

परामर्श पत्र संख्या 15/2022-23 Consultation Paper No. 15/2022-23



भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण

AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

जीएमआर हैदराबाद एयरकार्गो (जीएचएसी) के लिए राजीव गांधी अंतरराष्ट्रीय हवाई अड्डा, हैदराबाद में कार्गो हैंडलिंग सेवाओं के संबंध में तृतीय नियंत्रण अवधि (वित्त वर्ष 2021-22 से वित्त वर्ष 2025-26) के लिए टैरिफ निर्धारित करने के मामले में

**IN THE MATTER OF
DETERMINATION OF TARIFF IN RESPECT OF CARGO HANDLING SERVICES
FOR GMR HYDERABAD AIR CARGO (GHAC) AT
RAJIV GANDHI INTERNATIONAL AIRPORT, HYDERABAD
FOR THE THIRD CONTROL PERIOD
(FY 2021-22 TO FY 2025-26)**

जारी करने की तारीख : 14/02/2023

Date of Issue: 14/02/2023

ऐरा भवन/AERA Building
प्रशासनिक कॉम्पलेक्स/Administrative Complex
सफदरजंग हवाईअड्डा/Safdarjung Airport
नई दिल्ली/New Delhi – 110003

STAKEHOLDERS' COMMENTS

The Authority is aware of the fact that the Aviation Sector is recovering after undergoing turbulence & uncertainty on account of the COVID 19 PANDEMIC around the world. The pandemic had resulted in restrictions on air travel, both domestic and international. Now, with the decline in Covid cases and after easing out of restrictions relating to air travel (w.e.f. 28.03.2022), the Aircraft Traffic has started improving. In this background, the Authority has released this Consultation Paper, after examining the impact of COVID 19 PANDEMIC on the various assumptions stipulated in the Multi-Year Tariff Proposal ('MYTP') submitted by GMR Hyderabad Air Cargo (GHAC). Accordingly, the Authority's proposals on the various aspects of the Tariff determination process have been explained in detail in each Chapter in this Consultation Paper.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. 15/2022-23 dated 14.02.2023 are invited from the Stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff),
Airports Economic Regulatory Authority of India (AERA),
AERA Administrative Complex,
Safdarjung Airport, New Delhi – 110003, India
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Last Date for submission of Stakeholders' comments	07/03/2023
Last Date for submission of counter comments	15/03/2023

Comments will be posted on AERA's website www.aera.gov.in

For any clarification/information, Director (P&S, Tariff) may be contacted at
Telephone. No. +91-11- 24695048.

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LIST OF ABBREVIATIONS

AERA/ AUTHORITY	Airports Economic Regulatory Authority of India
AAI	Airports Authority of India
ACIS	Air Cargo Inspection System
ARR	Aggregate Revenue Requirement
ATP	Annual Tariff Proposal
ACS	Annual Compliance Statement
ACAAI	Air Cargo Agent Association of India
AO	Airport Operator
BCAS	Bureau of Civil Aviation Security
CAPEX	Capital Expenditure
CHAAH	Custom House Agent Association Hyderabad
CAGR	Compounded Annual Growth Rate
CGF	Cargo, Ground Handling & Fuel Throughput
FY	Financial Year
GHAC	GMR Hyderabad Air Cargo
GACAEL	GMR Air Cargo and Aerospace Engineering Ltd.
GHACLPL	GMR Hyderabad Air Cargo and Logistics Private Ltd.
GST	Goods and Service Tax
ISP	Independent Service Provider
HMACLP	Hyderabad Menzies Air Cargo Pvt. Ltd.
HIAL	Hyderabad International Airport Pvt. Limited
MYTP	Multi-Year Tariff Proposal
MYTO	Multi-Year Tariff Order
MT	Metric Ton
OPEX	Operating Expenditure
PAT	Profit After Tax
PBT	Profit Before Tax
RAB	Regulatory Asset Base
RGIA	Rajiv Gandhi International Airport
SqM	Square Meter
YoY	Year on Year

CHAPTER-1: BACKGROUND

1.1 Profile of the Service Provider

- 1.1.1 GHIAL and Hyderabad Menzies Air Cargo Pvt. Ltd. (HMACPL) [now known as GMR Hyderabad Air Cargo and Logistics Private Ltd. (GHACLPL)] entered into “Amended and Restated Operation and Maintenance Agreement” dated 16.11.2010, whereby GMR Hyderabad International Airport Limited (Airport Operator) granted concession to HMACPL to Operate and Maintain the Cargo Terminal at Rajiv Gandhi International Airport (RGIA), Hyderabad for a period of 15 years commencing from the Airport Opening date i.e. March 14, 2008.
- 1.1.2 Subsequently, GHACLPL was merged with GMR Air Cargo and Aerospace Engineering Ltd. (GACAEL), a 100% subsidiary of GMR Hyderabad International Airport Limited (GHIAL).
- 1.1.3 GHIAL further entered into an “AMENDATORY CUM ADDENDUM AGREEMENT” with GMR Hyderabad Air Cargo (GHAC), a division of the GMR Air Cargo and Aerospace Engineering Ltd. (GACAEL), whereby the Concession term which was earlier expiring on 22.03.2023 has been extended for a further period of 15 years up to 22th March 2038.
- 1.1.4 GHAC is providing Domestic & International Cargo Handling Services at Rajiv Gandhi International Airport (RGIA), Hyderabad. GHAC is the only Service Provider for International Cargo Handling at RGIA; whereas, Blue Dart is the other Service Provider for Domestic Cargo Handling at RGIA, Hyderabad & doing self-Cargo Handling.
- 1.1.5 Bureau of Civil Aviation Security (BCAS) has granted security clearance to GHAC, a division of GMR Air Cargo and Aerospace Engineering Ltd. (GACAEL) on 22.09.2020, which is valid for a period of five years from the date of issue of security clearance or the period of validity of contract with the airport operator, whichever is earlier.
- 1.1.6 Currently, GHAC has capacity to handle 150000 MTs of Cargo and proposes to increase the existing cargo handling capacity by 50% by the end of the Third Control Period. The details of existing Area and Cargo Handling Capacity is given below:

Table-1: Existing Area and Capacity

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

1.2 Background of the tariff determination exercise

- 1.2.1 The Authority, vide its Multi-Year Tariff Order (MYTO) No. 10/2012-13 dated 20.06.2012 decided to adopt 'Light Touch Approach' for determination of the Tariffs for the First Control Period in respect of Hyderabad Menzies Air Cargo Pvt. Ltd., considering the reasonableness of User Agreements & stakeholders'

consultation. In the same Order, the Authority had determined Tariff for the Tariff year 2011-12 and Tariff year 2012-13 of the 1st Control Period. Subsequently, the Authority also determined the Annual Tariffs for M/s HMA CPL in respect of remaining period of the 1st Control Period, vide Annual Tariff Order indicated below:

- i. Order No. 24/2013-14 dated 17.06.2013 for tariff year 2013-14;
- ii. Order No. 10/2014-15 dated 29.08.2014 for tariff year 2014-15;
- iii. Order No. 32/2015-16 dated 21.08.2015 for tariff year 2015-16.

1.2.2 M/s HMA CPL (now known as GMR Hyderabad Air Cargo) at the time of MYTP submission for the 2nd Control Period provided copies of User Agreements with Airlines and also provided the documents related to Stakeholders' Consultation done with Air Cargo Agent Association of India (ACAAI) and Custom House Agent Association Hyderabad (CHAAH).

On the basis of the reasonableness of the User Agreements & stakeholders' consultation, the Authority vide Order No. 24/2017-18 dated 27.11.2017 decided to adopt "Light Touch Approach" for determination of Tariff for HMA CPL in respect of 2nd Control Period (01.04.2016 to 31.03.2021). In the same Order, the Authority also determined the Tariffs for the first three Tariff Years (FY 2016-17, FY 2017-18 & FY 2018-19) of the 2nd Control Period.

1.2.3 Thereafter, the Authority vide following Interim/ Regular Orders, allowed M/s GMR Hyderabad Air Cargo to continue levy of existing Tariff (as on 31.03.2019) for the further periods as given below:

- i. Interim Order No 05/2019-20 dated 22.05.2019 for the period from 01.04.2019 up to 30.09.2019;
- ii. Interim Order No 08/2019-20 dated 26.09.2019 for the period from 01.10.2019 up to 31.03.2020;
- iii. Order No. 27/2019-20 dated 25.02.2020 for the period from 01.04.2020 up to 31.3.2021.

1.2.4 Subsequently, the Authority through Interim Orders allowed the ISP to continue levy Tariff prevailing as on 31.03.2021 for further periods as detailed below

- i. Interim Order No 67/2021-22 dated 25.03.2021 valid up to 30.09.2021;
- ii. Interim Order No. 18/2021-22 dated 15.09.2021 valid up to 31.03.2022;
- iii. Interim Order no. 46/2021-22 dated 17.03.2022 valid up to 30.09.2022;
- iv. Currently, Interim Order no. 24/2022-23 dated 23.09.2022 is applicable, whereby Tariff prevailing as on 30.09.2022 has been further extended for the period up to 31.03.2023, or, till the determination of regular Tariff, whichever is earlier.

1.3 **Submission of MYTP by GHAC for the Third Control Period**

1.3.1 M/s GHAC submitted MYTP for the Third Control Period (FY 2021-22 to FY 2025-26) vide their letter dated 14.07.2022.

1.3.2 Based on the review of MYTP & observations of the Authority, GHAC has submitted requisite information/ clarifications vide various emails during the period from August-2022 to February -2023.

1.3.3 The Authority, after having examined the MYTP submission of the GHAC in detail and taking into account the additional information furnished by the ISP, has issued this Consultation Paper for stakeholders' consultation.

1.4 Stakeholders' Consultation by GHAC for the Third Control Period

- 1.4.1 The Authority notes that GHAC has conducted Stakeholders' Consultation meeting on 18.05.2022 and submitted the copy of 'Minutes' of Meeting along with its MYTP submission.
- 1.4.2 Stakeholder Consultation meeting on Air Cargo Terminal Expansion/Upgrade Proposals and MYTP of GMR Hyderabad Air Cargo (GHAC) for the Third Control Period was attended by Air Cargo Agents Association of India (ACAAI), Hyderabad, Customs Brokers Association (CBA), The Federation of Telangana Chambers of Commerce & Industry (FTCCI) and Director Logistics, Government of Telangana (GoT) among other attendees. The Authority observes from the minutes of meeting that none of the stakeholder raised any concern relating to Tariff proposed by the ISP in respect of Cargo Handling Services at Hyderabad Airport for the 3rd Control Period.

1.5 Submission of the ACS by GHAC for the Second Control Period

- 1.5.1 GHAC, along with its MYTP submissions for the 3rd Control Period also submitted the Annual Compliance Statement (ACS) for the FY2019-20 and FY2020-21.

CHAPTER-2: METHODOLOGY FOR TARIFF DETERMINATION

2.1 Principles for Determination of Aeronautical Tariff

2.1.1 The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports and issued the Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and supply of Fuel to the Aircraft) Guidelines, 2011 (“the Guidelines”).

2.1.2 As stipulated in the Guidelines, the Authority shall follow a three-stage procedure for determining its approach to the regulation of Regulated Service(s) as under:

2.1.2.1 Stage 1: The Authority shall first assess “Materiality” according to provisions of Clause 4;

2.1.2.2 Stage 2: The Authority shall then assess “Competition” according to provisions of Clause 5; and

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

2.1.3 Accordingly, the Authority has done the assessment at the three stages as under:

Stage I: Materiality Assessment:

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

The Materiality Index at RGIA, Hyderabad = 143,884 MTs / 3,228,862 MTs

$$= 4.46\%$$

The percentage share of Cargo Handling for RGIA, Hyderabad for the FY 2019-20 is 4.46% which is more than 2.5% Materiality Index (MI_c) for the Cargo services. Hence the regulated service is deemed as ‘**Material**’ for the Third Control Period.

Stage-II: Competition Assessment:

2.1.4 As per the information furnished by GHAC in Form F1 (b) on competition Assessment, M/s GHAC is the only service provider in terms of handling of International Cargo and with regard to Domestic Cargo, Blue Dart is doing self-handling, for which the Authority has not determined the Tariff at Rajiv Gandhi International Airport, Hyderabad. Therefore, in the instant case, Cargo Handling Service at RGIA is deemed “Non-Competitive”.

Stage-III: Reasonability of User Agreement:

2.1.5 As per Clause 3.2 (iii) of the Guidelines, wherever the Regulated Service provided is ‘Material and non-Competitive’ but where the Authority is assured of the reasonableness of the existing User Agreement(s), the Authority shall determine Tariff(s) for Service Provider(s) based on a Light Touch Approach for the duration of the Control Period, according to the provisions of Chapter V.

2.1.6 As per clause 11.2 of the AERA (CGF) Guidelines 2011, the Annual Tariff Proposal (ATP) is required to be submitted in the manner and form provided in AI 8.2 of Appendix-I to the Guidelines and should be supported by the following:

a) Form B and Form 14 (b) (Proposed Tariff Card);

b) Evidence of Consultation with Stakeholders;

c) Evidence of User Agreement(s), if any, between the Service Provider and the User of Regulated Service(s) clearly indicating the Tariff proposed by the Service Provider.

2.1.7 The Authority, vide mail dated 29.07.2022, sought details of valid User Agreements with Shippers and Airlines from GHAC. In response thereto, ISP submitted User Agreements with 23 scheduled Airlines vide email dated 10.08.2022, and the same have been reviewed by the Authority as per the clause 3.2 of CGF Guidelines, 2011.

2.1.8 GHAC has submitted a copy of letter from GHIAL (Airport Operator) dated 19.05.2022 informing about the grant of new Concession to the second Cargo Services Provider (M/s Quinlan Bird Cargo Pvt. Ltd.) to Develop, Operate and Maintain a second Air Cargo Terminal at Hyderabad airport. The new ISP and the Airport Operator have executed the Concession Agreement on 30th October, 2020; accordingly, new Cargo Terminal Operator is expected to commence its cargo services in due course of time.

2.1.9 Earlier, the Authority during the 1st & 2nd Control Period had also determined Tariff for the ISP following the “Light Touch Approach”, based on the User Agreements and Stakeholders consultations.

2.1.10 In view of the above, considering the User Agreements submitted by the ISP along with MYTP (for Third Control Period) & taking note of Stakeholders’ consultation done by the ISP, the Authority proposes to consider Tariff determination for GHAC for the Third Control Period under “Light Touch Approach”.

2.2 The Authority’s Proposal for Determination of Tariff in respect of GHAC for the Third Control Period

2.2.1 Based on the material before it and its analysis, the Authority proposes to determine Tariff for the GHAC in respect of Cargo Handling Services provided at RGIA, Hyderabad for the Third Control Period by adopting ‘**Light Touch Approach**’ based upon the reasonableness of the User Agreements & stakeholders’ consultation.

CHAPTER-3: CARGO VOLUME FORECAST

3.1 Cargo Volume Projection by GHAC for the Third Control Period

3.1.1 Actual Cargo volumes handled by GHAC during the 2nd Control Period is tabulated below as submitted by the ISP:

Table-2: Actual Cargo Volume submitted by GHAC for the 2nd Control Period

(in MT)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	Total	CAGR (FY17- FY20)
Domestic Cargo							
Outbound Cargo	17,497	18,405	19,489	19,561	14,776	89,728	
Inbound Cargo	22,364	23,801	28,665	30,207	20,945	125,982	
Total Domestic Cargo (A)	39,861	42,206	48,154	49,768	35,721	215,710	7.68%
International Cargo							
Export Cargo	52,952	60,635	64,589	63,057	49,473	290,706	
Import Cargo	18,197	22,219	23,244	21,675	16,515	101,850	
Total International Cargo (B)	71149	82854	87833	84732	65988	392,556	6.00%
Total (C)=(A+B)	111,010	125,060	135,987	134,500	101,709	608,266	6.61%

3.1.2 GHAC in its MYTP submission submitted that over the next 10 years, overall Hyderabad air cargo market is expected to grow more than 10% annually in volumes terms, from the current 140,075 MT (as per AAI statistics for FY 2021-22) to 330,000 MT (FY 2030-31).

However, ISP submitted that with the commissioning of Cargo Terminal 2 by the second Cargo Terminal Operator, it is expected that some market share will be taken away by new Cargo Operator. Accordingly, GHAC has estimated Cargo Volume growth of 7.6% for its Cargo business during the Third Control Period. In FY2026 (last tariff year of the Control Period), GHAC's Cargo Volumes are expected to reach to 175,000 MT from 125756 MT (FY 2021-22).

3.1.3 The total Cargo Volumes projected by GHAC for itself in respect of the Third Control Period is given below:

Table-3: Cargo Volume Projected by GHAC (Cargo to be handled by GHAC) for the Third Control Period

(in MT)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total	CAGR
Domestic Cargo							
Outbound	23,350	25,941	28,424	30,210	33,250	141,175	
Inbound	26,926	29,354	31,416	33,390	36,750	157,836	
Total (A)	50,276	55,295	59,840	63,600	70,000	299,011	8.63%
International Cargo							
Export	54,790	59,029	62,824	65,460	71,000	313,103	
Import	20,690	21,000	21,936	22,440	24,000	110,066	

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total	CAGR
Total (B)	75480	80029	84760	87900	95000	423,169	5.92%
Express Cargo							
Export Express Cargo	0	2,000	3,000	4,500	6,000	15,500	
Import Express Cargo	0	1,500	2,000	3,000	4,000	10,500	
Total (C)	0	3500	5000	7500	10000	26,000	41.90%
Total Cargo Volumes [D=A+B+C]	125,756	138,824	149,600	159,000	175,000	748,180	
Y-o-Y % Change:							
Domestic Outbound		11.10%	9.57%	6.28%	10.06%		
Domestic Inbound		9.02%	7.02%	6.28%	10.06%		
Total Domestic Cargo		9.98%	8.22%	6.28%	10.06%		
Export Cargo		7.74%	6.43%	4.20%	8.46%		
Import Cargo		1.50%	4.46%	2.30%	6.95%		
Total International Cargo		6.03%	5.91%	3.70%	8.08%		
Outbound express cargo			50.00%	50.00%	33.33%		
Inbound express cargo			33.33%	50.00%	33.33%		
Total Express Cargo			42.86%	50.00%	33.33%		
Total Cargo Volumes		10.39%	7.76%	6.28%	10.06%		

3.1.4 Subsequently, GHAC vide letter dated 19.01.2023 has submitted revised cargo volumes from FY 2022-23 to FY 2025-26. The revised Cargo Volume Projected by the ISP for the Third Control Period is given below:

Table 4: Revised Cargo Volume Projections submitted by GHAC (Cargo to be handled by the GHAC) for the Third Control Period

(Cargo Volume in MT)

Particulars		2021-22	2022-23	2023-24	2024-25	2025-26
Domestic	Outbound	23,350	24,773	27,133	29,295	31,261
	Inbound	26,926	29,390	32,190	34,755	37,088
	Total (a)	50,276	54,164	59,322	64,051	68,349
International	Export	54,790	54,578	58,652	62,487	65,882
	Import	20,690	18,657	19,433	20,562	21,043
	Total (b)	75,480	73,235	78,085	83,049	86,925
International Express Courier Cargo	Outbound express cargo	-	600	2,000	3,000	4,000
	Inbound express cargo	-	-	1,000	1,500	2,500
	Total (c)	-	600	3,000	4,500	6,500
Total (a+b+c)		1,25,755	1,27,998	1,40,408	1,51,599	1,61,774
Grand Total for the Control Period		7,07,534				

3.2 The Authority's Examination on Cargo Volume Projected by GHAC for the Third Control Period

- 3.2.1 The Authority observed that during the 2nd Control Period (first four years of the Second Control Period i.e. from FY2016-17 to FY 2019-20), Domestic and International Cargo Volume had grown at a CAGR of 7.68% and 6% respectively.
- 3.2.2 In respect of Cargo Volume Projections for the Third Control Period, the Authority notes that Domestic and International Cargo Volumes are projected to increase at CAGR of 8.63% and 5.92% respectively, during the current Control Period. (refer Table 3).
- 3.2.3 The Authority sought clarification regarding projected drop in growth of cargo volumes in FY 2023-24 and FY 2024-25 (refer Table 3), as compared to volume growth projected for FY 2022-23. The ISP vide email dated 07.12.2022 submitted that the drop in cargo volume projection is due to likely diversion of the cargo volumes to the second Cargo Terminal Operator.
- 3.2.4 As regard to Domestic Cargo projections, the Authority observes (from the Table 3) that GHAC has already achieved pre-Pandemic Volumes and in case of International Cargo, pre-pandemic volumes are projected to be achieved during FY2023-24.
- 3.2.5 In respect of revised Cargo Volume Projection for the Third Control Period submitted by the GHAC (Table 4), the Authority notes from the submission of the GHAC that based on current Cargo Volumes trends (April 2022 to December, 2022), ISP has revised Cargo Volume Projections from FY 2022-23 to FY 2025-26.
- 3.2.6 In this regard, the Authority has reviewed actual cargo volumes for the Hyderabad International Airport as per the AAI statistics. It is observed that the total domestic cargo volumes for the period (April to December, 2022) have increased by 6.7% and the international cargo volumes have dropped fractionally (0.6%) during the same period, as compared to corresponding period in FY 2021-22. The overall Cargo Volumes for the period from April 2022 to December 2022 still have a positive growth of 2.8%.

The Authority feels that during a short-term trend comprising of few months, there may be ups and downs in the volume projections; unless there is a fundamental change in the underlying assumptions affecting long term trend, it may not be appropriate to revise projections for a relatively longer period.

Further, the Authority notes that GHAC has assumed commencement of operations by the second Cargo Terminal Operator, who had been awarded concession by the airport operator in 2020 to develop, operate and maintain second Cargo Terminal at the airport. As per the ISP, a significant portion of Cargo Volumes is likely to get diverted/shifted to the second cargo terminal operator (from FY 2023-24 onward). The Authority notes that there is no information regarding the starting of activity by the new ISP nor they have approached AERA in this regard. Thus, as on date there is no firm timeline available for commencement of operations by the Second Cargo Terminal Operator.

In view of the foregoing, the Authority proposes to consider cargo volume projections for the Third Control Period, as initially submitted by GHAC (as per Table- 3).

3.3 The Authority's Proposal regarding Cargo Volume for the Third Control Period

- 3.3.1 Based on the material before it and its analysis, the Authority proposes to consider the Cargo Volumes projected for the Third Control Period in respect of GHAC as per Table-3.

CHAPTER-4: CAPITAL EXPENDITURE (CAPEX), REGULATORY ASSET BASE (RAB) AND DEPRECIATION

4.1 CAPEX Projection by GHAC for the Third Control Period

4.1.1 GHAC in its MYTP submission projected a total capital expenditure of ₹256.29 crores which includes Cargo Handling Equipment, Software, Infrastructure improvements, Plant & Machinery, Furniture, and Fittings, Office equipment, Computers and Vehicles. The details of capital expenditure projected by GHAC for the Third Control Period is tabulated below:

Table-5: Capital Expenditure as projected by GHAC for the Third Control Period

(Amount in Crore)

	Capital Addition	FY22	FY23	FY24	FY25	FY26	Est. Amount (Rs. Cr.) (incl. GST)
A	Expansion and Automation Projects						
(i)	New Domestic Cargo Terminal (including Material Handling Equipment)	-	33.06	13.25	-	-	46.31
(ii)	New Perishables Export Terminal by modifying the existing domestic terminal space (including Material Handling Equipment)	-	6.00	23.34	-	-	29.34
(iii)	(a) New dedicated Express Cargo facility (including Material Handling Equipment)	-	-	33.52	-	-	33.52
	(b) Office Space (part of Express Terminal)				8.00		8.00
(iv)	Common Utilities and Facilities	-	11.08	18.66	-	-	29.74
(v)	Air Cargo Inspection System(ACIS) Procuring and Installing ACIS	-	25.00	-	-	-	25.00
(vi)	Interest During Construction (IDC)	-	1.68	-	-	-	1.68
	Total (i to vi) (1)	-	76.81	88.77	8.00	-	173.59
B	Upgrade/Replacement Projects						

	Capital Addition	FY22	FY23	FY24	FY25	FY26	Est. Amount (Rs. Cr.) (incl. GST)
(i)	General Capex (Upgrade/Replacement)	-	11.95	13.78	5.93	6.80	38.46
(ii)	General Capex undertaken (incl. CWIP)	13.38	-	-	-	-	13.38
	Total (i to ii) (2)	13.38	11.95	13.78	5.93	6.80	51.84
C	CAPEX incurred in FY22 and capitalized (3)	6.32	-	-	-	-	6.32
D	Additional Projects included						
(i)	Automation related				11.17	2.30	13.48
(ii)	Airside Transshipment	-	-	-	6.19	-	6.19
(iii)	Transshipment Shed at Import Terminal			4.88			4.88
	Total (i to iii) (4)	-	-	4.88	17.36	2.30	24.55
	Grand Total (1 to 4)	19.70	88.77	107.43	31.29	9.10	256.29

4.1.2 GHAC has further submitted the details of proposed increase in capacity and terminal area during the Third Control Period as per Table-5.

Table-6: Existing and proposed increase in Terminal Area and Cargo Handling Capacity

Sr. No	Terminals	Existing Area (Sqr. Mtr.)	Capacity (MT)	Proposed in Sqr. Mtr. (Including existing area)	Capacity (MT)
1	Export (incl. PZ)	5,724	65,000	Same as existing area	90,000
2	Perishables Export		-	2,880	
3	Import	3,175	30,000	3,975	35,000
4	Domestic	2,730	50,000	7,060	80,000
5	Express Cargo	344	5,000	2,275	20,000
	Total	11,973	150,000	21,914	225,000
6	Office Building	3,100	-	7,650	-
7	Airside Transshipment		-	1,500	-

4.1.3 GHAC submitted that the existing Terminal is designed to handle 150,000 MT of Cargo. In FY19, GHAC has handled 135,000 MT. The justifications & requirements for the expansion of Cargo Handling Facilities to cater to future demand for Cargo Handling is given in the following sections:

4.1.4 **Constraints/Improvement Areas Infrastructure – Domestic Terminal:** GHAC submitted that the current Domestic Terminal capacity is 50,000 MT, whereas in FY2021-22, ISP had handled more than 50,000 MT

and reached its saturation capacity levels and the peak operations have become constrained (refer photos in Annexure-N). GHAC therefore submits that the expansion of the domestic terminal is required to ensure smooth operations in the Third Control Period.

- 4.1.5 **Need for Perishable Facility:** ISP submitted that in various Forums and direct interactions, the Trade Associations, Government Officials & other Stakeholders requested them for the exclusive Perishable Cargo Handling facilities at Hyderabad Airport to support their business requirements. Currently, these exporters send their export shipments from other ports in Bengaluru and Mumbai, which is costing them in terms of transportation to Mumbai & Bangalore, product damages during transit, losses and transactional challenges. Hence, GHAC has planned for Perishables Cargo Export Terminal in an area of 2,880 SqM. with annual capacity of 25,000 MT to support Hyderabad Trade and Farmers of the region.
- 4.1.6 **Need for Express Terminal:** The requirement for Express Terminal at RGIA, Hyderabad has been highlighted by Express Shippers and Customs in various forums as they are currently dependent on Mumbai & Bangalore Express facilities. To address the immediate demand, an Interim Express cargo facility (accommodated in the existing International Cargo Terminal) has been inaugurated on 22nd March, 2022. The current area is 344 SqM. This facility is a temporary arrangement till the completion of the main Express Terminal. The current existing capacity of the express cargo facility is 5,000 MT and the demand is expected to reach 20,000 MT in next 5-7 years.
- 4.1.7 **Need to upgrade Transshipment Area:** Transshipment share among Imports has been increasing and currently 10-20% of Imports shipments are transshipments. Although GHAC has a dedicated space for transshipment but the surge in Transshipment volumes has been increasing and are expected to take major portion of Imports in future. Unlike other ports, in Hyderabad proportion of Imports in International Cargo is low @ 25% which adversely affects both Airlines and Exporters due to this directional imbalance leading to lower capacity and higher cost of Exports. Hence, GHAC submits to Authority that it will invest in the upgrade of Transshipment Area and streamline transshipment operations to grow the import shipments which is required and benefit the overall air cargo trade to/from the Region.
- 4.1.8 **Mandatory requirement by Customs for ACIS as per GHAC:** According to GHAC, they are mandated to procure X-ray-based Air Cargo Inspection System (ACIS) as per the Handling of Cargo in Customs Area Regulation, 2009 (HCCAR). The same is detailed in letter No. 21019/15/2013-Cus (AS) Pt-1 dated 18 June 2019 by the Central Board of Indirect Taxes and Customs (anti-smuggling unit). As per the ISP, the requirement of ACIS was again highlighted by the Office of the Deputy Commissioner of Customs in its letter C.No.S/01/Estt/06/2017-ACC Vol-II dated 01 December 2021. The letter also highlighted that this procurement must be carried out on an urgent basis. Accordingly, the same has been considered as part of the Capital Expenditure plan during the period. The estimated cost of the project is Rs. 21.84 Crores (as per the revised CAPEX).
- 4.1.9 **Upgrade/Replacement of Existing Infrastructure/Facilities:** GHAC highlighted that the existing infrastructure/facilities is ageing and requires imminent revamp/replacement/upgrade. The same has already been initiated in FY 2021-22 and will continue in phases over the Control period till FY26. As per ISP, above project covers Civil Infrastructure/Extension, Material Handling Equipment, Security Equipment, IT equipment, Building Renovation among others. The estimated cost of the project is Rs. 35.17 Crores (as per the revised CAPEX).
- 4.1.10 **Common utilities and facilities:** GHAC submitted that the proposed Common Utilities & Facilities include new car park to support/complement the proposed developments and meet the utility/associated facility requirements for the same. ISP further stated that proposed scheme include works such as Airside sheds/Canopy, Utility building, Power Sub-Station, demolitions, external civil works incl. roads/pavements/trenches, external services for Electrical/HVAC/Firefighting, Plumbing/Drainage, Security Rooms incl. Gates/ Bollards/UVSS/Gate houses/Morcha etc.

Capex on Other Facilities proposed by Stakeholders: GHAC submitted that post the Stakeholders' Consultation meeting, they made separate presentations of their proposals to around 40 members across Agent Association (ACAAI) and Airline Association (BAR) on 27th May'22 and 14th Jun'22 respectively to explain the details and seek their inputs/feedback.

- a) GHAC submitted that based on the inputs/feedback given by Chairman, ACAAI- Hyderabad Sub Region, vide their letter dated 7th July, 2022, GHAC has considered the suggestions (related to Office Space, Storage Space, Automation, Transshipment etc.) made by ACAAI and suitably revised its CAPEX proposals
- b) ISP also submitted that in the meeting held on 14th Jun'22 with the HYD Airline Community (BAR Association) which saw participation of 15 members, their proposals for Expansion/Upgrade and MYTP were again presented and discussed upon. During the meeting, the Airline community emphasized the need for having an Airside Transshipment facility, adequate Office Space and improved service levels/efficiencies/automation. Based on the inputs/feedback received from interactions with above mentioned Stakeholder, GHAC included additional office space, automation/material handling equipment, larger transshipment sheds covering both airside (air to air) as well landside (air to road) and few other projects.

ISP submitted that corresponding CAPEX, for these inclusions as suggested by the industry associations, is around Rs. 27.53 Crores (revised CAPEX) and the same has been included in their CAPEX proposals submitted to the Authority.

4.1.11 Subsequently, GHAC vide email dated 19.01.2023 submitted the revised CAPEX proposal for the Third Control Period amounting to Rs. 242.64 Crores (as against original CAPEX of Rs 256.29 crores), after rationalization as per Table given below:

Table-7: Revised Capital Expenditure as projected by GHAC for the Third Control Period

(Amount in Crore)

	Capital Addition	FY22	FY23	FY24	FY25	FY26	Amount (Rs. Cr.)
A	Expansion and Automation Projects						
(i)	New Domestic Cargo Terminal (including Material Handling Equipment)	-		45.00	-	-	45.00
(ii)	New Perishables Export Terminal by modifying the existing domestic terminal space (including Material Handling Equipment)	-			28.53	-	28.53
(iii)	(c) New dedicated Express Cargo facility (including Material Handling Equipment)	-	-		34.74	-	34.74

	Capital Addition	FY22	FY23	FY24	FY25	FY26	Amount (Rs. Cr.)
	(d) Office Space (part of Express Terminal)				6.12		6.12
(iv)	Common Utilities and Facilities	-		11.29	19.02	-	30.31
(v)	Air Cargo Inspection System(ACIS) Procuring and Installing ACIS	-		21.84	-	-	21.84
	Total (i to v) (1)	0.00	0.00	78.14	82.30	0.00	160.44
B	Upgrade/Replacement Projects						
(i)	General Capex (Upgrade/Replacement)	-	10.58	12.96	5.29	6.33	35.17
(ii)	General Capex undertaken (incl. CWIP)	13.38	-	-	-	-	13.38
	Total (i to ii) (2)	13.38	10.58	12.96	5.29	6.33	48.55
C	CAPEX incurred in FY22 and capitalized (3)	6.32	-	-	-	-	6.32
D	Additional Projects included						
(i)	Automation related				10.94		10.94
(ii)	Airside Transshipment	-	-	-	5.75		5.75
(iii)	Transshipment Shed at Import Terminal				4.52		4.52
	Total (i to iii) (4)	6.32	-	-	21.21		27.53
	Grand Total (1 to 4)	19.70	10.58	91.10	114.92	6.33	242.64

4.1.12 The supporting documents, from stakeholders / regulatory agencies, in respect of CAPEX proposed for the Third Control Period as submitted by the ISP are placed at **Annexure-I**.

4.1.13 As the 10 months of the current financial year has already elapsed, the Authority sought the status of Capital CAPEX of Rs 10.58 crores proposed for FY 2022-23. In response thereto, GHAC informed that they have already incurred the CAPEX proposed for FY 2022-23 (Rs. 10.58 crores).

4.2 Depreciation Projection by GHAC for the Third Control Period

4.2.1 GHAC has submitted projected depreciation for the Third Control Period, based on the revised CAPEX totaling to Rs. 242.64 crores, as given in Table-8.

Table-8: Depreciation as projected by GHAC for the Third Control Period

(Amount in Crore)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Infrastructure improvements	1.89	2.48	4.67	8.96	11.65	29.65
Plant & Machinery	2.26	2.61	3.97	6.19	7.31	22.34
Furniture and Fittings	0.11	0.29	0.35	0.19	0.21	1.15
Office equipment	0.26	0.28	0.17	0.23	0.25	1.19
Computers	0.69	1.07	0.33	0.38	0.42	2.89
Vehicles	0.06	0.06	0.09	0.11	0.11	0.43
Software	0.35	0.71	0.2	0.24	0.26	1.76
Total	5.62	7.5	9.78	16.3	20.21	59.41

4.3 Average RAB Projection by GHAC for the Third Control Period

4.3.1 GHAC, taking into account opening RAB as on 01.04.2021, Additions to RAB (Table-7) and Depreciation (Table-8) has proposed the following RAB/Average RAB for the Third control Period.

Table-9: Average RAB projected by GHAC for the Third Control Period

(Amount in Crore)

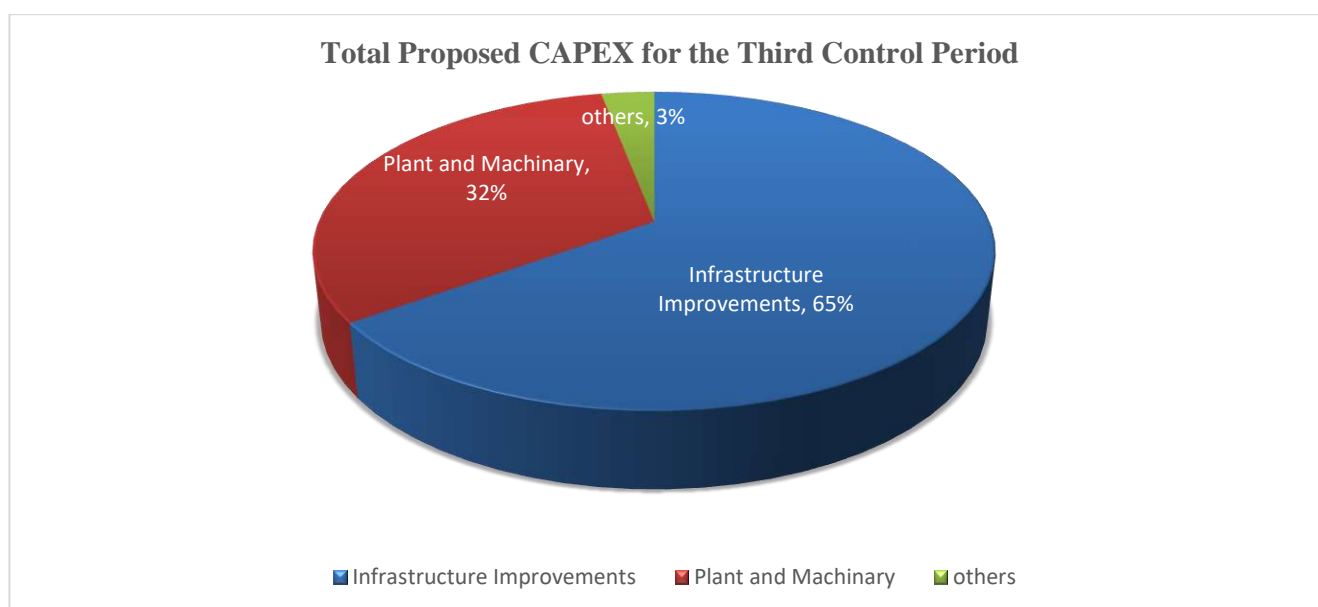
Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
(A) Opening RAB of						
(i) Infrastructure improvements	28.13	27.55	40.26	90.64	163.94	
(ii) Plant & Machinery	11.18	12.54	16.38	47.01	72.63	
(iii) Furniture and Fittings	0.70	0.85	1.03	0.98	1.08	
(iv) Office equipment	0.72	0.69	0.86	1.06	0.97	
(v) Computers	2.11	1.91	1.57	1.43	1.25	
(vi) Vehicles	0.37	0.31	0.24	0.50	0.39	
(vii) Software	1.27	1.33	1.29	1.33	1.32	
Total (i to vii)	44.48	45.18	61.63	142.95	241.58	
(B) Additions-WIP Capitalization						
(i) Infrastructure improvements	1.32	15.18	55.06	82.26	3.75	157.57
(ii) Plant & Machinery	3.61	6.45	34.6	31.81	1.91	78.38
(iii) Furniture and Fittings	0.27	0.47	0.3	0.3	0.30	1.64

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
(iv) Office equipment	0.23	0.45	0.38	0.13	0.13	1.32
(v) Computers	0.48	0.74	0.19	0.19	0.19	1.79
(vi) Vehicles	0	0	0.34	0	0.00	0.34
(vii) Software	0.41	0.67	0.23	0.23	0.06	1.60
Total (i to vii)	6.32	23.96	91.10	114.92	6.34	242.64
(C) Disposals/ Transfers						
(D) Depreciation Charge						
(i) Infrastructure improvements	1.89	2.48	4.67	8.96	11.65	29.65
(ii) Plant & Machinery	2.26	2.61	3.97	6.19	7.31	22.34
(iii) Furniture and Fittings	0.11	0.29	0.35	0.19	0.21	1.15
(iv) Office equipment	0.26	0.28	0.17	0.23	0.25	1.19
(v) Computers	0.69	1.07	0.33	0.38	0.42	2.89
(vi) Vehicles	0.06	0.06	0.09	0.11	0.11	0.43
(vii) Software	0.35	0.71	0.2	0.24	0.26	1.76
Total (i to vii)	5.62	7.5	9.78	16.3	20.21	59.41
Closing RAB (E=A+B-C-D) Net block						
(i) Infrastructure improvements	27.55	40.26	90.64	163.94	156.04	
(ii) Plant & Machinery	12.54	16.38	47.01	72.63	67.22	
(iii) Furniture and Fittings	0.85	1.03	0.98	1.08	1.17	
(iv) Office equipment	0.69	0.86	1.06	0.97	0.84	
(v) Computers	1.91	1.57	1.43	1.25	1.02	
(vi) Vehicles	0.31	0.24	0.5	0.39	0.28	
(vii) Software	1.33	1.29	1.33	1.32	1.12	
Total (i to vii)	45.18	61.63	142.95	241.58	227.69	
Average RAB (A+E)/2	44.83	53.41	102.29	192.27	234.64	

4.4 Authority's Examination on CAPEX, Depreciation and Average RAB

- 4.4.1 The Authority notes that the existing Cargo Terminal has a designed capacity to handle 1,50,000 MT of Cargo volumes, with an area of about 20,000 SqM. The Authority, further notes from the ISP's submission that Cargo volumes are projected to surpass the existing cargo handling capacity by the Third Control Period.
- 4.4.2 The Authority notes that Domestic Cargo Terminal has cargo handling capacity of 50,000 MT. During FY2021-22, GHAC had handled more than 50,000 MT and surpassed its designed capacity level. Considering that Domestic Cargo Terminal has already reached saturation capacity, the Authority feels that in order to handle the Domestic Cargo Volume smoothly and to meet the future demand, it is imperative to expand the Domestic Terminal Cargo Handling capacity. Accordingly, the ISP's proposal to expand the Domestic Cargo's capacity from 50,000 MT to 80,000 MT with an investment of Rs. 45 crores seem to be reasonable.

- 4.4.3 The Authority notes from the submission of the ISP that Interim Express Courier Cargo facility, having an area of 344 Sqm. was commissioned on 22nd March, 2022 and same has been temporarily located in International Cargo Terminal. ISP submitted that during FY2023-24, the projected Express Cargo Volumes are likely to surpass the total cargo handling capacity of the interim Express Courier Terminal i.e., 5000 MT and demand for express cargo is expected to reach to 20000 MT in next 5-7 years. In order to cater to expected increase in Express Cargo Volumes, ISP has proposed to construct a dedicated Express Courier Terminal on an area of 2275 Sqm. with Cargo handling capacity of 20000 MT.
- 4.4.4 As regard to CAPEX on Air Cargo Inspection System (ACIS), the Authority notes that ISP has proposed CAPEX on ACIS at an estimated cost of Rs. 21.84 crores, in compliance of Customs Department's Handling of Cargo in Customs Area Regulation, 2009 (HCCAR) [conveyed to ISP as per Customs' letter Nos. 21019/15/2013-Cus (AS) Pt-1 dated 18th June and C. No. S/01/ Estt/06/2017-ACC Vol-II dated 1st December 2021]. The Authority proposes to consider aforesaid CAPEX on ACIS considering it as regulatory requirement.
- 4.4.5 The Authority further notes that ISP has also proposed various other Capital Works (including Perishable Cargo Facility) and Common Utilities & Facilities based on the consultations and feedback/ suggestions received from the stakeholders. The details of such Capital Works proposed by the ISP on the suggestions/ inputs by the Stakeholders is given above at para 4.1.5 & 4.1.10.
- 4.4.6 The Authority notes that out of total CAPEX proposed by the ISP for the Third Control Period, major portion of CAPEX is towards creation of new infrastructure / expansion of existing Cargo Handling Facilities. 'Infrastructure Improvements' share in total CAPEX is approx. 61%, Plant & Machinery account for 36% and other Assets' share in total CAPEX comes to meager 3%. The pictorial depiction of proposed Capex is shown below:



- 4.4.7 The Authority notes that GHAC has considered Useful life of the assets and depreciation rates as per AERA Order 35/2017-18.
- 4.4.8 The Summary of Average RAB, considering the addition to RAB and Depreciation, for the Third Control Period is given below:

Table-10: Summary of Average RAB projected by GHAC for the Third Control Period

(Rs. in Crore)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
(A) Opening RAB	44.48	45.18	61.63	142.95	241.58	
(B) Additions-WIP Capitalization	6.32	23.96	91.10	114.92	6.34	242.64
(C) Depreciation	5.62	7.5	9.78	16.3	20.21	59.41
(D) Closing RAB	45.18	61.63	142.95	241.58	227.69	
Average RAB (A+D)/2	44.83	53.41	102.29	192.27	234.64	

4.5 Authority's Proposals regarding Capital Expenditure, Depreciation and Average RAB for the Third Control Period

Based on the material before it and its analysis, the Authority proposes the following regarding Capital Expenditure, Depreciation and Average RAB:

- 4.5.1 To consider Additions to RAB (CAPEX), Depreciation and Average RAB for the Third Control Period as given in Table-10.

CHAPTER-5: FAIR RATE OF RETURN (FRoR)

5.1 Submission of GHAC regarding FRoR

5.1.1 GHAC has assumed FRoR @ 16% for the computation of Aggregate Revenue Requirement (ARR) in respect of the Third Control Period. The assumptions & factors considered by the ISP for considering FRoR at 16% are as follows:

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

5.2 Authority's Examination on Fair Rate of Return proposed by the GHAC for the Third Control Period

5.2.1 **Debt and Cost of Debt:** The Authority notes that GHAC has considered debt amounting to ₹133.91 crore to be availed in two tranches i.e. ₹59.22 crore in FY 2023-24 and ₹74.70 crore in FY 2024-25. For calculation of FRoR, the Authority has considered the Outstanding Debt in each of the five years of the Control Period, after accounting for the repayments made by ISP, as submitted in Form no. F 6(a) of MYTP.

Table-11: Debt projected by GHAC for the Third Control Period

(Amount in Crore)					
Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Outstanding at the beginning of the year	0	0		59.22	133.91
Loan Availed	0	0	59.22	74.70	0
Repayments during the year	0	0	0		
Outstanding at the end of the year	0	0	59.22	133.91	133.91

- 5.2.2 The outstanding loan figures have been considered by the Authority as per table given above for computation of FRoR % for the GHAC.
- 5.2.3 The Authority observes that ISP has considered cost of debt @ 10%, however no supporting documents or basis thereof have been furnished by the GHAC. The Authority notes that the average bank lending rates of public sector banks and scheduled commercial banks as per the Reserve Bank of India's publication of June 2022 has been in the range of "8.39% to 8.93% p.a.". Accordingly, the Authority proposes to consider Cost of Debt (K_d) for GHAC @ 9% p.a. for the Third Control Period instead of 10% as proposed by the ISP.
- 5.2.4 **Cost of Equity:** The Authority notes that GHAC has assumed a consolidated FRoR at 16% without detailed computation. The Authority, for the purpose of computation of FRoR proposes to consider Cost of Equity @ 14% for the Third Control Period, which is consistent with the AERA's approach in respect of Cost of Equity considered in the case of other ISPs.
- 5.2.5 Considering the Cost of Debt and Cost of Equity proposed by the Authority, the FRoR for GHAC in respect of the Third Control Period is worked out as under:

Table-12: FRoR proposed by the Authority in respect of GHAC for the Third Control Period

(Amount in Crore)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Cost of Debt (K_d)	-	9%	9%	9%	9%	
Cost of Equity (K_e)	14%	14%	14%	14%	14%	
Share Capital (A)	19.04	19.04	19.04	19.04	19.04	
Reserve & Surplus (B)	76.98	72.51	83.84	92.22	107.15	
Total Equity (C)=(A+B)	96.02	91.55	102.88	111.26	126.19	
Debt (D)	0.00	0.00	59.22	133.91	133.91	327.04
Total Capital (E)=(C+D)	96.02	91.55	162.09	245.18	260.10	854.94
Gearing (G)	0.00%	0.00%	36.53%	54.62%	51.49%	
Weighted Average Gearing (WG) = $\{\sum_{T=1}^5 (E_T * G_T) / \sum_{T=1}^5 E_T\}$						38.25%
FRoR = $((WG * K_d) + (1 - WG) * K_e)$						12.09%

- 5.2.6 As per the above table, FRoR for GHAC works out to be 12.09% and same is applied for calculating the Return on RAB and Discounting Factor in calculation of ARR.

5.3 **Authority's Proposal regarding FRoR for the Third Control Period**

Based on the material before it and its analysis, the Authority proposes the following regarding FRoR for the Third Control Period:

- 5.3.1 To consider the Cost of Equity, Cost of Debt and FRoR as per Table-12 for the Third Control Period.

CHAPTER-6: OPERATING EXPENSES

6.1 OPEX Projection by M/s GHAC for the Third Control Period

6.1.1 As provided in Clause 9.4 of the Guidelines mentioned in Direction No. 04/ 2010-11, the Operation and Maintenance (O&M) Expenditure shall include all expenditures incurred by the Service Provider(s) including expenditure incurred on security operating costs, other mandated operating costs and statutory operating costs.

6.1.2 Operation and Maintenance Expenditure submitted by GHAC has been segregated into the following categories:

- (a) Payroll Costs;
- (b) Admin and General Expenses;
- (c) Utility and Outsourcing Costs;
- (d) Concession Fees and
- (e) Repair and Maintenance Expenditure
- (f) Customs Deployment Charge

6.1.3 GHAC has proposed to the following OPEX at RGIA, Hyderabad for the Third Control Period.

Table-13: Operating Expenses as proposed by GHAC for the Third Control Period

(₹ in Crore)

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	Total
Payroll Costs	26.46	30.85	36.63	41.99	48.05	183.98
Administrative and General Costs	23.12	21.06	25.50	29.12	33.43	132.24
Utilities and Outsourcing Costs	9.86	11.31	12.97	16.19	19.29	69.62
Concession Fees	15.41	16.19	23.71	29.15	35.86	120.32
Repair and Maintenance Costs	4.44	4.88	5.37	6.71	8.39	29.80
Customs Deployment Charge	0	2.4	3.28	4.25	4.5	14.43
Total	79.27	86.70	107.48	127.43	149.53	550.41

6.1.4 Detailed break up of OPEX is also submitted by the ISP which is given in forthcoming paras:

6.1.5 **Payroll Cost:** GHAC in its submission has projected a growth rate of 10% Y-o-Y over the actual salary cost of FY22 in the Salaries and Wages as tabulated below:

Table-14: Employee Cost as projected by GHAC for the Third Control Period

(Amount in Crore)

Employee Benefit Expenses	FY22 Actuals	FY23	FY24	FY25	FY26
Normal Salary					
Escalation for existing manpower		10%	10%	10%	10%
Employee Costs for existing Headcount (1)	26.46	29.10	32.01	35.22	38.73
Cumulative Increase in Headcount (Nos)		50	120	160	200
Salary Escalation for additional manpower			10%	10%	10%
Average Salary considered		0.035	0.039	0.042	0.047
Employee Costs for new Headcount (2)	0	1.75	4.62	6.77	9.32
Total Employee Costs (1+2)	26.46	30.85	36.63	41.99	48.05

6.2.1 **Administrative Expenses:** GHAC has submitted that administrative expenses for the Third Control Period have been projected considering FY 2021-22 as a base year. Further as per the ISP, major portion of administrative expenses comprises of technical fee and license fee. ISP submitted that License fee is escalated annually @ 10% & technical fee is payable @ 8% of their Gross Revenue (as per agreement). In case of other administrative expenses, the ISP projected a decrease of 14% in FY 2022-23 and further projected increase @ 8% on Y-o-Y basis from FY 2023-24 onwards.

6.2.2 **Repair & Maintenance Expenses:** GHAC has proposed R & M Expenses for the Third Control Period considering repairs required for old Cargo Infrastructure and new capacity addition proposed during the Control Period as per following Table:

Table 15: Repair and Maintenance Expenses projected by GHAC for the Third Control Period

(Amount in Crore)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Building maintenance	0.52	0.57	0.63	0.79	0.99	3.50
Equipment Maintenance & Repair	1.81	1.99	2.19	2.74	3.42	12.14
Operational Equipment Oil/Fuel and Cleaning material	0.03	0.04	0.04	0.05	0.06	0.23
IT Software Maintenance	1.47	1.62	1.78	2.22	2.78	9.87
IT Data Centre Maintenance	0.29	0.32	0.35	0.44	0.55	1.94

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
IT equipment maintenance and supplies	0.08	0.09	0.09	0.12	0.15	0.52
Office equipment maintenance	0.24	0.26	0.29	0.36	0.45	1.61
Total	4.44	4.88	5.37	6.71	8.39	29.80

6.2.3 **Utilities and Outsourcing Costs:** GHAC has submitted that Y-o-Y increase in utilities costs have been projected based on past trends and after considering the actual increase in unit rates of electricity charges by 18% during FY 2022-23. The ISP has proposed further increase in electricity unit rates by 20% in FY 2024-25. Similarly, unit rate of water has also been projected to increase by 20% in FY 2024-25.

6.2.4 **Concession Fess:** The ISP vide email dated 07.12.2022 submitted that as per their Concession Agreement, they are required to pay Concession Fee @18% of their Gross Revenue to the Airport Operator.

6.2.5 **Customs Cost Recovery:** GHAC submitted that expenses on Customs Cost Recovery (in respect of International Express Courier Cargo Terminal) are projected based on the letter received from Customs on 30th Jun'22 and after considering increase in deployment of Customs officials from the current 4 nos. to 16 nos., to cater to the projected volume during the Third Control Period. Further, projected expenses also factored 6% p.a. increase in salary cost.

6.3 **Authority's Examination on Operating Expenses for the Third Control Period:**

6.3.1 **Payroll Cost:** The Authority notes that GHAC has considered an increase of 16.61% in FY 2022-23, 18.73% in FY 2023-24, 14.62% in FY 2024-25 and increase of 14.44% in FY 2025-26 in payroll costs. The Authority vide email dated 11.08.2022 sought basis of Y-o-Y increase in payroll expenses considered by GHAC. The ISP in its response vide email dated 23.08.2022 submitted that due to projected increase in level of operations and expansion of capacity, manpower headcount is projected to increase from 590 to 790 during the Third Control Period. The ISP has further highlighted that since no increase was provided to employees during FY2020-21 (COVID hit year), a higher increase was provided to the existing employees in FY2021-22. The Authority observes that ISP has considered 10% Y-o-Y increase in salary costs for existing and new employees.

It is further observed from the submission of the GHAC that due to high attrition rate in Air Cargo industry (around 35% p.a.), it is challenging for the Cargo Operators to retain employees. As per the ISP, in order to address the issue of high attrition of manpower, a 10% Y-o-Y increase in Salary proposed from FY23 is reasonable and same is in line with historical growth in payroll costs.

In addition, considering the capacity expansion proposed by the ISP, requiring increase in headcounts and taking into account the impact of annual escalation in salaries & wages etc., the Authority considers projected increase in Payroll Cost proposed by the ISP for the Third Control Period as reasonable.

6.3.2 **Administrative Expenses:** The Authority notes that GHAC projected a decrease of 14% in administrative expenses in FY 2022-23 as compared to FY 2021-22. Thereafter, ISP has projected an increase @ 8% on Y-o-Y basis from FY 2023-24 onward, considering actual expenses incurred in FY 2021-22 as base for projecting administrative expenses for the Third Control Period. The Authority observes that technical fee [@ 8% of Gross Revenue (as per agreement)] and License Fee which is annually escalated @10% Y-o-Y basis forms part of administrative expenditure of the ISP. The Authority also observes that technical fee and License fee together constitutes around 57% of total administrative expenses projected by the ISP.

It is pertinent to note that the Existing area i.e. 11,973 SqM of Cargo Terminal is projected to increase to 21,914 SqM during the Third Control Period; in order to administer the projected area after expansion, which is almost double the size of the existing area, a 8% Y-o-Y increase in administrative expenses seems reasonable.

The Authority notes that Technical Fees payable to Airport Operator is linked to Gross Revenue of the ISP. As the projected Revenue as per the Authority's calculation has undergone a change, the Authority proposes to consider Administrative Expenditure as per Table-16 for the Third Control Period.

- 6.3.3 **Repair & Maintenance Expenses:** The Authority notes that GHAC has projected R&M Expenses for the Third Control Period, after considering repair & maintenance requirements in respect of Cargo Infrastructure, including Plant & Equipment, Software maintenance etc., as per Table 15.

The Authority is mindful of higher R&M Expenses for maintaining old cargo terminal facilities (commissioned in 2008), aging plant and machinery etc. Further, it is observed that major Infrastructure additions (FY 2023-24 & FY 2024-25) viz. Construction of new Domestic Cargo Terminal, New Perishable Export Terminal, New Dedicated International Express Cargo Terminal etc. have been proposed by the ISP, resulting in significant increase in area by 83% for Cargo Handling facilities, from 11,973 Sqm to 21,914 Sqm, (excluding of Office Space & airside transshipment area).

Considering the above, and acknowledging the need of regular repair & maintenance to keep the Cargo Terminal & allied infrastructure in good working conditions, to provide better facilities to the Users, the Authority proposes to consider the R&M expenses as proposed by the ISP for the Third Control Period.

- 6.3.4 **Utilities and Outsourcing Costs:** The Authority observes that GHAC has projected increase in Utilities & Outsourcing costs for the Third Control Period, considering past trends and actual increase in unit rates of electricity charges during FY 2022-23. The Authority notes that Water Charges had been increased in first tariff year i.e. FY 2021-22 by 10% and as per the ISP, unit rate of electricity has also been increased by 18% in FY 2022-23 (by Telangana Govt.). Considering the past trends, ISP has further projected an increase of 20% in electricity and water charges in FY 2024-25. Further, it is pertinent to mention that the major operational area increase in FY 2024-25 (creation of Perishable Cargo terminal & creation of Dedicated Express Cargo facility) is another factor for increase in utility cost in FY 2024-25 and FY 2025-26.

As regard to outsourcing costs, the Authority notes that ISP has considered increase in headcounts of outsourced manpower (Operation and Housekeeping), which is in line with the projected increase in Cargo Volumes. Further, ISP has considered around 10% increase in salaries of outsourced manpower on Y-o-Y basis for the Third Control Period.

Considering the projected increase in Cargo Volumes and area of Cargo Terminal during the Third Control Period, the increase proposed by the ISP in Utilities and Outsourcing costs seems reasonable.

- 6.3.5 **Custom Cost Recovery:** The Authority notes that expenses related to Customs' Cost Recovery (in respect of Express Courier Cargo Terminal) are calculated based on the Customs' letter received by ISP on 30th Jun'22 and considering increase in manpower of Customs officials from the current 4 to 16 nos. Also, Customs Cost Recovery expenses have been factored in 6% p.a. increase in salary cost. As Customs' Cost Recovery charges are of nature of statutory obligation, therefore, the Authority proposes to consider these expenses as proposed by the ISP for the Third Control Period.

- 6.3.6 **Concession Fess:** The Authority from the submission of GHAC notes that the Concession Fee @ 18% of Gross Revenue is payable by ISP to the Airport Operator.

- 6.3.7 Considering the above and taking into account the clarifications furnished by the ISP, the Authority proposes to consider 'Payroll Costs', 'Administrative and General Costs (except Technical Fees)', 'Utilities and

Outsourcing Costs’, ‘Repair and Maintenance Costs’ and ‘Customs Cost Recovery’ for the Third Control Period, as projected by the ISP.

- 6.3.8 However, in respect of Concession fees and Technical Fees, which are linked to Revenues, the Authority proposes to consider these expenses based on computation of Revenues computed by the Authority for the Third Control Period. The OPEX proposed to be considered by the Authority for GHAC for the Third Control Period is given below in Table-16.

Table-16: Operating Expenses proposed to be considered by the Authority for the Third Control Period

(Amount in Crore)						
Particulars	2021-22*	2022-23	2023-24	2024-25	2025-26	Total
(i) Payroll Costs	26.46	30.85	36.63	41.99	48.05	183.99
Admin. and General Costs:						
(a) Admin. and General Costs (other than technical fee)	15.85	13.87	14.96	16.17	17.50	78.34
(b) Technical Fee (Refer-Table-19)	7.27	7.83	10.68	13.62	15.61	55.01
(ii) Sub Total (a)+(b)	23.12	21.7	25.64	29.79	33.11	133.35
(iii) Utilities and Outsourcing Costs	9.86	11.31	12.97	16.19	19.29	69.62
(iv) Concession Fee (Refer-Table-19)	15.41	17.62	24.04	30.64	35.13	122.84
(v) Repair and Maintenance Costs	4.44	4.88	5.37	6.71	8.39	29.80
(vi) Customs Cost Recovery Cost	0.00	2.40	3.28	4.25	4.50	14.43
Total OPEX (i to vi)	79.28	88.77	107.94	129.58	148.48	554.04

**As per actuals*

6.4 **Authority’s Proposal regarding Operating Expenses for the Third Control Period**

Based on the material before it and its analysis, the Authority proposes the following regarding Operating Expenses for the Third Control Period:

- 6.4.1 To consider the Operating Expenses for GHAC as per Table -16.

CHAPTER-7: AIR FREIGHT STATION (AFS)

7.1 Introduction

7.1.1 Ministry of Civil Aviation (MoCA), in order to strengthen Air Cargo Logistics Infrastructure in the Country, vide OM no. AV.13011/03/2013-ER dated 28th October, 2014 issued Policy guidelines on 'Air Freight Station' (AFS) to create an off-airport common user facility equipped with fixed installations of minimum requirements and offering services for handling International Air Cargo in the form of Air Freight Stations with a mandate to enable the Cargo Industry as follows:

- i. Off-Airport common user facility equipped with fixed installations of minimum requirements and offering services for handling and temporary storage of import/ export goods, loaded and empty Unit Load devices (ULDs) and cargo in bulk/loose for outright export
- ii. Create an enabling environment for promoting International Air Cargo operations by reaching out to hinterland regions of the country besides de-congesting the congested Air Cargo terminals in some gateway International Airports that face high dwell time.
- iii. Authorizing some of the ICDs to cater to the International Air Cargo operations, the existing facilities in these ICDs, could be fully utilized.

The Policy document also emphasizes the following primary functions to be performed at Air Freight Station:

- a. Receipt of Export cargo for processing and to make the cargo "Ready for Carriage" condition, including Unit Load Device (ULD), building of export cargo and scanning of Cargo. While ULDs will be the ideal mode of handling cargo for and from AFS, export/import consignments both in palletized /ULD and bulk, loose form shall also be facilitated
- b. Transit operations by Road to and from serving Airport
- c. All Customs related requirements for import and exports including inspection of cargo wherever required
- d. Unitization of Cargo
- e. Temporary storage of Cargo and Unit Load Device (ULDs)
- f. Re-building of ULDs of export cargo
- g. De-Stuffing of Import Cargo
- h. Storage, Examination, Packing and Delivery of Import Cargo
- i. Auction/Disposal of 30 days old uncleared Import Cargo
- j. Maintenance and Repair of ULDs.

7.1.2 The policy guidelines governing Air Freight Station would be common and binding on all stakeholders concerned in the supply chain of International Air Cargo operations such as Airlines, Air Cargo Terminal operators, Airport Operators, Freight Forwarders / Customs Brokers, Exporters / Importers and all regulatory organizations.

7.1.3 The Authority is conscious of MoCA's policy initiative on AFS, which has a larger national intent to strengthen and develop air cargo logistics in the country and same is expected to reduce the bottlenecks in air-cargo logistics and help in ease of doing business, particularly for exporters. AERA supports the progressive step taken by the Govt. and feels that AFS Cargo needs to be incentivized by way of lower charges vis-à-vis rates applicable to normal cargo (Cargo directly received by the Cargo Terminal Operator).

- 7.1.4 The Authority notes from the submission of the ISP that it has submitted composite Tariff for Built up Pallets (BUP) instead of charges based on per Kg. of Cargo for AFS Cargo, which is as follows:

	(Rs./ Unit)		
BUP Charge - General Cargo	FY 2023-24	FY 2024-25	FY 2025-26
BUP Charge (upto LD3)	1560/unit	1841/unit	2172/unit
BUP Charge (above LD3 - lower deck pallet)	3120/unit	3682/unit	4345/unit
BUP Charge (above LD3 - main deck pallet)	4680/unit	5522/unit	6516/unit
BUP Charge -Other than General Cargo			
BUP Charge (upto LD3)	2400/unit	2832/unit	3342/unit
BUP Charge (above LD3 - lower deck pallet)	4800/unit	5664/unit	6684/unit
BUP Charge (above LD3 - main deck pallet)	7200/unit	8496/unit	10025/unit

- 7.1.5 The Authority, taking cognizance of MoCA's AFS Policy dated 28.10.2014 and to encourage the concept of AFS Cargo in the country as step towards improvement of air cargo logistics in the country, proposes to adopt lower TSP charges for BUPs/ ULDs pertaining to AFS Cargo as proposed by the ISP, including Perishable/ Pharmaceuticals/ Special/ Valuable/ Hazardous Cargo etc., as compared to normal TSP charges applicable to Other than AFS Cargo.
- 7.1.6 The Authority notes that TSP charges proposed by the GHAC for BUPs pertaining to General Cargo are lower by 34% to 54% on per kg basis as compared TSP charges proposed for General Cargo. In case of BUPs Other than General Cargo, TSP charges proposed by the ISP are lower by 59% to 79% when compared on TSP charges proposed for General Cargo on per Kg basis.
- 7.1.7 The Authority invites specific views/ comments of the Stakeholders on the proposal of the Authority regarding lower TSP charges proposed for AFS Cargo, particularly considering that AFS is a relatively new concept in Indian Civil Aviation. The Authority shall consider the views/ suggestions received from the Stakeholders during the consultation process before issuing the Tariff Order.

CHAPTER 8: AGGREGATE REVENUE REQUIREMENT

8.1 Aggregate Revenue Requirement (ARR) submitted by GHAC for the Third Control Period

8.1.1 GHAC has submitted the ARR for the Third Control Period as given below:

Table 17: ARR projected by GHAC for the Third Control Period

(Amount in Crore)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Aggregate Revenue Requirement	87.75	98.22	128.86	169.19	201.37	685.39

8.1.2 GHAC has submitted its projected Revenue for the Third Control Period before Tariff Increase as per following Table:

Table-18: Revenue projected by the ISP at existing Tariff for the Third Control Period

(Amount in Crore)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Total Regulated revenue at existing yield	84.03	93.37	97.57	104.14	114.10	493.19
Revenues from other than Regulated Services	6.79	4.53	4.76	5.29	5.93	27.30
Total Revenue	90.82	97.90	102.34	109.46	120.01	520.49

8.1.3 GHAC, vide letter dated 19.01.2023 (received vide attachment to email dated 20.01.2023) has proposed following % age increase in existing Tariff for Cargo Handling Services (other than Import) for the Third Control Period:

- (a) 50% for FY2023-24 w.e.f. 01.04.2023
- (b) 18% for FY2024-25 w.e.f. 01.04.2024
- (c) 18% for FY2025-26 w.e.f. 01.04.2025

8.1.4 GHAC has submitted the Tariff Rate Card incorporating the proposed Tariff increase for the Third Control Period as per **Annexure-II**.

8.2 Authority's Examination on Aggregate Revenue Requirement (ARR) for the Third Control Period

8.2.1 The Authority notes that GHAC has proposed Tariff increase for the Third Control Period w.e.f. 01.04.2023 in respect of Cargo Handling Services relating to Export Cargo and Express Courier Cargo only. No Tariff increase in respect of Import Cargo Handling Services have been proposed by the ISP during the Third Control Period.

8.2.2 The Authority observes that as per the ISP, the share of Exports Cargo to Total International Cargo (Export + Import) is around 75 %.

8.2.3 The Authority feels that a significant portion of total CAPEX & OPEX is incurred on providing of Import Cargo Handling Services, therefore, CAPEX & OPEX thereof should be allocated to Import Cargo Services also.

It would not be appropriate to load entire burden of proposed Tariff increase to Users of Export Cargo Handling Services, as it will adversely affect the price competitiveness of export goods.

In view of the above, the Authority proposes to consider uniform tariff increase in percentage terms to Export, Import & International Express Cargo handling services, as given in the ARR Table 19 below. The above is in line with AERA's consistent approach regarding uniform rate of Tariff increase for all the services provided by the ISP.

8.2.4 The Authority further notes that while proposing Revised Tariff for the Third Control Period (effective from 01.04.2023), GHAC has restructured Tariff Rate Card. The major changes / additions made in Tariff Structure for Cargo Handling Services are as follows:

- (a) GHAC has merged the rates of few Cargo Handling Services;
- (b) ISP has removed few services from the revised Tariff Rate Card; and
- (c) ISP has introduced some new cargo handling services and charges thereof.

(Details of modifications/ additions in the Tariff Rate Structure proposed by the ISP is placed at **Annexure-III**)

8.2.5 The Authority sought clarifications and rationale behind the proposed changes/ re-structuring in the Tariff Rate Card for the Third Control Period. The ISP vide email dated 28.01.2023 submitted detailed justifications/ rationale for the amendments/additions in the Tariff Structure and same is placed at **Annexure -III**. In view of the justifications/ clarification furnished by the ISP for amending the Structure of the Tariff Rate Card for the Third Control Period, the Authority proposes to adopt changes in the Tariff Rate Card (effective from FY 2023-24 onward). The Authority solicits specific comments of the Stakeholders on the changes/ restructuring proposed by the ISP in the Tariff Rate Card Structure.

8.2.6 The Authority, considering projected Revenue at existing Tariff (as per Table-18) and after review of various regulatory building blocks, including re-computation of FRoR & OPEX, has computed ARR for GHAC in respect of the Third Control Period as per table given below:

Table-19: ARR proposed by the Authority for GHAC for the Third Control Period

(Amount in Crore)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Average RAB (Refer Table-10) (a)	44.83	53.41	102.29	192.27	234.64	
Fair Rate of Return (Refer Table-12) (b)	12.09%	12.09%	12.09%	12.09%	12.09%	
Return on Average RAB (c) = (a*b)	5.42	4.84	12.37	23.25	28.38	74.26
Technical fee (d)	7.27	7.83	10.68	13.62	15.61	55.01
Concession fee (e)	15.41	17.62	24.04	30.64	35.13	122.84
Other Opex (f)	56.60	63.32	73.22	85.31	97.74	376.19
Total Opex (g) = (d+e+f)	79.28	88.77	107.94	129.58	148.48	554.04
Depreciation (Refer Table-10) (h)	5.62	7.50	9.78	16.30	20.21	59.41
Tax* (i)	0.00	0.00	0.00	0.00	0.00	
ARR (j) = (c+g+h)	90.32	101.11	130.09	169.13	197.06	687.71
Discount Rate	12.09%	12.09%	12.09%	12.09%	12.09%	
PV Discount	1.12	1.00	0.89	0.80	0.71	
PV of ARR	101.23	101.11	116.06	134.60	139.91	592.92

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Regulated Revenue at existing Tariff	84.03	93.35	97.57	104.14	114.10	493.19
Revenue from non-regulated services	6.79	4.53	4.76	5.29	5.93	27.30
Tariff increase on regulated revenue	0%	0%	32%	20%	20%	
Revenue after Tariff Increase	90.82	97.88	133.55	170.25	195.15	687.65
PV of Revenue after Tariff Increase	101.80	97.88	119.14	135.49	138.56	592.87

**GHAC submitted that due to b/f of losses, no Provision for Tax is considered for the Control Period.*

8.2.7 The Authority notes that to meet the ARR requirement for GHAC as per above table requires increase in Tariff w.e.f. FY 2023-24 onward up to FY 2025-26. In this regard, it is pertinent to note that since FY 2011-12 of First Control Period (FY 2011-12 to FY 2015-16), the Tariff for the Cargo Handling Services provided by the Cargo Terminal Operator have not been increased. Further, considering the increase in operating expenditure in all these years due to annual inflation, escalation in salary & wages etc., coupled with the proposed increase in cargo handling capacity, including construction of new dedicated International Express Cargo Terminal, during the Third Control Period, the increase in Tariff for the ISP is imperative to have viable operations and to cater to future demand.

8.2.8 However, the Authority, considering that the aviation sector is gradually recovering from the aftermath of Covid-19 pandemic and its overall adverse impact on aviation sector, decides to stagger the Tariff increase for the Third Control Period, instead of allowing one-time increase in Tariff rates.

8.2.9 Accordingly, the Authority, based on the its computation of ARR for GHAC for the Third Control Period, proposes following % Tariff increase for the Third Control Period for all regulated Cargo Handling Services:

- 32% increase for FY 2023-24 (w.e.f. 01.04.2023)
- 20% increase for FY 2024-25 (w.e.f. 01.04.2024)
- 20% increase for FY 2025-26 (w.e.f. 01.04.2025)

The Tariff Rate Card proposed by the Authority for GHAC for the Third Control Period is placed at **Annexure-IV**

8.2.10 The Authority expects GHAC to bring efficiency in executing the CAPEX and adhere to the committed timeline. Further, the ISP is also expected to optimize the OPEX proposed for the Third Control Period in the interest of all the Stakeholders.

8.2.11 The Authority is aware that Concession for establishment & operation of Second Cargo Terminal at Hyderabad Airport has already been awarded by the Airport Operator in FY 2020 which is expected to become operational in future. With the coming up of second cargo terminal at Hyderabad airport, the market competition among the service providers will help in keeping Tariff of cargo handling services at reasonable levels.

8.3 **Authority's Proposal regarding ARR for the Third Control Period**

Based on the material before it and its analysis, the Authority proposes the following, regarding Aggregate Revenue Requirement:

8.3.1 To consider ARR as per Table-19 for the Third Control Period.

8.3.2 To consider the revised Tariff Rates for the GHAC for the Third Control Period as per **Annexure-IV**

CHAPTER 9: PROFITABILITY ANALYSIS

9.1 Profitability of GHAC for the Third Control Period

9.1.1 Based on the projected revenue and projected expenditure, M/s GHAC has submitted their projected Profit and Loss Summary for the Third Control Period as follows:

Table-20: P&L Summary submitted by GHAC for the Third Control Period

(Amount in Crore)						
Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
<u>Revenues from Regulated Services</u>						
Cargo Handling Revenue	63.38	63.71	102.09	129.57	163.70	522.44
Demurrage collection	20.66	21.70	24.90	27.10	29.60	123.96
<u>Revenues from other than Regulated services</u>	6.79	4.53	4.76	5.29	5.93	27.30
Total Revenue (1)	90.82	89.94	131.75	161.96	199.22	673.70
Payroll Costs	26.46	30.85	36.63	41.99	48.05	183.99
Administrative and General Costs	23.12	21.06	25.50	29.12	33.43	132.24
Utilities and Outsourcing Costs	9.86	11.31	12.97	16.19	19.29	69.62
Concession Fees	15.41	16.19	23.71	29.15	35.86	120.32
Repair and Maintenance Costs	4.44	4.88	5.37	6.71	8.39	29.80
Customs Deployment Charge	0.00	2.40	3.28	4.25	4.50	14.43
Total OPEX (2)	79.27	86.70	107.48	127.43	149.53	550.41
Earnings before depreciation interest and taxation (EBDIT) (3= 1-2)	11.55	3.24	24.27	34.54	49.69	123.29
Depreciation and Amortization (4)	5.62	7.51	9.78	16.29	20.22	59.43
Earnings before interest and taxation (EBIT)(5=3-4)	5.93	-4.27	14.49	18.24	29.47	63.86
Total interest and finance charges (6)	0.19	0.20	3.16	9.86	14.55	27.95
Profit/ loss before tax (7=5-6)	5.74	-4.47	11.33	8.39	14.92	35.91
Provision for tax (8)	-5.51	0.00	0.00	0.00	0.00	-5.51

Profit/ loss after taxation	11.25	-4.47	11.33	8.39	14.92	41.41
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9.2 Authority's Examination regarding Profitability

- 9.2.1 Based on its proposals on various building blocks including the proposed tariff increase as detailed in the chapters, the Authority, has computed the Profitability for M/s GHAC for the Third Control Period as shown in table below:

Table-21: P&L Summary proposed to be considered by the Authority for the Third Control Period

(Amount in crore)

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26	Total
Revenue (Refer Table-19) (a)	90.82	97.88	133.55	170.25	195.15	687.65
Total OPEX (Refer Table-16) (b)	79.28	88.77	107.94	129.58	148.48	554.04
Earnings before depreciation interest and taxation (EBDIT) (c=a-b)	11.54	9.11	25.61	40.67	46.68	133.61
Depreciation and Amortization (refer Table-10) (d)	5.62	7.50	9.78	16.30	20.21	59.41
Earnings before interest and taxation (EBIT) (e=c-d)	5.92	1.61	15.83	24.37	26.47	74.20
Total interest and finance charges (refer Table-20) (f)	0.19	0.20	3.16	9.86	14.55	27.95
Earnings before tax (EBT) (g=e-f)	5.73	1.41	12.67	14.51	11.92	46.24
Provision for Corporate tax (refer table-20) (h)	-5.51	0.00	0.00	0.00	0.00	-5.51
Profit/ loss after taxation (PAT) (i = g-h)	11.24	1.41	12.67	14.51	11.92	51.75
PAT/Revenue (8/1)	12.38%	1.44%	9.49%	8.52%	6.11%	7.53%

- 9.2.2 From the above table, the Authority observes that the ISP is projected to earn a post-tax average return of 5% on its cargo handling business during the Third Control Period.

9.3 Authority's Proposal regarding Income Tax for the Third Control Period

Based on the material before it and its analysis, the Authority proposes the following, regarding projected Profitability:

- 9.3.1 To consider the projected Profitability Statement in respect of the ISP for the Third Control Period as per Table-21.

CHAPTER 10: SUMMARY OF AUTHORITY'S PROPOSALS

The below mentioned summary provides the Authority's proposals relating to relevant chapters regarding the tariff determination exercise for GHAC in respect of Third Control Period for Stakeholders' Consultation:

Chapter No.	Para	Summary of Authority's Proposals	Page No.
Chapter No.2	2.2.1	The Authority proposes to determine Tariff for the GHAC in respect of Cargo Handling Services provided at RGIA, Hyderabad for the Third Control Period by adopting ' Light Touch Approach ' based upon the reasonableness of the User Agreements & stakeholders' consultation.	10
Chapter No. 3	3.3.1	The Authority proposes to consider the Cargo Volumes projected for the Third Control Period in respect of GHAC as per Table-3.	13
Chapter No. 4	4.5.1	To consider Additions to RAB (CAPEX), Depreciation and Average RAB for the Third Control Period as given in Table-10.	22
Chapter No. 5	5.3.1	To consider the Cost of Equity, cost of Debt and FRoR as per Table-12 for the Third Control Period.	24
Chapter No. 6	6.4.1	To consider the Operating Expenses for GHAC as per Table-16.	29
Chapter No. 8	8.3.1	To consider ARR as per Table-19 for the Third Control Period.	34
	8.3.2	To consider the revised Tariff Rate for the Third Control Period as per Annexure-IV.	
Chapter No. 9	9.3.1	To consider the projected Profitability Statement in respect of the ISP for the Third Control Period as per Table-21.	36

CHAPTER 11: STAKEHOLDERS' CONSULTATION

- 11.1 In accordance with the provisions of Section 13(4) of the AERA Act, the proposals contained in Chapter 10 are hereby put forth for stakeholders' consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary Annexures (I to IV) are enclosed to the Consultation Paper.
- 11.2 For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in response hereto and by making such decision fully documented and explained in the Tariff Order in terms of the provisions of the Act.
- 11.3 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposals made in Chapter 10 above, latest by 07/03/2023

**Secretary,
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport, New Delhi -110003
Tel: 011-24695044-47, Fax: 011-24695048**

(Chairperson)

[illegible]

Summary of CAPEX Proposed by GHAC for Third Control Period

#	Capital Addition	Est. Amount	FY22	FY23	FY24	FY25	FY26
		(Rs. Cr.) (incl. GST)					
A	Expansion and Automation Projects	166.55	0.00	0.00	78.14	88.41	0.00
1	New domestic terminal	45.00			45.00		
2	New Perishables Export Terminal by modifying the existing domestic terminal space	28.53				28.53	
3	New dedicated Express Cargo Terminal (including Office Space)	40.86				40.86	
4	Common utilities and facilities	30.32			11.30	19.02	
5	Air Cargo Inspection System (ACIS) Procuring and Installing ACIS	21.84			21.84		
B	Upgrade/Replacement Projects	48.55	13.38	10.59	12.96	5.29	6.33
1	General Capex (Upgrade/Replacement)	35.17		10.59	12.96	5.29	6.33
2	General Capex undertaken (incl. CWIP)	13.38	13.38				
C	CAPEX Addition in FY22 completed and capitalized	6.32	6.32				
D	Additional Projects included	21.21	0.00	0.00	0.00	21.21	0.00
1	Automation related	10.94				10.94	
2	Airside Transshipment	5.75				5.75	
3	Transshipment Shed at Import Terminal	4.52				4.52	
	Grand Total for the Third Control Period	242.63	19.70	10.59	91.10	114.91	6.33

(b) Letter from Govt. of Telangana

Rajender Reddy G
Director Logistics



Industries & Commerce Department
Government of Telangana

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

Kind Attn: Shri Saurabh Kumar,

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

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

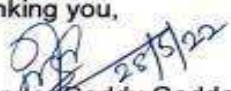
During the meeting, GHAC shared its proposals for developing and expanding the air cargo terminal facilities and for introduction of new services which are expected to increase the air cargo handling capacity and capabilities at Hyderabad Airport.

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

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

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

Thanking you,


Rajender Reddy Gaddam.
Director Logistics.
Government of Telangana.

Office Address : Shakkar Bhavan, 2nd Floor, D.No. 5-10-174, Fateh Maidan Road, Hyderabad-500004.
Tel : (+91) 40 2321 7593 | Mobile : (+91) 9866599337 | dir-log-tstpc@telangana.gov.in

(c) Letter from Sam Agri



SAM AGRITECH LIMITED

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

SAM/GHAI/2705

27th May 2022

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

Sub: Proposal by GMR Cargo to Expand Cargo Terminal Facilities

Dear Mr Saurabh Kumar,

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

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

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

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

Thanking you;

For Sam Agritech Limited

Authorised Signatory

Tel: +91 40 27906577 | Fax: +91 40 27902174

www.samagri.com | info@samagri.com

(d) Customs Letter for ACIS

	सीमा शुल्क सहायक / उप आयुक्त का कार्यालय
	OFFICE OF THE DEPUTY COMMISSIONER OF CUSTOMS
	एयर कार्गो कॉम्प्लेक्स :: शम्शाबाद : हैदराबाद
	AIR CARGO COMPLEX :: SHAMSHABAD : HYDERABAD
	फोन Phone No: 040-24004002/24004060, फैक्स Fax No: 040-24008347

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

Dated: 07-01-2022

REMINDER-III

Gentlemen,

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

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

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

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

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

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

.....

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

....Contd P/2....

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

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

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

This may please be treated as MOST URGENT.

Encl: As above.

Yours Sincerely,


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

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

(e) Domestic Terminal Photos



Annexure II**TARIFF RATE CARD PROPOSED BY GMR HYDERABAD AIR CARGO (GHAC) FOR PROVIDING CARGO HANDLING SERVICES
AT RAJIV GANDHI INTERNATIONAL AIRPORT, HYDERABAD**

<u>EXPORTS : AGENTS</u>	FY 2023-24		FY 2024-25		FY 2025-26	
	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Terminal, Storage And Processing Charge [TSP] - (per Shipping Bill)						
General Cargo	180	1.50	212	1.77	251	2.09
Pharma	345	3.65	407	4.30	480	5.08
PER (incl. Fruits & Veg.)	345	3.65	407	4.30	480	5.08
Special Cargo (incl. DG/VAL/VUN/AVI/Project/OD)	345	3.65	407	4.30	480	5.08
Express Acceptance*	Express Acceptance: 25% more than the rate for the category the cargo falls under, subject to Acceptance. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under.		Express Acceptance: 25% more than the rate for the category the cargo falls under, subject to Acceptance. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under.		Express Acceptance: 25% more than the rate for the category the cargo falls under, subject to Acceptance. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under.	
Demurrage / Storage Charge (rate per kg per day or part thereof)						
General Cargo	300	1.50	354	1.77	418	2.09
Pharma	375	3.65	443	4.30	522	5.08
PER (incl. Fruits & Veg.)	375	3.65	443	4.30	522	5.08
Special Cargo (incl. DG/VAL/VUN/AVI/OD)	375	3.65	443	4.30	522	5.08

Repacking/Strapping Charge	30/package subject to min. charges Rs 93/AWB	-	35/package subject to min. charges Rs 110/AWB	-	41/package subject to min. charges Rs 130/AWB	-
Shrink Wrap of ULD	3967/ULD	-	4681/ULD	-	5524/ULD	-
Shrink Wrap of Euro Pallet/Skid	594/Euro Pallet or skid	-	701/Euro Pallet or skid	-	827/Euro Pallet or skid	-
Return Cargo Charge	750	-	885	-	1044	-
Weight / Volume Mis-Declaration Charge						
2-5% variation	180	2 times of differential weight	212	2 times of differential weight	251	2 times of differential weight
More than 5% variation	180	5 times of differential weight	212	5 times of differential weight	251	5 times of differential weight
Bonded trucking (loading charge)	180	1.50	212	1.77	251	2.09
HAWB consolidation charges	1200/HAWB	-	1416/HAWB	-	1671/HAWB	-
Dry Ice Acceptance	1597/MAWB	-	1884/MAWB	-	2223/MAWB	-
Special Pallet Service Charge (Thermal Cover/Bubble Wrapping/Metal Wrapping)	3000/pallet	-	3540/pallet	-	4177/pallet	-
BUP Charge - General Cargo						
BUP Charge (upto LD3)	1560/unit	-	1841/unit	-	2172/unit	-
BUP Charge (above LD3 - lower deck pallet)	3120/unit	-	3682/unit	-	4345/unit	-
BUP Charge (above LD3 - main deck pallet)	4680/unit	-	5522/unit	-	6516/unit	-
BUP Charge -Other than General Cargo						
BUP Charge (upto LD3)	2400/unit	-	2832/unit	-	3342/unit	-

BUP Charge (above LD3 - lower deck pallet)	4800/unit	-	5664/unit	-	6684/unit	-
BUP Charge (above LD3 - main deck pallet)	7200/unit	-	8496/unit	-	10025/unit	-
Bar Code Label Printing Charges	6/Label	-	7.1/Label	-	8.3/Label	-

<u>IMPORTS : AGENTS</u>	FY 2023-24		FY 2024-25		FY 2025-26	
	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Terminal, Storage And Processing Charge [TSP] - (per Bill of Entry)						
General Cargo	120.00	4.75	120.00	4.75	120.00	4.75
Pharma	250.00	9.50	250.00	9.50	250.00	9.50
PER (incl. Fruits & Veg.)	250.00	9.50	250.00	9.50	250.00	9.50
Special Cargo (incl. DG/VAL/VUN/AVI/Project/OD)	250.00	9.50	250.00	9.50	250.00	9.50
Express Delivery**	Express Delivery : 25% more than the rate for the category the cargo falls under, subject to delivery. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under		Express Delivery : 25% more than the rate for the category the cargo falls under, subject to delivery. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under		Express Delivery : 25% more than the rate for the category the cargo falls under, subject to delivery. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under	
Demurrage / Storage Charge (rate per kg per day or part thereof)						
<u>General Cargo</u>						
Upto 48 hours	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Cargo cleared between 48 hours and 96 hours	443/BOE	1.95	523/BOE	2.30	617/BOE	2.72

Cargo cleared between 96 hours and 720 hours		3.90		4.60		5.43
Cargo cleared after 720 hours		5.85		6.90		8.15
<u>Pharma</u>						
Upto 48 hours	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Cargo cleared between 48 hours and 96hours	1740/BOE	7.80	2053/BOE	9.20	2423/BOE	10.86
Cargo cleared between 96 hours and 720 hours		15.60		18.41		21.72
Cargo cleared after 720 hours		23.40		27.61		32.58
<u>PER (incl. Fruits & Veg.)</u>						
Upto 48 hours	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Cargo cleared between 48 hours and 96 hours	1740/BOE	7.80	2053/BOE	9.20	2423/BOE	10.86
Cargo cleared between 96 hours and 720 hours		15.60		18.41		21.72
Cargo cleared after 720 hours		23.40		27.61		32.58
<u>Special Cargo (incl. DG/VAL/VUN/AVI/Project/OD)</u>						
Upto 48 hours	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Cargo cleared between 48 hours and 96 hours	1740/BOE	7.80	2053/BOE	9.20	2423/BOE	10.86
Cargo cleared between 96 hours and 720 hours		15.60		18.41		21.72
Cargo cleared after 720 hours		23.40		27.61		32.58
<u>Transshipment Charge- International to Domestic</u>						
General cargo	188	2.70	221	3.19	261	3.76

Pharma/PER/Special cargo	353	2.70	416	3.19	491	3.76
Documentation Charges	150	-	177	-	209	-
Merchant Overtime Charge (beyond customs working hours)						
General cargo	323 per Bill of Entry	-	381 per Bill of Entry	-	450 per Bill of Entry	-
Pharma/PER/Special cargo	1500 per AWB	-	1770 per AWB	-	2089 per AWB	-
Bonded trucking (Breakdown/unloading)	300	0.98	354	1.15	418	1.36
Packing/Repacking/Strapping Charge	38/package subject to min. charges Rs 93/AWB	-	45/package subject to min. charges Rs 110/AWB	-	53/package subject to min. charges Rs 130/AWB	-
HAWB Deconsolidation	1200/HAWB	-	1416/HAWB	-	1671/HAWB	-
Bar Code Label Printing Charges	6/Label	-	7.1/Label	-	8.3/Label	-

*Cargo Acceptance & Loading within 4 hours from ETD for RFC (ready for carriage) AWBs - subject to feasibility

**Cargo Delivery within 4 hours from ATA or Time of Receipt at the Warehouse, whichever is later (subject to Customs clearance & feasibility).

Notes:-

- (1) Consignments of Human Remains, Coffins including Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of the TSP and Demurrage charges.
- (2) Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and/ or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- (3) Free period: ^

Export Cargo - 12 hrs. for examination/processing by Shippers/Exporters/Agents

"Import Cargo -

Computation of Free Period will start from the Segregation time of Flight till time of generation of Release Note

After Expiry of above mentioned stipulated Free Period, Demurrage for next 48 hrs, will be charged on 'per kg per day non -cumulative basis inclusive of holidays, provided the consignment is cleared within 96 hours from Segregation time.

Number of hours applicable for demurrage will be computed as the time between Segregation Time and "" Time of generation of Release Note"". Each 24 hrs, cycle will be taken as 01 day and any part thereof will be counted as one full day.

After Expiry of the stipulated free period i.e. 48 hrs., if the total time between Segregation time and generation of the Release Note exceeds 96 hrs., Demurrage charges will be levied on cumulative basis inclusive of holidays from Segregation Time as per above table."

^ Free period for demurrage calculation will change as per directions of Ministry of Civil Aviation (MOCA) from time to time. Demurrage shall be charged on 'Per Kg per Day basis' .

- (4) Each 24 hrs cycle will be taken as 01 day, and any part thereof will be counted as one full day.
- (5) All bills will be rounded off to the next INR 5 as per rules.
- (6) Valuable consignment means "cargo with high declared value for example, rare and precious metal such as gold, platinum, iridium, rhodium, ruthenium, osmium and palladium and their alloys/ products; various precious stones, rubies, emeralds, sapphires, opals, Jade articles, diamond, pearl and its jewellery / products; watches made of silver, gold or platinum, valuable documents Including books, paintings, and antiques etc.; currency notes, securities, stamps and articles that have been declared with value of no less than 1000 US Dollars per kilogram of gross weight."
- (7) For Consolidation TP Cargo-TSP Charges will be levied to all types of Cargo, in addition to Transshipment charges mentioned above. Demurrage Charges will be applicable as per General Cargo tariff.
- (8) Release of Empty ULDs to Cityside or Acceptance from Cityside will be treated as handling of Cargo and all applicable Tariff shall be charged.
- (9) Back to town charges are at 100 % of all applicable charges including TSP charges .
- (10) All charges above are excluding GST which shall be levied at prevailing rates.
- (11) The tariff charged will be applicable as per the tariff prevailing at the time of invoicing.

<u>DOMESTIC OUTBOUND: AGENTS</u>	FY 2023-24		FY 2024-25		FY 2025-26	
	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Terminal, Storage And Processing Charge [TSP]						
Dom. Outbound	300	3.08	354	3.63	418	4.28
Postal Dept. Mails	348	1.13	411	1.33	485	1.57
Demurrage / Storage Charge (rate per kg per day beyond 24 hrs from Acceptance)						
Dom. Outbound	300	3.08	354	3.63	418	4.28
Postal Dept. Mails	348	1.13	411	1.33	485	1.57
Packing/Repacking/Strapping Charge	30/package subject to min. charges Rs 93/AWB	-	35/package subject to min. charges Rs 110/AWB	-	41/package subject to min. charges Rs 130/AWB	-
Return Cargo Charge	150	-	177	-	209	-
Air Waybill Amendment Charge	150	-	177	-	209	-
Weight / Volume Mis-Declaration Charge						
2-5% variation	180	2 times of differential weight	212	2 times of differential weight	251	2 times of differential weight
More than 5% variation	180	5 times of differential weight	212	5 times of differential weight	251	5 times of differential weight

<u>DOMESTIC INBOUND : AGENTS</u>	FY 2023-24		FY 2024-25		FY 2025-26	
	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Terminal, Storage And Processing Charge [TSP]						
Dom. Inbound	300	3.08	354	3.63	418	4.28
Postal Dept. Mails	522	1.92	616	2.27	727	2.67
Demurrage / Storage Charge (rate per kg per day beyond 24 hrs from ATA)						
Dom. Inbound	375	3.30	443	3.89	522	4.59
Postal Dept. Mails	522	1.92	616	2.27	727	2.67
Packing/Repacking/Strapping Charge	30/package subject to min. charges Rs 93/AWB	-	35/package subject to min. charges Rs 110/AWB	-	41/package subject to min. charges Rs 130/AWB	-

Notes:-

- (1) Consignments of Human Remains, Coffins including Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of the TSP and Demurrage charges.
- (2) Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and/ or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- (3) 50% of the General Cargo Charges will be applicable to Newspapers (Daily) TV Reels, applicable to domestic cargo.
- (4) All bills will be rounded off to the next INR 5 as per rules.

- (5) Valuable consignment means "cargo with high declared value for example, rare and precious metal such as gold, platinum, iridium, rhodium, ruthenium, osmium and palladium and their alloys/ products; various precious stones, rubies, emeralds, sapphires, opals, Jade articles, diamond, pearl and its jewellery / products; watches made of silver, gold or platinum, valuable documents including books, paintings, and antiques etc.; currency notes, securities, stamps and articles that have been declared with value of no less than 1000 US Dollars per kilogram of gross weight."
- (6) Release of Empty ULDs to Cityside or Acceptance from Cityside will be treated as handling of Cargo and applicable Tariff shall be charged.
- (7) Back to town charges are at 100 % of all applicable charges including TSP charges.
- (8) All charges above are excluding GST which shall be levied at prevailing rates.
- (9) The tariff charged will be applicable as per the tariff prevailing at the time of invoicing.
- (10) Each 24 hrs cycle will be taken as 01 day, and any part thereof will be counted as one full day.

<u>INTERNATIONAL AIRLINES</u>	FY 2023-24		FY 2024-25		FY 2025-26	
EXPORTS	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Unitization/Build-up/Palletization	507/flight	2.13	598/flight	2.51	706/flight	2.97
Courier/Express/Mail Charges	507/flight	2.13	598/flight	2.51	706/flight	2.97
Demurrage / Storage Charge (rate per kg per day or part thereof)						
General Cargo	263	3.01	310	3.55	366	4.18
Pharma	455	6.03	536	7.11	633	8.39
PER (incl. Fruits & Veg.)	455	6.03	536	7.11	633	8.39
Special Cargo (incl. DG/VAL/VUN/AVI/Project/OD/Express /Courier)	455	6.03	536	7.11	633	8.39
Empty Pallet Stack	1200/unit	-	1416/unit	-	1671/unit	-
X-Ray screening charges	176	3.58	207	4.22	244	4.98
Cool Dolly Charge	4800/Trip	-	5664/Trip	-	6684/Trip	-
NOTOC Preparation	2400/Trip	-	2832/Trip	-	3342/Trip	-
IMPORTS						
De-unitization/Break-down/De-Palletisation	507/flight	2.13	598/flight	2.51	706/flight	2.97
Demurrage / Storage Charge (rate per kg per day or part thereof)						
General Cargo	263	3.01	310	3.55	366	4.18
Pharma	507	8.01	598	9.46	706	11.16
PER (incl. Fruits & Veg.)	507	8.01	598	9.46	706	11.16
Special Cargo (incl. DG/VAL/VUN/AVI/Project/OD//Express /Courier)	507	8.01	598	9.46	706	11.16

Transshipment Charges						
Transshipment charges-International to International	507/flight	3.18	598/flight	3.75	706/flight	4.43
Transshipment charges-International to Domestic	507/flight	3.18	598/flight	3.75	706/flight	4.43
Sector Charges	684/flight	3.41	807/flight	4.02	952/flight	4.74
<u>DOMESTIC AIRLINES</u>	FY 2023-24		FY 2024-25		FY 2025-26	
OUTBOUND	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Unitization/Build-up/Palletization	389/flight	1.59	459/flight	1.88	542/flight	2.21
Courier/Express/Mail Charges	389/flight	1.67	459/flight	1.97	542/flight	2.32
X-Ray Screening Charge	194	2.46	228	2.91	269	3.43
NOTOC Preparation	2400/Trip	-	2832/Trip	-	3342/Trip	-
INBOUND						
Unitization/Build-up/Palletization	389/flight	1.59	459/flight	1.88	542/flight	2.21
Courier/Express/Mail Charges	485/flight	1.67	572/flight	1.96	675/flight	2.32
Transshipment Charges						
Domestic to Domestic/International	305/flight	1.67	360/flight	1.96	425/flight	2.32

Notes:-

- (1) Free period for demurrage calculation will change as per directions of Ministry of Civil Aviation (MOCA) from time to time (currently 36 hours).
- (2) Each 24 hrs cycle will be taken as 01 day, and any part thereof will be counted as one full day.
- (3) Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and/ or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.

- (4) Back to town charges are at 100 % of all applicable charges including TSP charges.
- (5) The operating Expenditure (CAMC, Manpower, Utilities, Rentals, R&M etc.) for ACIS and related activities has not been considered. Accordingly, the same will be recovered on a per kg basis based on actual cost estimates.
- (6) All charges above are excluding GST and GST will be charged as per rules.

INTERNATIONAL EXPRESS/COURIER		FY 2023-24	FY 2024-25	FY 2025-26
		per kg Rate	per kg Rate	per kg Rate
Exports	Facilitation Fees (Rate/kg)	14.4	17.0	20.1
Imports	Facilitation Fees (Rate/kg)	19.2	22.7	26.7
Detention/ Demurrage Fees	0-3 Days	Nil	Nil	Nil
	4-5 Days	Rs 2.4 per Kg per day for the fourth and fifth day or Rs 36 whichever is higher	Rs 2.83 per Kg per day for the fourth and fifth day or Rs 42 whichever is higher	Rs 3.34 per Kg per day for the fourth and fifth day or Rs 50 whichever is higher
	6-10 Days	Rs 2.4 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 36 whichever is higher	Rs 2.83 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 42 whichever is higher	Rs 3.34 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 50 whichever is higher
	11-20 Days	Rs 3.6 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 36 whichever is higher	Rs 4.25 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 42 whichever is higher	Rs 5.02 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 50 whichever is higher
	21-30 Days	Rs 5.4 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 36 whichever is higher	Rs 6.37 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 42 whichever is higher	Rs 7.52 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 50 whichever is higher
	From 31st Day	Rs 7.2 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 36 whichever is higher	Rs 8.5 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 42 whichever is higher	Rs 10.03 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 50 whichever is higher
X-Ray		2.87	3.38	3.99

Notes:-

- (1) Consignments of Human Remains, Coffins including Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of the Facilitation and Demurrage charges.
- (2) Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and/ or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- (3) All bills will be rounded off to the next INR 5 as per rules.
- (4) Back to town charges are at 100 % of all applicable charges including Facilitation Fee.
- (5) All charges above are excluding GST which shall be levied at prevailing rates.
- (6) The tariff charged will be applicable as per the tariff prevailing at the time of invoicing.
- (7) Unitization/ De-unitization charges for the services provided in the main Cargo Terminal will be charged as per the applicable AERA approved Tariffs.
- (8) For the purpose of charging, the weight will be rounded up to the nearest kg.
- (9) For both Export and Import, the Detention/Demurrage charges to be charged on HAWB. The time period shall be till the time of generation of Release Note.
- (10) For both Export and Import, Facilitation Fees to be charged on MAWB.
- (11) Each 24 hrs cycle will be taken as 01 day, and any part thereof will be counted as one full day.

Annexure-III

<u>GMR Hyderabad Air Cargo -Tariff Line Items Justification:</u> (also refer para 8.2.4 of CP)				
Current Tariff Line Items	Tariff rate/kg	Proposed Tariff Line Items	Tariff rate/kg	Explanation/Rationale
(A) EXPORTS - TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Shipping Bill)				
General cargo	1.00	General Cargo	1.00	Same as before and no rate impact.
Special cargo (AVI) [as per para 8.2.4(a)]	1.40	Part of “Special Cargo” as below	Part of “Special Cargo” as below	AVI refers to movement of livestock such as Goat/Cattle etc. These are actually Special Cargo which requires special handling right from the time of acceptance, separate procedure for security frisking, additional steps for palletization, deployment of additional machineries for handling special AVI pallets as well as special care to make sure that livestock are fed, watered and there is an also additional requirement of cleaning & fumigation of entire terminal space where AVI shipments are handled. In view of the same, the earlier categorization has been corrected and included in the Special Cargo Tariff Category.
PER/DGR/VAL cargo [as per para 8.2.4(a)]	2.43	Special Cargo (incl. DG/VAL/VUN /AVI/Project/ OD) PER (incl. Fruits & Veg.)	2.43	Same as before and no rate impact. We have only clarified and corrected by inclusion of Projects/Odd Dimensional/ Livestock which are all actually Special Cargo involving special handling. Same as before and no rate impact. Further, we have clarified that PER also includes Fruits & Vegetables.
Fruits & Vegetables (no cold room usage) [as per para 8.2.4(a)&(b)]	0.65		2.43	Most Fruits & Vegetables (F&V) require controlled temp. to be maintained while transportation to ensure the quality and avoid spoilage. Even common F&V require a favorable 20-25 deg C for

				improved shelf life and quality retention. However, many times, these get compromised and get booked by the Agent as GEN cargo. In line with specific trade requirements, last year we upgraded our entire Exports area and converted into Temp. controlled facility. In view of the same and for better handling of F&V, we have modified our Tariff structure considering the Service/Facility being provided.
Meat Products [as per para 8.2.4(a)]	1.1		2.43	However, handling meat requires specialized handling as the Temp. and contamination both needs to be carefully maintained. Additionally, storage of meat requires sub-zero temp. (upto - 15 deg C). This is clearly a Special Cargo and accordingly we have correctly included it in PER category.
[as per para 8.2.4(c)]		Pharma	2.43	New Line Item for the sake of clarity only and no rate impact.
(B) IMPORT - TERMINAL, STORAGE AND PROCESSING CHARGE [TSP] - (per Bill of Entry)				
General cargo [as per para 8.2.4(a)]	4.75	General Cargo	4.75	Unaccompanied Baggage is considered as GEN and no rate impact.
Unaccompanied Baggage [as per para 8.2.4(a)]	4.75			
[as per para 8.2.4(c)]		Pharma	4.75	New Line Item for the sake of clarity only and no rate impact.
Special cargo (AVI) [as per para 8.2.4(a)]	8.89	Special Cargo (incl. DG/VAL/VUN / AVI/Project/ OD)	9.5	Same Explanation as mentioned in case of Exports with respect to AVI. We have only clarified and corrected by inclusion of Projects/Odd Dimensional/Livestock which are all actually Special Cargo involving special handling.
PER/DGR/ VAL cargo	9.5	PER (incl. Fruits & Veg.)	9.5	PER bifurcated for the sake of clarity only and no rate impact

[as per para 8.2.4(a)]				
DOMESTIC OUTBOUND/INBOUND - TERMINAL, STORAGE AND PROCESSING CHARGE [TSP]				Explanation/Rationale
Current Tariff Line Items	Tariff rate/kg	Proposed Tariff Line Items		Tariff rate/kg
General cargo [as per para 8.2.4(a)]	0.65	Dom. Outbound/ Inbound TSP	2.05	The Domestic Air Cargo shipment has evolved over the last decade with the growth of e-Commerce and newer organized players. The shipment loads that we receive at Cargo Terminals are now consolidated as bags which are sealed. These consolidated loads consist of diverse commodities incl. Valuable (VAL)/Vulnerable (VUN) such as electronics, mobile phones, computer accessories, sensitive items purchased on e-commerce sites. Hence, it is not possible to open, segregate and separately handle these goods. Therefore, these loads are considered as one uniform shipment unit and accordingly X-rayed, stored and handled. Since these shipments consists of VAL/VUN also in a consolidated bag, we consider each of these bags as VAL/VUN and accordingly handle these skillfully with extra care and monitoring since any loss of damage/pilferage would lead to significant liability on the terminal. In view of the above in our Tariff structure, we are considering uniform single line tariff for Domestic Cargo. The only other tariff line being Postal mail which is altogether a separate commodity.
PER/DGR/V AL/ AVI cargo [as per para 8.2.4(a)]	2.05			

Note: All the above Tariff line items being proposed incl. the Tariff rates were presented and discussed during Stakeholder consultation meetings. Post the meeting, the Presentation along with the Tariff Card with the proposed changes were sent to Stakeholders via emails. Based on these Consultations only, we filed our MYTP to AERA.

The below mentioned new Optional Line items (in Tariff Rate Card) are included based on trade request and are competitive with other Cargo Terminals:

(Refer para 8.2.4 of CP)

International Agents Charges	
Tariff Item	HYD Charges (Rs) [FY23 assumed]
Express Acceptance/Delivery	Express Acceptance/Delivery: 25% more than the rate for the category the cargo falls under, subject to Acceptance/Delivery.
Repacking/Strapping Charge	25/package subject to min. 62/AWB
Shrink Wrap of Euro Pallet/Skid	495/Euro Pallet or skid
HAWB consolidation/ Deconsolidation charges	1000/HAWB consolidation; 1000/HAWB deconsolidation
Dry Ice Acceptance	1331/MAWB
Special Pallet Service (Shrink Wrapping/Thermal Cover Wrapping/Bubble Wrapping/Metal Wrapping)	2500/pallet
BUP Charge (GEN)	
BUP Charge (upto LD3)	1300/unit
BUP Charge (above LD3 - lower deck pallet)	2600/unit
BUP Charge (above LD3 - main deck pallet)	3900/unit
BUP Charge -Other than General Cargo	
BUP Charge (upto LD3)	2000/unit
BUP Charge (above LD3 - lower deck pallet)	4000/unit
BUP Charge (above LD3 - main deck pallet)	6000/unit
Bar Code Label Printing	5/Label

International Airlines Charges	
Tariff Item	HYD Charges (Rs) [FY23 assumed]
Cool Dolly	4000/Trip
Transshipment – Sector Charges	2.27/kg
Empty Pallet Stack	1000/stack
NOTOC Preparation (Both for Dom/Intl)	2000/NOTOC

Annexure IV

**TARIFF RATE CARD PROPOSED BY THE AUTHORITY FOR GMR HYDERABAD AIR CARGO (GHAC)
PROVIDING CARGO HANDLING SERVICES, INCLUDING AFS CARGO, AT RGIA, HYDERABAD
FOR THE THIRD CONTROL PERIOD [FY 2021-22 TO FY 2025-26]
FOR STAKEHOLDERS' CONSULTATION**

REVISED TARIFF IS PROPOSED TO MADE EFFECTIVE FROM 01.04.2023

(Rate in Rs.)

I – INTERNATIONAL CARGO HANDLING CHARGES

<u>EXPORTS : AGENTS</u>	FY 2023-24		FY 2024-25		FY 2025-26	
	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Terminal, Storage And Processing Charge [TSP] - (per Shipping Bill)						
General Cargo	158	1.32	190	1.58	228	1.90
Pharma ^{\$}	304	3.21	364	3.85	437	4.62
PER (incl. Fruits & Veg.) [#]	304	3.21	364	3.85	437	4.62
Special Cargo (incl. DG/VAL/VUN/AVI/Project/OD) ^{1,#}	304	3.21	364	3.85	437	4.62
Express Acceptance* ^{\$}	Express Acceptance: 25% more than the rate for the category the cargo falls under, subject to Acceptance. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under		Express Acceptance: 25% more than the rate for the category the cargo falls under, subject to Acceptance. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under		Express Acceptance: 25% more than the rate for the category the cargo falls under, subject to Acceptance. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under	

Demurrage / Storage Charge (rate per kg per day or part thereof)						
General Cargo	264	1.32	317	1.58	380	1.90
Pharma ^{\$}	330	3.21	396	3.85	475	4.62
PER (incl. Fruits & Veg.) [#]	330	3.21	396	3.85	475	4.62
Special Cargo (incl. DG/VAL/VUN/AVI/OD) ^{1,#}	330	3.21	396	3.85	475	4.62
Repacking/Strapping Charge	38/package subject to min. charges Rs 93/AWB	-	45/package subject to min. charges Rs 110/AWB	-	43/package subject to min. charges Rs 130/AWB	-
Shrink Wrap of ULD^{\$}	3967/ULD	-	4760/ULD	-	5712/ULD	-
Shrink Wrap of Euro Pallet/Skid^{\$}	594/Euro Pallet or skid	-	713/Euro Pallet or skid	-	856/Euro Pallet or skid	-
Return Cargo Charge	660	-	792	-	950	-
Weight / Volume Mis-Declaration Charge						
2-5% variation	158	2 times of differential weight	190	2 times of differential weight	228	2 times of differential weight
More than 5% variation	158	5 times of differential weight	190	5 times of differential weight	228	5 times of differential weight
Bonded trucking (loading charge)	158	1.32	190	1.58	228	1.90
HAWB consolidation charges^{\$}	1200/HAWB	-	1440/HAWB	-	1728/HAWB	-
Dry Ice Acceptance^{\$}	1597/MAWB	-	1916/MAWB	-	2299/MAWB	-
Special Pallet Service Charge (Thermal Cover/Bubble Wrapping/Metal Wrapping)^{\$}	3000/pallet	-	3600/pallet	-	4320/pallet	-
BUP Charge - General Cargo^{\$}						
BUP Charge (upto LD3)	1560/unit	-	1872/unit	-	2246/unit	-

BUP Charge (above LD3 - lower deck pallet)	3120/unit	-	3744/unit	-	4493/unit	-
BUP Charge (above LD3 - main deck pallet)	4680/unit	-	5616/unit	-	6739/unit	-
BUP Charge -Other than General Cargo^{\$}						
BUP Charge (upto LD3)	2400/unit	-	2880/unit	-	3456/unit	-
BUP Charge (above LD3 - lower deck pallet)	4800/unit	-	5760/unit	-	6912/unit	-
BUP Charge (above LD3 - main deck pallet)	7200/unit	-	8640/unit	-	10368/unit	-
Bar Code Label Printing Charges^{\$}	6/Label	-	7.2/Label	-	8.4/Label	-

IMPORTS : AGENTS	FY 2023-24		FY 2024-25		FY 2025-26	
	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Terminal, Storage And Processing Charge [TSP] - (per Bill of Entry)						
General Cargo	158.40	6.27	190.08	7.52	228.10	9.03
Pharma ^{\$}	330.00	12.54	396.00	15.05	475.20	18.06
PER (incl. Fruits & Veg.) [#]	330.00	12.54	396.00	15.05	475.20	18.06
Special Cargo (incl. DG/VAL/VUN/AVI/Project/OD) ^{1,#}	330.00	12.54	396.00	15.05	475.20	18.06
Express Delivery*** ^{\$}	Express Delivery: 25% more than the rate for the category the cargo falls under, subject to delivery. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under		Express Delivery: 25% more than the rate for the category the cargo falls under, subject to delivery. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under		Express Delivery: 25% more than the rate for the category the cargo falls under, subject to delivery. Minimum Charges: 25% more than the minimum charge for the category the cargo falls under	

Demurrage / Storage Charge (rate per kg per day or part thereof)						
<u>General Cargo</u>						
Upto 48 hours	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Cargo cleared between 48 hours and 96 hours	389/BOE	1.72	467/BOE	2.06	560/BOE	2.47
Cargo cleared between 96 hours and 720 hours		3.43		4.12		4.94
Cargo cleared after 720 hours		5.15		6.18		7.41
<u>Pharma^{\$}</u>						
Upto 48 hours	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Cargo cleared between 48 hours and 96 hours	1531/BOE	6.86	1837/BOE	8.24	2204/BOE	9.88
Cargo cleared between 96 hours and 720 hours		13.73		16.47		19.77
Cargo cleared after 720 hours		20.59		24.71		29.65
<u>PER (incl. Fruits & Veg.)[#]</u>						
Upto 48 hours	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge
Cargo cleared between 48 hours and 96 hours	1531/BOE	6.86	1837/BOE	8.24	2204/BOE	9.88
Cargo cleared between 96 hours and 720 hours		13.73		16.47		19.77
Cargo cleared after 720 hours		20.59		24.71		29.65
<u>Special Cargo[#] (incl. DG/VAL/VUN/AVI/Project/OD) ¹</u>						
Upto 48 hours	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge

Cargo cleared between 48 hours and 96 hours	1531/BOE	6.86	1837/BOE	8.24	2204/BOE	9.88
Cargo cleared between 96 hours and 720 hours		13.73		16.47		19.77
Cargo cleared after 720 hours		20.59		24.71		29.65
Transshipment Charge- International to Domestic						
General cargo	165	2.38	198	2.85	238	3.42
Pharma/PER/Special cargo	310	2.38	372	2.85	447	3.42
Documentation Charges	132	-	158	-	190	-
Merchant Overtime Charge (beyond customs working hours)						
General cargo	284 per Bill of Entry	-	341 per Bill of Entry	-	409 per Bill of Entry	-
Pharma/PER/Special cargo	1320 per AWB	-	1584 per AWB	-	1901 per AWB	-
Bonded trucking (Breakdown/unloading)	264	0.86	317	1.03	380	1.24
Packing/Repacking/Strapping Charge[#]	38/package subject to min. charges Rs 93/AWB	-	45/package subject to min. charges Rs 110/AWB	-	43/package subject to min. charges Rs 130/AWB	-
HAWB Deconsolidation^{\$}	1200/HAWB	-	1440/HAWB	-	1728/HAWB	-
Bar Code Label Printing Charges^{\$}	6/Label	-	7.2/Label	-	8.4/Label	-

*Cargo Acceptance & Loading within 4 hours from ETD for RFC (ready for carriage) AWBs - subject to feasibility

**Cargo Delivery within 4 hours from ATA or Time of Receipt at the Warehouse, whichever is later (subject to Customs clearance & feasibility).

\$ New Services proposed by GHAC w.e.f. FY 2023-24

Restructuring of Rates/Services proposed by GHAC w.e.f. FY 2023-24 as per Annexure II.

1- PER / DG / VAL / VUN / AVI / Project / OD refers to: Perishable / Dangerous goods/Valuable /Vulnerable/ Live Animal/ Project/ Odd Dimension

Notes:-

- (1) Consignments of Human Remains, Coffins including Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of the TSP and Demurrage charges.
- (2) Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and/ or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- (3) Free period: ^
Export Cargo - 12 hrs for examination/processing by Shippers/Exporters/Agents
"Import Cargo -
Computation of Free Period will start from the Segregation time of Flight till time of generation of Release Note
After Expiry of above mentioned stipulated Free Period, Demurrage for next 48 hrs, will be charged on 'per kg per day non -cumulative basis inclusive of holidays, provided the consignment is cleared within 96 hours from Segregation time.
Number of hours applicable for demurrage will be computed as the time between Segregation Time and "" Time of generation of Release Note"". Each 24 hrs, cycle will be taken as 01 day and any part thereof will be counted as one full day.
After Expiry of the stipulated free period i.e. 48 hrs., if the total time between Segregation time and generation of the Release Note exceeds 96 hrs., Demurrage charges will be levied on cumulative basis inclusive of holidays from Segregation Time as per above table."
^ Free period for demurrage calculation will change as per directions of Ministry of Civil Aviation (MOCA) from time to time. Demurrage shall be charged on 'Per Kg per Day basis'.
- (4) Each 24 hrs cycle will be taken as 01 day, and any part thereof will be counted as one full day.
- (5) All bills will be rounded off to the next INR 5 as per rules.
- (6) Valuable consignment means "cargo with high declared value for example, rare and precious metal such as gold, platinum, iridium, rhodium, ruthenium, osmium and palladium and their alloys/ products; various precious stones, rubies, emeralds, sapphires, opals, Jade articles, diamond, pearl and its jewelry / products; watches made of silver, gold or platinum, valuable documents including books, paintings, and antiques etc.; currency notes, securities, stamps and articles that have been declared with value of no less than 1000 US Dollars per kilogram of gross weight."
- (7) For Consolidation TP Cargo-TSP Charges will be levied to all types of Cargo, in addition to Transshipment charges mentioned above. Demurrage Charges will be applicable as per General Cargo tariff.
- (8) Release of Empty ULDs to Cityside or Acceptance from Cityside will be treated as handling of Cargo and all applicable Tariff shall be charged.
- (9) Back to town charges are at 100 % of all applicable charges including TSP charges .
- (10) All charges above are excluding GST which shall be levied at prevailing rates.
- (11) The tariff charged will be applicable as per the tariff prevailing at the time of invoicing.

II – DOMESTIC CARGO HANDLING CHARGES

<u>DOMESTIC OUTBOUND: AGENTS</u>	FY 2023-24		FY 2024-25		FY 2025-26	
	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Terminal, Storage And Processing Charge [TSP]						
Dom. Outbound [#]	264	2.71	317	3.25	380	3.90
Postal Dept. Mails	306	0.99	367	1.19	441	1.43
Demurrage / Storage Charge (rate per kg per day beyond 24 hrs from Acceptance)						
Dom. Outbound [#]	264	2.71	317	3.25	380	3.90
Postal Dept. Mails	306	0.99	367	1.19	441	1.43
Packing/Repacking/Strapping Charge[#]	38/package subject to min. charges Rs 93/AWB	-	45/package subject to min. charges Rs 110/AWB	-	43/package subject to min. charges Rs 130/AWB	-
Return Cargo Charge	132	-	158	-	190	-
Air Waybill Amendment Charge	132	-	158	-	190	-
Weight / Volume Mis-Declaration Charge						
2-5% variation	158	2 times of differential weight	190	2 times of differential weight	228	2 times of differential weight
More than 5% variation	158	5 times of differential weight	190	5 times of differential weight	228	5 times of differential weight

<u>DOMESTIC INBOUND : AGENTS</u>	FY 2023-24		FY 2024-25		FY 2025-26	
	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Terminal, Storage And Processing Charge [TSP]						
Dom. Inbound [#]	264	2.71	317	3.25	380	3.90
Postal Dept. Mails	459	1.69	551	2.03	661	2.43
Demurrage / Storage Charge (rate per kg per day beyond 24 hrs from ATA)						
Dom. Inbound [#]	330	2.90	396	3.48	475	4.18
Postal Dept. Mails	459	1.69	551	2.03	661	2.43
Packing/Repacking/Strapping Charge[#]	38/package subject to min. charges Rs 93/AWB	-	45/package subject to min. charges Rs 110/AWB	-	43/package subject to min. charges Rs 130/AWB	-

Restructuring of Rates/Services proposed by GHAC w.e.f. FY 2023-24 as per Annexure II.

Notes:-

- (1) Consignments of Human Remains, Coffins including Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of the TSP and Demurrage charges.
- (2) Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and/ or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- (3) 50% of the General Cargo Charges will be applicable to Newspapers (Daily) TV Reels, applicable to domestic cargo.
- (4) All bills will be rounded off to the next INR 5 as per rules.

- (5) Valuable consignment means "cargo with high declared value for example, rare and precious metal such as gold, platinum, iridium, rhodium, ruthenium, osmium and palladium and their alloys/ products; various precious stones, rubies, emeralds, sapphires, opals, Jade articles, diamond, pearl and its jewellery / products; watches made of silver, gold or platinum, valuable documents including books, paintings, and antiques etc.; currency notes, securities, stamps and articles that have been declared with value of no less than 1000 US Dollars per kilogram of gross weight."
- (6) Release of Empty ULDs to Cityside or Acceptance from Cityside will be treated as handling of Cargo and applicable Tariff shall be charged.
- (7) Back to town charges are at 100 % of all applicable charges including TSP charges.
- (8) All charges above are excluding GST which shall be levied at prevailing rates.
- (9) The tariff charged will be applicable as per the tariff prevailing at the time of invoicing.
- (10) Each 24 hrs cycle will be taken as 01 day, and any part thereof will be counted as one full day.

III – AIRLINES CHARGES

<u>INTERNATIONAL AIRLINES</u>	FY 2023-24		FY 2024-25		FY 2025-26	
<u>EXPORTS</u>	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Unitization/Build-up/Palletization	446/flight	1.87	535/flight	2.25	642/flight	2.70
Courier/Express/Mail Charges	446/flight	1.87	535/flight	2.25	642/flight	2.70
Demurrage / Storage Charge (rate per kg per day or part thereof)						
General Cargo	231	2.64	277	3.17	333	3.81
Pharma ^{\$}	400	5.30	480	6.36	576	7.64
PER (incl. Fruits & Veg.) [#]	400	5.30	480	6.36	576	7.64
Special Cargo [#] (incl. DG/VAL/VUN/AVI/Project/OD/Express /Courier)	400	5.30	480	6.36	576	7.64
Empty Pallet Stack^{\$}	1200/unit	-	1440/unit	-	1728/unit	-
X-Ray screening charges	154	3.15	185	3.78	222	4.53
Cool Dolly Charge^{\$}	4800/Trip	-	5760/Trip	-	6912/Trip	-
NOTOC Preparation^{\$}	2400/Trip	-	2880/Trip	-	3456/Trip	-
IMPORTS						
De-unitization/Break-down/De-Palletization	446/flight	1.87	535/flight	2.25	642/flight	2.70
Demurrage / Storage Charge (rate per kg per day or part thereof)						
General Cargo	231	2.64	277	3.17	333	3.81
Pharma ^{\$}	446	7.05	535	8.46	642	10.15
PER (incl. Fruits & Veg.) [#]	446	7.05	535	8.46	642	10.15

Special Cargo [#] (incl. DG/VAL/VUN/AVI/Project/OD//Express/Courier)	446	7.05	535	8.46	642	10.15
Transshipment Charges						
Transshipment charges-International to International	446/flight	2.80	535/flight	3.36	642/flight	4.03
Transshipment charges-International to Domestic	446/flight	2.80	535/flight	3.36	642/flight	4.03
Sector Charges ^{\$}	602/flight	3.00	722/flight	3.60	866/flight	4.31
<u>DOMESTIC AIRLINES</u>	FY 2023-24		FY 2024-25		FY 2025-26	
<u>OUTBOUND</u>	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)	Min Rate (per AWB)	Rs (per kg)
Unitization/Build-up/Palletization	342/flight	1.40	410/flight	1.68	492/flight	2.01
Courier/Express/Mail Charges	342/flight	1.47	410/flight	1.76	492/flight	2.12
X-Ray Screening Charge	170	2.17	204	2.60	245	3.12
NOTOC Preparation^{\$}	2400/Trip	-	2880/Trip	-	3456/Trip	-
	342/flight	1.40	410/flight	1.68	492/flight	2.01
<u>INBOUND</u>						
De-Unitization/ Break-Down/ De-Palletization	342/flight	1.40	410/flight	1.68	492/flight	2.01
Courier/Express/Mail Charges	426/flight	1.47	511/flight	1.76	613/flight	2.11
Transshipment Charges						
Domestic to Domestic/International	268/flight	1.47	322/flight	1.76	386/flight	2.11

^{\$} New Services proposed by GHAC w.e.f. FY 2023-24

[#] Restructuring of Rates/Services proposed by GHAC w.e.f. FY 2023-24 as per Annexure II.

Notes:-

- (1) Free period for demurrage calculation will change as per directions of Ministry of Civil Aviation (MOCA) from time to time (currently 36 hours).
- (2) Each 24 hrs cycle will be taken as 01 day, and any part thereof will be counted as one full day.
- (3) Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and/ or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- (4) Back to town charges are at 100 % of all applicable charges including TSP charges.
- (5) The operating Expenditure (CAMC, Manpower, Utilities, Rentals, R&M etc.) for ACIS and related activities has not been considered. Accordingly, the same will be recovered on a per kg basis based on actual cost estimates.
- (6) All charges above are excluding GST and GST will be charged as per rules.

IV – INTERNATIONAL EXPRESS/COURIER CARGO HANDLING CHARGES

INTERNATIONAL EXPRESS/COURIER		FY 2023-24	FY 2024-25	FY 2025-26
		per kg Rate	per kg Rate	per kg Rate
Exports	Facilitation Fees (Rate/kg)	14.4	17.0	20.1
Imports	Facilitation Fees (Rate/kg)	19.2	22.7	26.7
Detention/ Demurrage Fees	0-3 Days	Nil	Nil	Nil
	4-5 Days	Rs 2.4 per Kg per day for the fourth and fifth day or Rs 36 whichever is higher	Rs 2.83 per Kg per day for the fourth and fifth day or Rs 42 whichever is higher	Rs 3.34 per Kg per day for the fourth and fifth day or Rs 50 whichever is higher
	6-10 Days	Rs 2.4 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 36 whichever is higher	Rs 2.83 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 42 whichever is higher	Rs 3.34 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 50 whichever is higher
	11-20 Days	Rs 3.6 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 36 whichever is higher	Rs 4.25 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 42 whichever is higher	Rs 5.02 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 50 whichever is higher
	21-30 Days	Rs 5.4 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 36 whichever is higher	Rs 6.37 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 42 whichever is higher	Rs 7.52 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 50 whichever is higher
	From 31st Day	Rs 7.2 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 36 whichever is higher	Rs 8.5 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 42 whichever is higher	Rs 10.03 per Kg per day counted from actual time of arrival of flight (ATA) or Rs 50 whichever is higher
X-Ray		2.87	3.38	3.99

Notes:-

- (1) Consignments of Human Remains, Coffins including Unaccompanied Baggage of the deceased and Human Eyes will be exempted from the purview of the Facilitation and Demurrage charges.
- (2) Charges will be levied on the "gross weight" or the "chargeable weight" of the consignment whichever is higher. Wherever the "gross weight and/ or volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- (3) All bills will be rounded off to the next INR 5 as per rules.
- (4) Back to town charges are at 100 % of all applicable charges including Facilitation Fee.
- (5) All charges above are excluding GST which shall be levied at prevailing rates .
- (6) The tariff charged will be applicable as per the tariff prevailing at the time of invoicing.
- (7) Unitization/ De-unitization charges for the services provided in the main Cargo Terminal will be charged as per the applicable AERA approved Tariffs.
- (8) For the purpose of charging, the weight will be rounded up to the nearest kg.
- (9) For both Export and Import, the Detention/Demurrage charges to be charged on HAWB. The time period shall be till the time of generation of Release Note.
- (10) For both Export and Import, Facilitation Fees to be charged on MAWB.
- (11) Each 24 hrs cycle will be taken as 01 day, and any part thereof will be counted as one full day.