Letter No. - GHIAL/ 2026-27/SPG/2226

Date – 30th July 2026

To,
The Director (P&S, Tariff),
Airport Economic Regulatory Authority of India (AERA),
Udaan Bhawan, 3rd Floor, D Block, Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi - 110003

Sub: Responses to stakeholder comments on Consultation Paper for the 4th Control Period of Rajiv Gandhi International Airport (RGIA), Hyderabad (HYD)

Reference: Email Dated 21st July 2026 from Mr. Rajan Gupta JGM (Finance / tariff).

We thank you for the release of consultation paper of RGIA for the fourth control period. As part of the consultation process, the Authority has shared comments from various stakeholders as listed below:

1. Adani Airport Holdings Limited (AAHL)
2. Airlines Operators Committee (AOC)
3. Association of Private Airport Operators (APAO)
4. Bangalore International Airport Limited (BIAL)
5. Business Aircraft Operators Association (BAOA)
6. Construction Federation of India (CFI)
7. Lufthansa Group
8. Domestic Air Cargo Agents Association of India (DACAAI)
9. Inter Globe Aviation Ltd (Indigo)
10. International Air Transport Association (IATA)

GHIAL has prepared responses to the stakeholder comments attached herewith as Annexure-A.

GHIAL would like to again request the Authority, in case there is a variation between the ARR on which Annual Tariff Proposals (ATPs) was submitted dated 26th June 2026 and the final approved ARR by the Authority, to allow us to resubmit the ATP including VTP as the change in ARR may require us to rework on the recovery strategy.

Thanking You,
For GMR Hyderabad International Airport Limited

K Narayana Rao
Authorized Signatory

Contents

1) Adani Airport Holdings Limited (AAHL)

Stakeholder Comments	Response of Airport Operator
To remove minimum threshold for Non-Aeronautical Revenues (NAR): (Ref: Para 11.3.2 "To true up NAR for the current control period, at the time of determination of tariff for the next control, subject to minimum threshold as proposed by the Authority in Table 315.") The proposal to stipulate a minimum threshold for Non-Aeronautical Revenues needs to be reconsidered. NAR is not comparable to a contracted or assured revenue source. It is dependent on several uncontrollable factors such as passenger spending patterns, retail appetite, airline requirements, brand participation, market cycles, footfall mix and overall commercial sentiment. These factors may materially vary over control periods. Further, there is no commercial rationale for an Airport Operator to understate or underperform on NAR. The Airport Operator has a direct incentive to maximise such revenue, since the balance amount after mandatory cross-subsidisation of aeronautical tariffs and revenue share to the Concessioning Authority is retained by it. Therefore, any shortfall in NAR is more likely to reflect market realities rather than lack of effort. Fixing a minimum threshold would effectively shift risk entirely to the Airport Operator. This could lead to an unfair situation where the Airport Operator is denied legitimate recovery merely because actual commercial revenues fall below a normative number, even though such underperformance may be beyond its reasonable control.	GHIAL agrees with comments and would like to refer to the submission dated 20th July 2026 for the relevant issues.

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A true-up/down mechanism must operate symmetrically. Limiting this only to upside deviations defeats the very purpose, which is to align regulatory assumptions with actual outcomes and correct both over-estimation and under-estimation. Such an approach also does not flow from the hybrid-till framework. Hybrid till requires sharing of actual non-aeronautical revenues for tariff determination; it does not require the Airport Operator to ensure a minimum non-aeronautical contribution. As per the Hon'ble TDSAT's Judgement dated 11th September 2025 pertaining to Mopa Airport, Goa: "Para 230. We hereby direct AERA the true-up exercise for the next Control Period shall be based upon actual non-aeronautical revenue irrespective of the fact that whether it exceeds or not, the minimum threshold of Rs.509.47 Crores, as fixed by AERA towards non-aeronautical revenue." **In light of the above, we request the Authority to accept Non-Aeronautical Revenues based on actuals and remove the minimum threshold for the same.**	
To retain the current regulatory treatment for recovery of capital expenditure: (Ref: Para 14.3 "Incremental ARR Approach on User Pay Principle for identified High-Capex Projects") The proposal to defer consideration of incremental ARR in respect of nearly INR 9,900 crore of capital expenditure, on the basis of the "pay as you use" principle, may not be suitable in the context of large-scale airport capacity expansion. Hyderabad Airport's passenger handling requirement is expected to increase substantially — from the existing capacity of around 34 million passengers to nearly 67 million passengers. Such expansion is therefore a necessary pre-condition for sustaining service levels, operational efficiency and future demand. For capital projects of this scale and nature, the question of cost recovery cannot be viewed through the narrow lens of one Control	GHIAL agrees with comments and would like to refer to the submission dated 20th July 2026 for the relevant issues.

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Period alone. Large airport expansion works create capacity that will be used over several decades. Therefore, to judge recovery based on immediate utilisation may not reflect the true nature of airport infrastructure. This concern may be more relevant for routine maintenance, refurbishment or replacement works. Further, the present tariff framework already contains a natural balancing mechanism that recovery should move in line with usage. Tariffs are determined over the Control Period, and recovery increases progressively as assets are added to the Regulatory Asset Base supported by higher traffic throughput. In other words, as more passengers begin using the expanded facilities, a larger part of the cost recovery also takes place. Moreover, timely delivery of these projects is not merely a compliance obligation for the Airport Operator — it is, in fact, self-enforcing. A Terminal that opens late, or an Apron or a Taxiway that is not ready in time chokes the airport's ability to absorb growth. The immediate consequences are tangible — congestion at peak hours, longer turnaround times, deteriorating passenger experience, forgone aeronautical revenue from movements that could not be accommodated, and lost non-aeronautical income from footfall that never materialised. The incentive to build on time is therefore already embedded in the Airport Operator's own economics and needs no additional regulatory prompting. **In view of the above, the Authority may consider retaining the current regulatory treatment for expansion-related capital expenditure, subject to the existing true-up/ true-down mechanism based on actual capitalization.**	

2) Airlines Operators Committee (AOC)

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Support for the User Pay Principle We support the Authority's proposed Incremental ARR approach, whereby costs associated with major capital projects are recovered only once the relevant assets are commissioned and available for operational use. This approach appropriately aligns cost recovery with the delivery of service benefits to airport users and avoids airlines bearing costs for infrastructure that is not yet operational. However, given the scale of the proposed investments, we encourage the Authority to ensure that only prudent, efficient, and demand-driven investments are recoverable from airport users.	GHIAL respectfully notes the comments of the Airline Operators Committee supporting the Authority's proposed Incremental ARR approach, whereby recovery of costs relating to major capital projects is linked to commissioning and availability of the relevant assets for operational use. While GHIAL appreciates the underlying concern that airport users should pay for infrastructure that delivers service benefits, GHIAL submits that the proposed approach requires careful reconsideration in the context of AERA's multi-year tariff framework, the nature of large airport infrastructure projects, and the need to ensure timely and sustainable investment in airport capacity. GHIAL's submissions are as follows: **1. Cost recovery need not be restricted only to post-commissioning period** • GHIAL submits that the "user pay" principle should not be narrowly interpreted to mean that recovery can commence only after the full commissioning of an asset. • Airport infrastructure projects are capital intensive and require substantial funding during the construction period. • If recovery is deferred entirely until commissioning, the airport operator may face a significant cash flow mismatch between project funding and tariff recovery. • Such deferred recovery may increase financing costs, which may ultimately be passed on to users through higher tariffs in later years. **2. Existing MYTP framework already balances user interest and airport recovery** • AERA's multi-year tariff framework determines ARR and tariffs upfront for the Control Period based on approved building blocks.

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	• The framework smoothens recovery over the Control Period on an NPV/WACC basis and avoids sudden tariff shocks. • Yield per Passenger methodology spreads approved costs across forecast passenger traffic, ensuring a stable and predictable tariff path. • Therefore, inclusion of approved capex in tariff computation under the existing framework does not amount to unjustified recovery from users. **3. Large airport projects are implemented and capitalised in phases** • Major airport projects such as terminal expansion, runways, aprons, taxiways, utilities, baggage systems and airside facilities are not commissioned as one single asset on one single date. • These projects involve multiple components, each with different completion, capitalisation and put-to-use timelines. • Linking recovery strictly to commissioning of each component may create significant practical and administrative complexities. • It may also result in multiple tariff adjustments during the Control Period, reducing tariff certainty for airlines and users. **4. Incremental ARR approach may create tariff volatility** • Recovery only after commissioning may reduce the period and passenger base available for cost recovery during the Control Period. • This may lead to higher per-passenger charges in later years, particularly where large assets are capitalised towards the middle or end of the Control Period. • Such back-ended recovery may be more burdensome for users compared to the existing approach, which spreads recovery more evenly. • Stable and predictable tariffs are important for airlines for route planning, pricing, capacity deployment and network decisions. **5. Prudence and efficiency checks are already part of regulatory review** • GHIAL agrees that only prudent, efficient and demand-driven capital expenditure should be recoverable from airport users.

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	• However, this objective is already addressed through AERA's regulatory scrutiny of capex, including technical evaluation, prudence checks and stakeholder consultation. • Once capex has been reviewed, found necessary and approved by the Authority, its treatment in tariff building blocks should be consistent with the multi-year framework. • Deferring approved capex only for rate card computation may create inconsistency between capex approval and tariff recovery. **6. Timely recovery is necessary to support airport capacity creation** • Airport capacity augmentation is undertaken in anticipation of future demand and not merely after congestion has fully materialised. • Timely investment is essential to ensure service quality, operational resilience and passenger convenience. • Section 13(a)(i) of the AERA Act requires consideration of capital expenditure incurred and timely investment in improvement of airport facilities. • A tariff approach that materially delays recovery may adversely impact financial sustainability, credit metrics and investor confidence in long-gestation airport infrastructure projects. **7. GHIAL's request** In view of the above, GHIAL respectfully submits that: • Approved and prudent capex should continue to be considered within the established MYTP framework. • Cost recovery should be smoothened over the Control Period on an NPV/WACC basis, rather than deferred entirely until asset commissioning. • Any concerns regarding prudence, efficiency and demand justification may be addressed through AERA's existing capex approval and true-up mechanisms. • The tariff framework should avoid creating cash flow mismatches, tariff volatility and regulatory uncertainty. • The existing Yield per Passenger based framework better balances the interests of airport users, airlines and the airport operator by

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	ensuring predictable tariffs and timely recovery of approved investments. Accordingly, GHIAL requests the Authority to reconsider the proposed Incremental ARR approach and continue with the established multi-year tariff methodology for recovery of approved capital expenditure.
Digitisation Costs Require Stronger Justification The proposal includes a new digitisation expenditure programme of approximately INR 260crore over the Fourth Control Period. While we support technology investments, these costs should be supported by clear business cases, measurable efficiency improvements, and demonstrable benefits to airport users. We welcome AERA's recognition that many digital initiatives provide both aeronautical and commercial benefits. However, where investments support commercial activities, passenger retail engagement, or airport revenue generation, the associated costs should not bed is proportionately allocated to aeronautical users. We request that AERA adopt a conservative approach to aeronautical cost allocation and ensure that airlines are not required to fund activities that primarily enhance the airport's commercial revenues.	The proposed digitization spend of **₹260 Cr** is aimed at enhancing **passenger facilitation, operational efficiency, safety, service quality, resilience, and regulatory compliance**, and is not solely a commercial initiative. AERA has evaluated the proposal considering necessity, usefulness, and revenue-generating capacity, and has allocated only **64.67% (₹168.14 Cr)** of the total cost to aeronautical services against ₹ 260 Cr proposed by GHIAL.
Cross-Subsidisation and Revenue Allocation We request greater transparency regarding the net tariff impact of the proposed classification of Cargo, Ground Handling, and Fuel Farm activities. While the Authority states that these revenues will offset ARR and reduce aeronautical charges, the Consultation Paper does not demonstrate whether airport users receive a greater benefit under the proposed treatment than they would under the hybrid till framework.	No Comments.

Stakeholder Comments	Response of Airport Operator
Related Party and Management Costs We encourage AERA to continue applying robust scrutiny to related-party transactions, management fees, and corporate overhead allocations included within the regulatory cost base. Such costs should only be recoverable where they are demonstrably necessary, efficiently incurred, represent arm's-length value, and deliver direct operational benefits to airport users. AOC appreciates the opportunity to participate in this consultation and looks forward to the Authority's consideration of stakeholder feedback before issuing the final paper.	**Related Party transactions** • Related Party Transactions (RPTs) are undertaken only where they support airport operations and provide operational, technical, regulatory, or administrative benefits to GHIAL. • All RPTs are governed by robust oversight mechanisms, including Board-approved policies, Audit Committee review, statutory audit, and compliance with Companies Act and SEBI requirements. • Services obtained through related parties leverage group expertise, specialized capabilities, and economies of scale, resulting in operational efficiencies and cost optimization. • RPT costs included in the CP4 proposal relate to legitimate airport operational requirements such as IT, technical support, manpower, regulatory compliance, and corporate support services. • All RPT-related costs remain subject to AERA's prudence review, including examination of their necessity, reasonableness, allocation methodology, and relevance to airport operations. • Costs that are shareholder-related, non-operational, duplicative, or not attributable to airport operations are not intended to be recovered through airport charges. • GHIAL has provided supporting information on material RPTs and remains committed to transparency and compliance with applicable regulatory requirements. **Accordingly, GHIAL submits that its RPTs are driven by genuine business needs, deliver operational benefits and efficiencies, and remain subject to comprehensive regulatory scrutiny to ensure that only prudent and airport-related costs are considered for recovery**
Short Collection of UDF On a related note, we would also like to draw the Authority's attention to the attached communication submitted by AOC	AERA issued Amended Tariff Order No. 12/2021-22 dated **31 October 2025**, extending the tariffs applicable during the period **1 April 2025 to 31 December 2025** for the further period **1 January 2026 to 31 March**

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HYD regarding the under-collection of User Development Fee by airlines arising from an inadvertent error in the fare and tax data uploaded into the Global Distribution System by the uploading carrier. This matter pertains to the previous control period 1Jan2026 to 31Mar2026 during which the applicable UDF was initially determined at INR 1,000 per passenger, with applicability linked to tickets issued effective 1 January 2026. At the time of implementation, the carrier had inadvertently uploaded the UDF amount of INR1,000 in the GDS for tickets issued for travel effective 1 January 2026. Subsequently, AERA issued a revised Order on 1 November 2025, whereby the applicable UDF for the relevant period was revised to INR 1,500 per passenger. However, as the GDS continued to reflect the earlier UDF amount of INR 1,000 and the correction was only implemented on 19 November2025, a significant number of tickets had already been issued at the lower UDF rate during the intervening period. As a result, airlines collected only INR 1,000 from passengers instead of the revised amount of INR 1,500, leading to a short collection of INR 500 per passenger. Notwithstanding the lower amount collected from passengers, airlines were nevertheless required to remit the full UDF amount of INR 1,500 per passenger to the airport operator. This created a direct financial burden on the airlines, which had no practical means of recovering the differential amount from passengers after ticket issuance. The issue was subsequently raised with GHIAL, the airport operator at Hyderabad. In its response, GHIAL indicated that it would be willing to issue credit notes to compensate airlines for the losses incurred due to the incorrect UDF upload, subject to AERA permitting recovery of the corresponding amount during the Fourth Control Period. While this acknowledgement is appreciated, the matter	**2026**. The revised applicability of tariffs was communicated to all airlines well in advance. However, the error occurred at the airline's end in the collection of UDF from passengers. There was no lapse or omission on the part of the Airport Operator in this regard. Further, AERA had already clarified the applicable tariffs for the said period through its email dated **4 February 2026** addressed to **Mr. Sunil Menon of Cathay Pacific**. However, if AERA agrees to true-up the short collection for GHIAL, we will be able to provide credit note in line with BIAL's treatment. .

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remains unresolved and continues to have a financial impact on the affected carriers. It is pertinent to note that a similar situation arose at Bengaluru Airport, where airlines experienced under-collection of UDF due to comparable circumstances. In that instance, Kempegowda International Airport Limited issued credit notes to airlines for the excess UDF remitted to the airport operator over and above the amount actually collected from passengers. This practical and equitable approach ensured that airlines were not unfairly disadvantaged by circumstances beyond their control. **For the Authority's reference, the airline-wise details of the UDF short collection, together with the amounts remitted to GHIAL, are provided below. Total INR 37185310 (Three Crore Seventy One Lakh Eighty-Five Thousand Three Hundred Ten)**	

3) Association of Private Airport Operators (APAO)

Stakeholder Comments	Response from Airport Operator
Maintenance, Repair and Overhaul Services (MRO) (Revenue share from Line maintenance services at RGIA): The Authority has considered revenue from MRO services (Revenue share from Line maintenance services provided by MRO services providers at RGIA) as Aeronautical Revenue in the CP-3 true up and CP-4. Maintenance, Repair and Overhaul (MRO)activities constitute specialized commercial and engineering services that are distinct from the core aeronautical functions undertaken by an airport operator. The airport operators neither provides MRO services directly nor incorporates such activities within the scope of its regulated aeronautical operations. The airport operator's involvement is limited to facilitating access to land and related infrastructure, with the resulting arrangement being analogous to a commercial real estate concession rather than the provision of an aeronautical service by the airport operators itself. MRO activities are not inherently airport-specific and, in several instances, are undertaken at dedicated maintenance facilities located outside airport premises, in a manner similar to other specialized engineering and equipment maintenance services across various industries. Given the technical and commercial nature of these activities, MRO services operate independently of the airport operator's provision of aeronautical services. Consequently, the airport operator neither exercises operational control over the maintenance activities nor possesses the technical expertise necessary to regulate the underlying service delivery. Accordingly, any attempt to subject MRO services or their associated revenues to aeronautical tariff regulation would be neither appropriate nor practicable, as these activities fall outside the scope of airport operations and are governed by specialized	GHIAL agrees with comments and would like to refer to the submission dated 20th July 2026 for the relevant issues

Stakeholder Comments	Response from Airport Operator
commercial and technical arrangements between MRO providers and their customers. It is also important to note that under the Airports Economic Regulatory Authority of India Act, 2008 ("AERA Act") and the tariff framework prescribed thereunder, AERA's regulatory jurisdiction is limited to the determination and regulation of tariffs for aeronautical services. In this regard, it is submitted that Maintenance, Repair and Overhaul (MRO) facilities do not qualify as "aeronautical services" within the meaning of Section 2(a) of the AERA Act, which provides an exhaustive definition of such services. The classification of MRO-related revenue as aeronautical revenue would be inconsistent with both the contractual framework governing GHIAL and the statutory provisions of the Airports Economic Regulatory Authority of India Act, 2008 ("AERA Act"). At the outset, Article 10.2.1 of the GHIAL Concession Agreement clearly stipulates that only the Airport Charges specified in Schedule 6 constitute "Regulated Charges" subject to tariff regulation. Schedule 6 exhaustively enumerates the regulated aeronautical charges, namely: • Landing, Housing and Parking Charges (Domestic and International); • Passenger Service Fee (PSF) (Domestic and International); and • User Development Fee (UDF) (Domestic and International). Notably, Schedule 6 does not include MRO charges, hangar usage charges, maintenance-related fees, or any revenue arising from MRO activities. The deliberate exclusion of MRO-related revenues from the list of Regulated Charges demonstrates the parties' clear intention that such activities remain outside the scope of regulated aeronautical services. Accordingly, the Concession Agreement does not contemplate tariff regulation of MRO services, nor does it envisage the inclusion of MRO-related revenues within the aeronautical revenue base for tariff determination purposes. The statutory framework under the AERA Act further reinforces this position. Section13(1)(a)(vi) of the AERA Act expressly mandates that,	

Stakeholder Comments	Response from Airport Operator
while determining tariffs for aeronautical services, the Authority shall take into consideration " the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise." Thus, the provisions of the Concession Agreement are not merely persuasive but constitute a relevant and mandatory consideration in the exercise of tariff-setting powers by the Authority. The significance of this statutory obligation has been recognized by the Hon'ble Telecom Disputes Settlement and Appellate Tribunal ("TDSAT") in its judgment dated 21 July 2023 in Delhi International Airport Limited v. AERA, wherein the Tribunal unequivocally held that: "AERA has to appreciate the concession given by Central Government. AERA has to appreciate the same under Section 13(1)(a)(vi) of AERA Act, 2008." The above judicial pronouncement affirms that the Authority must accord due weight to the contractual rights, obligations and commercial framework established under the concession granted by the Central Government and cannot disregard the structure expressly agreed between the parties. Furthermore, MRO activities are fundamentally distinct from the aeronautical services provided by an airport operator. MRO facilities are established, financed, operated and managed by specialized third-party operators under commercial lease or licence arrangements. The airport operator neither performs maintenance activities nor provides MRO services to airlines. Its involvement is limited to granting access to land and supporting infrastructure. Consequently, the revenue derived by the airport operator is essentially in the nature of commercial concession or lease income rather than consideration for the provision of aeronautical services. Treating MRO revenue as aeronautical revenue would therefore not only be in consistent with the express provisions of the Concession Agreement and the statutory mandate under Section 13(1)(a)(vi) of the AERA Act but would also undermine the commercial rationale	

Stakeholder Comments	Response from Airport Operator
underpinning investments in aviation infrastructure. Such a classification could discourage airport operators from allocating land for MRO development and adversely impact the growth of the Indian MRO ecosystem, which is presently a key national priority aimed at promoting domestic maintenance capabilities ,attracting investment, generating skilled employment, and reducing dependence on overseas MRO facilities. Further, the MRO sector in India is presently undergoing a significant growth phase, driven by rapid fleet expansion by domestic airlines, increasing aircraft movements, supportive government policies, and the strategic objective of positioning India as a global aviation maintenance hub. The development of MRO facilities requires substantial long-term capital investment, specialized technical infrastructure, and commercially sustainable lease arrangements. Any regulatory treatment that classifies MRO-related revenue use as aeronautical in nature, despite the absence of any direct aeronautical service provision by the airport operator, could adversely impact the commercial viability of existing and future MRO investments. Such an approach may constrain the airport operator's ability to recover the opportunity cost of strategically located land, reduce incentives for facilitating MRO ecosystem development, and potentially discourage private sector participation in a sector that is critical for enhancing India's aviation self-reliance, generating skilled employment, reducing foreign exchange outflows, and strengthening the overall aviation value chain. Accordingly, APAO would like to request AERA to consider MRO revenue to airports to be recognized as non-aeronautical revenue, distinct from regulated aeronautical services, thereby ensuring that airports remain incentivized to support MRO development while supporting the Government of India's broader objective of establishing a robust and globally competitive MRO industry.	
Minimum Threshold Non-Aeronautical Revenues for True up	GHIAL agrees with comments and would like to refer to the submission dated 20th July 2026 for the relevant issues

Stakeholder Comments	Response from Airport Operator
AERA has proposed a minimum threshold of Non-Aeronautical Revenues of Rs 6,034.97 crores for the 4th control period and will undertake true-up only if the actual revenues exceed the minimum threshold. This proposal would have an adverse effect upon economic and viable operations of the airport. As per Section 13(1)(a)(v) of the AERA Act, 2008, AERA must consider the revenues "received" instead of any minimum threshold revenues. It is surprising to note that while aeronautical revenues are subject to true up based on actual traffic, the PAX traffic driven non-aeronautical revenue streams like Duty Free, Retail, Food and Beverages are not eligible for true up for traffic. It would be totally unfair and unrealistic for Airport operators to take traffic risk and therefore the current proposal in the Consultation Paper is doing the exact opposite. We submit that the Authority should not propose something that is ultra vires to the AERA Act and should therefore allow true up of Non aeronautical revenues based on actuals in the next control period.	
Introduction of "Incremental ARR approach" in line with "User Pays Principle. In previous control periods (for RGIA and all other major airports), the Aggregate Revenue Requirement (ARR) was recovered through a levelized tariff structure over the five-year control period. The existing levelized tariff methodology has served the sector well over successive control periods. It enables recovery of the approved revenue requirement over the five-year control period while ensuring tariff stability and avoiding sudden tariff spikes for airlines and passengers. The Authority's proposal to migrate to a "user pay principle" while noteworthy, does not provide any practical solution to determine which passenger or airline has used which specific asset, in what proportion, and at what point in time. The benefit of airport infrastructure is therefore holistic and system-wide, not asset-specific. Beyond the administrative complexity, it is necessary to highlight that any downward revision in tariffs is glossed over and any increase in	GHIAL agrees with comments and would like to refer to the submission dated 20th July 2026 for the relevant issues.

Stakeholder Comments	Response from Airport Operator
tariffs attract higher levels of publicity– without due consideration that airport infrastructure is built keeping the long-term growth outlook. It is also important to recognise that airport infrastructure is capital-intensive and must be developed ahead of demand. If tariff recovery is linked narrowly to the capitalisation of individual assets, it may discourage timely capacity creation and undermine the long-term planning required for a fast-growing airport such as Hyderabad. It is also important for the Authority to ensure that there is no adverse effect on the cashflows of the Airport Operator especially during the critical construction phase. Further, large airport expansion programmes are typically executed through multiple packages and assets with different completion and capitalisation timelines. If tariff recovery under the User Pay Principle is linked to individual capitalisation events, airport operators may be compelled to structure capex programmes into multiple phases and seek tariff revisions for each major package upon commissioning. This would result in frequent tariff revision exercises during the Control Period, increase regulatory and administrative complexity, and reduce tariff certainty for airlines and passengers. **APAO respectfully submits that AERA should not apply this principle as the existing approach of levelized tariff through the control period is not just consistent with user fairness, it is also the most appropriate way because passengers and airlines use the airport as an integrated service.**	

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4) Bangalore International Airport Limited (BIAL)

Stakeholder Comments	Response from Airport Operator
Treatment of Revenues from MRO as Aeronautical BIAL submits that in the case of MRO, the airport operator's involvement is limited to facilitating access to land and related infrastructure and is similar to a commercial real estate concession rather than the provision of an aeronautical service by the airport operator itself. Schedule 6 of the Concession Agreement states that landing, parking, housing charges and UDF form a part of the Regulated Charges that are to be determined by the Authority. Notably, Schedule 6 does not include any revenue arising from MRO activities. The Concession Agreement, a pre-legislative contract, is recognized under the SOR of the AERA Act, 2008. Section 13(1)(a)(vi) mandates AERA to consider concessions granted by the Central Government while determining tariffs. The Hon'ble Supreme Court in DIAL SC Judgment has held that "[…] legislative intent itself incorporates and requires the prior agreements to be taken into consideration albeit along with certain other parameters/requirements". Accordingly, BIAL requests the Authority to treat any revenue accruing to the Airport operator from MRO services as Non-Aeronautical. It is also important to note that under the Airports Economic Regulatory Authority of India Act, 2008 ("AERA Act") and the tariff framework prescribed thereunder, it is submitted that Maintenance, Repair and Overhaul (MRO) facilities do not qualify as "aeronautical services" within the meaning of Section 2(a) of the AERA Act, which provides an exhaustive definition of such services.	GHIAL agrees with comments and would like to refer to the submission dated 20th July 2026 for the relevant issues.
Minimum Threshold Non-Aeronautical Revenues for True up BIAL submits that the proposal to establish a minimum threshold for non-aeronautical revenues, while providing true-up only where actual revenues exceed that threshold is inconsistent with the long-standing regulatory recognition that these revenues are fundamentally linked	GHIAL agrees with comments and would like to refer to the submission dated 20th July 2026 for the relevant issues.

Stakeholder Comments	Response from Airport Operator
to passenger traffic and inflation adjustments, variables that are outside the airport operator's direct control. Neither the AERA Act nor the Tariff Guidelines nor the Concession Agreement nor the NCAP 2016 confer any power to AERA to determine a minimum threshold of Non-Aeronautical Revenues or to make true up conditional upon actuals crossing such threshold. On the contrary, as per Section 13(1)(a)(v) of the AERA Act, 2008, AERA must consider the revenues "received" instead of any minimum threshold revenues. BIAL submits that while AERA may use projections at the tariff-setting stage, but, the final true-up must be carried out on the basis of actual non-aeronautical revenue received during the Control Period, without imposing any floor, minimum threshold or one-sided condition that the true-up will be available only if actuals exceed a notional benchmark.	
Introduction of "Incremental ARR approach" in line with "User Pays Principle" AERA's guidelines provide for a levelized tariff being charged over the 5 years control period. This framework helps in setting the tariffs in a way that there is a staggered, levelized increase without any significant spikes which may cause difficulties to all stakeholders. This methodology has worked well in the past control periods and has been successfully implemented across tariff determination for various airports over more than 3 control periods. The "Incremental ARR" approach will lead to a scenario where there will be sudden spikes in tariffs on account of capitalization of a large capital asset such as a new terminal or runway. Hence, BIAL requests AERA not to apply this approach as the existing approach of levelized tariff through the control period is the most appropriate way because passengers and airlines use the airport as an integrated service. Notwithstanding the above, if AERA decides to implement the Incremental ARR, BIAL requests that the cash flows of the Airport operator are taken into consideration while framing the incremental ARR for the selected projects.	GHIAL agrees with comments and would like to refer to the submission dated 20th July 2026 for the relevant issues

5) Business Aircraft Operators Association (BAOA)

Stakeholder Comments	Response from Airport Operator
Reasonable and Affordable Aeronautical Charges BAOA submits that aeronautical charges determined during the Fourth Control Period should remain reasonable, transparent and cost-reflective. Any increase in charges should be gradual, adequately justified and proportionate to the services provided, thereby maintaining the competitiveness of Hyderabad Airport for General and Business Aviation.	No comments.
Segregation of Aeronautical and Non-Aeronautical Services Only services qualifying as aeronautical services should be recovered through regulated aeronautical charges. General Aviation Terminal (GAT) facilities and other premium passenger amenities, being non-aeronautical in nature, should remain optional and charged only to those users who elect to avail such services. These charges should not be bundled into mandatory airport charges applicable to all GA operators.	The tariff proposal covers charges in accordance with the applicable regulatory classification and the concession agreement, while facilities such as General Aviation services are offered separately to users who choose to avail them.
Rational Parking Charge Philosophy BAOA supports efficient utilisation of airport infrastructure; however, parking charges during the Control Period should follow a reasonable slab-based progression rather than steep escalation after specified durations. The charging philosophy should also remain consistent with the State Support Agreement and recognise that General Aviation aircraft may require extended parking for operational, maintenance or regulatory reasons beyond the operator's control.	The proposed parking framework includes an initial free parking period and a progressive slab structure to encourage efficient use of limited airside infrastructure.
Recovery of Capital Expenditure BAOA supports the regulatory principle that airport users should bear the cost of airport assets only after such assets	Refer our detailed response to Incremental ARR approach (User Pay Principle) above.

Stakeholder Comments	Response from Airport Operator
have been commissioned, capitalised and made available for operational use. Recovery of costs prior to capitalisation should ordinarily be avoided to ensure transparency, regulatory certainty and inter-generational equity among airport users.	
Addressing Airport Funding Requirements During the stakeholder consultation, the airport operator expressed concerns regarding cash-flow requirements for major capital works during the construction phase. BAOA respectfully suggests that AERA may engage with the airport operator to examine appropriate regulatory mechanisms that address genuine financing requirements without requiring airport users to bear the cost of assets before they become operational. Such an approach would uphold the principles of the AERA Act while ensuring timely infrastructure development.	Refer our detailed response to Incremental ARR approach (User Pay Principle) above.
Encouraging Growth of General and Business Aviation The CP-IV tariff framework should continue to recognise the distinct operating profile of General and Business Aviation. A stable, predictable and equitable charging regime will encourage higher utilisation of airport infrastructure, improve connectivity and contribute to the long-term growth of India's aviation ecosystem while ensuring sustainable airport economics.	GHIAL fully supports the continued growth of General and Business Aviation and recognises its contribution to business connectivity and the broader aviation ecosystem. GHIAL remains committed to providing efficient infrastructure and services for GA/BA operators, while ensuring a stable and sustainable tariff framework for long-term airport development.

6) Construction Federation of India (CFI)

Stakeholder Comments	Response from Airport Operator
The Construction Federation of India (CFI) is the apex industry body representing the country's leading engineering and construction companies engaged in building infrastructure of critical national importance, including airports, highways, bridges, tunnels, metros, seaports, dams and power projects. Established in the year 2000, CFI works closely with industry, government ministries, regulatory authorities and multilateral institutions to bring about all-round improvements in the construction sector through policy advocacy, regulatory reform and the promotion of fair and transparent contracting practices. Its member companies have been an integral part of the nation-building process over several decades and continue to play a critical role in achieving India's ambitious infrastructure creation targets. In line with its commitment to promoting industry competitiveness and supporting the development of robust infrastructure frameworks, CFI has been closely examining developments in the construction sector. In this regard, we note that the Airports Economic Regulatory Authority (AERA) has recently published the Consultation Papers for Rajiv Gandhi International Airport, Hyderabad (4th Control Period – HIAL) and Kempegowda International Airport, Bengaluru (4th Control Period – BIAL). We understand that the cost escalation methodology for construction costs in both cases has been based on the Wholesale Price Index (WPI). The inflation factor considered is 19.1% for HIAL (for the period 2022–2025, as referenced on Pages 64 and 65 of the RITES Report) and 29.2% for BIAL (for the period 2020–2025, as referenced on Pages 111 and 112 of the MECON Report). This is not in sync with the market as has been observed by the members of CFI. Key cost drivers including aluminium, copper, steel, labour wages, and foreign exchange rates, have witnessed a significant escalation during the period, directly impacting overall construction costs. Moreover,	GHIAL agrees to Construction Federation of India's proposal. It is important to note that GHIAL while submitting its project cost for Northern Precinct has considered using officially published and widely accepted indices from government/statutory sources, including WPI (for goods & key construction materials), CPI (for labour related components), steel and cement price indices (for construction materials), minimum wage notifications, currency exchange rates, and London Metal Exchange metal prices. These indices reflect actual market trends for material, labour, imported equipment, and service costs, ensuring that the proposed escalation assumptions are transparent, objective, and based on reliable external benchmarks Therefore, we request AERA to consider the above factors in place of WPI (All commodities) for capex related projections.

Stakeholder Comments	Response from Airport Operator
these costs have increased sharply over the past year, while the impact of labour law revisions is yet to be ascertained. Whilst this may serve as a placeholder to arrive at benchmark numbers, the construction costs do not follow the WPI Index as has been noticed and monitored by us. Factors that influence actual cost of construction such as logistics, opportunity cost for suppliers, raw material supply chain, risks and geopolitics do not figure in the WPI index. Dynamics of site-specific challenges/opportunities, local issues and logistic and contractual nuances/policies governing at the time influence the pricing.	

7) Lufthansa Group

Stakeholder Comments	Response from Airport Operator
Capital Expenditure and Proportionate Tariffs The proposed capital investment programme for the Fourth Control Period is significant and will have a direct bearing on the Aggregate Revenue Requirement (ARR) and the aeronautical charges ultimately payable by airlines and passengers. While we fully recognise the importance of timely infrastructure development to support future growth, it is equally important that the proposed capital expenditure is subjected to rigorous regulatory scrutiny to ensure that only investments which are necessary, efficiently incurred and demonstrably beneficial to airport users are included in the Regulatory Asset Base. Airport charges constitute a significant component of an airline's operating costs. Any increase in aeronautical tariffs directly affects route economics, commercial viability and, ultimately, passenger affordability. Accordingly, infrastructure investment should be carefully assessed not only from the perspective of future airport capacity but also in terms of its necessity, timing, scope, cost efficiency and the measurable operational benefits that it delivers to airline operators. LHG submits that capital expenditure should not be regarded as an end in itself. Rather, each proposed investment should satisfy the established regulatory principles of prudence, efficiency and user benefit before the associated costs are permitted to be recovered from airport users through higher tariffs. Accordingly, the Authority may consider the following principles while evaluating the proposed capital programme:	GHIAL appreciates the stakeholder's recognition of the importance of timely infrastructure development and agrees that capital expenditure should be necessary, efficient, prudent and delivered for the benefit of airport users. In this regard, GHIAL submits that the proposed capital investment program has been developed based on traffic growth requirements, operational needs, service level commitments and long-term infrastructure planning necessary to safely and efficiently accommodate future demand at Hyderabad Airport. Further, AUCC was conducted on 11th June 2025 for the capex program. The proposed investments, including the Northern Passenger Terminal and Northern Runway & Associated Airside Works, have been subjected to detailed technical, operational and financial evaluation. These projects are intended to enhance airport capacity, operational resilience, passenger experience, safety standards and service quality, while ensuring that infrastructure is available ahead of demand to avoid congestion and operational bottlenecks. Airport infrastructure projects involve long planning and construction cycles and must be developed ahead of demand to ensure uninterrupted operations. The existing Multi-Year Tariff Framework allows recovery of investments over the Control Period, helping smooth tariffs and avoid sharp increases after asset commissioning. Accordingly, GHIAL submits that the proposed capex planned is in line with necessity, timing, efficiency & benefits users.

Stakeholder Comments	Response from Airport Operator
• **Necessity:** Capital expenditure should be supported by demonstrated operational requirements and realistic traffic forecasts rather than conservative assumptions or capacity buffers that may not materialise during the Control Period. • **Timing**: Investments should be undertaken in accordance with actual demand growth. Premature investment increases financing costs and places an unnecessary tariff burden on current airport users. • **Efficiency:** The scope and cost of each project should be benchmarked against comparable airport developments to ensure that airport users bear only efficient and prudent expenditure. • **User Benefit**: Capital expenditure should deliver tangible improvements in operational efficiency, passenger processing, aircraft movement, safety or service quality. Infrastructure that does not provide measurable benefits during the Control Period should not result in immediate tariff increases. • **Cost Recovery**: Consistent with internationally accepted economic regulatory principles, recovery of capital costs should commence only when the relevant assets are commissioned and available for use by airport users. LHG respectfully requests the Authority to undertake a detailed assessment of the proposed capital expenditure programme and allow recovery through aeronautical charges only in respect of investments that are demonstrated to be necessary, efficiently incurred, commissioned within the relevant period and capable of delivering measurable operational benefits to airport users.	
Traffic Forecasts Must Be Realistic, Transparent and Aligned with Demonstrated International Demand	The traffic forecast submitted by GHIAL has been arrived at through a study by CAPA, a world renowned and trusted sources of market

Stakeholder Comments	Response from Airport Operator
The traffic forecast forms the foundation of the proposed capital investment programme, the Regulatory Asset Base (RAB) and the Aggregate Revenue Requirement (ARR) for the Fourth Control Period. It therefore directly influences the level of aeronautical charges payable by airlines and passengers. As airport users ultimately bear the cost of these investments through regulated tariffs, it is imperative that the traffic forecasts underpinning the proposed capital programme are realistic, transparent, internally consistent and supported by robust evidence. We recognise Hyderabad Airport's strong growth trajectory and support investment in infrastructure that is aligned with actual demand. However, where traffic forecasts form the basis for substantial capital expenditure and corresponding tariff increases, the underlying assumptions must withstand rigorous regulatory scrutiny. Overly optimistic demand projections or inconsistencies in the methodology adopted may result in premature capacity creation, higher airport charges and an unnecessary financial burden on airlines without corresponding operational benefits. Table 154 reflects the same passenger throughput submitted by the Airport Operator yet applies different year-on-year growth rates. For FY27, the Airport Operator projects total passenger growth of 11.10%, whereas the Authority has adopted a growth rate of 14.80%, notwithstanding that result in the same passenger throughput of 35.0 MPPA. Similar inconsistencies are observed in the domestic, international, and cargo traffic projections. While this appears to arise from the Authority rebasing the growth rates using actual FY26 traffic rather than the projected base, the presentation creates uncertainty regarding the assumptions underpinning the proposed tariff determination. Given that these forecasts directly influence capital investment and tariff levels, greater clarity and consistency are essential. The Consultation Paper does not appear to demonstrate that these uncertainties have been adequately tested before being translated into substantial capital investment commitments.	intelligence for the aviation and travel industry – report submitted to AERA as part of MYTP application. CAPA has used a robust approach and methodology to capture multiple factors, regional and global, to forecast traffic for GHIAL. Also, considering the various regional and global events that have impacted air traffic in India and Hyderabad in particular, GHIAL engaged CAPA to update its traffic study (previously done in early 2025 for submission in MYTP). The updated traffic forecast for RGIA shows a drop in the total traffic during the CP4 to 188 Mn passengers from proposed 218 Mn in the Consultation Paper.

Stakeholder Comments	Response from Airport Operator
International airlines operate in a highly competitive market where airport charges directly influence operating costs, route economics, and decisions relating to network expansion and capacity deployment. Infrastructure developed on the basis of optimistic traffic assumptions should not result in international airlines bearing the financial consequences if projected demand does not materialise within the relevant Control Period. Capital investment should therefore be phased in accordance with demonstrated demand, ensuring that airport users are required to pay only for infrastructure that is operationally necessary and available for use. We respectfully request the Authority to reconcile the inconsistencies between the growth rates and passenger volumes presented in Table 154, disclose the methodology adopted in rebasing the traffic forecasts, and evaluate the proposed international traffic projections under both base-case and conservative demand scenarios. The Authority is further requested to ensure that capital investment supporting international operations is phased in line with demonstrated demand, so that international airlines are not required to finance infrastructure significantly ahead of its utilisation.	
Users Should Receive the Capacity for Which They Are Paying International airlines recognise the need to enhance terminal infrastructure to accommodate future growth and improve the passenger experience. The Consultation Paper identifies several operational constraints within Terminal 1, including pressures on international check-in, baggage reclaim, baggage make-up areas and kerbside operations, all of which have a direct bearing on operational efficiency, on-time performance and passenger service standards. While we support investment to address these constraints, it is equally important that airport users receive the full operational and capacity benefits for which they are being asked to pay. Where a capital investment programme is funded through regulated airport charges, airlines have a legitimate expectation that the scope of the project and the capacity ultimately delivered will be consistent with what has been	AERA has taken the cognizance of the proposed capex which includes addition of stands, BMA upgrade, Entry exit Nakas, conversion of stand 53 to Code E/MARS, conversion of SBDs to AMD, Swing PESC, addition of screening machine at D – D transfers. All these investments will improve the operational performance of Terminal 1 up to handle 37 MPPA from its current 34 MPPA capacity.

Stakeholder Comments	Response from Airport Operator
represented during the planning and stakeholder consultation process. International airlines are entitled to understand whether the proposed capital expenditure of ₹427 crore will deliver the expected operational improvements and capacity outcomes. Where airport charges are proposed to recover the cost of major capital investments, the Consultation Paper should clearly explain the basis of the projected capacity, the scope of the project and whether the estimated project cost remains proportionate to the operational benefits expected to be delivered. We respectfully request the Authority to clarify the basis on which the projected terminal capacity and the associated capital expenditure of ₹427 crore have been determined, and to confirm that the proposed investment represents an efficient, prudent and proportionate use of capital. The Authority is further requested to ensure that only capital expenditure demonstrably necessary to deliver measurable operational benefits to international airlines is permitted to be recovered through aeronautical tariffs.	
Cost Recovery Must Commence Only When Facilities Become Operational We support the Authority's proposal under Paragraphs 14.3.1 to 14.3.3 to adopt the Incremental ARR Approach for identified high-capex projects. This approach appropriately reflects the internationally recognised user-pay principle, ensuring that international airlines bear the cost of airport infrastructure only when the relevant facilities are commissioned, operational and available for use. It also promotes regulatory accountability by aligning tariff recovery with the actual availability of infrastructure. As noted by the Authority in Paragraph 14.3.1 and Table 229, the Northern Runway and Associated Airside Works (aeronautical capital additions of ₹4,585.49 crore) and the Northern Precinct Development – Landside Works, including the Northern Passenger Terminal (aeronautical capital additions of ₹5,328.45 crore), together account	GHIAL respectfully submits that the interpretation of the "user-pay" principle as requiring recovery of capital costs only upon commissioning of assets does not fully reflect established regulatory principles, international guidance, or the intent of the AERA Multi-Year Tariff Framework. The existing Multi-Year Tariff Framework is designed to determine tariffs for the entire Control Period on a present value basis, allowing the recovery of prudently incurred capital expenditure through a stable and predictable tariff trajectory. This approach smoothens the tariff impact across a larger passenger base and avoids significant tariff increases when major infrastructure projects are commissioned. Further, we have elaborated our submission on proposed methodology in previous responses.

Stakeholder Comments	Response from Airport Operator
for almost 79% of the overall capital additions proposed for the Fourth Control Period and are expected to be capitalised in FY 2029-30. We agree with the Authority's observation that recovering depreciation and return on these assets before they become operational would not be consistent with the fundamental user-pay principle. International airlines should not be required to bear the cost of infrastructure before it is available for operational use and capable of delivering measurable service benefits. We also support the Authority's view that linking tariff recovery to the actual commissioning of assets promotes regulatory accountability, encourages timely project execution and ensures a closer alignment between airport charges and the delivery of operational infrastructure. Costs of assets should enter the RAB only after: • Completion; • Capitalisation; • Commissioning; and • Demonstration of operational benefit. We respectfully request the Authority to retain the proposed Incremental ARR Approach in the Final Tariff Order and apply it to all identified high-capex projects so that recovery of depreciation, return on RAB and other associated costs commences only upon the actual commissioning and operational availability of the relevant assets.	
International and Cargo Readiness Must Match Hyderabad's Growth Ambitions We support Hyderabad's vision of becoming a leading international gateway. However, airport expansion should not focus solely on increasing terminal capacity. Equal emphasis must be placed on developing infrastructure essential for efficient international and cargo operations, including adequate contact gates, Code E stands, apron capacity, turnaround efficiency and cargo facilities.	As part of the traffic forecast study, the demand for infrastructure considers passenger traffic as well as cargo growth, and also aircraft mix forecast based on industry discussions. The expansion plan proposed therefore captures infrastructure demand across terminal, airside as well as landside.

Stakeholder Comments	Response from Airport Operator
While the Consultation Paper addresses terminal constraints, the proposed enhancement of airside infrastructure appears relatively limited when viewed against the projected growth in international traffic. Investment should therefore ensure balanced development of terminal, airside and cargo infrastructure to support long-haul operations and enhance Hyderabad's competitiveness as an international hub. The Authority is respectfully requested to satisfy itself that the proposed investment provides adequate international, widebody and cargo infrastructure commensurate with the projected traffic growth, and that tariff recovery reflects balanced investment across terminal, airside and cargo facilities rather than terminal expansion alone.	
Digitisation Expenditure Must Be Transparent, Justified and Outcome-Oriented We support the investment in digital technologies that improve airport operations and passenger experience. However, the proposed digitisation expenditure of ₹260 crore represents a significant new cost element with no historical baseline. As noted by the Authority, GHIAL's initial submission lacked sufficient granularity to enable a meaningful regulatory assessment. While the indicative use cases outlined by GHIAL are progressive, the proposed expenditure should be supported by a detailed cost-benefit analysis demonstrating how each initiative will deliver measurable improvements in passenger processing, baggage handling, operational efficiency, turnaround performance and service quality. Benchmarking against other airports, by itself, should not be the sole basis for permitting cost recovery through aeronautical tariffs. The Authority is respectfully requested to permit recovery of digitisation expenditure only to the extent that the Airport Operator demonstrates the necessity, reasonableness and measurable operational benefits of each proposed initiative, supported by detailed project-wise justification and appropriate regulatory scrutiny. This approach aligns with AERA's own observation that the proposed expenditure requires greater detail before it can be appropriately	The proposed digitization spend of **₹260 Cr** is aimed at enhancing **passenger facilitation, operational efficiency, safety, service quality, resilience, and regulatory compliance**, and is not solely a commercial initiative. AERA has evaluated the proposal considering necessity, usefulness, and revenue-generating capacity, and has allocated only **64.67% (₹168.14 Cr)** of the total cost to aeronautical services against ₹ 260 Cr proposed by GHIAL.

Stakeholder Comments	Response from Airport Operator
assessed. It also reinforces the regulatory principle that airport users should bear only efficient and demonstrably beneficial costs.	
Major Capacity Expansion Should Be Triggered by Demonstrated Operational Need We support long-term expansion of Hyderabad Airport. However, major investments such as the Northern Runway should be phased based on demonstrated operational need and actual traffic growth, rather than conservative planning assumptions. Airport users should not bear the cost of infrastructure significantly ahead of its utilisation.	GHIAL is responsible for expansion of airport as per the demand and proposed master plan. The same was discussed during the stakeholder consultation meeting.
The Allowed Return Must Reflect the Airport Operator's Actual Regulatory Risk The proposed WACC should reflect the Airport Operator's actual risk profile. Given the regulatory true-up mechanisms and the relatively low demand and revenue risk under the AERA framework, the allowed return should be calibrated to ensure that airport users pay a fair and proportionate return on capital.	No Comments.
Project Management and Soft Costs Must Be Independently Benchmarked We welcome the Authority's reduction of the proposed soft cost allowance. However, design, consultancy and programme management costs should be independently benchmarked against comparable airport projects to ensure that only efficient and reasonable expenditure is recovered through aeronautical tariffs.	GHIAL respectfully submits that soft costs, including design consultancy and project/programme management costs, are **project-specific** and cannot be mechanically benchmarked against other airport projects. These costs vary depending on several factors, including: • Airport location • Project size and scope • Brownfield or greenfield nature of development • Site conditions • Operational constraints • Integration with existing airport systems • Statutory and regulatory requirements • Execution complexity In the case of an operating airport like Hyderabad, expansion works must be carried out while ensuring: • Uninterrupted airport operations • Passenger safety and convenience • Security compliance

Stakeholder Comments	Response from Airport Operator
	• Continuity of airline operations Therefore, comparison with other airports without proper normalization may not provide a reliable or meaningful benchmark. Accordingly, GHIAL requests the Authority to consider soft costs, design consultancy and project management costs as necessary and integral components of approved capex, subject to prudence review and true-up mechanism.
Tariff Recovery Should Be Based on Achievable Project Delivery Timelines Given the scale of the proposed expansion programme, project delivery timelines should be independently validated. Tariff recovery should remain linked to the actual commissioning of infrastructure so that airport users are not required to finance assets that are delayed or not yet operational. Lufthansa Group supports the continued growth of Hyderabad Airport and recognises the importance of timely investment in infrastructure to meet future demand. However, airport users should bear costs only for infrastructure that is efficient, necessary, commissioned and available for use. The timing of cost recovery must remain aligned with actual demand and the availability of facilities, with appropriate safeguards against premature cost recovery, project delays, scope changes and inefficient expenditure. We respectfully submit that affordability, realistic traffic forecasts, prudent capital expenditure, balanced investment in terminal, airside and cargo infrastructure, and demonstrable operational benefits should remain central to the Authority's determination. We welcome the Authority's adoption of the Incremental ARR approach and request that the above submissions be duly considered while finalising the Tariff Order for the Fourth Control Period.	GHIAL appreciates Lufthansa Group's support for the continued growth and timely development of Hyderabad Airport. However, GHIAL respectfully submits that tariff recovery should not be restricted only to the actual commissioning date of assets, especially for large airport expansion projects. These projects comprise multiple packages and sub-components (like terminal, Baggage handling system, Aprons etc.,) & such components may have different completion, capitalisation and put-to-use dates, and therefore may not be commissioned as one single asset on one date. Linking tariff recovery strictly to individual commissioning milestones may create practical difficulties and may not properly reflect the integrated nature of airport infrastructure development. Accordingly, GHIAL respectfully submits that recovery of approved capital expenditure should continue within the established AERA Multi-Year Tariff Framework, with suitable safeguards and true-up mechanisms.
Additional Regulatory Comments on the Authority's Proposals **(a) True-up of Over-Recovery and Under-Recovery**	Following is our submission on the specific aspects discussed by the stakeholder: a. **True-up of over recovery and under recovery:** The existing AERA framework already provides a balanced mechanism for

Stakeholder Comments	Response from Airport Operator
Lufthansa Group submits that any over-recovery of aeronautical revenues should be returned to airport users at the earliest opportunity through appropriate tariff adjustments. Conversely, any under-recovery should be permitted only after the Authority is satisfied that the underlying costs were prudently incurred, efficient, and genuinely attributable to regulated aeronautical activities. Airport users should not bear the financial consequences of forecasting inaccuracies or inefficient expenditure. Retaining surplus collections for extended periods effectively results in airlines and passengers financing the airport operator interest-free, contrary to the cost-plus regulatory framework. We therefore submit that suitable interest be considered where adjustment has been delayed. **(b) Operational Expenditure Should Continue to be Subject to Efficiency Review** We support the Authority's proposal to true-up Operation and Maintenance (O&M) expenditure based on actuals, subject to reasonableness and efficiency. We respectfully request the Authority to continue benchmarking operating costs against comparable airports and disallow expenditure that is avoidable, inefficient or does not contribute directly to airport operations and service delivery, such as penal interest, inefficient refinancing costs and avoidable finance expenses. **(c) Maximisation of Non-Aeronautical Revenue** Non-aeronautical revenue remains an important mechanism for mitigating the tariff burden on airlines and passengers. We request the Authority to ensure that all eligible commercial revenues are appropriately recognised and reflected in the tariff determination so that airport users receive the full benefit of such revenues through lower aeronautical charges. **(d) Stronger Link Between Tariffs and Service Quality**	true-up of both over-recovery and under-recovery on time value basis at the rate of WACC approved by Authority, based on actual performance and prudence review. It is important to note that, true-up should be applied symmetrically, and under-recovery should not be disallowed merely due to forecasting variations, especially where costs are prudent and attributable to regulated airport operations. b. **Operating Expenses:** GHIAL agrees that O&M expenditure should be subject to reasonableness and efficiency review by AERA. However, benchmarking should consider airport-specific factors such as traffic growth, infrastructure scale, service standards, statutory requirements and local cost conditions. c. **Non-Aero Revenue:** The non aero revenue has been considered as per the guidelines and the respective concession of GHIAL in the current Consultation Paper. d. **Service Quality:** RGI Airport has performed exceptionally well in providing the highest level of passenger satisfaction among similar Airports. e. **Financial Consequences on Project Delays:** GHIAL submits that large airport projects are complex and may be affected by external factors such as approvals, site conditions, utility shifting, supply chain issues and operational constraints. Therefore, any financial disincentive for delay should distinguish between delays attributable to the airport operator and those caused by external or uncontrollable factors such as Covid-19. Further, the proposed adjustment for delayed capitalisation, along with true-up at the rate of WACC based on actual cost and capitalisation, already provides safeguards for users.

Stakeholder Comments	Response from Airport Operator
While we note the Authority's proposal not to make any adjustment to the Aggregate Revenue Requirement on account of Quality of Service during the Fourth Control Period, we respectfully submit that airport charges should increasingly reflect the quality of services delivered. Where service standards fall below prescribed levels, appropriate regulatory disincentives should be considered to ensure greater accountability and value for airport users. **(e) Financial Consequences for Project Delays** We welcome the Authority's proposal to make adjustments where approved capital projects are not completed in accordance with the approved schedule. However, given the significant impact of delayed infrastructure on airport users, Lufthansa Group submits that the proposed adjustment should provide a meaningful incentive for timely project execution and adequately protect users from paying for delayed or unavailable assets. The proposed 1% reduction for delayed capitalization is welcome. However, 1% appears insufficient to discourage project delays. Long project delays impose significant costs on airlines through congestion and reduced operational efficiency. The Authority may consider stronger financial disincentives where delays are attributable to the airport operator. **(f) Transparency in Tariff Determination** Given the complexity and financial significance of the tariff proposal, Lufthansa Group requests the Authority to ensure that sufficient time and complete supporting information are made available to stakeholders during tariff consultations. Transparent disclosure of assumptions, methodologies and supporting data will facilitate meaningful stakeholder participation and strengthen regulatory confidence. **Conclusion:**	

Stakeholder Comments	Response from Airport Operator
Lufthansa Group respectfully submits that meaningful consultation with airlines should precede major capital investment decisions that have a material impact on airport tariffs. As the primary users funding airport infrastructure through regulated charges, airlines should have the opportunity to provide input on the necessity, timing and scope of such investments. The Authority should ensure that airport charges remain efficient, proportionate and internationally competitive. **As Rajiv Gandhi International Airport competes with major regional hubs for airlines, passengers and cargo, excessive airport charges can undermine route development, international connectivity, transit traffic, tourism and cargo growth, while increasing airline operating costs and ultimately passenger fares. The regulatory framework should therefore strike an appropriate balance between the airport's financial sustainability and the affordability and competitiveness of air services.** **We also respectfully request the Authority to share the submissions received from other stakeholders, including the Airport Operators, to enable us to review the positions taken and provide informed and meaningful comments, consistent with the principles of transparency and an effective consultative process.**	

8) Domestic Air Cargo Agents Association of India (DACAAI)

<table>
<tr><th>Stakeholder Comments</th><th>Response of Airport Operator</th></tr>
<tr><td>Domestic Cargo Growth without Corresponding Infrastructure

Domestic air cargo has witnessed unprecedented growth over the past eighteen years.
<table>
<tr><td>Particulars</td><td>2008</td><td>2026</td><td>Growth</td></tr>
<tr><td>Daily Domestic Flights</td><td>~110</td><td>~225</td><td>Nearly 100% increase</td></tr>
<tr><td>Annual Domestic Cargo</td><td>18,500 MT</td><td>72,395 MT</td><td>Nearly 300% increase</td></tr>
</table>
Despite this growth:
• Domestic processing space has not increased.
• Instead, over 4,000 sq.m. has progressively been converted into international pharma/perishable cold storage.
• Domestic operations today are forced to function in significantly reduced space despite handling substantially larger cargo volumes.
This has created a permanent capacity bottleneck.</td><td>No relevance for the Airport Operator’s aeronautical tariff determination for CP4.</td></tr>
<tr><td>Existing Infrastructure is Already Operating Beyond Capacity

The present domestic cargo terminal suffers from chronic congestion across every stage of cargo processing.
Major constraints include:
• Insufficient truck docking area
• Congested cargo acceptance zones
• Inadequate cargo segregation area
• Overcrowded breakdown area
• Cargo being delivered outside warehouse premises due to lack of internal floor space
This clearly demonstrates that existing infrastructure is incapable of handling present traffic efficiently.</td><td>No relevance for the Airport Operator’s aeronautical tariff determination for CP4.</td></tr>
</table>

Stakeholder Comments	Response of Airport Operator
Increasing tariffs without addressing these deficiencies would amount to charging users more for deteriorating service.	
Chronic Operational Deficiencies (a) Acute Manpower Shortages The terminal consistently operates with inadequate manpower. Shortages exist in: Loaders Warehouse handlers Dock staff As a result: Cargo movement frequently comes to a standstill. Cargo is routinely rolled over to subsequent departures. No official performance statistics are maintained for such failures. Cargo agents are regularly compelled to deploy their own staff at truck docks to perform activities that are contractually the responsibility of the terminal operator, thereby increasing operational costs for the trade while simultaneously benefiting the terminal operator. Even during predictable peak seasons, no meaningful augmentation of manpower is undertaken. (b) Equipment Deficiency Persistent shortages exist in: Cargo trolleys / euro-pallets Material handling equipment X-ray machines Weight scales FIDS These avoidable shortages create artificial bottlenecks that significantly reduce throughput. (c) Excessive Cargo Processing Time Operational performance has deteriorated dramatically. Outbound Cargo 2008	No relevance for the Airport Operator's aeronautical tariff determination for CP4.

Stakeholder Comments	Response of Airport Operator
Cargo cutoff: D-2.5 hours Vehicles reporting 2.5 hours before departure could successfully complete: unloading marking X-ray airline connection Today Cargo must report nearly 5 to 6 hours before departure to be able to connect onto the flight. Arrival Cargo 2008 Average delivery after aircraft landing: Within one hour Today: Average delivery: Approximately three hours This directly defeats the fundamental objective of domestic air cargo—speed.	
Significant Increase in Dwell Time A study conducted by DACAAI indicates that combined inbound and outbound dwell time has increased from approximately: 2008 5–6 hours to Present 11–13 hours This has significantly reduced the competitiveness of domestic air cargo against surface transportation. DACAAI therefore requests AERA to prescribe mandatory maximum dwell times.	No relevance for the Airport Operator's aeronautical tariff determination for CP4.
Loss of Cargo and Repeat Charges Cargo misplacement has become a recurring operational issue. Part packages from a shipment / awb routinely remain untraceable for four to six hours before eventually being located.	No relevance for the Airport Operator's aeronautical tariff determination for CP4.

Stakeholder Comments	Response of Airport Operator
The primary reasons include: • **inadequate segregation space** • **congested arrival breakdown area** • **poor warehouse planning** commercial reasons driving this When cargo is subsequently located and delivered, fresh TSP charges are generated and minimum charges are applied a second time, resulting in additional financial burden on customers for operational failures entirely attributable to the terminal operator.	
Complete Failure of Stakeholder Governance Despite repeated representations by DACAAI, GMR has consistently failed to establish any collaborative operational forum. No regular coordination meetings are held involving: • Airlines • Cargo Agents • GMR Operations • Security Agencies Consequently: • issues remain unresolved • no structured grievance mechanism exists • operational bottlenecks continue indefinitely A monopoly service provider should be held to an even higher standard of stakeholder engagement.	No relevance for the Airport Operator's aeronautical tariff determination for CP4.
Tariff Increase Cannot be Based on Future Promises Tariff revisions should reflect existing service standards—not future infrastructure plans. GMR and AERA should first ensure: • adequate manpower • adequate equipment • acceptable dwell time • improved cargo retrieval performance • measurable service standards • published SLA with clear penalties in case of repeated failures Only after these improvements are demonstrated should tariff enhancement be considered.	No relevance for the Airport Operator's aeronautical tariff determination for CP4.

Stakeholder Comments	Response of Airport Operator
Domestic Tariffs Must Reflect Domestic Investment DACAAI submits that: • Only capital expenditure directly attributable to Domestic Cargo Terminal operations should be considered while determining domestic tariffs. • Investments made for international cargo should not be loaded onto domestic users. • Multiple handling charge heads require rationalisation. • Minimum charge slabs need to be removed as the terminal is operating beyond peak capacity and there is no justification of minimum charges in any head since thresholds of business volumes are crossed already.	No relevance for the Airport Operator's aeronautical tariff determination for CP4.
Proposed Quinlan Bird Warehouse Raises Serious Operational Concerns The proposed warehouse layout unfortunately indicates that practical domestic cargo operations have not been adequately considered despite nearly two decades of operating experience. Even the size of the warehouse is not commensurate to accommodate entire domestic cargo operations of Hyderabad market and as such it is proposed that only either 2 to 3 small airlines or 1 mid-sized airline will be able to shift their base into this warehouse. Multiple sites will create so – called duopoly but without any flexibility to trade. Arrival Area • Single-vehicle ramp operation • Trucks cannot reverse efficiently • One vehicle blocks all following deliveries • Fire hydrant prevents future expansion Given that each arriving flight typically serves 20–25 consignees, delivery turnaround is expected to become significantly slower. Departure Area The proposed layout provides only: • Two loading docks • Four truck positions	No relevance for the Airport Operator's aeronautical tariff determination for CP4.

Stakeholder Comments	Response of Airport Operator
Additionally, the weighing machine has been located midway between unloading and X-ray screening, making weight verification during unloading practically impossible. Airside Operations Several design deficiencies are evident: • impractical split gate arrangement • inadequate vehicle turning radius • inefficient arrival traffic movement • domestic and international vehicle flows not optimally separated These issues are likely to create considerable operational delays immediately upon commissioning and since regulatory approvals are already done, the changes to structure are remote – means if commissioned – the trade has to suffer for another 15 years from this warehouse.	
Reliefs Sought from AERA DACAAI respectfully requests AERA to: 1. Reject the proposed tariff increase in its present form. 2. Consider only domestic-specific capital expenditure while determining domestic tariffs. 3. Prescribe measurable Service Level Agreements (SLAs) for domestic cargo operations. 4. Mandate maximum dwell-time standards for inbound and outbound cargo. 5. Direct augmentation of manpower and material handling equipment. 6. Rationalise terminal handling charges and abolish unjustified minimum charge slabs. 7. Direct GMR to establish a structured stakeholder coordination mechanism involving Airlines, Cargo Agents, Security agencies and Terminal Operations. 8. Undertake an independent operational audit of domestic cargo facilities before approving any tariff revision. 9. Put on hold the commissioning of Quinlan Bird warehouse for domestic cargo until the presumed operational challenges are	No relevance for the Airport Operator's aeronautical tariff determination for CP4.

Stakeholder Comments	Response of Airport Operator
corrected and warehouse demonstrates conducive environment for trade to freely operate and flourish. 10. AERA regulates airports, but the consequences extend far beyond airport operations. • Domestic air cargo supports MSMEs. • It carries pharmaceuticals, engineering parts, perishables, e-commerce, and just-in-time manufacturing. • Increased dwell time forces cargo onto road transport. • Reduced air cargo competitiveness ultimately affects economic efficiency and national logistics performance. *DACAAI supports fair and reasonable tariff determination where investment is matched by measurable improvements in service quality. However, in the absence of corresponding enhancement in domestic infrastructure, operational efficiency, manpower, equipment, and stakeholder engagement, approval of the proposed Aeronautical tariff revision would further place an additional financial burden on users without delivering commensurate value and hamper the trade.*	

9) Inter Globe Aviation Ltd (Indigo)

Stakeholder Comments	Response of Airport Operator
User Pay Principle, Cost Relatedness and Incremental ARR Approach IndiGo submits that airport tariffs are required to be determined by AERA on an airport-specific basis, having regard to the provisions of the AERA Act, 2008, applicable AERA Guidelines and ICAO principles. Such determination should consider relevant factors including efficient capital expenditure, traffic projections, cost allocation, user benefit and overall regulatory prudence. IndiGo notes and appreciates AERA's proposal to adopt an Incremental Aggregate Revenue Requirement (ARR) approach for certain high-value capital projects, namely the Northern Precinct Development – Landside Works and the Northern Runway & Associated Airside Works. This approach ensures that there is no premature recovery of airport charges from users when the relevant assets are not being put to use and made available to them. IndiGo further submits that the proposed approach is aligned with the principle of cost relatedness recognized by ICAO under ICAO's Policies on Charges for Airports and Air Navigation Services (Doc 9082), Chapter I, paragraphs 1.3.1 and 1.3.3, which provide that charges imposed on airport users should reflect the cost of facilities and services provided to the users, and no users shall be burdened with costs not properly allocable to them. Accordingly, airport users should not be required to bear costs relating to assets that are not yet operational or from which they derive no present benefit. Therefore, AERA's proposal that the ARR impact of identified projects should arise only upon completion and operationalization appropriately balances the interests of all users. Accordingly, the proposed methodology should be retained in the final Tariff Order as it appropriately balances the interests of all stakeholders, safeguards consumer interests, and remains consistent with the applicable AERA Guidelines, 2011 and the principle of cost-relatedness.	GHIAL appreciates the stakeholder's emphasis on regulatory prudence, airport-specific tariff determination and the need to balance user interests with infrastructure development requirements.. • **Airport infrastructure is developed to meet future demand and ensure uninterrupted service delivery.** o Large airport expansion projects are undertaken several years before the corresponding capacity is fully utilized. o Investments in runways, terminals, taxiways, aprons and supporting facilities are made to accommodate future passenger and airline growth, maintain service quality and avoid capacity constraints. o Airlines and passengers benefit from these investments through enhanced capacity, operational resilience, reduced congestion and future growth opportunities, even though project execution and commissioning may occur over multiple years. GHIAL respectfully submits that while the objective of ensuring cost-relatedness is acknowledged, ICAO policies do not support the conclusion that cost recovery should occur only after assets become operational. ICAO expressly recognizes the role of pre-funding and the need to balance the interests of users and infrastructure providers. The existing AERA Multi-Year Tariff Framework already achieves this balance by allowing prudent investments to be recovered over the Control Period on a present-value basis, thereby ensuring tariff stability, financial

Stakeholder Comments	Response of Airport Operator
	sustainability and timely development of airport infrastructure. Accordingly, GHIAL requests the Authority to reconsider the proposed Incremental ARR approach and continue applying the established MYTP framework for approved capital expenditure.
Capacity Creation vis-à-vis Projected Traffic Growth It is seen that GHIAL proposes to increase capacity from the existing 34 MPPA to 60 MPPA in two tranches, via two separate projects, viz., incremental capacity of 6 MPPA in the Southern Precinct (SP) and additional capacity of 20 MPPA by way of the Northern Precinct project (NP) which inter alia includes a new terminal as well as a new runway. It is further seen that the incremental capacity of 6 MPPA is expected to be available in 2027-28 while the additional 20 MPPA is targeted for September 2029. It is our view that there may be scope to further increase the assumed practical runway capacity of 46 ATMs per hour, which appears conservative when compared to throughput levels achieved at other major airports such as Mumbai (~52 ATMs/hour), Gatwick (~55 ATMs/hour), and Dubai (~65 ATMs/hour). Allied with the above is the fact that the new terminal is expected to result in overcapacity for the last two years of the control period. In view of the above, we request AERA and GHIAL to consider delaying initiation of the CAPEX for the Northern Precinct to the best extent possible as recovery of the cost for the additional CAPEX will impact the entire cost of operations to/from GHIAL as well as passenger charges. This in turn may adversely impact the demand for air travel to/from Hyderabad, with consequent impact on recovery in subsequent periods. In sum, we request that large-scale capacity augmentation plans and associated capital expenditure are commenced only after exhausting all other modes of incremental capacity generation and that such plans are aligned with realistic demand expectations, thereby avoiding infrastructure overbuilding and unnecessary cost escalation for airport users.	Runway capacity is determined by several factors, including the separation standards prescribed by AAI, the fleet mix and operational requirements of airlines, and the availability of supporting airside and ground infrastructure provided by the airport operator. Based on the currently available technologies, expected near-term advancements, and the operational experience of Air Traffic Controllers (ATCOs), AAI considers a sustainable runway capacity of up to **44 movements per hour**, with Mumbai Airport serving as a relevant benchmark. We continue to engage closely with AAI to explore opportunities for further enhancing runway capacity through operational improvements and technological advancements.
Fair Rate of Return (FRoR) As per Table 238 under Clause 8.2.9 of the Consultation Paper, FRoR considered by AERA is 12.56% (calculated on the basis of notional debt-equity ratio of 48:52, cost of debt @ 9.72% and cost of equity @ 15.17%), which in our view is above efficient market	AERA has conducted a Study on Determination of Cost of Capital at Major airports through IIM Bangalore in December 2019, which is been used to calculate the cost of equity for major private airport operators

<table>
<tr><th>Stakeholder Comments</th><th>Response of Airport Operator</th></tr>
<tr><td>levels. (For reference, FRoR proposed in the Consultation Paper for Bengaluru Airport for the Fourth Control Period is 11.77%).

We appreciate that airports are compensated for the risk of capital being deployed and airport tariffs are accordingly decided by considering a fixed rate of return. However, airlines who are charged resultant fees cannot recover a fixed rate of return as their profitability is entirely reliant on demand dynamics. Furthermore, given that airline seats are a perishable commodity – unproductive if not filled, airlines are also forced to offset effects of higher pass-through fees charged by airports to customers by reducing fares to ensure travel demand is adequate on their flights. As such, while a fixed or assured return structure favours the airport operator, it creates an imbalance for airlines, which continue to face sustained financial stress.

At Clause 7.2.11 of the Consultation Paper, the Airport Operator has submitted that all the project costs are projected to be funded through 70% debt and 30% equity. In our understanding, airports are classified as infrastructure and hence are able to raise debt at lower rates, which would be lower than the 9.72% assumed in the project. Accordingly, we submit that the projected debt-equity ratio of 70:30, as proposed by the Airport Operator, should be adopted for the determination of the FRoR, instead of the notional ratio of 48:52. Based on the debt-equity ratio of 70:30, the FRoR works out to 11.35%, as illustrated in the table below.

<table><tr><th>Particulars</th><th>Cost of Funds</th><th>Gearing</th><th>Effective Rate</th></tr><tr><td>Equity</td><td>15.17%</td><td>30%</td><td>4.55%</td></tr><tr><td>Debt</td><td>9.72%</td><td>70%</td><td>6.80%</td></tr><tr><td>FRoR</td><td></td><td></td><td>11.35%</td></tr></table></td><td>under its regulatory jurisdiction in India. The study was concluded after consultation by all stakeholders including IATA and the matter has reached finality after considering necessary inputs from all stakeholder inputs.

Therefore, GHIAL respectfully disagrees with the stakeholder's contention that the proposed FroR is above efficient market levels. The FRoR is based on the cost of equity as suggested by IIM Bangalore study, and actual cost of debt. The purpose of FRoR is to provide a fair return on capital invested in long-gestation airport infrastructure assets and to ensure continued availability of capital for capacity expansion and service enhancement.

Accordingly, GHIAL submits that the FRoR proposed in the Consultation Paper is consistent with AERA's established methodology, reflects the long-term risks borne by airport investors, and remains necessary to support continued investment in airport infrastructure and capacity enhancement</td></tr>
<tr><td>Landing Charges
(i) For the tariff proposal for the 4th Control Period, we understand that the airport operator has proposed a flat rate for landing charges for aircraft with MTOW of >100 MT (i.e. Rs 590 per MT for domestic flights and Rs 635 per MT for international flights). If accepted, this proposal would result in a substantial increase in landing charges for aircraft with an MTOW exceeding 100 MT.</td><td>As per the submitted rate card, the Airport Operator has proposed a differentiated landing charge structure based on aircraft weight categories, namely aircraft with MTOW below 100 MT and aircraft with MTOW above 100 MT.</td></tr>
</table>

Stakeholder Comments	Response of Airport Operator
For example, the landing charges for an A321XLR aircraft (MTOW of 101 MT) will be increased by 34–35% as illustrated below. In this regard, we submit that, for aircraft with MTOW of >100 MT, landing charges should continue to be computed in a progressive manner, consistent with the existing tariff structure and industry practice. Accordingly, the applicable rate up to 100 MT should be charged at ₹440 per MT for domestic flights and ₹470 per MT for international flights, while only the incremental weight beyond 100 MT should be charged at the higher rates of ₹590 per MT for domestic flights and ₹635 per MT for international flights. Therefore, in our opinion, for sake of clarity as well, the tables for landing charges should be revised as given below. Landing Charges: Domestic (in Indian Rupees)	The proposed landing charges have been calibrated to achieve the targeted Yield Per Passenger (YPP) while maintaining the User Development Fee (UDF) at levels comparable to those applicable during the final year of Control Period 3 (CP3). This approach seeks to balance revenue requirements with airline affordability and passenger convenience by minimizing any increase in UDF charges while appropriately allocating aeronautical charges across aircraft categories. The proposed structure is designed to support the airport's regulatory and financial objectives while ensuring a competitive and sustainable charging framework for airline operators.

	Existing Rates	Landing Charges	Proposed Rates	Landing Charges	Increase (%)
Domestic	Rs. 44,000 + Rs. 590 per MT	Rs. 44,590	Rs. 590 per MT	Rs. 59,590	34%
International	Rs. 47,000 + Rs. 635 per MT	Rs. 47,635	Rs. 635 per MT	Rs. 64,135	35%

Particulars	September 01, 2026 to March 31, 2027	April 01, 2027 to March 31, 2028	April 01, 2028 to March 31, 2029	April 01, 2029 to March 31, 2030	April 01, 2030 to March 31, 2031

Stakeholder Comments	Response of Airport Operator

>100 MT	44,000 + 590 per MT in excess of 100 MT	44,000 + 590 per MT in excess of 100 MT	44,000 + 590 per MT in excess of 100 MT	44,000 + 590 per MT in excess of 100 MT	33,000 + 450 per MT in excess of 100 MT
<=100 MT	440 per MT	440 per MT	440 per MT	440 per MT	330 per MT

Landing Charges: International (in Indian Rupees)

Particulars	September 01, 2026 to March 31, 2027	April 01, 2027 to March 31, 2028	April 01, 2028 to March 31, 2029	April 01, 2029 to March 31, 2030	April 01, 2030 to March 31, 2031
>100 MT	47,000 + 635 per MT in excess of 100 MT	47,000 + 635 per MT in excess of 100 MT	47,000 + 635 per MT in excess of 100 MT	47,000 + 635 per MT in excess of 100 MT	36,000 + 480 per MT in excess of 100 MT
<=100 MT	470 per MT	470 per MT	470 per MT	470 per MT	360 per MT

ii) With reference to Note (2) under the proposed Landing Charges, it is requested that Landing Charges be calculated on the basis of the "nearest" rounded off MT, rather than the "next" rounded off MT – in consistent with the methodology adopted under the tariff order for the Third Control Period.

Parking Charges

i. Remote Stands: As per the proposal from the airport operator, parking charges will be increased by 21% (from Rs 14.10 to Rs 17 per MT) for aircraft with MTOW up to 100 MT.
Contact Stands: As per the proposal from the airport operator, parking charges for contact stands will be increased as follows:
   - 2–4 hrs – increase by 141% (from Rs 14.1 to Rs 34 per MT) for aircraft with MTOW up to 100 MT.

As an airport operator, we aim to ensure the efficient and optimal utilization of available aircraft parking stands to accommodate the operational requirements of all airlines.
Extended parking of aircraft on contact or remote stands for prolonged durations limits stand availability and can result in other airlines being denied parking positions due to capacity constraints. Such long-term occupation of valuable airport

Stakeholder Comments	Response of Airport Operator
• 4–12 hrs – increase by 21% (from Rs 28.2 to Rs 34 per MT) for aircraft with MTOW up to 100 MT. As mentioned above, Indian carriers are currently facing substantial cost challenges, and therefore, any increase in airport charges including parking charges would further exacerbate the financial burden on airlines and adversely affect their operating economics. Accordingly, we would request AERA that the existing parking charges be continued for the 4th control period. ii. With respect to Note (3) under proposed Parking Charges, it is requested that the Note be revised as follows: "Parking Charges shall be calculated on the basis of the nearest rounded off MT and for calculating chargeable parking time, part of an hour shall be rounded off to the nearest 15-min interval and charges shall be applied on a pro-rata basis." iii. Note (6) under proposed Parking Charges: The proposed parking charge structure for aircraft parked beyond 12 hours is excessively steep and may result in a disproportionate financial burden on airlines. While the standard parking charge is applicable up to 12 hours after the free parking period, the rate doubles for parking between 12 and 24 hours and increases to four times the standard rate for parking exceeding 24 hours. The introduction of such duration-linked charge multipliers represents a significant departure from the existing parking charge framework under which airlines have planned and operated their schedules for several years. The proposed provision could have a material impact on airlines' operational flexibility, particularly with respect to aircraft night halts, maintenance positioning, engineering checks, operational disruptions, schedule recovery requirements, and long-term fleet planning. Operational and engineering activities are often planned based on network requirements and airport infrastructure constraints rather than commercial considerations alone. Consequently, the imposition of steep parking charge escalations may result in a substantial increase in operating costs without providing airlines adequate flexibility to adjust established operational arrangements. Further, airlines have developed their maintenance and parking strategies over an extended period based on the prevailing charging structure. Introduction of such	infrastructure reduces operational flexibility and impacts overall airport efficiency. Efficient aircraft turnaround and deployment not only enhance airline productivity and asset utilization but also enable better allocation of airport parking resources, ensuring equitable access for all operators and supporting the smooth functioning of airport operations. We encourage airlines to plan their schedules and parking requirements in a manner that promotes efficient stand utilization and contributes to the overall operational effectiveness of the airport.

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multipliers during the tariff period would create an unforeseen financial burden and may adversely affect operational efficiency. We would therefore request that standard parking rates be applied irrespective of the parking duration. We would also request AERA that AOG (Aircraft on Ground) parking charges be applied as per the standard rate instead of increase of two times/four times.	
Collection Charges on UDF With respect to Note (1) under UDF (i.e. collection charges on UDF), the rate of collection of UDF charges has been proposed to be as per the agreement between the airport operator and airline. We would request AERA that the collection charges be specified at the rate of 2.5% on the UDF payable gross amount, in line with the existing rate of collection charges being paid to airlines by National Aviation Security Fund Trust (NASFT) as collection charges for Aviation Security Fees.	We reiterate that the collection charges on UDF will be as per the agreement between Airport Operator and Airline.
ICT Charge a) ICT charges are being levied in USD. In our opinion, these charges should be in INR, as an Indian carrier within an Indian airport should not bear the burden of foreign exchange risk. In this regard we request AERA's attention to NMI's and DXN's charges which are denominated in INR for domestic embarking passengers and in USD for international embarking passengers. b) With reference to Note (2) under the proposed ICT charges, we recommend that ICT charges be applicable on UDF paying passengers only.	The ICT services are concessioned out to a third party and there is no increase in ICT charges for CP4 period compared to CP3 period.
Bridge Mounted Equipment (BME) Services The proposed BME charges reflect a substantial increase over the currently applicable rates and would result in a significant escalation in operating costs for airlines. Further, the proposed tariff introduces an immediate step-up in FY2027 itself, ranging from 20% to 50% across different categories. Such increases appear excessive, particularly when there is no demonstrated corresponding enhancement in service levels or infrastructure investment specifically attributable to BME operations. Accordingly, it is submitted that the proposed BME tariffs be reviewed and rationalized to ensure a more gradual increase aligned with inflationary trends, cost recovery requirements, and prevailing industry benchmarks.	**(i) Concern over Revision in the Proposed BME Tariff :** The proposed BME tariff has been determined based on the prudent CAPEX, OPEX, and other maintenance cost incurred by GHIAL in providing sustainable BME services. GHIAL initiated significant expansion of its BME infrastructure to enable GPU and PCA services across all contact stands. These investments ensure uninterrupted BME service support throughout the aircraft turnaround period, enabling airlines to

Stakeholder Comments	Response of Airport Operator
Ground Power Unit (GPU) and Pre-conditioned Air (PCA) charges should be provided separately, as, in some instances, only one of the two services may be utilized during a turnaround. Note (3) to BME Charges The draft proposal states that the rate for usage at Remote Stands will be 20% higher than the corresponding tariff. We would request that this provision be removed, as such charges separately for remote stands are not part of the existing contract for BME. The airport should provide a detailed justification for the proposed additional 20% charge, including any infrastructure upgrades, equipment additions, or operational changes undertaken at the remote stands that warrant such an increase. Note (4) to BME Charges The draft tariff proposes that 50% charges on BME tariff shall be applicable for long-halt flights with usage exceeding 3 hours. This provision adversely impacts airlines' ability to quickly service aircraft at lower cost, as may be required in cases where aerobridge stands are occupied by aircraft required to be parked for extended periods to undertake activities such as defect rectification, aircraft recovery and technical inspections, and other unforeseen operationally driven long-duration parking requirements. We therefore suggest that this additional charge should be removed altogether as it is in the interests of both airlines and the airport operator to ensure speedy servicing of aircraft and return to service, thereby providing passenger convenience. Note (5) to BME Charges The draft proposal states that BME charges will be invoiced to the user at a flat rate for the first one hour of usage and then rounded to the next 30 (thirty) minutes thereafter. This approach may result in airlines being billed for usage periods substantially higher than actual utilization, particularly for short-duration bridge occupancy.	substantially reduce APU usage, fuel consumption, and APU related operating/ maintenance costs, and additionally contributes to the aviation sector's sustainability objectives through reduced fuel burn, lower emissions, and minimized noise pollution arising from APU operations. The proposed tariff reflects the investments and measures undertaken by GHIAL to deliver a reliable, efficient, and environmentally sustainable BME service **(ii) Separate Tariffs for GPU and PCA Query:** This structure is intended to promote comprehensive use of the available facility and to encourage airlines to switch off the aircraft APU during ground operations and to support efficient and sustainable utilization of the BME equipment for improved operational efficiency. The use of GPU alone may provide external electrical power, but the simultaneous availability of PCA is necessary to maintain cabin comfort without operating the APU, particularly under Hyderabad's ambient climatic conditions directly impacting passenger experience. The combined structure therefore supports: Lower airline fuel consumption and APU maintenance related cost Reduction in local emissions Improved cabin comfort during aircraft turnaround and a simpler and more predictable billing framework **(iii) Query over 20% higher cost for Remote-Stand BME Services:**

Stakeholder Comments	Response of Airport Operator
To promote transparency and cost-reflective charging principles, it is recommended that BME charges be levied based on actual utilization/slabs rather than fixed hourly blocks and subsequent rounding mechanisms. This was the practice being followed till date, i.e. minimum 30 mins slab and rounding off to 5 mins, and we therefore request continuity of the same.	The proposed remote-stand differential is not intended to be a premium merely because an aircraft is allocated to a remote stand. It recognises that remote-stand service delivery requires a materially different operating model compared with fixed equipment available at a contact stand. At a contact stand, GPU and PCA infrastructure is installed at or near the aircraft parking position. In contrast, remote-stand service may require: Deployment and positioning of mobile or ground-mounted equipment Movement of the equipment and trained operator to the allocated stand Additional vehicles to carry the mobile GPU and PCA, fuel or electricity support for the equipment Necessary additional infra development for remote stand Additional maintenance exposure arising from continuous movement of the equipment To develop and provide efficient and reliable BME services at GHIAL, in phase-I we have completed enabling full BME services at all the contact stands and stabilized the BME operations. Phase-II is focused towards enabling BME services at remote stands, currently works are in progress for provision of compatible power supply to all the remote stands. The proposed tariff will be enforced post completion of enabling BME services at remote stands. **(iv) Concerns over 50% tariff for Long-Halt Aircraft:**

Stakeholder Comments	Response of Airport Operator
	GHIAL understands the challenges during turnaround and that aircraft may remain on ground for extended periods due to operational, technical or maintenance requirements. The proposed 50% tariff for long-halt usage is, however, a concessional tariff and not an additional surcharge wherein GHIAL clarifies that only 50% of the proposed tariff is charged to the aircraft termed under long – halt whose ground time is > 3.0 hours. Under a normal hourly tariff, continued use of GPU and/or PCA for the entire duration of a long halt would result in the full tariff being applied for every chargeable interval. By permitting extended usage, only 50% of the applicable tariff is charged after the prescribed qualifying time/ condition. The proposed structure substantially moderates the airline's cost and in addition to supporting the aircraft on ground delayed due to maintenance issue, while allowing GHIAL to recover a portion of the continuing cost of electricity consumed through-out the use of the continued service and thereby passing on the benefit to the airlines for long – halt aircrafts. Additionally, this will also benefit the night-halt/ base aircraft whose parking time is > 3.0 hours. The initiative was specifically positioned as supporting airline savings on long BME utilization and to reduce ATF consumption and carbon emissions. **(v) Query on BME Tariff Charging Mechanism:** As a general practice followed across airports, the BME tariff is charged based on the time block rather than the actual utilization, considering stand occupancy time right from chocks-on till pushback and a minimum billing slab is required to recover

Stakeholder Comments	Response of Airport Operator
	the fixed mobilization and service-delivery cost associated with each deployment. Similar approach was adopted by GHIAL since the beginning of BME services. As the one-hour time block stands as a concern for the shorter turnaround aircrafts, GHIAL is in concurrence with the airline partner to provide BME tariff charging mechanism at GHIAL as emended below; "The proposed tariff will be invoiced to the user at a flat rate for the first 30 (Thirty) minutes of usage and then rounded to next 15 (Fifteen) minutes thereafter". Accordingly, Schedule VI (Bridge Mounted Equipment Charges), point 5 in the proposed rate card will be amended.
Lead Time for Implementation of Revised Tariff Card We would request AERA to provide a lead time of at least 60 days for implementation of the tariff card by airlines into their systems from the date of issuance of the final AERA order. Adequate advance notice is essential to allow airlines to adjust pricing structures and commercial planning accordingly.	We respectfully request authority to consider the total ARR recovery if proposes a more lead time for implementation of tariff order.

10) International Air Transport Association (IATA)

Stakeholder Comments	Response from Airport Operator
Support for AERA's Approach on Sub-judice Matters IATA strongly supports the Authority's position that, in public interest, the tariff determination exercise for HYD should continue based on the decisions taken in the Tariff Order for the Third Control Period, pending finality of the issues before the TDSAT and the Hon'ble Supreme Court. The Consultation Paper records the Authority's view that public interest would be better served if decisions are taken on the basis of the final decision of the Hon'ble Supreme Court of India, and that presently the tariff determination exercise should continue consistent with the decisions taken in the Third Control Period Tariff Order. IATA considers this approach prudent, balanced and necessary, and in line with the mandate of AERA. Inclusion of disputed values in the tariff base before legal finality would expose users to an asymmetric and potentially irreversible risk. Once tariffs are recovered from airlines and passengers, particularly through passenger-facing charges such as UDF, refunding excess collections later would be practically difficult, if not impossible. This is especially relevant where charges have been collected from a dispersed passenger base over multiple years. IATA therefore requests the Authority to maintain its proposed approach and exclude all amounts that are presently sub-judice from the tariff base until the relevant legal proceedings attain finality. Any subsequent adjustment, if required after final judicial	No Comment.

Stakeholder Comments	Response from Airport Operator
determination, should be considered transparently and only after stakeholders have had an opportunity to review its implications.	
True Up of Pre-control Period Entitlement (PCE), First Control Period and Second Control Period IATA supports AERA's proposal to maintain the treatment established in the Third Control Period until the Supreme Court has reached final determinations on the issues under appeal. IATA considers this approach appropriate because legacy-period entitlements, particularly where disputed or under judicial consideration, should not be converted into immediate tariff burden for current and future users before legal finality. The recovery of such amounts through UDF or other airport charges would be difficult to reverse in practice once collected from a dispersed passenger base over multiple years. IATA therefore requests AERA to retain the treatment adopted in the Third Control Period and avoid admitting any additional disputed legacy claims until all related appeals and legal challenges are finally resolved.	It is important to note that in many of the recent TDSAT judgements (**29th May 2026 in case of MIAL and judgement dated 11th Sep 2025 in case of GGIAL)**, TDSAT has specifically directed AERA to implement the impact of said judgement within 3 months without prejudice to ongoing litigation in Hon'ble Supreme Court. Although the authority has challenged it in Supreme Court, in the absence of stay order, based on earlier Supreme Court Judgements as well and legal positions, authority should have implemented the referred TDSAT Judgement. Following Supreme Court Judgements support the implementation of TDSAT Judgement in the absence of stay order by the Honourable Supreme Court: I. The Regulatory Authorities are bound by this principle of judicial discipline. The orders passed by the Regulatory Authorities are appealable to the concerned Appellate Tribunal under the statute and any order passed in such appeal by the Appellate Tribunal is required to be carried out by the Regulatory Authority unless and until the order of the Appellate Tribunal is stayed, set-aside or modified by the Apex Court to which the second Appeal lies under the scheme of such statute. **[Refer Judgment dated 23.09.2013 passed by APTEL in Appeal No. 52 of 2012- Para 121-124]** Mere pendency of appeal before the Supreme Court against the order does not absolve the party not to comply the order. Provisions of appeal even if availed without any stay, will expose the party to contempt proceedings, for non-compliance. **[Refer Dr. Sajad Majid Vs. Dr. Syed Zahoor Ahmed and Anr.; 1989 Cri LJ 2065 Para 8]**
True Up of Third Control Period - Traffic	GHIAL respectfully submits that the existing Multi-Year Tariff Framework is designed to determine tariffs for the entire Control

Stakeholder Comments	Response from Airport Operator
IATA notes that actual passenger traffic during the Third Control Period reached 118.1 million passengers, exceeding AERA's forecast by approximately 5%. Given that airport costs are largely fixed, the higher-than-forecast passenger volumes should result in a lower per-passenger cost burden. Airlines therefore expect the benefits of stronger traffic performance to be reflected fully in the true-up process and ultimately in lower charges for airport users. This outcome is also relevant for the Fourth Control Period because it demonstrates the importance of ensuring that forecast risk is not treated asymmetrically. Where actual traffic exceeds forecast, users should receive the benefit through lower unit costs and appropriate true-up. Conversely, where traffic or cost assumptions underperform, the regulatory framework already provides mechanisms through which efficient variances may be addressed. This confirms that airport users are exposed to a meaningful share of demand and revenue risk through the regulatory model – and reinforces the need for corresponding discipline in the treatment of WACC, O&M escalation and future capital recovery.	Period on a present value basis, allowing the recovery of prudently incurred Capex & Opex through a stable and predictable tariff trajectory. In case of any under or over recovery by Airport Operator, the same gets claw backed at the rate of WACC to the next control period as true-up. Therefore, higher risk of any revenue loss is more on Airport Operator, rather than passengers.
Capital Expenditure, Depreciation and RAB IATA supports AERA's prudent review of the airport's capital expenditure and agrees that airport users should only bear the costs of investments that are efficient, necessary, and appropriately scoped. While airlines recognize the importance of the capacity enhancements delivered during the Third Control Period, cost overruns arising from scope changes, project delays, procurement decisions, or other commercial factors should not automatically be transferred to airlines and passengers. In assessing these cost increases, the key issue is the allocation of risk. AERA should clearly determine which cost escalations are	No comment.

Stakeholder Comments	Response from Airport Operator
attributable to factors that should be borne by the airport operator, which may justifiably be recovered from users, and whether any costs should be shared. For example, in relation to the claims raised by Megawide and Beumer, it would be important to understand what contractual protections and risk-allocation mechanisms were established to safeguard airport users from the impacts of price escalation, contractor claims, and project delays. Absent such protections, airport users should not be expected to bear the full financial consequences of risks that are fundamentally within the airport's sphere of control. IATA requests AERA to assess each material cost variance against the original approved scope; evidence of user consultation; procurement method and contractual risk allocation; whether the claimed escalation was unavoidable; whether the relevant asset has been commissioned and is available for aeronautical use; and whether any portion of the cost should properly be allocated to non-aeronautical or wider airport ecosystem users. It should also be recognized that cost escalations do not only affect current-period expenditure but can permanently inflate the Regulatory Asset Base over the life of the assets. This results in higher depreciation and return-on-capital allowances, thereby increasing airport charges over many years beyond the level originally envisaged. IATA supports the statement by AERA, "The metro stations cater only to the airport. To clarify, metro stations for city side, aero city or any non-aeronautical services will not be considered as part of RAB". Further, we request AERA to apply greater scrutiny of the associated enablement costs of the facility that should rightfully be funded by the party that will receive the revenues generated from the Metro services, and not to be recovered from the airport users through the ARR determination.	

Stakeholder Comments	Response from Airport Operator
Overall, it is disconcerting that GHIAL is claiming a higher capex spend vs the approved amount (₹7,177 crore vs ₹6,090 crore, approximately 18% higher), despite some planned and approved capex items not being pursued. While we acknowledge AERA's high-level validation of the additional expenditure, airport users were not adequately consulted on the scope changes and cost increases that have been subsequently accepted. AERA's acceptance appears to rely largely on explanations relating to unforeseen circumstances, including force majeure events and the pandemic, together with assurances that expenditures remain within normative cost benchmarks. However, this approach risks shifting a significant portion of airport business risk to users, even though such risks would ordinarily be expected to be borne, at least in part, by the airport operator. This issue is particularly relevant in the determination of the Weighted Average Cost of Capital (WACC). The current regulatory framework provides considerable protection to airport operators through mechanisms such as ex-post cost true-ups and the recovery of approved investments through the RAB. These arrangements substantially reduce the residual risks faced by the airport. Accordingly, AERA should consider whether the allowed rate of return appropriately reflects the actual risk exposure of the operator and should assess whether a lower WACC is justified to reflect the significant risk mitigation embedded within the regulatory regime. IATA recognizes the need for investors to earn a reasonable return on efficiently incurred investments. However, as the Regulatory Asset Base continues to increase significantly, financing costs are becoming an increasingly important driver of airport charges. It is therefore essential that AERA continues to apply rigorous scrutiny to capital investment decisions and financing arrangements, ensuring that only efficiently incurred and efficiently financed	

Stakeholder Comments	Response from Airport Operator
investments are included in the regulatory framework and recovered from airport users.	
WACC IATA believes there is a clear need for AERA to reassess the proposed WACC to ensure that the allowed rate of return accurately reflects the actual risks borne by the airport operator. There appears to be an upward bias in the current approach as a significant portion of project, regulatory and demand-related risks are effectively transferred from the airport operator to airport users through the prevailing regulatory framework. As noted above, airport users are often required to bear the consequences of capital cost overruns, scope changes, delays, and other unforeseen expenditure through inclusion in the RAB and subsequent cost recovery mechanisms. In addition, the true-up process further reduces the airport operator's exposure to forecasting errors and other business risks by providing opportunities to recover costs that exceed original assumptions. These regulatory protections materially lower the risks faced by investors compared to those of a fully commercial enterprise.	AERA has conducted a Study on Determination of Cost of Capital at Major airports through IIM Bangalore in December 2019, which is been used to calculate the cost of equity for major private airport operators under its regulatory jurisdiction in India. The study was concluded after consultation by all stakeholders including IATA and the matter has reached finality after considering necessary inputs from all stakeholder inputs. Therefore, GHIAL respectfully disagrees with the stakeholder's contention that the proposed FroR is above efficient market levels. The FRoR is based on the cost of equity as suggested by IIM Bangalore study, and actual cost of debt. The purpose of FRoR is to provide a fair return on capital invested in long-gestation airport infrastructure assets and to ensure continued availability of capital for capacity expansion and service enhancement. Accordingly, GHIAL submits that the FRoR proposed in the Consultation Paper is consistent with AERA's established methodology, reflects the long-term risks borne by airport investors, and remains necessary to support continued investment in airport infrastructure and capacity enhancement
Aeronautical O&M Expenses IATA notes that the actual manpower hire expense is around 68.6% higher than the level approved by AERA. While GHIAL attributes the increase largely to statutory minimum wage revisions, this explanation appears insufficient on its own.	**Manpower Hire Charges:** Please refer the GHIAL responses to vide para 5.6.14 in the consultation paper which is reflected below *"GHIAL has further submitted that the Authority, in determining the Manpower Hire Charges for the Third Control Period, had considered a COVID-19-impacted financial year as the base year, with the corresponding expense being ₹ 37.53 Crore. GHIAL has contended that, in the preceding normal (pre- COVID-19) financial year, the*

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The increase in statutory minimum wages would only directly affect personnel at or near the minimum wage threshold. It is therefore unclear why such revisions would result in a substantial increase across the entire manpower hire portfolio. Furthermore, when approving the Third Control Period, AERA had already considered the airport's traffic forecasts, terminal expansion programme and the associated increase in operational staffing requirements. Consequently, airlines would expect a significant portion of the growth in manpower requirements to have been anticipated in the original allowance. IATA therefore requests AERA to undertake further scrutiny of: ▪ The composition of outsourced manpower and wage bands affected by minimum wage increases ▪ The extent to which the increase relates to additional headcount versus wage inflation ▪ Productivity improvements achieved following terminal expansion and digitalization initiatives ▪ Benchmarking against comparable Indian airports. Absent stronger evidence, airlines remain concerned that the magnitude of the increase may reflect inefficiencies that should not be passed through to users. IATA notes the inclusion of 16 personnel deployed for general capex monitoring at an annual cost of approximately INR 5.4 crore. While effective project oversight is important, it is unclear ▪ whether these personnel were engaged on a temporary basis solely for the expansion programme ▪ whether their functions overlap with those already performed by the Project Management Consultant (PMC) ▪ whether these costs will continue into the Fourth Control Period operating cost base. Given that a PMC was already engaged for the capital programme, airlines request clarification on the distinct role performed by these additional personnel and whether these costs are genuinely incremental. If their role is temporary and tied to a specific group	*actual expenses incurred under this head amounted to ₹ 43.75 Crore, and the said normal-year figure ought to have been considered as the more appropriate and representative base for projecting Manpower Hire Charges for the Third Control Period."* GHIAL respectfully submits that the manpower engaged for Capex Monitoring is essential for overseeing **sustaining and replacement capex activities**, which are continuous in nature and not limited to a few standalone projects. **Legal Expenses** **As submitted in our responses** GHIAL respectfully submits that legal expenses incurred by the Airport Operator arise in the ordinary course of operating, maintaining and developing the Airport and are essential for protecting its contractual, statutory and regulatory interests. **CSR Expenses** The Authority has recognized CSR expenditure in earlier tariff determinations of GHIAL and BIAL. Accordingly we request Authority to consider and allow the CSR expenditure incurred during the Control Period as a part of admissible operating expenditure for tariff determination purposes. ***SMT Fee -*** **Strategic, Management and Technical Service Fee** relates to specific services provided by shareholders and is not a general corporate overhead allocation. As the parent company managing multiple airports, GAL provides strategic guidance, technical expertise, regulatory support, operational best practices, digital initiatives and industry benchmarking that help GHIAL operate the airport more efficiently and effectively. Accordingly, GHIAL submits that the proposed Strategic, Management and Technical Service Fee is a reasonable and prudent

Stakeholder Comments	Response from Airport Operator
of projects, such costs should not become a permanent addition to future O&M allowances. Truing these costs for the third control period would unnecessarily inflate the O&M baseline going into the fourth control period. The concern is not limited to the Third Control Period true-up; if these costs are accepted without adequate normalization, they risk becoming embedded in the Fourth Control Period O&M baseline, upon which future escalation and expansion-related adjustments will be applied. IATA also supports AERA's proposed treatment of legal expenses claimed by GHIAL and agrees that such expenses should not be automatically included in the aeronautical cost base. It is concerning that GHIAL has declined to provide the information necessary for AERA, as the economic regulator, to properly assess the nature and legitimacy of these costs, citing confidentiality concerns. At a minimum, GHIAL should be able to provide a summary schedule identifying the legal matters involved, their purpose, and the associated costs, without disclosing privileged information. Such transparency is essential to determine whether the expenses are related to the provision of aeronautical services and are therefore recoverable by airport users. In the absence of sufficient supporting information, airlines are unable to assess the prudence and relevance of these costs. Accordingly, IATA recommends that AERA disallow all legal expenses for regulatory purposes unless and until GHIAL provides adequate evidence demonstrating that the expenditure is directly related to aeronautical activities and is both necessary and reasonable. This approach would be consistent with the principle that the burden of proof rests with the airport operator and would best protect the interests of airport users from bearing costs that have not been adequately justified. Overall, airlines support AERA's enhanced scrutiny of O&M costs, enforcing the cost allocation methodology and rejecting expenses	business expense that supports the efficient operation and long-term development of the airport and should be considered as part of the operating expenditure.

Stakeholder Comments	Response from Airport Operator
that should not be borne by airport users such as CSR and the new Strategic, Management and Technical Service Fees related expenses. Airlines encourage AERA to continue applying a robust prudence review to ensure that only efficient and necessary costs are recovered through airport charges.	
Fourth Control Period **Chapter 6: Traffic Projections for the Fourth Control Period** IATA notes that Table 154 presents the traffic proposed to be considered by the Authority for the Fourth Control Period. While the passenger traffic volumes proposed by the Authority are identical to the revised volumes submitted by GHIAL, the FY27 YoY growth percentages shown under the Authority's proposal differ from those submitted by the Operator. For example, Domestic passenger traffic for FY27 is shown as 28.7 Mn under both the Operator's submission and the Authority's proposal; however, the corresponding FY27 YoY growth is shown as 11.20% for the Operator and 14.70% for the Authority. Similarly, International passenger traffic remains 6.3 Mn under both proposals, while the FY27 YoY growth changes from 10.50% to 15.30%; and Total passenger traffic remains 35.0 Mn, while the FY27 YoY growth changes from 11.10% to 14.80%. IATA understands that this difference may arise because the Authority has recalculated the FY27 YoY growth percentages with reference to the actual FY26 traffic base, rather than the earlier projected FY26 base used by the Operator. This interpretation appears to broadly reconcile with the revised FY26 actual traffic figures shown in Table 11, where FY26 passenger traffic is recorded as 25.02 Mn Domestic, 5.46 Mn International and 30.48 Mn Total. When the FY27 volumes in Table 154 are compared against these	No comments.

Stakeholder Comments	Response from Airport Operator
actual FY26 figures, the resulting growth rates broadly align with the Authority's FY27 percentages, subject to rounding. However, the presentation in Table 154 remains unclear because the table describes the figures as "proposed by Authority", while the forecast volumes for FY27–FY31 remain unchanged from the Operator's revised submission. This creates ambiguity on whether the Authority has merely restated the FY27 growth percentages against the actual FY26 base, or whether it has independently revised the traffic forecast using actual FY26 as the base. If the latter was intended, the annual traffic volumes and corresponding control-period totals should also be recalculated. Given that the total passenger traffic of 218.30 Mn from Table 154 is subsequently used for yield computation in the ARR/YPP tables, including Table 324, IATA requests the Authority to clarify the precise basis of Table 154. Specifically, the Authority may kindly confirm whether the traffic volumes proposed for the Fourth Control Period are intended to remain identical to GHIAL's revised forecast, with only the FY27 YoY growth percentages recalculated against the actual FY26 base; or whether any corrected annual traffic volumes are required to reflect the Authority's proposed forecasting methodology.	

IATA proposal on Capex and Depreciation for RAB

IATA recognises that Hyderabad Airport will require continued investment to accommodate future growth and maintain operational resilience. However, the key regulatory question is not whether investment is required, but whether the timing, scale, sequencing and scope of the proposed investments are appropriately aligned with demonstrated demand and efficient asset utilization.

IATA encourages the Authority to assess not only the cost efficiency of individual projects, but also whether the proposed capacity additions are being introduced at the appropriate time and at an appropriate scale. Where existing infrastructure can be further optimized, or where capacity can be introduced progressively through phased development, such options should be considered before significant additions are incorporated into the Regulatory Asset Base.

Accordingly, IATA supports continued scrutiny of project scope, phasing, allocation methodologies, useful lives and delivery assumptions in addition to cost moderation measures already proposed by the Authority. Some specific observations have been mentioned herewith:

Reference	Observation	Responses of Airport Operator
Table 156 – Existing Southern Terminal Capacity	The PIF indicated that the enhanced southern terminal could achieve approximately 46–47 MPPA, whereas Table 156 appears to indicate a post-enhancement capacity of approximately 40 MPPA. Clarification is requested regarding the reduction in achievable capacity, particularly where project costs appear broadly unchanged. If the higher capacity remains achievable, consideration should be given to delaying subsequent capacity expansion and associated CAPEX.	In process of rightly assessing the capacity of the terminal GHIAL had engaged M/s Jacobs who is also the master planner. M/s Jacobs as a part of the master plan exercise has assessed the terminal capacity for the existing terminal. It is concluded that the existing terminal which can handle up to 34.6 MPPA can cater up to approx. 37 MPPA only with the stated interventions by GHIAL including spends on towards additional stands, BHS, BMA, improvements in entry gates etc. Further, the report confirmed that even with spreading of the peak across the day the terminal can optimally handle maximum capacity of 40 MPPA. M/s Jacobs have recommended that beyond 40 MPPA the terminal mandatorily requires an expansion to handle further traffic. Based on the technical evaluation the capacity has been rightly considered and submitted to AERA.
Clause 7.3.35 – Stand 53 MARS Conversion	Further justification is requested regarding the proposed pavement works associated with conversion of Stand 53 to a MARS stand. The existing stand geometry appears capable of accommodating Code E aircraft operations, and it is unclear whether pavement strengthening requirements have been demonstrated through engineering assessment.	With reference to the AIP document, the existing Stand 53 geometry is Code-C compliant, however the PCN strength is 88 (suitable for Code-E). The works such as FEGP relocation & Fuel hydrant correction for the new MARS stand configuration require pavement demolition and reconstruction. The same has been stated as pavement strengthening requirements.

Reference	Observation	Responses of Airport Operator
Table 191 – Soft Costs	While IATA acknowledges the Authority's moderation of soft costs, the proposed allowance of approximately 10% remains towards the higher end of typical benchmark ranges. Given the scale of the project, economies of scale would be expected to result in lower proportional soft costs.	GHIAL respectfully submits that soft costs, including design consultancy and project/programme management costs, are **project-specific** and cannot be mechanically benchmarked These costs vary depending on several factors, including: • Airport location • Project size and scope • Brownfield or greenfield nature of development • Site conditions • Operational constraints • Integration with existing airport systems • Statutory and regulatory requirements • Execution complexity In the case of an operating airport like Hyderabad, expansion works must be carried out while ensuring: • Uninterrupted airport operations • Passenger safety and convenience • Security compliance • Continuity of airline operations Accordingly, GHIAL requests the Authority to consider soft costs, design consultancy and project management costs as necessary and integral components of approved capex, subject to prudence review and true-up mechanism.
Table 192 – Northern Development Scope and Timing	In addition to assessing cost efficiency, the Authority should consider whether all elements of the proposed development are required within the currently proposed timeline. Capacity expansion could potentially be delivered in stages, reducing capital intensity and better aligning investment with realised demand. IATA reiterates comments previously submitted during the PIF	In the proposed phase of development (CY2026 – 2029), an additional 20 million passengers per annum (MPPA) of terminal capacity is proposed, enhancing the overall airport capacity to 57 MPPA. This expanded capacity is expected to adequately support forecasted traffic growth until initiation of the subsequent expansion phase

Reference	Observation	Responses of Airport Operator
	process regarding the timing and scale of the northern development.	
Runway Development Strategy	The Authority should assess whether all reasonable opportunities for operational optimization of the existing runway system have been explored before significant new runway capacity is introduced. Consideration should also be given to whether elements of the proposed runway development, including associated taxiways, rapid exit taxiways and supporting infrastructure, could be delivered progressively rather than upfront.	The airfield elements include RWY, Parallel taxiway, connecting taxiways, RETs and supporting infrastructure. Parallel taxiway is being proposed inline with the requirements as per ICAO 9184 Part 1. The connecting taxiways and RETs are provided to reduce the ROT and taxing times. During the detailed design we will explore progressive development based on need, constructability without hindering future operations.
Runway Development Strategy – Additional Comments	The construction of a new runway with all associated taxiways and equipment increases airfield capacity far beyond what is required in the medium term. This is a large and complex project with high capital value and ongoing operational and maintenance costs. The airport states that the maximum capacity of the current runway is 46–47 ATMs per hour. This appears conservative given that Gatwick currently handles approximately 55 ATMs per hour on a single runway, Mumbai operates at approximately 52 ATMs per hour, and Dubai manages around 65 ATMs per hour despite a large proportion of widebody aircraft. If Hyderabad could achieve similar operational efficiency,	Runway capacity is determined by several factors, including the separation standards prescribed by AAI, the fleet mix and operational requirements of airlines, and the availability of supporting airside and ground infrastructure provided by the airport operator. Based on the currently available technologies, expected near-term advancements, and the operational experience of Air Traffic Controllers (ATCOs), AAI considers a sustainable runway capacity of up to **44 movements per hour**, with Mumbai Airport serving as a relevant benchmark. We continue to engage closely with AAI to explore opportunities for further enhancing runway capacity through operational improvements and technological advancements.

Reference	Observation	Responses of Airport Operator
	runway capacity could potentially be sufficient until 2033, allowing deferral of the proposed runway investment and reducing operating and maintenance costs.	
Stand Development Programme	The proposed addition of significant contact and remote stand capacity should be reviewed to determine whether all stands are required concurrently. Phased stand delivery may provide a more efficient alignment between infrastructure provision and demand growth.	Based on the current utilization of stands for scheduled aircraft, RGIA will require 60 stands for the 20 MPPA, additional stands have been considered to accommodate night parking aircraft. During the schematic design phase, we will reevaluate the requirement of stands based on operational needs.
ARFF Facilities	Additional information is requested regarding the need for the proposed ARFF facilities and whether alternative station locations or deployment strategies were assessed. Opportunities to minimize long-term operating costs while maintaining required response performance should be explored.	The ARFF facilities are planned to respond as per DGCA CAR requirements of max. 2 min to any point on operational runway, 3 min to any point on movement area, 4 min for any vehicle other than first responding vehicle required to deliver the amounts of extinguishing agents. During detailed design we will re-evaluate the location of the main and/or satellite facilities for the new development.
Clause 7.3.86 – Northern Terminal Capacity Addition	If the southern terminal can achieve the capacity levels previously identified during the PIF process, the timing of northern terminal commissioning and associated capitalization assumptions may require reassessment. The Authority should consider whether future terminal capacity could be delivered in stages rather than through a significant step increase in capacity.	The capacity mentioned in the PIF cannot be achieved as assessed by Jacobs. The maximum capacity is only 37 -40 MPPA with suggested improvements. The capacity of the existing terminal is 34 MPPA. We in our submission had submitted a trajectory of the capacity increase with interventions including a spend of Rs 427 Cr towards additional stands, BHS, BMA, improvements in entry gates etc. These were based on internal estimates. GHIAL has got the master planner on board and had requested them to study the capacity with these suggested interventions.

Reference	Observation	Responses of Airport Operator
		M/s Jacobs who is engaged as a master planner has given a report on such assessment. It is concluded that the existing terminal which can handle up to 34.6 MPPA can cater up to approx. 37 MPPA only with the stated interventions by GHIAL including spends on towards additional stands, BHS, BMA, improvements in entry gates etc. Further, the report confirmed that even with spreading of the peak across the day the terminal can optimally handle maximum capacity of 40 MPPA. M/s Jacobs have recommended that beyond 40 MPPA the terminal mandatorily requires an expansion to handle further traffic. In the proposed phase of development (CY2026 – 2029), an additional 20 million passengers per annum (MPPA) of terminal capacity is proposed, enhancing the overall airport capacity to 57 MPPA. This expanded capacity is expected to adequately support forecasted traffic growth until initiation of the subsequent expansion phase. In accordance with the Jacob report the assessment of capacity stands corrected to the above understanding.
Table 202 – Soft Costs	IATA notes that the Authority has reduced the proposed soft cost allowance from 14% to 10%; however, this remains towards the higher end of typical benchmark ranges. Given the scale of the project and the opportunity to leverage programme-wide management and delivery structures, economies of scale would ordinarily be expected to result in lower proportional soft costs. Accordingly, IATA encourages the Authority to further assess whether the proposed 10% allowance appropriately reflects these efficiencies before inclusion in the RAB.	GHIAL respectfully submits that soft costs, including design consultancy and project/programme management costs, are **project-specific** and cannot be mechanically benchmarked against other airport projects. These costs vary depending on several factors, including: • Airport location • Project size and scope • Brownfield or greenfield nature of development • Site conditions • Operational constraints • Integration with existing airport systems • Statutory and regulatory requirements • Execution complexity In the case of an operating airport like Hyderabad, expansion works must be carried out while ensuring: • Uninterrupted airport operations • Passenger safety and convenience • Security compliance

Reference	Observation	Responses of Airport Operator
		• Continuity of airline operations Therefore, comparison with other airports without proper normalization may not provide a reliable or meaningful benchmark. Accordingly, GHIAL requests the Authority to consider soft costs, design consultancy and project management costs as necessary and integral components of approved capex, subject to prudence review and true-up mechanism.
Table 206 – CAPEX Profiling	Significant expenditure is concentrated in the first two years of the Control Period, with materially lower expenditure proposed thereafter. The basis for this expenditure profile is not clearly explained and should be reviewed against expected project delivery schedules.	Majority of infrastructure projects have higher capex in the initial years, which reflects the planned execution of major component of the infra planned. Most of civil and structure work which take up majority of the cost is undertaken in the initial years based on project implementation schedules and procurement timelines, also having initial mobilization advance to EPC contractor. Therefore, the proposed profile is project-driven and aligned with realistic delivery schedules and implementation plans.
Tables 221 & 222 – Asset Classification	IATA supports the Authority's proposal to classify these assets as Common rather than fully Aeronautical.	GHIAL respectfully submits that the proposed reclassification of Airport Connectivity and Transport System assets from Aeronautical to Common may be reconsidered. In the Authority's earlier Tariff Orders for the previous control periods, road infrastructure was classified as an Aeronautical Asset, recognizing its critical role in facilitating passenger access and supporting airport operations. The assets proposed for reclassification, including flyovers, underpasses and access roads, are primarily developed to provide seamless connectivity to the terminal and other operational areas of the airport and are therefore directly linked to passenger movement and therefore are classified as aeronautical assets. GHIAL requests the Authority to continue classifying Airport Connectivity and Transport System assets as Aeronautical Assets, consistent with the approach adopted by the Authority in its Third Control Period tariff order for GHIAL.

Reference	Observation	Responses of Airport Operator
Table 228 – Programme Deliverability	Given the volume of terminal, runway, utility, landside and road works proposed for delivery by FY30, the Authority should consider assessing the practical feasibility of delivery, including construction market capacity, supply chain availability and programme execution risks. Where project delivery assumptions are uncertain or dependent on multiple parallel workstreams, the timing of regulatory recognition should remain conservative. Users should not bear tariff recovery based on commissioning dates that may not be achievable in practice.	The project timelines have been developed based on detailed master planning, engineering assessments, implementation schedules, and market studies. The proposed timelines are considered realistic, achievable, and aligned with the airport's long-term capacity augmentation requirements. GHIAL is confident of delivering the planned infrastructure within the projected timelines. **Demonstrated Track Record of Timely Execution of Large-Scale Airport Infrastructure Projects** GMR has consistently demonstrated its ability to plan and execute complex airport infrastructure projects while maintaining uninterrupted airport operations. The successful execution of these projects reflects GHIAL's proven capability in managing multiple workstreams simultaneously, coordinating with regulatory agencies, consultants, contractors, utility providers, and operational stakeholders, and mitigating execution risks effectively. 1. **Established Project Management and Governance Framework** 2. **Construction Market Capacity and Supply Chain Readiness** 3. **Lessons Learnt from Previous Expansions Incorporated** 4. **Evidence from Delivery of Other Major GMR Airport Projects** The execution capability of the GMR Group is further evidenced recently by the development of the Greenfield Bhogapuram International Airport well ahead of the planned timelines.
Table 232 – Useful Lives	The Authority may wish to reassess the useful lives applied to certain asset classes. Concrete apron pavements are typically designed for long-term service lives and roads would ordinarily be expected to	GHIAL has followed the useful lives as prescribed by authority in Order No 35/2017-18.

Reference	Observation	Responses of Airport Operator
	exceed the lives currently reflected in the Consultation Paper. Consideration may also be given to introducing separate asset classes for security fencing and boundary wall infrastructure where appropriate.	

Continuation of IATA Comments…..

Stakeholder Comments	Response from Airport Operator
Incremental ARR, Asset Availability and User-Pay Principles IATA supports the Authority's proposal to adopt an Incremental ARR approach for identified high-value capital projects at HYD. The Fourth Control Period includes a significant capital programme across terminal, airside, stand, utility and landside infrastructure. While IATA recognises that such investments may be required to support HYD's long-term growth, tariff recovery should remain aligned with the point at which the relevant assets are commissioned, operationally available and capable of providing a tangible aeronautical benefit. The approach is particularly relevant in HYD given the uncertainty around the effective capacity of the enhanced Southern Terminal and the scale of future capacity proposed through the Northern Development Programme. During the PIF process, stakeholders understood that the enhanced Southern Terminal could accommodate approximately 46–47 MPPA, while the Consultation Paper appears to reflect a lower capacity assumption of around 40 MPPA. If the higher	**Please refer comment on Incremental ARR as stated above.** Also, M/s Jacobs who is engaged as a master planner has given a report on such assessment. It is concluded that the existing terminal which can handle up to 34.6 MPPA can cater up to approx. 37 MPPA only with the stated interventions by GHIAL including spends on towards additional stands, BHS, BMA, improvements in entry gates etc. Further, the report confirmed that even with spreading of the peak across the day the terminal can optimally handle maximum capacity of 40 MPPA. M/s Jacobs have recommended that beyond 40 MPPA the terminal mandatorily requires an expansion to handle proposed traffic growth.

Stakeholder Comments	Response from Airport Operator
capacity remains achievable, the timing and necessity of additional terminal capacity may require reassessment. IATA emphasizes that the Incremental ARR approach does not deny recovery of prudent investment. Rather, it aligns the commencement of recovery with asset commissioning, operational availability and user benefit. This protects airlines and passengers from paying prematurely for infrastructure that is not yet in service or not yet required, while preserving the airport operator's ability to recover efficiently incurred investment through established regulatory mechanisms. • IATA understands the airport operator's view that deferring ARR recognition until assets become operational may create financing and cash-flow timing implications for the airport. However, these timing effects do not in themselves justify accelerating tariff recovery from users. Efficient financing costs incurred during construction are not ignored under regulatory frameworks and can be recognised through mechanisms such as capitalisation of prudent expenditure, inclusion within the Regulatory Asset Base (RAB), and the application of an appropriate return on capital once the asset enters service. The existence of a temporary financing requirement should not require users to pay a return on assets that are not yet available for use. • The Authority's approach is also broadly consistent with international airport regulatory practice. Under the United Kingdom's Regulatory Asset Base (RAB) framework, airports are permitted to recover prudent investment and earn a reasonable return on efficiently incurred capital expenditure. However, the recovery of costs is generally linked to the point	

Stakeholder Comments	Response from Airport Operator
at which assets enter service and provide operational benefit to users. Similarly, across a number of European airport regulatory regimes, the prevailing philosophy is that users should begin paying for infrastructure when it becomes operational and capable of delivering service, rather than funding capacity years before it is available. • While airport operators may legitimately incur financing costs during construction, regulators typically address these concerns through capitalization policies, financeability assessments, allowed returns and other regulatory mechanisms, rather than requiring current users to pre-fund future infrastructure. For example, during major airport expansion programmes such as new terminals, runways or supporting infrastructure, regulators generally seek to ensure that investors receive recovery of prudent expenditure and an appropriate return, while avoiding the transfer of construction risk and timing risk to current users. The objective is to strike an appropriate balance between airport financing and user protection. • This principle is often described as a "used and useful" approach, whereby infrastructure attracts full economic recovery when it is capable of providing service and delivering benefit to users. Although the precise regulatory mechanisms vary across jurisdictions, the underlying principle remains consistent: recovery should be aligned with asset availability and realised user benefit, rather than future construction activity. • IATA also notes that India's historical experience with introduction of an Airport Development Fee (ADF) highlights many of the challenges associated with pre-funding of infrastructure. While the legal	

Stakeholder Comments	Response from Airport Operator
and regulatory circumstances were different, the underlying policy issue remains relevant. ADF effectively required current passengers to contribute towards future airport development before the related infrastructure was available for use. This generated significant concern among airlines because it weakened the link between charges collected and services received. By contrast, recovery linked to commissioned assets is more closely aligned with the principles of user-pay, cost-relatedness and transparency, because charges are associated with infrastructure that users can actually access and utilize. • IATA has consistently advocated for airport capacity expansion to be 'phased' in line with traffic growth and demand. AERA's incremental ARR approach is fully consistent with this principle, aligning cost recovery with the commissioning and availability of infrastructure capacity, rather than requiring users to (pre) fund infrastructure before it becomes operational. IATA acknowledges that airports require a stable and predictable regulatory framework to support long-term investment. An Incremental ARR methodology does not deny recovery of prudent investment. Rather, it aligns the commencement of recovery with asset commissioning and operational availability, while allowing efficient financing costs to be recognised through established regulatory mechanisms. In this respect, it provides an appropriate balance between supporting infrastructure development and protecting airport users from paying for assets that are not yet available for use. IATA therefore supports AERA's use of Incremental ARR as an appropriate mechanism to balance airport development,	

Stakeholder Comments	Response from Airport Operator
investor certainty and user protection. The final tariff determination should ensure that project-specific ARR is reflected only when the relevant assets are available for use and delivering the capacity or service outcomes for which users are being charged.	
Soft Costs While IATA acknowledges the Authority's reduction of soft costs from 14% to 10%, the resulting allowance remains towards the upper end of benchmark ranges for a programme of this nature. This is particularly relevant given that, during the Third Control Period true-up, the Authority accepted the independent recommendation of RITES to restrict Design Development and PMC costs to 3% of hard costs. While airlines recognise that the Fourth Control Period programme differs in scope and complexity, the contrast between the two approaches suggests that further scrutiny may be warranted. Given the scale of the proposed programme and the opportunity to achieve economies of scale across multiple projects, IATA encourages the Authority to reassess whether a 10% allowance appropriately reflects efficient market practice and the benefits that should arise from programme-wide delivery efficiencies.	GHIAL respectfully submits that soft costs, including design consultancy and project/programme management costs, are **project-specific** and cannot be mechanically benchmarked against other airport projects. These costs vary depending on several factors, including: • Airport location • Project size and scope • Brownfield or greenfield nature of development • Site conditions • Operational constraints • Integration with existing airport systems • Statutory and regulatory requirements • Execution complexity In the case of an operating airport like Hyderabad, expansion works must be carried out while ensuring: • Uninterrupted airport operations • Passenger safety and convenience • Security compliance • Continuity of airline operations Therefore, comparison with other airports without proper normalization may not provide a reliable or meaningful benchmark. Accordingly, GHIAL requests the Authority to consider soft costs, design consultancy and project management costs as necessary and integral components of approved capex, subject to prudence review and true-up mechanism.
WACC	AERA has conducted a Study on Determination of Cost of Capital at Major airports through IIM Bangalore in December 2019, which is been used to calculate the cost of equity for major private airport operators

Stakeholder Comments	Response from Airport Operator
The determination of the WACC should appropriately reflect the actual level of risk borne by airport investors. The asset beta is intended to measure the systematic risk faced by investors and, therefore, should be calibrated to reflect the specific characteristics of the regulatory framework under which the airport operates. Where key business, investment and revenue risks are substantially mitigated through regulatory mechanisms and ultimately transferred to airport users, the appropriate asset beta should be lower than that observed for comparable firms operating in competitive markets. Failure to recognise this distinction would result in investors being compensated for risks that they do not materially bear, leading to an overstated cost of equity and an excessive WACC. A key feature of the regulatory framework is the existence of ex-post true-up mechanisms, which materially reduce the downside risks faced by the airport operator. To the extent that efficient cost increases, traffic shortfalls, forecasting variances, and other revenue-related under-recoveries can be addressed through subsequent regulatory adjustments, the airport is insulated from risks that would ordinarily be borne by shareholders in a competitive market. These mechanisms provide a high degree of revenue and cash-flow certainty and significantly reduce exposure to forecasting and business-cycle risks. As a result, the systematic risk faced by investors is lowered and should be reflected in the estimation of the asset beta and allowed cost of equity. Similarly, the RAB-based regulatory model provides investors with a significant degree of protection through the ability to recover efficiently incurred capital expenditure, together with an allowed return over the life of the asset. Combined with cost pass-through arrangements and true-up mechanisms, this substantially limits the airport operator's	under its regulatory jurisdiction in India. The study was concluded after consultation by all stakeholders including IATA and the matter has reached finality after considering necessary inputs from all stakeholder inputs. Therefore, GHIAL respectfully disagrees with the stakeholder's contention that the proposed FroR is above efficient market levels. The FRoR is based on the cost of equity as suggested by IIM Bangalore study, and actual cost of debt. The purpose of FRoR is to provide a fair return on capital invested in long-gestation airport infrastructure assets and to ensure continued availability of capital for capacity expansion and service enhancement. Accordingly, GHIAL submits that the FRoR proposed in the Consultation Paper is consistent with AERA's established methodology, reflects the long-term risks borne by airport investors, and remains necessary to support continued investment in airport infrastructure and capacity enhancement.

Stakeholder Comments	Response from Airport Operator
exposure to many of the risks associated with investment decisions, project delivery and demand fluctuations. In contrast, airport users are increasingly required to bear the consequences of cost overruns, changes in project scope, and other unforeseen expenditure through higher charges over time. Further, risks arising from demand uncertainty, traffic variability, or operational factors are routinely addressed through forecasting assumptions, pricing frameworks, regulatory consultation processes, and capital structure decisions. More extreme or tail risks may also be managed through balance sheet resilience, insurance, or staged investment planning. These mechanisms are more appropriate tools for addressing such risks than embedding them directly into the asset beta. The continued growth of the Regulatory Asset Base further reinforces the need for careful calibration of the WACC. As the RAB expands, financing costs become an increasingly significant component of airport charges. Even a modest overstatement of the allowed rate of return can result in substantial additional costs being borne by airlines and passengers over many years. It is therefore essential that AERA adopts a conservative, evidence-based approach to the estimation of WACC parameters and gives appropriate weight to the risk-mitigating features embedded within the regulatory framework. IATA therefore urges AERA to review the proposed asset beta and make an appropriate downward adjustment to reflect the reduced risk profile arising from RAB-based regulation, cost recovery mechanisms and ex-post true-up arrangements. The allowed return should be commensurate with the risks actually faced by investors, not the risks that have effectively been transferred to airport users. Such an	

Stakeholder Comments	Response from Airport Operator
approach would better align regulatory outcomes with established regulatory finance principles while promoting a fair balance between investor interests and the long-term interests of airlines and passengers.	
Inflation IATA acknowledges AERA's proposal, as outlined in Section 7 of the Consultation Paper, to base inflation assumptions for the Fourth Control Period on credible, forward-looking benchmarks such as the RBI Survey of Professional Forecasters. The use of an independent and forward-looking macroeconomic benchmark is appropriate and represents a sound starting point for regulatory forecasting. However, IATA emphasizes that the application of inflation assumptions particularly as a uniform escalation factor for cost projections should be carefully calibrated. As currently proposed, inflation appears to be applied as a generalized growth parameter in projecting operating expenditure across the control period. If applied mechanistically at an aggregate level, this approach risks overstating costs and exerting undue upward pressure on tariffs. Inflation does not impact all cost components equally. Airports, as regulated entities, retain both the ability and the obligation to manage a significant portion of their cost base through efficiency improvements, procurement strategies, and productivity gains. Applying a single inflation factor across operating expenditure effectively assumes homogeneous cost sensitivity and limits incentives for cost discipline. Specifically, applying full inflation indexation to operating expenditure forecasts without distinguishing between controllable and uncontrollable cost elements would result in automatic cost pass-through. This would dilute the	GHIAL agrees that the inflation assumptions adopted for Opex projections should be based on credible and independent forecasts, such as the RBI Survey of Professional Forecasters, as these provide an objective and transparent basis for regulatory assessment. At the same time, Opex forecasts are developed through a detailed bottom-up evaluation of operational requirements and are not derived merely by applying a uniform inflation factor to historical costs. Airport operating expenditure is influenced by a broad range of cost drivers, including manpower, maintenance, utilities, security services, regulatory compliance obligations, and outsourced contracts, all of which are subject to varying inflationary pressures. There is no double counting of inflation within the regulatory framework, as Opex, Capex, and WACC represent distinct regulatory building blocks and address different cost recovery elements. Further, the recognition of inflation in Opex forecasts does not weaken efficiency incentives, since all projections remain subject to AERA's prudence review and only efficient and justified costs are ultimately allowed for recovery. In addition, the existing regulatory safeguards, including stakeholder consultation, detailed scrutiny by the Authority, and true-up mechanisms, provide adequate protection against any potential over-recovery. The use of a transparent and independently sourced inflation forecast therefore promotes regulatory certainty while avoiding the complexity, subjectivity, and administrative burden associated with highly disaggregated inflation measures. **Accordingly, GHIAL submits that operating expenditure should be indexed to an appropriate inflation benchmark, while also recognising reasonable and realistic cost escalations arising from factors that are not fully captured by general inflation indices, such as changes in regulatory requirements, market-driven wage pressures, service quality enhancements, technology adoption, and**

Stakeholder Comments	Response from Airport Operator
principle that only efficient costs should be recoverable and would weaken incentives for the airport operator to achieve productivity improvements over the control period. IATA notes that, under AERA's current framework, inflation is primarily used to escalate operating expenditure projections, while capital expenditure already embeds inflation through procurement pricing, escalation clauses, and contingency provisions. In addition, returns are calculated using a nominal WACC, which inherently incorporates inflation expectations. In this context, a broad application of inflation to multiple building blocks risks compounding its effect within the regulatory model. This creates a material risk of: • Double counting, where inflation is embedded in capex and WACC while also being applied to cost projections; and • Over-indexation, where inflation is applied to cost categories that are not genuinely exposed to inflationary pressures. A similar concern arises with regard to operating expenditure, where many cost components such as labour contracts and service agreements already incorporate expected inflation within financial forecasts. Applying an additional regulatory inflation uplift on top of these embedded assumptions would result in inflation being recognised more than once, regardless of actual efficiency outcomes. Taken together, these effects could lead to systematic over-recovery from users, contrary to AERA's statutory mandate to ensure efficient and cost-reflective tariffs. Accordingly, IATA submits that inflation should not be applied as a uniform escalation factor across aggregate expenditure. Instead, AERA should adopt a selective and disaggregated approach, whereby:	**evolving operational complexities associated with airport growth. This would ensure a more accurate reflection of the actual cost environment faced by the airport and support sustainable service delivery over the Control Period.**

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• Inflation adjustments are limited to clearly identified uncontrollable cost elements; • Where applied, inflation is linked to specific, verifiable external indices (e.g. energy, utilities); and • Controllable costs are subject to efficiency assumptions, rather than automatic indexation. This approach should be complemented by robust true-up mechanisms to reconcile forecast assumptions with actual outcomes over time that are deemed efficient. Such a framework would ensure that inflation is reflected in a manner that is proportionate, evidence-based and consistent with regulatory best practice. It would also safeguard against over-recovery, while preserving appropriate incentives for efficiency and cost discipline, thereby aligning with AERA's objectives of protecting user interests while allowing a fair and reasonable return to the airport operator.	
Aeronautical Operation & Maintenance Expenses IATA appreciates AERA's detailed review of the O&M expenditure proposed by GHIAL for the Fourth Control Period and supports the Authority's efforts to apply prudence, efficiency and cost-allocation principles to protect airport users from bearing unnecessary costs. Based on our review, we wish to raise the following concerns and recommendations.	
Staff Costs: While airlines acknowledge that some increase in staffing costs may be required to support airport growth and the future expansion of facilities, we are concerned by the	**GHIAL Response:** • **Linkage to Facility Commissioning and Utilization:** GHIAL confirms that manpower projections for CP-4 have been developed based on a detailed bottom-up assessment of

Stakeholder Comments	Response from Airport Operator
magnitude of the projected increase in manpower-related expenses. GHIAL has proposed significant growth in both direct staff costs and outsourced manpower costs despite ongoing investments in digitalization, automation, self-service facilities and process improvements. These investments should generate productivity gains and partially offset future workforce growth requirements. Airlines therefore support AERA's decision to moderate the staffing growth assumptions and encourage the Authority to continue applying efficiency targets throughout the Fourth Control Period. Any increase in headcount should be supported by clear operational requirements linked to actual commissioning of new facilities rather than forecast growth alone. The Third Control Period true-up identified manpower hire expenses that significantly exceeded previously approved levels, with justification largely based on minimum wage escalation, Digi Yatra implementation and capex-monitoring activities. While wage inflation is a legitimate cost driver, we do not consider it sufficient to justify the overall increase observed. Not all outsourced personnel are paid at or near statutory minimum wage levels, and prior tariff determinations should already have incorporated expected growth arising from terminal expansion and increasing traffic volumes. **For the Fourth Control Period, IATA recommends that:** • Staffing projections be linked to actual commissioning dates and utilization levels of new facilities. • Productivity improvements resulting from digitalization and automation be explicitly reflected in manpower forecasts.	operational requirements associated with existing and planned facilities, expected utilization levels, asset maintenance requirements, and service standards. The projections are therefore linked to operational needs arising from infrastructure deployment rather than traffic growth alone. • **Productivity Benefits from Digitalization:** GHIAL has actively implemented initiatives such as Digi Yatra, self-service technologies, process automation, and digital monitoring tools to enhance productivity and improve operational efficiency. The benefits of these initiatives have been factored into the proposed manpower requirements. However, several critical functions relating to safety, security, engineering, maintenance, regulatory compliance, and airport operations continue to require adequate manpower and cannot be fully automated. • **Benchmarking Against Comparable Airports:** GHIAL continuously reviews industry practices and organizational structures to ensure operational efficiency, we have among the lowest employee cost among the private airport operators. While each airport has unique operational, infrastructure, traffic mix, and service-level requirements, GHIAL remains committed to ensuring that its manpower deployment and associated costs are reasonable and commensurate with its operational needs. • **Treatment of Project-Related Activities:** GHIAL agrees that temporary project-specific costs should not form part of the ongoing O&M base. However, resources associated with sustaining and replacement capex programmes support recurring asset management, maintenance oversight, and infrastructure reliability requirements of an airport that has been operational for over 18 years. These activities are ongoing in nature and are essential for safe, secure, and efficient airport operations. • **Accordingly, GHIAL submits that the proposed manpower costs appropriately reflect operational requirements, productivity initiatives, asset management needs, and service commitments**

Stakeholder Comments	Response from Airport Operator
• Airport-specific benchmarking be undertaken against comparable Indian airports. • Any costs associated with temporary project-related activities be excluded from the ongoing O&M base.	
Capex Monitoring Personnel: Airlines note that GHIAL previously employed 16 personnel for general capex monitoring at an annual cost of approximately INR 5.4 crore, in addition to the Project Management Consultant (PMC). The rationale for maintaining such resources remains unclear. We request AERA to confirm: • Whether these personnel remain temporary resources linked to specific projects • Whether any overlap exists with PMC responsibilities • Whether these costs have been embedded within future O&M forecasts Project-related monitoring activities should not become a permanent burden on airport users once the underlying projects are completed.	**GHIAL Response** GHIAL respectfully submits that the personnel engaged for Capex Monitoring are **not temporary resources associated with a few specific projects**, but form part of the airport's ongoing asset management and capital governance framework. These resources support the planning, monitoring, coordination, execution oversight and closure of sustaining, replacement, safety, compliance and asset reliability-related capital projects that are undertaken continuously across the airport. With an airport infrastructure that has been operational for approximately 18 years, GHIAL is required to undertake recurring asset replacement, lifecycle renewals, technology upgrades and compliance-driven investments to ensure operational reliability, safety, service quality and regulatory compliance. Accordingly, dedicated internal oversight is required on a continuing basis. GHIAL further submits that there is **no overlap between the responsibilities of the internal Capex Monitoring team and the Project Management Consultant (PMC)**. While the PMC provides project-specific technical and project management support, the internal team is responsible for airport-wide capital governance, stakeholder coordination, budgeting, approvals, contract administration, operational integration, progress monitoring and ensuring alignment with business and regulatory requirements. The two functions are complementary in nature and serve distinct purposes. Further, the associated manpower costs relate to recurring activities necessary for the management of sustaining and replacement capital programmes and are therefore appropriately considered as part of the airport's ongoing operational support structure. These costs are, in any event, subject to AERA's prudence review, ensuring that only necessary and efficient costs are considered for recovery through tariffs.

Stakeholder Comments	Response from Airport Operator
	Accordingly, GHIAL submits that the Capex Monitoring resources support ongoing and recurring asset management requirements, do not duplicate PMC functions, and are necessary to ensure the safe, reliable and efficient operation of airport infrastructure throughout the control period.
Repairs & Maintenance (R&M): Airlines recognise the need for adequate maintenance of airport infrastructure to ensure safe and efficient operations. However, as major assets are newly commissioned or recently expanded, airlines expect maintenance programmes to reflect asset life-cycle efficiencies. AERA should continue scrutinizing whether projected growth in R&M expenditure is proportionate to asset additions and ensure that costs arising from inefficient asset management or procurement practices are not passed through to users. ***Professional and Consultancy Expenses*** Airlines support AERA's cautious review of consultancy costs. Consultancy expenses should be recoverable only where they are directly associated with airport operations and provide demonstrable value to airport users. External advisory services that are strategic, shareholder-related, corporate, transactional or otherwise discretionary should not be included in the aeronautical cost base. The burden of proof should remain with GHIAL to demonstrate the necessity and benefit of each major consultancy engagement. ***Corporate Cost Allocation:***	**GHIAL submits below points:** **(i) Repairs & Maintenance:** The proposed R&M expenditure is driven by both the **ageing asset base** and the **expanded airport infrastructure** that requires ongoing maintenance and upkeep. • Hyderabad Airport's original terminal and several core assets have been operational for approximately **18 years**, necessitating increased preventive maintenance and repair works. • The growth in R&M costs is also attributable to the maintenance of newly added terminal, airside, utility, and operational assets. • GHIAL follows preventive and predictive maintenance practices to enhance asset reliability, optimize lifecycle costs, and avoid expensive breakdowns or replacements. • R&M forecasts are based on asset condition assessments, OEM recommendations, statutory requirements, and operational needs, rather than arbitrary cost escalation. • All proposed expenditure remains subject to **AERA's prudence review**, ensuring that only efficient and justified costs are considered for recovery through tariffs. Accordingly, the proposed R&M expenditure for CP4 is prudent, necessary, and essential for maintaining safe, reliable, and efficient airport operations. **(ii) Professional & consultancy expenses:**

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Airlines continue to have concerns regarding corporate overhead allocations from the wider GMR group. Only costs directly attributable to the operation of Hyderabad Airport should be recoverable through airport charges. Corporate allocations should be supported by transparent methodologies, detailed supporting schedules and evidence that airport users receive a direct benefit from the services provided. Unsupported allocations should be excluded from the aeronautical cost base. ***Digitalization Costs:*** Airlines support investments that improve operational efficiency, passenger facilitation and airport resilience. However, digitalization initiatives should not be treated as an automatic justification for higher airport charges. Projects should be assessed individually, with a clear demonstration of operational benefits, measurable productivity improvements and avoidance of duplicate systems. Airlines support AERA's methodology of allocating only a portion of digitalization costs to aeronautical services and encourage continued scrutiny of these expenditures through future true-ups. ***Bank Charges, Working Capital Costs and Financing-Related Expenses:*** Airlines support AERA's continued scrutiny of these items as these expenses should only be recoverable where they are unavoidable, prudently incurred and directly linked to airport operations. Users should not bear financing inefficiencies or costs arising from management decisions that are within the airport operator's control. ***Utility Costs:***	• Professional and consultancy expenses are incurred only where specialized expertise is required and cannot be efficiently provided through internal resources. • These costs primarily relate to airport operations, regulatory compliance, engineering, safety, security, environmental requirements, legal matters, IT systems, asset management, and operational improvement initiatives. • Given the highly regulated nature of the aviation sector, engagement of specialized consultants is often necessary to meet statutory, technical, and regulatory obligations. • GHIAL follows established procurement and governance processes to ensure consultancy engagements are justified, cost-effective, and deliver operational value. • All consultancy expenses proposed for CP4 are subject to AERA's prudence scrutiny, ensuring that only reasonable, efficient, and airport-related costs are considered for tariff determination. Accordingly, the proposed consultancy expenses are necessary for ensuring safe, compliant, efficient, and sustainable airport operations and ultimately benefit airport users. **(iii) Corporate Cost Allocation:** • Corporate cost allocations relate to specialized support services such as finance, legal, taxation, internal audit, risk management, IT, cybersecurity, HR, procurement, and regulatory affairs that are necessary for the efficient operation of Hyderabad Airport. The same has been assessed and approved by AERA in previous years during CP-1,2 and 3 tariff orders. The corporate structure followed by the group helps in reducing redundancy and building expertise in operating an airport. Accordingly, the proposed corporate cost allocations are reasonable, transparent, and necessary for supporting efficient airport operations, regulatory compliance, and service delivery for the benefit of airport users.

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Given the substantial investments in modern airport infrastructure and energy-efficient technologies, airlines expect the airport to demonstrate ongoing efforts to improve energy and water efficiency. AERA should require GHIAL to demonstrate: • Consumption trends per passenger • Efficiency improvements achieved • Recovery of utility costs from commercial users and concessionaires • Benefits arising from sustainability initiatives Utility expenditure growth should be justified by actual operational requirements rather than passenger growth alone. ***Concession Fee:*** Airlines support AERA's proposal to continue calculating concession fees on the basis of revised aeronautical revenues and applying appropriate cost allocation principles. Given the material impact of concession fees on airport charges, AERA should continue ensuring that the calculation methodology is transparent, consistent and aligned with the regulatory framework. ***Cargo, Ground Handling and Fuel Farm (CGF):*** IATA supports AERA's approach of treating CGF services consistently with the definitions contained in the AERA Act and ensuring symmetry between cost and revenue treatment. Where costs are recognized as aeronautical, the corresponding revenues must also be included in the aeronautical revenue base to ensure airport users receive the full offsetting benefit.	**(iv) Digitization Cost:** The proposed digitization spend of **₹260 Cr** is aimed at enhancing **passenger facilitation, operational efficiency, safety, service quality, resilience, and regulatory compliance**, and is not solely a commercial initiative. AERA has evaluated the proposal considering necessity, usefulness, and revenue-generating capacity, and has allocated only **64.67% (₹168.14 Cr)** of the total cost to aeronautical services against ₹ 260 Cr proposed by GHIAL. V) **Bank charges** • These charges are incurred for essential operational activities such as revenue collection, payment processing, bank guarantees, and cash management services required for airport operations. • All such costs remain subject to AERA's prudence review, ensuring that only reasonable, justified, and efficient costs are considered for recovery. Accordingly, the proposed bank charges and financing-related expenses are prudent, unavoidable, and necessary for the efficient operation of Hyderabad Airport. **VI) Utilities:** • GHIAL continuously implements energy and water efficiency initiatives, including LED lighting, smart building systems, water conservation measures, and renewable energy adoption. • Utility costs are driven not only by passenger growth but also by expanded airport infrastructure, enhanced service levels, operational requirements, and revisions in utility tariffs. • Utility expenditure projections are based on detailed operational requirements, asset utilization, infrastructure expansion, historical consumption trends, and expected tariff increases. • Utility charges are recovered from concessionaires, commercial operators, and other users wherever contractually applicable, with corresponding revenues duly accounted for.

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Strategic, Management and Technical Service Fees: Airlines strongly support AERA's rejection of attempts to recover shareholder-related strategic, management or technical service fees through airport charges. Such costs are fundamentally different from airport operating expenditure and should be borne by shareholders. Airport users should not fund shareholder returns through management fee arrangements. IATA supports AERA's efforts to moderate O&M growth and believes further scrutiny remains warranted in relation to manpower costs, outsourced services, corporate allocations, consultancy expenses and project-related staffing. The airport should be required to demonstrate tangible efficiency improvements from its digitalization and expansion programmes, with resulting savings shared with airport users rather than allowing costs to rise in parallel with capacity expansion. Airlines therefore encourage AERA to maintain a rigorous prudence review and allow only efficient, justified and transparently supported expenditures into the aeronautical cost base.	• Sustainability initiatives deliver long-term benefits through improved resource efficiency, reduced environmental impact, enhanced operational resilience, and optimized lifecycle costs. • All utility cost projections remain subject to AERA's prudence review to ensure that only reasonable and efficient costs are considered for tariff determination. **Accordingly, the proposed utility expenditure is prudent, justified, and reflective of the actual operational requirements of an expanding airport, rather than being driven solely by passenger growth.** (vii) Cargo Ground Handling & Fuel Farm – Please refer response as stated above for previous queries for CGF. (viii) Strategic, Management & Technical Fee – Please refer response as stated above for previous queries for Management fees.
Related Party Transactions IATA notes that GHIAL engages in a substantial number of transactions with related parties across various activities, including corporate cost allocation, management services, manpower outsourcing, IT services, advertising, rental arrangements, concession agreements and other operational services. The consultation paper also notes that the Board has approved policies governing Related Party	**Related Party transactions** • Related Party Transactions (RPTs) are undertaken only where they support airport operations and provide operational, technical, regulatory, or administrative benefits to GHIAL. • All RPTs are governed by robust oversight mechanisms, including Board-approved policies, Audit Committee review, statutory audit, and compliance with Companies Act and SEBI requirements.

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Transactions, that the Statutory Auditor has confirmed compliance with applicable requirements of the Companies Act and SEBI regulations, and that Government and AAI nominees are represented on the Board. While IATA acknowledges these governance arrangements, compliance with corporate governance requirements alone should not automatically imply that all related party transaction costs are efficient, prudent and appropriate for recovery through regulated airport charges. Regulatory scrutiny serves a fundamentally different purpose from statutory compliance. The key consideration for airport users is whether costs arising from related party arrangements reflect arm's-length, market-based pricing, provide demonstrable value to airport operations, and are no greater than those that would have been incurred through a transparent and competitive procurement process – which is the area of focus for AERA. Absent such evidence, there is a legitimate concern that related party arrangements may be used to shift activities, their costs and revenues outside the direct scope of regulatory and user scrutiny, resulting in inflated charges and the extraction of additional returns by affiliated entities beyond what would be achievable under competitive market conditions. Given the significant scale of the regulatory asset base, operating expenditure and future capital investment proposed for the Fourth Control Period, airlines are concerned that insufficient scrutiny of these arrangements could result in airport users funding costs that exceed efficient market benchmarks. This concern is particularly relevant in areas such as corporate allocations, management services, technical services, manpower outsourcing, rentals, consultancy services and other intra-group arrangements	• Services obtained through related parties leverage group expertise, specialized capabilities, and economies of scale, resulting in operational efficiencies and cost optimization. • RPT costs included in the CP4 proposal relate to legitimate airport operational requirements such as IT, technical support, manpower, regulatory compliance, and corporate support services. • All RPT-related costs remain subject to AERA's prudence review, including examination of their necessity, reasonableness, allocation methodology, and relevance to airport operations. • Costs that are shareholder-related, non-operational, duplicative, or not attributable to airport operations are not intended to be recovered through airport charges. • GHIAL has provided supporting information on material RPTs and remains committed to transparency and compliance with applicable regulatory requirements. **Accordingly, GHIAL submits that its RPTs are driven by genuine business needs, deliver operational benefits and efficiencies, and remain subject to comprehensive regulatory scrutiny to ensure that only prudent and airport-related costs are considered for recovery.**

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where the airport operator and service provider may have aligned commercial interests. IATA therefore encourages AERA to continue applying a robust regulatory review of all material related party transactions and to require the airport operator to demonstrate that such arrangements are conducted on a genuine basis that deliver the required efficiency. Wherever possible, costs recovered through airport charges should be supported by independent benchmarking, competitive tender outcomes or other objective evidence demonstrating that the services have been procured at rates comparable to or better than those available in the open market. Further, airlines support AERA's established approach of excluding costs that do not directly contribute to the provision of aeronautical services or that duplicate functions already performed within the airport organization. Corporate allocations, shareholder-related management fees and strategic service charges should continue to be subject to a high evidentiary threshold before being considered recoverable from airport users. Airport users should only bear costs that are necessary, efficient and directly attributable to airport operations. IATA recommends that AERA enhance transparency around related party transactions by requiring GHIAL to disclose, for all material RPTs, the transaction value, allocation methodology, procurement process, benchmarking against third-party market rates, and justification for selecting a related party over an independent supplier. Periodic reporting of significant related party transactions and independent validation of key service agreements would provide greater assurance that airport users are not bearing costs that exceed efficient market levels. Increased	

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transparency would improve stakeholder confidence and support AERA's objective of ensuring that only prudent and efficiently incurred costs are recovered through airport charges through such arrangements.	
Non-aeronautical Revenue (NAR) IATA supports AERA's prudent review of non-aeronautical revenues and encourages the Authority to continue applying a conservative approach to cost allowances while adopting realistic and commercially robust forecasts for non-aeronautical income. Airlines believe that all commercial opportunities available to GHIAL should be fully exploited before additional costs are transferred to airport users. Any uncertainty regarding commercial revenue forecasts, related-party transactions or concession performance should be resolved in a manner that protects passengers and airlines from unnecessary tariff increases.	GHIAL fully agrees that maximizing non-aeronautical revenues is critical to maintaining affordable aeronautical charges under the hybrid till framework. Accordingly, the non-aeronautical revenue projections for CP-4 have been developed using a detailed bottom-up assessment of individual revenue streams, considering passenger growth, concession agreements, contractual escalations, commercial asset utilization, and prevailing market conditions. GHIAL remains strongly incentivized to maximize commercial revenues, as higher non-aeronautical income directly reduces the ARR recoverable through airport charges. The submitted projections already reflect significant growth in retail, duty-free, advertising and commercial concessions, opportunities arising from increased traffic and airport development. Further, the regulatory true-up mechanism provides an appropriate safeguard to account for any deviations between projected and actual revenues, ensuring that airport users remain protected while allowing the airport to pursue sustainable commercial growth. Accordingly, GHIAL submits that the proposed non-aeronautical revenue forecasts are prudent, realistic, and aligned with the objective of minimizing tariff impacts on airlines and passengers.
Quality of Service IATA supports continued development of HYD where it improves safety, passenger facilitation, operational efficiency and resilience. However, infrastructure investment should be accompanied by clear service-outcome commitments. We have received following feedback from our member airlines operating at HIAL:	GHIAL appreciates IATA supports for continued development of Hyderabad Airport. Below are our responses for the feedback: **1. Inadequate Manpower at Immigration Counters** • Immigration staffing is managed by the Bureau of Immigration (BOI); GHIAL provides infrastructure and operational support. • GHIAL regularly engages with BOI and shares passenger forecasts and peak-hour demand data to support manpower planning.

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• Inadequate manning of Immigration counters which has resulted in long waiting hours • Longer holding of aircraft before landing due to constrained arrival hall capacity • Limited benefits reported by airlines from the Airport Predictive Operations Centre (APOC), a state-of-the-art "nerve center" developed by HIAL to integrate airside, landside, and terminal operations. AERA may consider requiring GHIAL to demonstrate how the proposed projects will maintain or improve level-of-service outcomes across key passenger and operational processes, including check-in, security, immigration, baggage delivery, stand availability, gate seating, bussing operations and terminal processing. IATA further requests that major construction and transition works be assessed for their impact on ongoing operations. Where capacity is temporarily constrained, where airline relocations are required, or where dependent infrastructure affects usability of completed assets, mitigation measures should be clearly identified. Users should not fund infrastructure disruption without transparent service-level protections and transition plans.	• Efforts are focused on aligning counter deployment with passenger traffic to reduce waiting times and improve processing efficiency. **2. Holding of Aircraft Due to Arrival Hall Capacity** • Arrival hall capacity does not normally cause aircraft holding at Hyderabad Airport; aircraft movements are managed by ATC. • Temporary congestion may occur when flights operate outside approved slot timings, leading to bunching of arrivals. • In such cases, coordinated arrival flow management measures may be applied to regulate passenger inflow and maintain smooth terminal operations. • These situations are infrequent and primarily result from irregular flight arrivals rather than terminal capacity constraints. • GHIAL continuously monitors flight schedules, slot adherence, and terminal performance through APOC to mitigate such occurrences. **3. Benefits of APOC (Airport Predictive Operations Centre)** • APOC provides real-time visibility of passenger flows, queue lengths, wait times, and staffing across key airport touchpoints. • Automated alerts and live operational monitoring enable proactive decision-making and rapid stakeholder coordination. • Predictive passenger forecasts help airlines, CISF, immigration, and ground handlers optimize manpower and resources. • APOC improves baggage hall management, stand/gate planning, congestion monitoring, and overall operational efficiency. • It has transformed airport operations from a reactive model to a predictive and collaborative framework, enhancing service quality and operational resilience. GHIAL remains committed to improving passenger service levels and operational efficiency. Investments and initiatives such as APOC are aimed at enhancing coordination, strengthening operational resilience, supporting future growth, and ensuring seamless passenger experience.

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Aggregate Revenue Requirement (ARR) IATA appreciates AERA's comprehensive assessment of the regulatory building blocks underpinning the proposed ARR for the Fourth Control Period. We recognize and support AERA's efforts to strike an appropriate balance between facilitating necessary infrastructure development at HYD and safeguarding airport users from unwarranted increases in airport charges. Nevertheless, despite the adjustments already proposed by the Authority, airlines remain concerned by the overall scale of the ARR and the resulting pressure this will place on aeronautical tariffs. In this regard, IATA encourages AERA to maintain a robust prudence review of all capital and operating expenditure proposals and to give due consideration to the concerns and recommendations set out in this submission. In particular, further scrutiny should be applied to expenditure areas where the need, timing, efficiency, allocation methodology or underlying assumptions remain insufficiently justified. Airlines also strongly support measures that ensure future cost recovery is aligned with actual demand, actual project utilization, and demonstrated operational requirements. Adopting these recommendations would help ensure that HYD remains financially sustainable while preserving its competitiveness and affordability for airlines and passengers. It would also reinforce the fundamental regulatory principle that only prudent, efficient and necessary costs should be recoverable through airport charges, with the benefits of commercial revenues, operational efficiencies and future true-ups shared appropriately and fairly with airport users.	GHIAL would like to submit that, in order to undertake a thorough analysis of MYTP submitted by GHIAL, AERA had appointed PWC and RITES as their subject matter experts. The consultation paper issued by AERA had been prepared post a detailed analysis by the above consultants along with AERA over the period last 9 months. Hence, GHIAL believes that the AERA has already maintained a robust prudence review of major items in the MYTP proposal.
Tariff Card and Allocation of Recovery	GHIAL appreciates IATA's support for route development initiatives and agrees that any incentive framework should be transparent, objective,

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IATA notes that the ATP includes a Variable Tariff Plan (VTP) and Key Partnership Programme (KPP) intended to support route development. While IATA supports route development in principle, incentive mechanisms should be transparent, non-discriminatory, cost-related and should not result in unintended cross-subsidization between participating and non-participating airlines. In particular, the proposed VTP for new international unserved routes over 4,000 km appears to provide zero UDF in Year 1 and a 50% UDF rate in Years 2 and 3, while landing charges may be nil for three years. This is a material incentive. The Authority should therefore require clarity on how the revenue foregone under such schemes is funded and whether any shortfall is recovered from other users through the ARR/tariff framework. IATA requests AERA to ensure that any VTP/KPP incentive is funded transparently, does not dilute the limited benefits of the hybrid till framework, and does not result in non-participating airlines bearing higher charges to support commercial route-incentive arrangements entered into by GHIAL. In summary, IATA appreciates the Authority's continued efforts to apply rigorous scrutiny to GHIAL's proposals and to balance the interests of airport users with the long-term development requirements of Hyderabad Airport. We support AERA's approach of ensuring that only prudent, efficient and appropriately scoped costs are recovered through airport charges, and welcome initiatives that strengthen the linkage between infrastructure delivery, asset utilization and cost recovery. At the same time, important questions remain regarding traffic assumptions, capacity requirements, project phasing, risk allocation and	non-discriminatory and consistent with the broader principles of airport regulation. The proposed Variable Tariff Plan (VTP) and Key Partnership Programme (KPP) have been designed with these principles in mind and are intended solely to stimulate incremental traffic, improve connectivity, and enhance Hyderabad Airport's long-term competitiveness. The rate card is available based on clearly defined eligibility criteria and measurable performance thresholds and are not intended to provide preferential treatment to any specific airline. The rationale for the proposed plan/programme is grounded in the economics of long-haul route development. New international routes, particularly unserved routes beyond 4,000 km, typically require a multi-year incubation period before achieving sustainable load factors and profitability. Airlines incur significant start-up costs, including aircraft deployment, crew positioning, marketing expenditure, sales establishment, and network risk. International experience demonstrates that temporary airport incentives are frequently used to bridge this start-up period and improve the commercial viability of new routes. The proposed VTP therefore seeks to reduce the initial financial burden on airlines during the route maturation phase while ensuring that the airport benefits from long-term traffic growth, enhanced connectivity and increased passenger throughput. The proposal is particularly relevant in the context of Hyderabad's rapidly expanding economic base. Hyderabad has emerged as one of India's leading hubs for information technology, pharmaceuticals, biotechnology, Global Capability Centres (GCCs), advanced manufacturing and business services. The city continues to attract substantial domestic and foreign investment, resulting in increasing demand for direct international connectivity to key business and leisure markets. Enhanced long-haul connectivity supports trade, tourism, foreign investment and employment generation, delivering benefits not only to the airport but also to the regional economy and aviation sector as a whole. GHIAL would also like to clarify that the VTP and KPP are designed to stimulate **incremental traffic and new connectivity**, rather than subsidize existing operations.

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the treatment of future capital expenditure. The final determination should ensure that users pay for infrastructure when it is required and capable of delivering tangible operational benefit, while maintaining affordability, regulatory certainty and the sustainable growth of Hyderabad Airport and the wider aviation sector.	GHIAL further notes that the Authority, during the Third Control Period, recognized the role of VTPs in attracting additional flights and generating incremental revenues that can contribute to reducing airport charges over the longer term, while also emphasizing the need for transparency and non-discrimination. Accordingly, GHIAL respectfully submits that the proposed VTP and KPP represent prudent and targeted connectivity development measures that are aligned with the long-term interests of passengers, airlines, the regional economy and Hyderabad Airport.