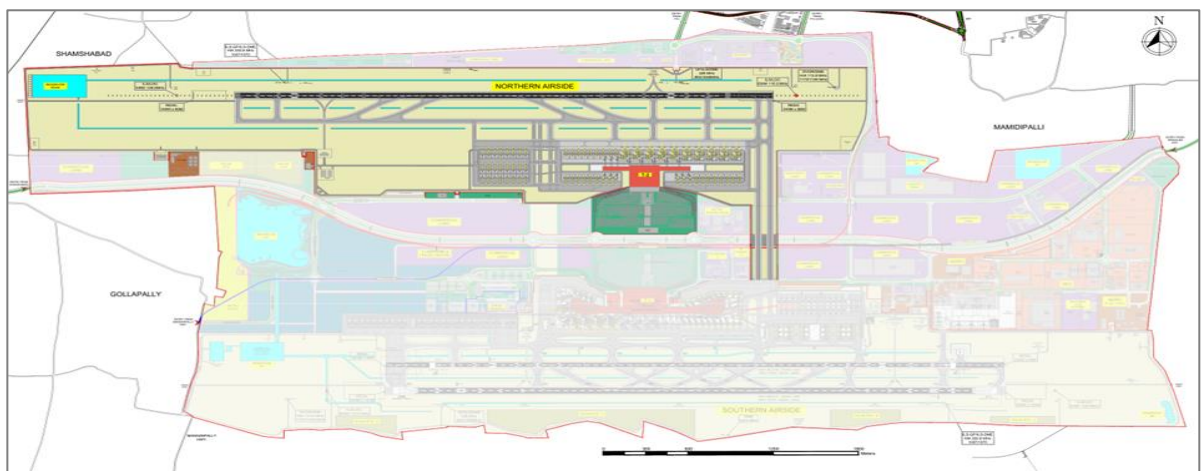
The existing terminal even after improvements in the enhancement capex would not suffice the requirements of the RGI Airport especially on the Airside. Thus, it is pertinent for the RGI Airport to start the development of the northern precinct.

Further to the assessment of the need for expansion, GHIAL aspires to adopt a development strategy aimed at building capacities inline with traffic demand. The proposed development will be a synchronized and balanced capacity augmentation of Airside, Terminal and Landside Infrastructure.

This proposed development in the Northern precincts is aimed to address the growing traffic demand. A detailed master plan exercise is underway and will capture the ultimate capacity of the airport along with detailed designs and cost estimates. Current section presents details of the proposed development assuming the Northern facilities as a mirror image of the existing Southern facilities.

The next stage of airport development is to cater to the increasing passenger traffic by taking up the development of the first phase of Northern Precinct development to handle a capacity of 20 MPPA.

The proposed capacity augmentation will be implemented in the Northern Precinct. This development will also be connected to Southern precinct. A snapshot indicating this scheme is presented below, where the highlighted portion in the northern part of land parcel is the proposed expansion project.



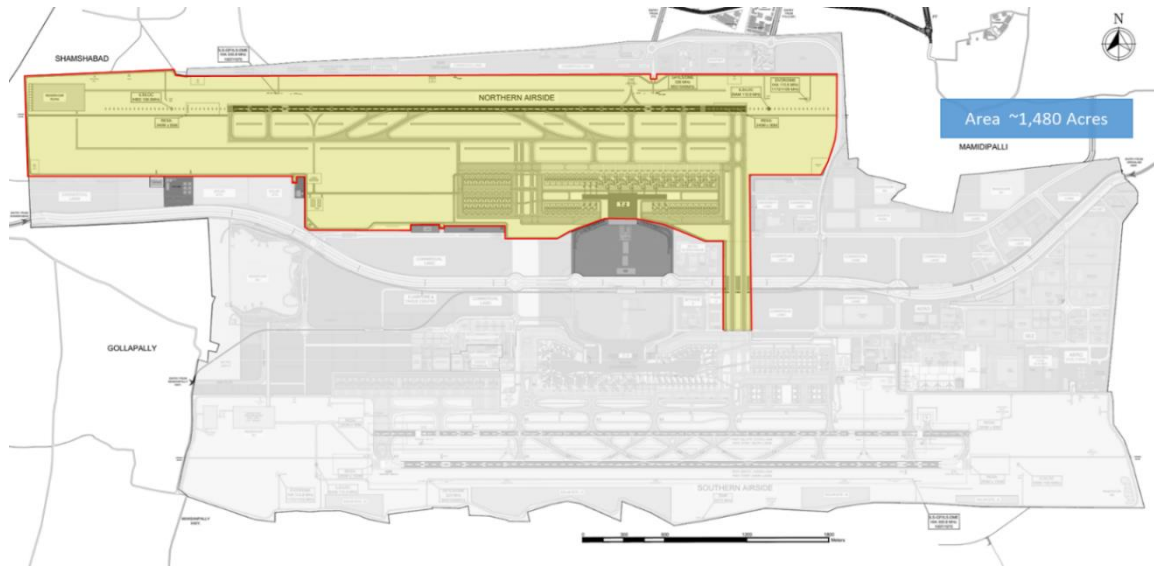
The components primarily comprise of the following:

- i. Airside works (Runway, Taxiway, Apron, Nav-Aids) including Elevated Cross Taxiway
- ii. Terminal Building
- iii. Landside works (Roads, External Utilities, Car Park etc)

Airside works (Runway, Taxiway, Apron, Nav-Aids) and Elevated Cross Taxiway

The proposed new runway would be towards the northern side of the existing runway. The existing northern precinct is not yet developed for construction. Thus, GHIAL needs to execute the earth works in the northern precinct completely. The grading plan for the entire site will be developed to maintain the airfield connectivity between the northern and southern airfield precincts. Currently the northern precinct is at a lower level and will require to fill earth. The site grading plan will be in compliance with DGCA CAR and ICAO SARPs.

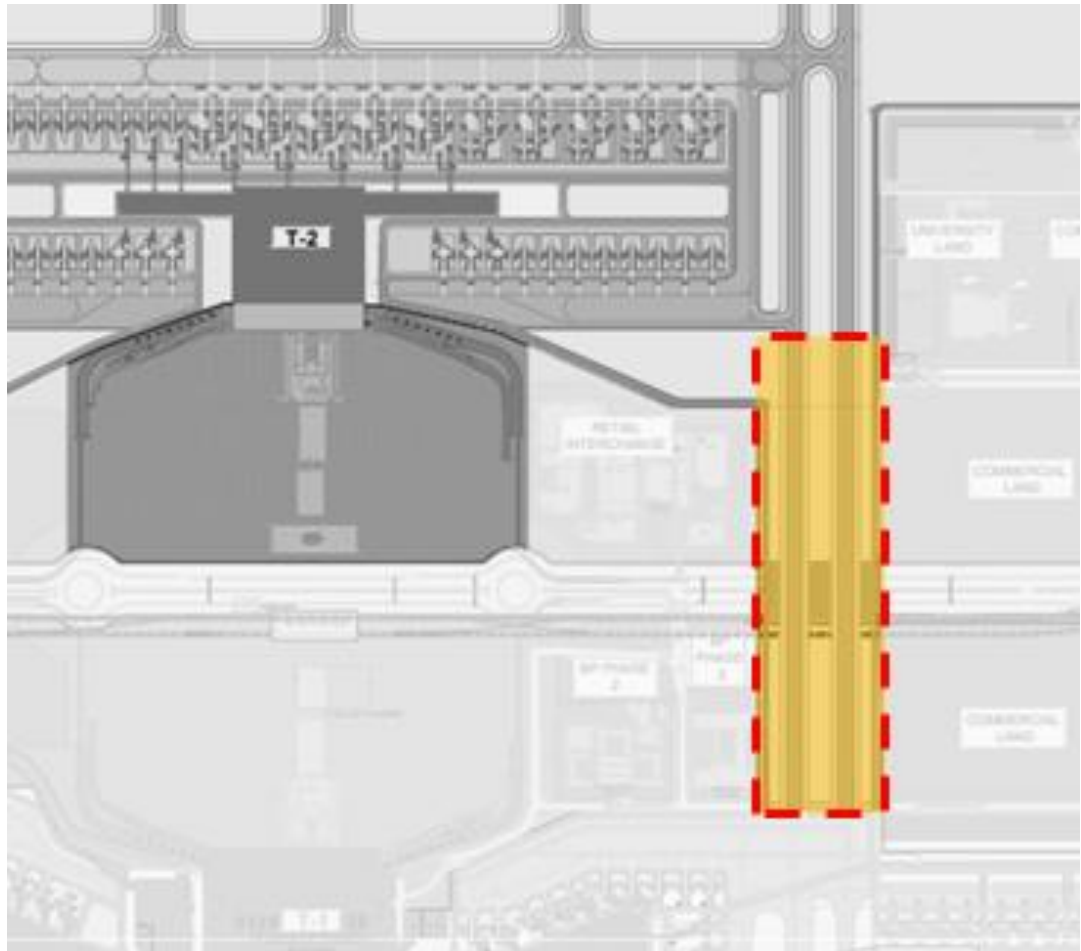
Site preparation works in an area of about 1480 acres and the area is shown below:



The Airside works comprise of a new runway, taxiways, apron, and other airside infrastructure as presented below. All this new infrastructure created in the northern precinct is proposed to be connected with the southern precinct by means of a cross taxiway. The entire northern and southern precincts are planned to work as a system thus providing maximum efficiency.

The proposed works towards the airside development are as follows:

- Runway with a width of 45 M and shoulder width of 7.5 M on each side and length of 3,800 meters. The new runway is proposed to Code E compliant and equipped with CAT-1 approach lighting system. Nav-aids such as AGL, PAPI, SMR, SVOR, VHF, MET hut, glidepath huts and localizer huts are planned as part of expansion works.
- 4 nos. of Rapid Exit Taxiways
- Taxiways with a width of 23 M and shoulder width of 7.5 M on each side and length of more than 7,900 meters.
- 49 Aircraft Parking Stands surrounding the to the Northern Passenger Terminal building and 24 Parking Stands on Remote Aprons.
- Ground Support Equipment Parking area of 23,400 Sqm
- Elevated Cross taxiway on east side of the existing terminal building & new terminal building. The dimensions of elevated cross taxiway are 650 Meters, with a width of 235 meters with 20 meters reserved for drain & service road on each side, 51/43.5 meters object to centre line separation distance and 83.5 meters distance between the taxiway to taxiway centre line. The total area of elevated cross taxiway structure is ~ 1,53,000 Sqm.



- Airside Ancillary buildings, airside roads of ~ 45 KMS (perimeter roads, GSE roads, ARFF access roads etc.,)
- Perimeter wall and other utilities.
- Satellite ARFF Stations to meet the response time as per DGCA CAR
- Other structures that are planned on airside include Fire Stations, boundary wall, gate houses, cooling pits, engineering building, MT workshop and solid waste handling etc.

Various Structures on the Airside		
Name	Units	Quantity
ARFF Stations	No.	2
ALS Boundary wall	Kms	15
Gate House	No.	2
Cooling pit		Yes
Engineering Building		Yes
MT workshop		Yes
Solid Waste handling		Yes

The built up of the cost has been arrived based on the quantum of work and the rates are arrived based on the historical cost information and current market prices for the works of the similar nature. The detailed calculation of the project cost is as follows:

Table 37: Capex Costs towards Northern Runway & associated airside works

Activity	Unit	Qty	Rate	Cost in Crores
Runway, Taxiway and Apron	Sqm	13,23,644	12,936	1,712
Elevated Taxiway	Sqm	1,53,000	46,435	710
Airside Anciliary Building	Sqm	12,000	80,966	97
Perimeter Wall	M	14,500	25,776	37
Earth Works	M3	1,10,00,000	827	910
External Utilities				194
Taxiway as emergency runway	Sqm	83,600	12,936	108
GSE Building				28
Airside Roads	KMS	45	1,84,94,279	83
GSE Parking	Sqm	25,000	12,936	32
Sub-total: Hard Costs				3,913
Preliminaries & Other cost	2%			78
Permits, Insurance etc	2%			78
Design & PMC	5%			196
Contingencies	5%			196
Sub-total: Soft Costs				548
Total Cost				4,461

The phasing of the cost of the project is as follows:

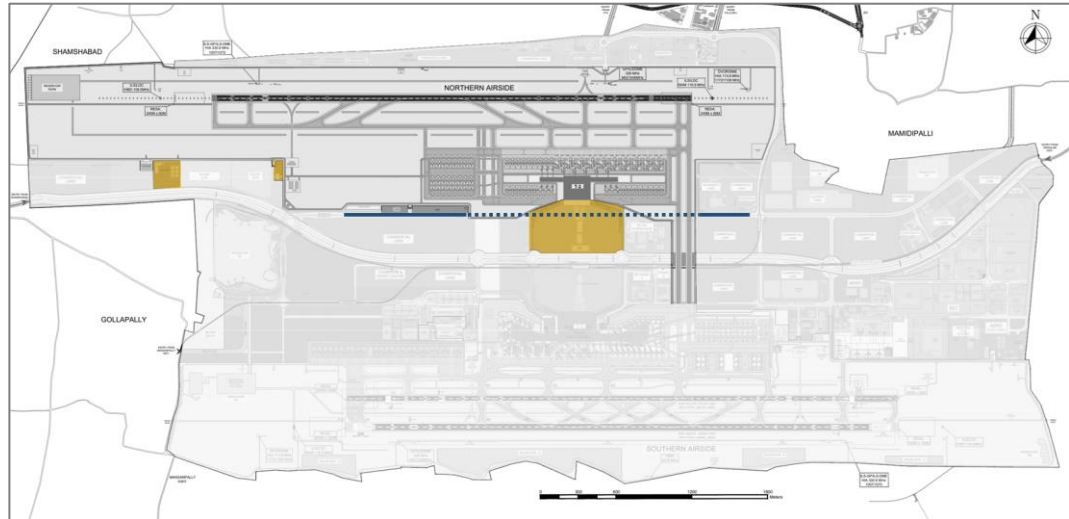
Table 38: Phasing of Capex Costs towards Northern Runway & associated airside works

Capex Phasing	Cost in INR Crores			
	FY 27	FY 28	FY 29	FY 30
Opening works in progress	-	1,073	2,334	3,802
Works during the year	1,073	1,261	1,467	659
Commission of Assets				4,461
Closing works in progress	1,073	2,334	3,802	-

Northern Passenger Terminal Building (NPTB)

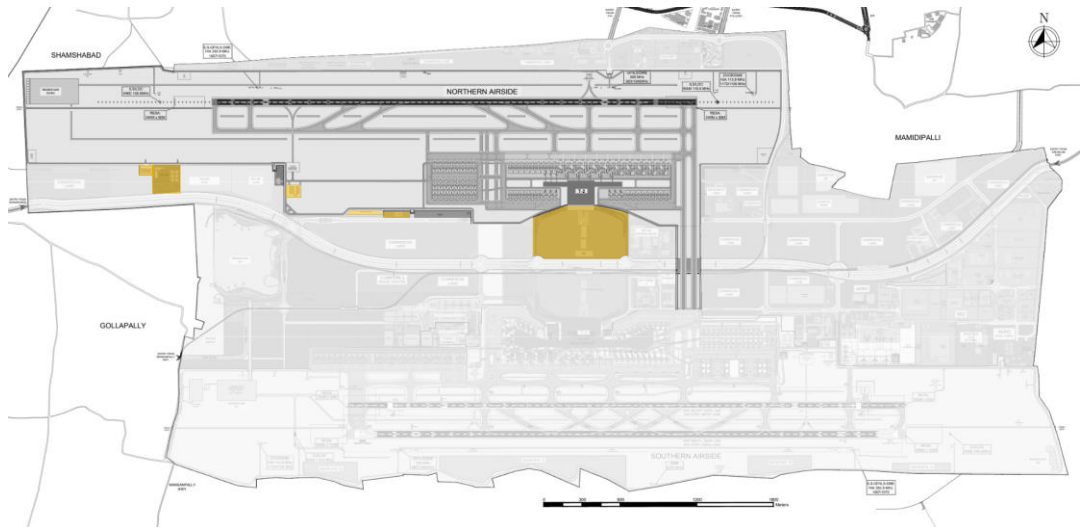
The proposed new northern passenger terminal building would be towards the northern side of the existing terminal building. While the ultimate capacity of the current terminal building is visualized to be 47 MPPA, the proposed development is taken up for a terminal building that can handle 20 MPPA to

- Commensurate to the capacity, landside development is also planned to be taken up. Landside infrastructure is planned in lines of the existing infrastructure with separate levels for departure, arriving and ground levels (for car park access). MLCP / Surface car park will be developed. Considering the modern trends, EV charging stations, accessibility to metro connectivity etc, are planned.



- As part of the landside works, ATC Technical building with ~ 4,400 Sqm is planned for construction.
- Other building i.e., AEP, Police outpost, Drivers rest area etc. with a span of ~ 3,000 Sqm is planned for construction.
- Roads & Pavements: Departure Ramp and Arrival Ramp similar to the existing southern terminal.
- Other facilities around the NPTB include Ceremonial lounge, VVIP Lounge, EV Charging Points, Staging Areas, Facilitation Centres, Metro Facilitation Centre & connectivity.
- As part of the northern precinct expansion, following additional infrastructure is included to support the comprehensive development of the area:
 - o GPU and PCA,
 - o Infrastructure provisioning for flight catering services
 - o Fuel farm, airside fuel station
 - o Transit/airport hotel, and cargo terminal.

This expansion aims to enhance the functionality and efficiency of the precinct, ensuring that all necessary facilities are in place to support its growth and operations.

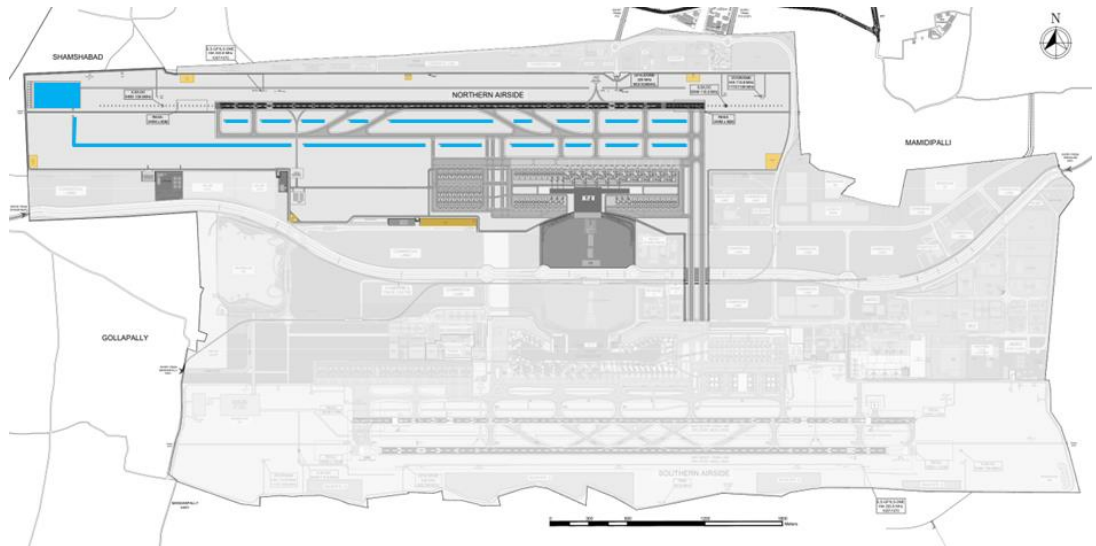


- Utilities required for operation of the NPTB are as follows:

Utilities include a sub-station with a capacity of 20 MVA, and 2 AGL substations. Additionally, a sewage network spanning 6 kilometres and a sewage treatment plant are included to manage waste effectively.

An underground fuel hydrant system is planned to fuel the aircraft. The hydrant is sized to minimize the turnaround time during the saturation phase. The hydrant system will be looped and connected to the existing network for resilience.

The storm water network for the airfield, the natural grading is towards the west, run-off from aprons will be treated at the oil water separators before recharging. The run-off from runways and taxiways will pass through the sedimentation tanks before the holding tanks / recharge.



The built up of the cost has been arrived based on the quantum of work and the rates arrived based on the historical cost information and current market prices for the works of the similar nature. The detailed calculation of the project cost is as follows:

Table 39: Capex Costs towards Northern Passenger Terminal Building

Activity	Unit	Qty	Rate	Cost in Crores
Terminal Building	Sqm	2,25,000	2,12,915	4,791
CNS ATM Building	Sqm	4,400	80,966	36
Landside Ancillary Buildings	Sqm	3,000	80,966	24
Landside Roads	Sqm	28,455	5,284	15
Dual Elevated Ramp	Sqm	25,000	46,435	116
Landscaping				67
Additional Items				
Car parking area	Sqm	1,00,000	9,545	95
IT Systems & Telecommunication				635
Operational equipment				63
External Utilities				194
Sub-total: Hard Costs				6,038
Preliminaries & Other cost	2%			106
Permits, Insurance etc	2%			106
Design & PMC	5%			265
Contingencies	5%			265
Sub-total: Soft Costs				743
Total Cost				6,781

The northern passenger terminal building works are proposed to be initiated from Jan'27 and the project is proposed to be capitalised by Sep'29 in order to cater the increased demand for the RGI Airport.

Table 40: Phasing of Capex Costs towards Northern Passenger Terminal Building

Capex Phasing	Cost in Crores			
	FY 27	FY 28	FY 29	FY 30
Opening	-	481	2,856	5,428
Addition	481	2,375	2,572	1,353
Commission of Assets				6,781
Closing	481	2,856	5,428	-

3) Airport Connectivity and Transport systems for RGI Airport

As part of a long-term strategic initiative to enhance surface access to the airport and support its rapid growth, GHIAL engaged Unitrans Mobility Solutions to develop a comprehensive Airport Connectivity and Transport Master Plan. The aim of the plan is to ensure seamless, efficient, and scalable ground transport connectivity for both passengers and cargo in line with future traffic growth projections.

The study was commissioned in the context of the airport's expanding role as a regional and international aviation hub, with anticipated growth in passenger volumes, cargo movement, and associated economic activities over the next two decades.

Approach and methodology adopted by Unitrans

Unitrans adopted a holistic and data-driven approach involving the following key components:

- **Detailed Surveys and Traffic Forecasting:** The consultants undertook a series of detailed field surveys, traffic counts, and stakeholder consultations to understand existing travel behaviour and access characteristics. These included origin-destination (OD) surveys, video-based traffic volume counts, travel time studies, and pedestrian movement analyses across various access points. The surveys captured detailed data across user segments—such as passengers, airport staff, visitors, meeters and greeters, supplier and other vehicles, and through traffic—not directly associated with the airport. The collected data helped in mapping peak-period conditions and understanding travel mode splits, congestion points, and vehicle mix characteristics
- **Road Traffic Forecasting:** The study also involved year-wise road traffic forecasting across distinct user streams, namely passenger traffic, landside traffic, and through traffic. These forecasts were developed for multiple planning phases—from the base year to the projected saturation year of FY 2047. The analysis incorporated different travel demand patterns, projected airport capacity milestones, and potential shifts in vehicle categories and modal preferences over time.
- **Gap Analysis:** The consultants developed a VISSIM-based AI traffic simulation model, which provided valuable visual and quantitative insights into how future traffic would behave under different infrastructure conditions. The model accounted for dynamic traffic assignment, vehicle queuing, travel delays, and lane-changing behaviour to test the effectiveness of proposed interventions under stress conditions.

Based on the results of this comprehensive analysis, a set of critical infrastructure interventions has been proposed for implementation during the current regulatory control period (CP4). These projects aim to address anticipated road capacity shortfalls, reduce congestion, and enhance connectivity to key airport precincts.

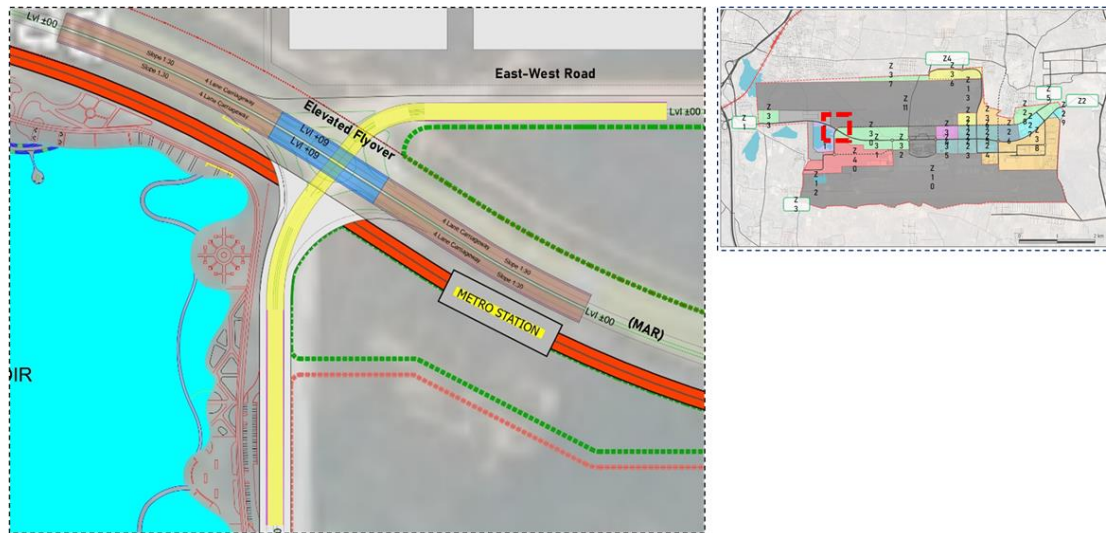
- **Key Recommendations:** The study revealed that while certain committed infrastructure projects will address near-term needs, significant infrastructure gaps will emerge by FY 2030 and beyond, particularly during peak hours. Without timely interventions, these constraints could:
 - Result in increased travel times to and from the airport
 - Compromise the airport's operational efficiency and user experience
 - Create safety concerns at key access points and intersections

Proposed Infrastructure Interventions (4th Control Period)

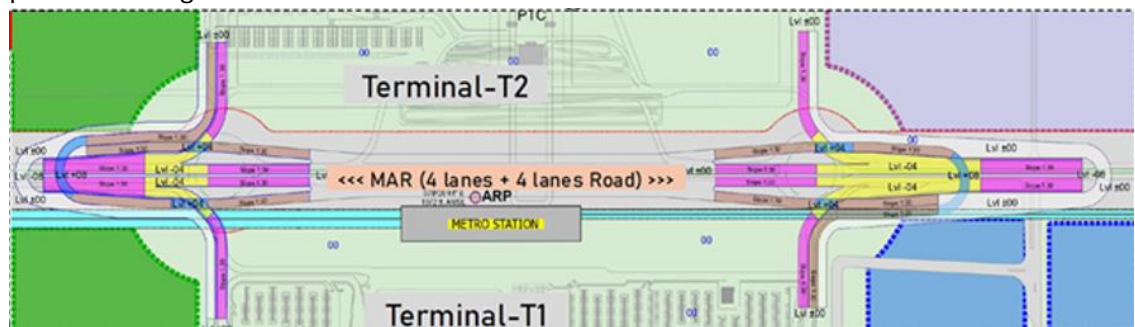
Based on the traffic analysis and simulation outputs, Unitrans has proposed a set of critical road infrastructure projects to be undertaken during the current control period (4th Control Period). These projects are designed to alleviate projected congestion, improve travel reliability, and future-proof the airport's surface connectivity.

- **Flyover and Underpass (at EW Road and MAR crossing):** The Flyover and Underpass at the East-West Road and Main Access Road crossing are essential components of the future-proofing strategy for the airport's transportation infrastructure. Currently, the junction between these two

roads is an at-grade intersection, which functions adequately under current traffic volumes. However, as the airport continues to expand, especially with the development of new terminals and airside facilities, this junction is expected to handle a significant increase in both airport-related traffic and through traffic. To maintain efficient traffic flow and ensure safety, the junction will require double-grade separation—a flyover and underpass—to accommodate the future surge in vehicle volumes and prevent congestion, ensuring that the airport’s access infrastructure is future-ready to handle the demands of an expanding airport. The layout of the proposed project is presented in Figure below.

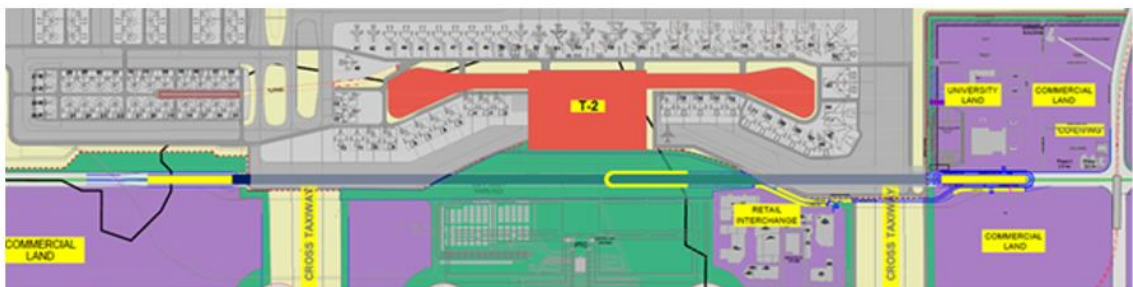


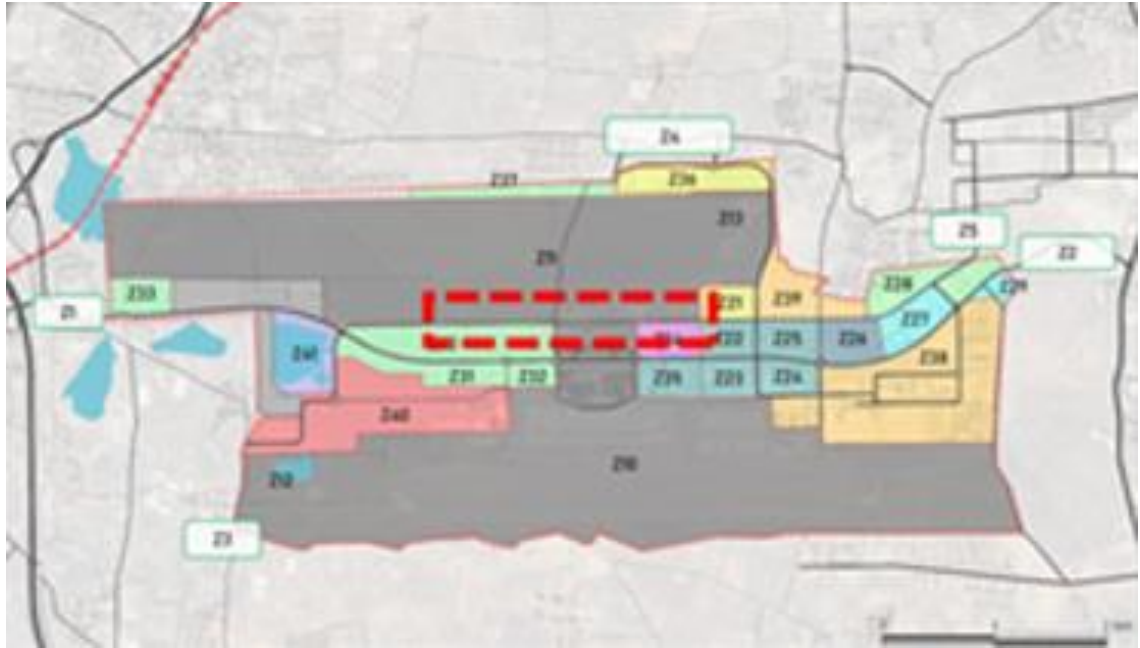
- **MAR Underpass (4 lanes + 4 lanes):** The widening of the existing 4-lane road to a 4-lane + 4-lane configuration is necessary to address both current and future traffic demands at the airport. Currently, the road functions as an at-grade route serving as the primary access for the airport’s operational areas. Due to the planned Cross Taxiways the road must be lowered to a minus-1 level to facilitate smooth, grade-separated passage for both vehicular traffic and aircraft operations. The widening shall ensure this upgrade will enhance the airport's accessibility, minimize congestion, and support its growing capacity requirements. The layout of the proposed project is presented in Figure below



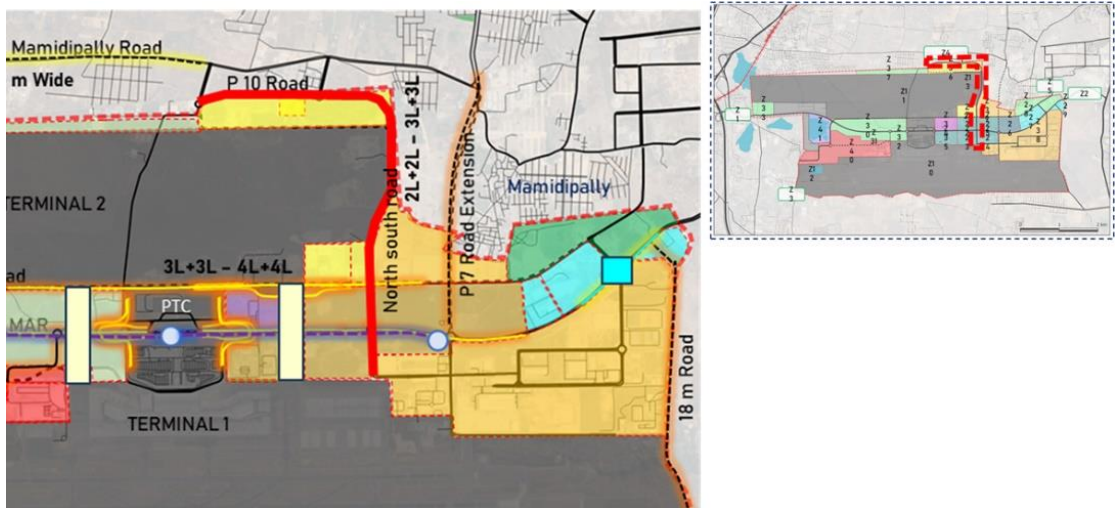


- **East-West Road & Underpass (4 lanes + 4 lanes):** The East-West Road, which currently operates as an at-grade corridor, serves as a key connector for areas located to the north of the airport’s main access road. As part of the future airport development plan, including the construction of Terminal 2 and the expansion of airside facilities on the northern side, this road will need to be reconfigured to an underpass to enable seamless and grade-separated movement segregating it from the future T2 road network, Cross Taxi ways and airside operational zones. Additionally, to accommodate the projected increase in traffic volume, the road must be widened to a 4-lane + 4-lane configuration. This upgrade is critical to maintaining operational efficiency and providing safe, uninterrupted access to key landside and airside areas of the airport in the years ahead. The layout of the proposed project is presented in Figure below.

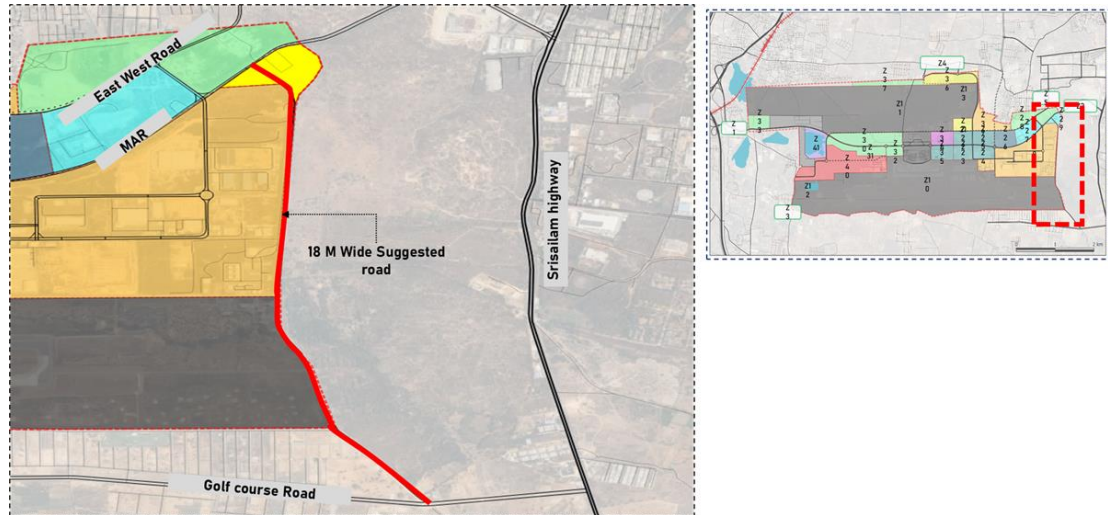




- **Widening of North–South Road (3 lanes + 3 lanes):** The widening of the North–South Road to a 3-lane + 3-lane configuration shall be a critical infrastructure improvement aimed at addressing both current traffic demands and future growth of the airport. As the airport continues to expand, the need for additional ingress and egress points from northern side becomes increasingly important to maintain efficient traffic flow and decongest the Main Access road. The layout of the proposed project is presented in Figure below.



- **Widening of 18-meter Road from the South East:** The proposed widening of 18-meter wide road shall be a crucial intervention for the airport’s infrastructure, providing a direct entry from the southeast side, which will bypass two critical junctions on the ‘Srisailem Highway’ that often experience heavy congestion. This new route will alleviate pressure on these high-traffic areas, improving overall traffic flow and reducing delays, particularly during peak hours while supporting the airport’s growth and ensuring a better travel experience for all users. The layout of the proposed project is presented in Figure



The built up of the cost has been arrived based on the quantum of work and the rates arrived based on the historical cost information and current market prices for the works of the similar nature. The detailed calculation of the project cost is as follows:

Table 41: Capex Costs towards Airport Connectivity and Transport for RGI Airport

Activity	Units	Length	Lanes (L)	Cost in Crores
Flyover on east-west road (Main Access Road)	Mtrs	700	4L + 4L	77
Under Pass on east-west road (Main Access Road)	Mtrs	800	2L + 2L	58
Under pass on Main Access Road near Eastern ECT	Mtrs	1,000	4L + 4L	211
Under pass on Main Access Road near Western ECT	Mtrs	900	4L + 4L	223
Under pass along East-West Road (4L+4L)	Mtrs	2,400	4L + 4L	181
Under Pass Ext. along East-West Road	Mtrs	750	3L + 3L	81
North-South Road	Mtrs	3,500	3L + 3L	44
18m Road (2+2)	Mtrs	3,100	2L + 2L	15
Sub-total: Hard Costs				890
Preliminaries & Other cost	2%			18
Permits, Insurance etc	2%			18
Design & PMC	5%			45
Contingencies	5%			45
Sub-total: Soft Costs				125
Total Cost				1,015

Table 42: Phasing of Capex Costs towards Airport Connectivity and Transport for RGI Airport

Capex Phasing (INR in Crs)	FY 29	FY 30
Opening works in progress	-	675
Works during the year	675	339
Commission of Assets	-	1,015
Closing works in progress	675	-

4) Metro Connectivity to the Airport

GHIAL had proposed the Airport metro in its 3rd MYTP Application. Currently there is no visibility on project DPR, project timelines for expected start date and end date of this project. Thus, we are not proposing any costs pertaining to this activity in current MYTP Application. We will approach the Authority with regard to these as soon as these items are crystalised.

All the project costs are projected to be funded through 70% of Debt and 30% of Equity.

(iii) General Capex for the 4th Control Period

GHIAL proposes general / operations capex for 4th Control Period in the following section:

Table 43: General Capex proposed for the 4th Control Period

Particulars (INR in Crores)	FY 27	FY 28	FY 29	FY 30	FY 31	Total
General Maintenance Capital Expenditure	553	268	142	175	164	1,302

A detailed project wise information of the general capex is presented in the Annexure to this MYTP application.

Annexure 16: Detailed information on the general capex proposed for the 4th Control Period

(iv) Capacity of RGI Airport through the 4th Control Period

The terminal capacity post the capacity augmentation works in the Southern Precinct and the development of the Northern Precinct are as below:

Table 44: Terminal Capacity post enhancement works in southern precinct

Terminal	Passenger Handling Capacity (Millions)		
	Before	Enhancement works	After enhancement
Southern Precinct Terminal	34	13	47
Total Handling Capacity	34	13	47

Table 45: Terminal Capacity post development of Northern Precinct

Terminal	Passenger Handling Capacity (Millions)		
	Before	Northern Precinct	After
Southern Precinct Terminal	47	-	47
Northern Precinct Terminal	-	20	20
Total Handling Capacity	47	20	67

(v) Airport Users Consultative Committee (AUCC)

GHIAL had initiated the AUCC process for proposed capex towards the 4th Control Period on 12.05.2025. The following were invitees for the AUCC:

- Indian Scheduled Airline Operators (Indigo, Air India, Spice Jet, Akasa Air, Fly 91 and Star Air);
- International Airline Operators (more than 25+ airlines who are operating from RGI Airport);
- Airports Authority of India
- Government of Telangana
- Airports Economic Authority of India
- Government bodies i.e., CISF, BCAS, BGCA, Bol
- Ministry of Civil Aviation
- Cargo Facility Users such as Lufthansa, Qatar Airways, Turkish Airways, Blue Dart and Quick Jet
- Fuel Suppliers i.e., IOCL, BPCL, HPCL, RIL, SMRPL, and RBML
- Ground Handlers Al Sats, Globe Ground India etc.,
- Airline Association i.e., IATA, FIA, APAI
- Passenger Associations i.e., APAO, VOICE, CERC, CUTS, FICCI, ASSOCHAM, CII,
- Other Associations i.e., FTCCI, CHA Associations Hyderabad, DACAAI, ACAAI, ACFI, EICI, FIEO, BAR etc.,

The detailed project information file was shared to all the invited stakeholders in advance, to conduct the AUCC effectively. The AUCC was conducted on 11.06.2025 and minutes of the AUCC are submitted as part of this MYTP application to the Authority.

Annexure 17: Minutes of the AUCC dated 11.06.2025

(vi) Regulatory Asset Base ('RAB') and Depreciation ('D')

The resultant Regulatory Asset Base for the 4th Control Period is as follows:

Table 46: Regulatory Asset Base and Depreciation proposed by GHIAL for the 4th control period

Particulars (INR in Crores)	Ref	FY 27	FY 28	FY 29	FY 30	FY 31
Opening RAB	A	6,480	6,554	6,399	6,020	17,887
Additions	B	554	347	129	12,728	161
Deletions	C	-	-	-	-	-
Depreciation (including ADFG adjustment)	D	480	503	509	861	1,202
Closing RAB (E = A+B-C-D)	E	6,554	6,399	6,020	17,887	16,846
Average RAB for Tariff Determination (F) = (A + E)/2	F	6,517	6,476	6,209	11,953	17,366

7.4. Fair Rate of Return ('FRoR')

(i) Cost of Equity

GHIAL has adopted the IIM Bangalore study instituted cost of equity as approved by the Authority for the 3rd Control Period. The cost of equity has been considered as 15.17%.

(ii) Cost of Debt

The cost of debt is projected based on the outflows of the existing loans as on March 31, 2025 at the original drawdown foreign currency rate. In addition to the existing loans, GHIAL has proposed to avail loan for capital projects i.e., construction of northern precinct and airport connectivity projects. The total debt proposed to be raised for these projects is INR 9,872 Cr at cost of debt of 10%.

Basis for the proposed cost of debt for the proposed project:

GHIAL has projected debt requirement of INR 9,872 Crores for its capital projects during the year from FY 2027 to FY 2031. GHIAL has proposed to consider the Rupee Loan for the said debt funding at interest rate of 10% p.a for a tenure of 10 years with amortisation structure with repayments starting at the end of 5th year.

Considering the project execution risks on account of global uncertainties such as political instability, regulatory approvals and fragile economic conditions, GHIAL has proposed an interest rate of 10% as financial institutions will consider these as major risk factors and offset these risks by charging higher credit spread.

Table 47: Weighted Average Cost of Capital (FRoR) proposed for the 4th Control Period

Particulars	Ref	CP - IV
Return on Equity	(A)	15.17%
Cost of Debt	(B)	9.72%
Normative Equity	(X)	52.00%
Normative Debt	(Y)	48.00%
FRoR [A*X + B*Y]		12.56%

7.5. Operating and Management Expenditure ('O&M')

O&M Expenditure for the 4th control period has been arrived by adopting following principles:

- **Base year for the projections:** GHIAL considered the base year as FY 2025 for projecting the expenses of FY 2026. For projecting expenses of 4th Control Period, GHIAL has considered FY 2026 as base year.
- **Inflationary Increase:** For inflation, GHIAL has considered the RBI Survey of professional forecasters on macroeconomic indicators – Result of the 94th Round. As per the survey, GHIAL has considered the Mean inflation based on the CPI Combined Headline. The resultant inflation is 3.8 % for FY2026 and 4.2% for the entire 4thControl Period.

Basis for projection of the operating expenditure:

- **Manpower Expenditure:**

Basis for projections of FY 2026: During FY 24 and FY 25 GHIAL did not recruit all the planned manpower required for operations post expansion of 34 MPPA. Accordingly, to meet the manpower requirement at airside, landside, terminal and support functions, GHIAL has planned to increase the manpower head count by 10% in FY 2026 as the usage of terminal and requirement is increasing gradually. Further, increase in manpower cost on account of inflation 3.8% and real growth of 8% has been proposed.

Basis for projections of 4th Control Period:

- Real growth of 8% year on year along with inflation of 4.2% has been proposed for 4th Control Period.
- Manpower head count increase of 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over 2 year i.e, FY2029 and FY2030 to cater to new development at Northern Precinct.

- **Utility Expenses:**

Basis for projections of FY 2026: The utilities expenses for FY 2026 has been projected considering inflation of 3.8% over base year FY2025. A one-time increase of 20% in FY 2026 has been considered, taking into consideration increase in load and increase in unit cost.

Basis for projections of 4th Control Period: GHIAL has projected utilities costs taking into account yearly inflationary increase of 4.2%. Since the commissioning of assets for the northern precinct would entail incremental cost, GHIAL has further projected increase due to terminal area by 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over 2 year i.e., FY 2030 and FY 2031.

- **Administrative and General Expenses**

The administrative and general expenses includes Professional & Consultancy expenditure, Advertisement & Business Promotion, Corporate Cost allocation, Travelling & Conveyance expenditure and others. These expenses have been projected considering yearly inflationary increase of 3.8% for FY2026 and 4.2% for 4th Control Period along with real growth of 8% year on year from FY2026.

Since the commissioning of assets for the northern precinct would entail incremental cost, an additional increase of 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over 2 year i.e, FY 2030 and FY 2031 is proposed.

Rent: The lease rent paid to the Government of Telangana, along with other rental expenses, is projected to increase contractually by 5% year-on-year.

Rates & Taxes: Rates & Taxes are expected to rise annually in line with inflation and expansion factor. Further, in case of FY 2026, GHIAL has considered Property tax basis actual demand notice as part of Rates and Taxes.

Bank Charges: Bank charges are projected based on the estimates of amortisation of the transaction costs incurred for availing the loan facilities for project funding.

- a. **Operating Expenses**

- i. **Repairs & Maintenance expenditure:**

Repairs and Maintenance (R&M) 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.

Most of repairs and maintenance costs are associated with the AMC and CMC expenses for plant and machinery. GHIAL has already begun a phased replacement of certain equipment, either due to the completion of their useful life or to comply with BCAS guidelines on required equipment.

Considering the above, GHIAL has considered 1.5% of additions to the Gross Block for projecting the repairs and maintenance costs with further increase on account of inflation for FY 2026 and for period from FY 2027 to FY 2029.

Additionally, with the construction of the Northern Precinct facility, the new runway, and elevated cross taxiway, the number of equipment requiring AMC/CMC coverage is set to increase. Consequently, repairs and maintenance expenses on account of expansion is projected to increase in proportion to increase in terminal area by 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over two years FY 2030 and FY 2031 along with inflationary increase of 4.2%.

ii. Housekeeping expenses and consumables:

Housekeeping expenditure includes cost towards

- Contracted Costs – Agreement and term contracts costs
- Other Costs –material costs

The housekeeping expenses includes mostly manpower cost which is expected to increase with inflation of 3.8% for FY2026 and 4.2% for 4th Control Period along with real growth of 8%.

Furthermore, an additional increase by 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over two years FY 2030 and FY 2031 is considered on account of Northern Precinct operationalisation.

iii. Insurance:

The key insurance policies for the airport are as follows:

- Large Risk Policy (Property Damage & Business Interruption (BI))
- AOL/3rd Party Liability Policy
- Terrorism Policy
- Cyber Security Policy

GHIAL completed a significant portion of its expansion project in the latter half of FY 2023-24, leading to an increase in the asset base for future periods. As a result, insurance premium payments are expected to rise accordingly. Additionally, year-on-year price escalation of 10% has been considered for FY 2026 and 4th Control Period. As the Northern Precinct project is expected to be completed by mid-FY 2030, accordingly a proportionate increase in Insurance expenses considered in FY2030 and full year impact in FY 2031 in addition to the yearly increase of 10% as explained above.

iv. Manpower Hire Charges:

During FY 24 and FY 25 GHIAL did not deploy all the planned manpower required for operations post expansion of 34 MPPA. Accordingly, to meet the enhanced manpower requirement, GHIAL has planned to increase the deployment by 10% in FY 25-26 as the usage of terminal and requirement

is increasing gradually. Further, increase in manpower cost on account of inflation 3.8% and real increase of 8% has been proposed.

Basis for projections of the 4th Control Period: Post completion of Northern Precinct, the area to be covered by the GHAL for the operational area would be higher. Accordingly, cost is proposed to increase by inflation of 4.2% and real growth of 8% on yearly basis, and one time increase on account of increase in the expansion area by 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over two years FY2029 and FY2030 to cater to new development at Northern Precinct.

v. Security Expenses, Stores & Spares and Other Operating Expenses:

Post completion of expansion project, GHAL would require higher expenditure on security, stores & spares and other operating expenses, thus these expenses is proposed to increase by inflation and real growth of 8% from FY2026 onwards , and one time increase on account of increase in the expansion area by 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over two years FY2030 and FY2031.

vi. Digitalisation Costs:

GHAL has long been a pioneer in providing exceptional passenger experiences, offering high levels of service, convenience, and hospitality. There is a growing need to enhance our offerings in this digital era, where AI and ML are rapidly advancing. Recently, consumer demand and expectations have significantly increased for real-time information regarding flights, schedules, security checks, and queues at airports. Meeting these demands must be done without compromising effective and safe operations, capacity enhancement, and other critical aspects.

GHAL believes that there is a lot of potential in service delivery through digital transformation and technological intervention. By providing end-to-end services to our consumers from origin to destination of their journey on a single platform, we want to enhance consumer experience and satisfaction. It is important to note that customer expectations for service quality have risen significantly, and GHAL sees digitization of the airport as a key enabler for meeting these expectations.

GHAL is planning to focus on enhancing passenger handling capacity, augmenting airport infrastructure, and improving overall service quality. GHAL will take the support of industry experts to undertake the digitalization of the airport experience.

Therefore, GHAL aims to embark on a journey of digital transformation by identifying experts/vendors in the digital field through a competitive bidding process, with a work scope comprising end-to-end digital transformation. Provided below are some of the functionalities but not limited to, identified as part of the Digitization strategy. The selected vendor will design, develop and implement a customized platform which will be accessible through applications, sites and other modes with the following objectives:

- *Enhancing Passenger Experience:* Integrate advanced digital solutions to provide seamless and efficient services throughout the airport journey.

- **Real-Time Information Updates:** Provide passengers with real-time information about flights, amenities, and facilities, including updates on flight schedules, security checks, queue times and baggage information.
- **Digital Point of Sale and Inventory Management:** Implement a digital point of sale and inventory management system to streamline transactions and inventory tracking.
- **Online Storefront Solutions for Sellers:** Develop solutions that enable sellers to create and operate online storefronts, facilitating the booking, purchase, and delivery of goods and services.
- **Loyalty Benefits and User Engagement:** Introduce loyalty programs that offer benefits and rewards to frequent travellers to drive user engagement and enhance customer loyalty.
- **Additional Digital Services:** Explore and implement any other digital services that can further enhance the passenger experience, addressing emerging needs and preferences.

The overall project costs include recurring costs towards digital service provider, passenger onboarding expenses, and loyalty program costs. When combined, the estimated annual cost for the proposed digitalization strategy is approximately INR 40 crores.

b. Strategic, Management & Technical Services Fee:

GHAL plans to receive Strategic, Management & Technical Services support from its shareholders. This would help GHAL in timely project implementation, airside resource management, slot management, attracting airlines to develop new routes in both domestic and international sector, expansion of cargo operations, non-aero revenue augmentation and fund raising for various growth initiatives.

Further, considering that the COVID-19 pandemic has created unprecedented challenges for the air travel industry, GHAL is required to have well-structured strategy to tackle the challenges posed by COVID-19 and its consequential impact on the travel sector.

Considering the above, GHAL plans to receive Strategic, Management & Technical Services support from its shareholders and would like to remunerate its shareholders for receipt of such services.

Accordingly, 4% of the projected previous year's aero revenues have been factored in to estimate Fee for the 4th Control Period.

c. CSR Expenditure

GHAL has projected the CSR expenditure at 2% of the average profits based on the aeronautical profit and loss of the preceding 3 financial years in line with the Authority's order during the tariff determination for the 3rd control period.

Table 48: O&M proposed for the 4th Control Period

Operating & Maintenance Cost (INR in Crores)	FY 27	FY 28	FY 29	FY 30	FY 31
Staff cost	217	245	330	453	510
Administration & general expense	276	329	382	514	658
Electricity & Water charge	65	68	71	88	110

Operating & Maintenance Cost (INR in Crores)	FY 27	FY 28	FY 29	FY 30	FY 31
Operating expense	472	621	715	893	1,053
Concession Fee	176	201	233	260	290
Total	1,208	1,464	1,730	2,208	2,621

7.6. Revenues from Non-Aeronautical Services (NAR)

GHAL has identified the principal drivers of non-aeronautical revenue streams and segregated individual items basis the below factors:

- ATM growth rate
- Total passenger traffic growth rate
- International passenger traffic growth rate
- Cargo volume growth rate
- Contractual (Rentals, Common Area Maintenance etc) and
- CPI Increase
- Fully Operated 34 MMPA Terminal throughout from FY 2026 to FY 2031
- Northern Precinct Terminal to be operated from 01.10.2029

Basis for projection is as follows:

- **Cargo:**

In line with the Concession Agreement and as adjudged by Hon'ble TDSAT, cargo revenues are treated as non-aeronautical. GHAL has considered the independent study conducted by CAPA to assess the Cargo volumes at RGI Airport. Accordingly, GHAL has projected the Cargo Revenues based on the Cargo traffic projections. GHAL onboarded the second cargo operator and the operations are expected to commence during FY2026 with revenue share of 26%.

The Cargo volume is assumed to be shared between the two operators at 80% and 20% respectively. Accordingly, GHAL arrived at the blended revenue share of 19.6% and projected the cargo revenues based on Cargo growth projections. Further rental income from the Cargo Terminals is projected at 5% increase on yearly basis for the 4th Control period.

- **Fuel Farm:**

In line with the Concession Agreement and as adjudged by Hon'ble TDSAT Fuel Farm revenues are treated as non-aeronautical. Currently GHAL charges fuel infrastructure charge of Rs 1500/KL as per the GHAL 3rd Control Period order.

GHAL would like to highlight the impact of the recent VAT increase from 1% to 16% on domestic volume fuel uplift by airlines. This significant escalation has adversely affected the average fuel upliftment per ATM resulting in significant drop in Fuel Farm revenues.

Therefore, a one-time decrease of 20% in revenues is considered in FY2026 on account of VAT increase and the overall ATM growth rate is considered for the projection of Fuel Farm revenue for the 4th Control Period.

- **Ground Handling:**

The revenue that accrues to GHIAL from Ground Handling – Registered Parties is directly proportional to the ATMs handled. Hence, GHIAL has considered the revenue growth linked to the overall growth of ATMs.

- **ICT Revenues:**

GHIAL expects to continue the existing charge of USD 1.25 per UDF billable passenger for FY2026 and 4th Control Period. GHIAL receives revenue share of 3% on the ICT charges which is projected to increase through passenger growth.

- **In-flight Kitchen:**

GHIAL has considered overall passenger growth for projecting the In-flight Kitchen revenues along with a year on year inflationary increase. For flight kitchen rentals, GHIAL has considered rental growth of 5% on yearly basis.

- **Car Parking & Radio Taxi:**

Revenues from Car Park and Radio Taxi has been projected based on passenger traffic growth rate during FY2026 and 4th Control Period.

- **Food & Beverages, Retail and Lounge income:**

The performance of F&B, Retail and Lounge concessionaries are directly linked to the passenger growth. Hence, GHIAL has considered the passenger growth rates for projecting the revenue share from the concessionaries for FY 2026 and 4th Control Period.

- **Others passenger linked revenue:**

GHIAL has considered the passenger growth for projecting the other non-aeronautical revenues for FY 2026 and 4th Control Period.

- **Duty Free:**

Duty Free operations are concessioned out for setting up, developing, operating, maintaining and managing the duty-free outlet at RGI Airport.

As Duty Free performance is based on International Passenger growth, GHIAL has considered the international passenger growth rate for projecting the Duty-free Revenue for FY 2026 and 4th Control Period. For Duty Free rentals, GHIAL has considered yearly rental growth of 5%.

- **Advertisement:**

GHIAL has concessioned out rights to the advertising space at RGI Airport to Laqshya Hyderabad Airport Media Pvt Ltd (LHAMPL). LHAMPL provides advertising space within the terminal and outside the terminal in the Airport area.

Brick and mortar Advertisement business is facing competition from digital advertisement and corporate spending is more inclined towards digital advertisement space. Further, with economic slowdown, as a cost control measure, business houses are allocating less budget towards advertisement and promotion.

Considering these impacts, GHIAL has considered only overall passenger growth rates for the purpose of projections for FY 2026 and 4th control period.

- **Forex:**

Due to increase in usage of credit card and proposed UPI for foreign nationals, GHIAL is expecting there will be no growth in the Forex revenues. For FY2026 and 4th Control Period, Forex revenue is expected to be constant as per the revenues generated in FY2025.

- **Land & Space rentals:**

GHIAL has reached its saturation in land & space across the terminal. Thus, GHIAL has considered only contractual increase of 5% for every year. Further increase in rental area in FY 30 & FY 31 is considered on account of Northern Precinct Expansion. The increase has been considered as below:

- For FY2030, increase in rentals is calculated for 3 months of the entire year. The factor used is 50% of the proportion of increase in Northern precinct terminal area to the total expanded terminal area.
- For FY2031, increase in rentals is calculated for the entire year. The factor used is 67% (i.e., 2/3rd) of the proportion of increase in Northern precinct terminal area to the total expanded terminal area.

- **Other revenues:**

Miscellaneous Income includes revenues from Airport Entry Passes (AEP), IT, permits, airline security, filming and paid porters. As these are ancillary revenues and are not contractual in nature, the revenue under this head is proposed to remain constant at FY2025 levels for FY 2026 and during the 4th Control Period.

Table 49: Non-Aeronautical Revenue proposed for the 4th Control Period

Particulars (INR in Crores)	FY 27	FY 28	FY 29	FY 30	FY 31
Flight Kitchen – Concession Fee	23	27	31	34	38
Flight Kitchen – Rentals	2	2	2	2	2
Car Park (including Radio Taxi)	105	114	127	136	146
Retail Services	101	111	122	131	141
Food & Beverages	91	99	110	118	127
Advertisement & Promotions	103	112	124	133	144
Lounge services	79	86	95	102	110
Sub-total (A)	504	551	611	656	708
International Passenger Revenue:					
Duty Free Concession Fee	159	182	207	234	260
Duty Free Rentals	2	2	3	3	3
Public Admission Fee	2	3	3	4	4
Sub Total (B)	164	187	213	240	267
Contract linked Revenues:					
Forex	13	13	13	13	13
Miscellaneous income	17	17	17	17	17
Land & Space					
Rentals from additional space post-expansion	-	-	-	6	35
Others	75	79	83	87	91

Particulars (INR in Crores)	FY 27	FY 28	FY 29	FY 30	FY 31
Sub Total	105	109	113	124	157
Cargo Revenues:					
Concession Fee	56	61	67	73	80
Cargo Rental income	13	14	15	15	16
Sub Total	69	75	81	88	96
Ground Handling Revenue:					
Ground Handling	65	71	78	82	88
BME Revenue	4	5	5	6	6
ICT Revenues	5	5	6	6	6
Sub Total	74	81	89	94	100
Fuel Farm:					
Fuel Farm Revenue	90	98	107	114	121
Sub Total	90	98	107	114	121
Total	1,006	1,101	1,214	1,316	1,449

7.7. Taxation ('T')

The building block 'T' is calculated based on the principles enumerated in Para 2.3 above. Below is the resulted building block 'T' of RGI Airport for 4th Control Period:

Table 50: 'T' proposed for the 4th Control Period

Particulars (INR in Crores)		FY 27	FY 28	FY 29	FY 30	FY 31
Aeronautical Revenue	(A)	4,402	5,033	5,814	6,495	7,257
30% of non-aeronautical revenue	(B)	302	330	364	395	435
Sub-total (C) = (B) + (A)	(C)	4,704	5,363	6,179	6,890	7,691
Expenditure / Allowances:						
Operation and Maintenance Expenditure	(D)	1,032	1,263	1,498	1,948	2,331
Concession Fee	(E)	176	201	233	260	290
Aeronautical Depreciation	(F)	480	503	509	861	1,202
Aeronautical Interest expenses [^]	(G)	304	302	290	558	811
Sub-total (H) = (D+E+F+G)	(H)	1,992	2,269	2,529	3,627	4,634
Earnings pertaining to the Regulated Charges (I) = (C) - (H)	(I)	2,711	3,094	3,650	3,263	3,058
Accumulated Losses:						
Opening Accumulated Losses	(J)	696	-	-	-	-

Particulars (INR in Crores)		FY 27	FY 28	FY 29	FY 30	FY 31
Current year losses	(K)	-	-	-	-	-
Current year set-off	(L)	(696)	-	-	-	-
Closing Accumulated Losses (M) = (J + K - L)	(M)	-	-	-	-	-
Earning on which normal tax is calculated [MAX (I-J),0]	(N)	2,016	3,094	3,650	3,263	3,058
Normal Tax Rate	(O)	34.94%	34.94%	34.94%	34.94%	34.94%
Taxes pertaining to Regulated Charges (P) = (N) * (O)	(P)	704	1,081	1,275	1,140	1,069

^Interest cost is calculated as follows:

Approved RAB X Approved/Eligible Debt Gearing X Approved cost of debt

7.8. Aggregate Revenue Requirement

Based on the above building blocks, including under recovery till March 31, 2026, following is the proposal for ARR towards 4th Control Period:

Table 51: Aggregate Revenue Requirement proposed for 4th Control Period

Particulars (INR in Crores)	Ref	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Regulatory Asset Base for calculation of Return on RAB	(A)	6,517	6,476	6,209	11,953	17,366	
FroR	(B)	12.56%	12.56%	12.56%	12.56%	12.56%	
Return on RAB (C = A * B)	(C)	818	813	780	1,501	2,181	6,093
Aeronautical Depreciation	(D)	480	503	509	861	1,202	3,555
Operation and Maintenance Expenditure (including concession fee)	(E)	1,208	1,464	1,730	2,208	2,621	9,231
Aeronautical Taxes	(F)	704	1,081	1,275	1,140	1,069	5,270
Sub-total (G = C + D + E + F)	(G)	3,211	3,861	4,294	5,710	7,072	24,148
Less: 30% of non-aeronautical revenue	(H)	302	330	364	395	435	1,826
Aggregate Revenue Requirement (I = G - H)	(I)	2,909	3,531	3,930	5,316	6,637	22,323
(Over) / under recovery of previous control periods as on 31.03.2027	(J)	5,528					5,528
Net Aggregate Revenue Requirement (K = I + J)	(K)	8,437	3,531	3,930	5,316	6,637	27,851
Projected Aero Revenue		4,402	5,033	5,814	6,495	7,257	29,002
PV Factor as on 01.04.2026 (WACC of 12.56%)		0.89	0.79	0.70	0.62	0.55	
Present Value of Net ARR		7,496	2,787	2,756	3,312	3,674	20,025
Present Value of Revenue		3,911	3,973	4,078	4,047	4,017	20,025

8. Multi Year Tariff Proposal and Annual Tariff Proposal

We request the Authority to consider the above Aggregate Revenue Requirement for the 4th control period along with the true-up of previous control periods and approve the Net Aggregate Revenue Requirement of INR 27,851 Crores. Thus, the Projected Aero Revenue per pax proposed by GHIAL for 4th Control Period is Rs 1,312 per passenger and we request the Authority to allow the same.

Further, with regard to the Annual Tariff Proposal, GHIAL shall submit the detailed pricing on receipt of approval of MYTP from the Authority.

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