Multi Year Tariff Proposal For The First Control Period of GMR Manohar International Airport, MoPA, Goa

(07TH DEC'22 TO 31ST MAR'28)

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1. Background

GMR Goa International Airport Limited ("GGIAL" or "Company"), a 100% subsidiary of GMR Airports Limited ("GAL"), is a Special Purpose Vehicle (SPV) to establish the greenfield international airport at Mopa, North Goa ("Mopa Airport") on design, build, finance, operate and transfer (DBFOT) basis.

Goa has an existing airport in Dabolim which is being operated by Indian Navy. The existing Airport has operation restriction from 8:30 am to 12:30 pm and 3:30 pm to 4:30 pm on weekdays when the navy uses the airport and commercial operations are not allowed. Mopa Airport is second airport in the state of Goa. The Government of Goa (GoG) planned a new airport for the state dedicated to only commercial operations under Public Private Partnership (PPP) mode. GoG decided to undertake the greenfield airport at Mopa in North Goa ("Airport") on a Design, Build, Finance, Operate and Transfer (DBFOT) concession basis. In October 2014, the GoG invited Request for Qualifications (RFQ) from interested parties. Following the RFQ shortlist, 5 bidders were qualified to participate in the bid, namely – GMR (individual capacity), GVK (individual capacity), AAI (individual capacity), Essel with Incheon (RFQ qualification was with Zurich Airport, which was changed to Incheon during the bid process) and Hiranandani with Vinci. In the bidding process GMR Airport Ltd. emerged as the successful bidder.

The Goa, Manohar International Airport is the first airport to be bid under the aegis of the New Civil Aviation Policy, 2016 (NCAP). This is also the first airport concession in India to be signed by a state government, the Government of Goa (GoG). GGIAL had signed the concession agreement ("Concession Agreement" or "CA") with Government of Goa ("GoG"), on Nov 8, 2016 for a period of 40 years from appointed date (September 04, 2017) which is further extendable by another 20 years (based on competitive bidding) with First Right of Refusal (if bid is within 10% of higher bidder). A copy of the Concession Agreement is attached herewith as **Annexure-01**.

The Financial closure of GGIAL was completed on July 07, 2017 by consortium of 6 lenders with Axis Bank as the lead lender. The Appointed date of the Project was September 04, 2017. The Project was scheduled to be completed in 3 years with scheduled completed date ("SCOD") of September 03, 2020 .

The execution of Project got delayed first due to stay on tree cutting at Project site by Hon'ble High Court of Bombay (Goa) on March 08, 2018, and later the Hon'ble Supreme Court of India had passed an order dated January 18, 2019 to maintain status quo at project site and subsequently suspended the Environment Clearance granted to the Project vide order dated March 29, 2019. Post detailed hearing of the matter & Hon'ble Supreme Court of India vide its order dated January 16, 2020, reaffirmed the Environment Clearance granted to the Project and dismissed the petition. This order paved the way for commencement of construction and development activities at the Mopa airport. GGIAL has received approval from GoG on February 07, 2020 for extension of SCOD and concession period by 634 days. Revised SCOD as per GoG order was May 30, 2022. However, due to the Covid-19 pandemic, there have been lockdowns across India leading to work again getting halted. On account of the delay, the Government of Goa (GoG) had extended the timelines as per the following:

- Concession Period from September 03, 2057 to May 30, 2059
- Scheduled Completion Date (SCD) from September 03, 2020 to Nov 28, 2022

GoG has extended the timeline to achieve Milestone III (the Concessionaire shall have commenced construction of the taxiways, the apron, the ATC Facility and expended not less than 30% (thirty per cent) of the Total Project Cost set forth in the Financial Package) by 3 months and hence accordingly as per CA provision all subsequent milestones including COD gets extended by 3 months, i.e. August 31, 2022. However, the company has made the representation to GoG to extend the timeline to achieve COD by 6 months, by invoking the Office Memorandum in lieu of COVID-19. i.e. November 28, 2022, which is approved by GoG vide letter dated November 30, 2022.

In accordance with clause 32.3.4 the Concession Agreement, GGIAL is entitled to levy, collect and appropriate the Aeronautical Charges with effect from the Phase 1 COD from the Users of the Airport, at the rates of the tariff as may be approved by AERA.

We approached AERA for tariff determination in Jan'22 for tariff determination for Mopa Airport where we proposed to consider the period starting from 1st Sept'2022 to 31st Mar'2023 as pre control period and accordingly the five-year control period can start from 1st April'2023 up till 31st Mar'2028.

However, Airport has reached COD on December 7, 2022 and started scheduled operation from January 5, 2023. GGIAL would like to inform the Authority that consequent to time over run, meeting the operational requirements and improved passenger journey and experience besides contractual obligation other than EPC contract, our project cost including DSRA and IDC has undergone a change to Rs. 3400 Cr. against Rs. 2615 Cr. as considered in original MYTP. Accordingly, we are filling revised MYTP for tariff determination where we propose to consider the period starting from 7th Dec'2022 to 31st Mar'2023 as pre control period and accordingly the five-year control period can start from 1st April'2023 up till 31st Mar'2028. Accordingly, we hereby put our proposal for tariff for Mopa Airport.

2. Master Plan

In terms of the Concession Agreement the Concessionaire has developed the master plan for construction and development of the Airport. The Master plan had been submitted to the GoG in terms of the concession agreement. The GoG vide their letter dtd. 14th June 2017 provided the comments on the Master Plan submitted by GGIAL. Post incorporating the comments of GoG, GGIAL re-submitted the Master Plan to GoG vide its letter dtd. 07th July 2017. Further in compliance to the Concession Agreement, GGIAL submitted the Phase I development plan vide its letter dtd. 04th Oct 2017. The letters related to master plan submissions are attached herewith as **Annexure-02**.

The Mopa Airport is proposed to be developed in a phased manner based on a traffic-trigger principle. Concession agreement stipulates the capacity for different phases of Development. Due to the Hon'ble Supreme Court status quo order which prevailed for about one year against Environment clearance of the project, the completion date got postponed to August 2022 and then finally COD was achieved in Dec'2022. The Airport is being designed as an integrated international and domestic airport, primarily catering to origin and destination traffic. The phase-wise capacity envisaged at the Airport is indicated below:

Table 1: Phase wise airport capacity

Phase	Capacity (MPPA) As per CA	Capacity (MPPA) business plan	Financial Year
Phase 1	4.4	4.4	FY23
Phase 2	5.8	7.7	FY24
Phase 3	9.4	11.1	FY26
Phase 4	13.1	16.0	FY31
Phase 5	NA	21.6	FY43

The site for the development of the Mopa International Airport is located 35 kilometers north of Goa's capital, Panaji, close to the village of Mopa in the taluk of Pernem. Main access to the airport is planned through a 6 lane expressway connecting National Highway 17 (NH 17).

The terrain is sloping from East to West and from North to south with laterite stone deposit. The main watershed runs from east to the west. Within the airport site, there is a maximum height difference of 30 meters (elev. 170 – 130 m). Runway is planned 10-28 spanning from east to west.

The Project is close to NH-66, The airport site is presently connected with NH66 via a 2 lane operational access road of ~7-8 km. As per the terms of CA, the Authority has to complete four-lane expressway (6.59 kms) connecting NH-66 with airport within a period of 5 years from Appointed Date. However, 6 lane road has been approved by MoRTH / GoG to connect NH 66 to the airport. The 6.59 km connecting road has been declared as a National Highway (NH-166S), under the Bharatmala Pariyojna and would be developed by NHAI.

Concession Requirements

The concession lays down the construction requirement, standards and specifications. GGIAL needs to develop the airport in accordance with the concession terms. The Schedule B & C lay down the construction requirement. Following are the relevant extract of the agreement:

In terms of the concession agreement the development of Airport shall include:

(i) **Construction and procurement of the Aeronautical Assets, including Runways, taxiways, apron, aircraft parking bays and other associated facilities with following requirements;**

a. ICAO Aerodrome Reference Code: Airport to be designed for Code 4E at the minimum for Phase 1 and 2. Airport to be designed for Code 4F at the minimum for Phase 3. The Concessionaire can build a Code 4F airport at its discretion for Phase 1 and/or 2.

b. Location of Runway:

Runway Orientation*	10	28
Direction	095^0	275^0
Easting	376154.703	379890.325
Northing	1741181.090	1740854.265

**Runway Orientation changed from 09L-27R to 10 – 28 based on latest aeronautical survey*

(ii) **Construction and procurement of the Terminal Building as follows:**

a. Level of service for Terminal Building – IATA Level of Service "C" (optimum standards) compliant. The total area of the Terminal Building should be based on 25-40 square meter per peak hour passenger for the design year;

b. 80% (eighty per cent) of each of the international and domestic aircrafts B737/ A320 or larger aircrafts shall be served by the boarding bridges;

c. Provide international standard range of retail and other passenger services; and

d. Terminal design must be capable of incremental expansion with minimum impact on current operations.

(iii) **Reserved Area**

The Concessionaire shall earmark and allocate sufficient space for performance of Reserved Services by the Authority and /or the Designated GOI Agencies as the case may be, necessary to meet with the Level of Service and KPI requirements mentioned in this Agreement.

(iv) **City side Development**

- An FSI of 2.5 will be applicable for the overall 381 Acres designated for City Side Development. The Unrestricted Part of City Side Development, will only be used for conducting economic activities as per Annex IV of Schedule A.
- City Side Development shall be undertaken in conformity with the Specifications and Standards set forth in Schedule-D.

(v) **Defense area**

The Concessionaire shall, in the Master Plan, earmark and carve out an area of 5 acres for the use of the Defence Forces ("**Defence Area**"), which area shall be allocated by the Authority to the concerned Defence Forces.

- The Defence Area preferably should be located as identified in the land use plan provided in Map 1b in this Agreement with a separate independent entry/exit to the defense facilities
- The Concessionaire shall provide adequate access and good surface connectivity of the Airport to the boundary of the Defence Area on the land side.
- While preparing the Master Plan, the Concessionaire shall also take into consideration providing access to Defence aircrafts apron from Runway with adequate taxiway system.

(vi) **Cargo Facilities**

- The Concessionaire shall earmark land within the Site for the development of a Cargo Facility in the Airport.
- The Cargo Facilities including apron, cargo terminal for international and domestic cargo and other allied facilities shall be developed in a Phase wise manner as per the applicable Standards and Specifications.

(vii) **MRO Facilities**

- The Concessionaire shall earmark minimum 26 acres of land within the Site for the development of a MRO Facility in the Airport as per the applicable Standards and Specifications.
- The area earmarked for the MRO Facilities in the Master Plan, may not be used for any other facility until any inquiry comes and the Concessionaire enters into any arrangement with any third party or the Concessionaire itself decides for developing and operating the MRO Facilities and for associated activities.
- The MRO Facility shall be developed, subject to the requirements specified in Clause 12.9 of the Concession Agreement, for serving aircrafts of type and size as per the demand established, which shall include the buildings, structures and equipment required by the aircraft as per the provisions in CAR 145 of DGCA. This will be built in accordance with the provisions of this Agreement, Applicable Laws, relevant ICAO Documents and Annexes, CAR Guidelines and Good Industry Practice.

The development plan for first control period is detailed in the subsequent Chapter of this document.

3. Methodology for tariff determination

Tariff principle and methodology:

GGIAL has an exclusive right to collect the aeronautical charges in accordance with the provisions of AERA Act and as per the terms of the Concession Agreement. In accordance with section 13(1)(a)(vi) authority has to consider following:

> *(i) the capital expenditure incurred and timely investment in improvement of airport facilities;*
>
> *(ii) the service provided, its quality and other relevant factors;*
>
> *(iii) the cost for improving efficiency;*
>
> *(iv) economic and viable operation of major airports;*
>
> *(v) revenue received from services other than the aeronautical services;*
>
> *(vi) the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise;*
>
> *(vii) any other factor which may be relevant for the purposes of this Act:*
>
> *Provided that different tariff structures may be determined for different airports having regard to all or any of the above considerations specified at sub-clauses (i) to (vii);*

Authority in accordance with section 15 of the AERA Act wherein AERA can issue direction to perform its function had issued Terms and Conditions for Determination of Tariff for Airport Operators Guidelines, 2011 on 28th Feb'2011.

The guidelines at Chapter II laid down the procedure for determination of Aggregate Revenue Requirement (ARR) for the regulated service. The ARR for a given Control Period is being calculated based on following building blocks:

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

The ARR is calculated basis following formula considering above building blocks:

$$ARRt = (FRoR\ X\ RABt) + Dt + Ot + Tt - NARt$$

- Where t is the Tariff Year in the Control Period and ARR_t is the Aggregate Revenue Requirement for year t

The GOI has, vide its letter no. F. No. AV.24011/12/2013-AD dated April 13, 2015, approved the 30% (thirty per cent) shared-till framework for the determination. In this regard AERA also issued an order no 14/2016-17 dtd. 23rd Jan'2017. The order is attached herewith as **Annexure-03.**

In case of Mopa Airport the revenue from city side development is also outside regulatory purview. Following is the relevant extract of the Agreement:

> *32.3.2. The GOI has, vide its letter no. F. No. AV.2101111212013-AD dated April 13, 2015, approved the 30% (thirty per cent) shared-till framework for the determination and regulation of the Aeronautical Charges at the Airport, and the same shall be accordingly considered by AERA, in accordance with the provisions of this Agreement. For avoidance of doubt, revenues of the Concessionaire from City Side Development shall be excluded from the shared-till framework for the determination and regulation of the Aeronautical Charges.*

The ARR so arrived is being proposed to be recovered by the Airport Operator by way of levy of Airport Charges in form of UDF, Landing, Parking etc. as may be proposed after finalization of the YPP by the Authority

Control Period:

In accordance with section 13(2), Authority considers the control period for five years. Following is the relevant extract:

> *The Authority shall determine the tariff once in five years and may if so considered appropriate and in public interest, amend, from time to time during the said period of five years, the tariff so determined.*

In case of MoPA airport, the Airport is achieved the CoD on 7th Dec'2022. However, considering the simplicity we have assumed the start of the control period from 1st April'2023 to 31st Mar'2028 and the period starting from 7th Dec'2022 to 31st Mar'2023 as pre control period for the purpose of tariff determination. We request AERA to consider the tariff implementation date as 1st Oct '2023.

4. Traffic Projection

GGIAL had appointed M/s Crisil to study the traffic at Mopa Airport. CRISIL has the relevant experience and credentials to undertake such exercise. CRISIL has undertaken market scan, historical trend, ongoing COVID condition and economic scenario and forecasted traffic for Mopa Airport for the period FY'23 to FY'28. The GGIAL traffic forecast provided by CRISIL is attached herewith as **Annexure-04.**

Following is the resulted traffic forecasted for the control period as per CRISIL:

Table 2: Traffic projection for Mopa Airport

Particulars	2023	2024	2025	2026	2027	2028
Goa System						
Domestic	10.74	12.19	13.82	15.68	17.79	20.18
International	0.54	0.99	1.04	1.09	1.18	1.27
Total pax in Mn	**11.28**	**13.18**	**14.86**	**16.77**	**18.97**	**21.45**
Mopa						
Domestic	3.76	6.09	6.91	8.62	10.67	12.11
International	0.43	0.79	0.94	0.98	1.12	1.21
Total pax in Mn	**4.19**	**6.88**	**7.85**	**9.60**	**11.79**	**13.32**
ATM						
Domestic	25065	40620	46079	57499	71156	80719
International	2621	4798	5668	5951	6784	7327
Total ATM	**27686**	**45418**	**51747**	**63450**	**77940**	**88046**
Cargo						
Domestic	4573	5397	7058	7806	9560	10474
International	5168	5814	8592	9384	14742	15116
Total Cargo in MT	**9741**	**11212**	**15650**	**17190**	**24303**	**25590**

The CRISIL projections for the FY 2023 is proposed for the entire year. However, GGIAL has started the domestic operations from January 5th 2023 and international operations would start from April 2023. Accordingly, GGIAL in this MYTP, has considered tentative traffic for FY'23 of 0.70 Mn pertaining to domestic operations only and thereafter we are considering traffic as per above CRISIL report as mentioned above.

5. Capital Expenditure for Project Scope – Phase 1

GGIAL in accordance with section 5.2 i.e. Regulatory Asset Base of the airport operator guidelines have considered the capex which are getting capitalized during the first control period. GGIAL has considered the capex which are required to provide the services as laid down in the concession agreement.

5.1. Project Scope

Passenger Terminal Building

The terminal development for the concession period has been spread over a large portion on the southwest corner of the airport site. The architectural concept of the passenger terminal is a simple composition of a central building with connected piers on each side on the airside. It handles both international and domestic traffic. The Structure is basically G+2 block. All boarding bridges are connected at level 1. Check in and Arrival carousel is located at Ground floor. The central processing zone contains all the common facilities like check-in, security screening, baggage sorting, baggage claim, offices, lounges, and passenger service.

The pier has passenger circulation and waiting areas with commercial areas forming a part of the central concourse at the departure level. The pier is the connection to the boarding bridges for departing passengers and the arrivals concourse leading to the central building. International traffic is proposed to be handled on the Eastern side whereas Domestic shall be processed from the Western end. Terminal facilities designed for Phase 1 caters for Peak Hour demands of 2400 passengers. The Airport will be developed in phases, wherein Phase I will constitute development of Terminal Building for Capacity 7.7 MPPA and to add the fit out basis the capacity utilization. Initially the GGIAL will provide fit outs and airport systems for 4.4 MPPA.

The modular development proposed for expansion shall ensure that operations are not interrupted whenever construction on a new phase is commenced. The PTB shall have a floor area of 67,726 sqm. (including Utility Building & Airport Plaza) for the Phase 1.

Runways and Taxiways

The runways are oriented due east - west (10-28). The primary runway (10-28) shall be 3500m long, having a width of 45 m and shoulders of 7.5 m on both sides (total width 60 m). A parallel taxiway shall be located 225 m (taxiway centerline) from the runway centerline. The parallel taxiway has been planned to serve as an Emergency Runway for Code E aircraft during periods of maintenance, or operational requirements. Runway End Safety Areas (RESA) are provided at each end of the runway strip. The area extends 240 m from the strip and has a width of 90 m on each side of the extended centerline of the runway. An area for a second runway (10-28) has been safeguarded at a distance of 415m between centerlines from the main runway beyond the concession period.

The main runway shall be provided with:

- Two Rapid Exit Taxiways (RET) catering to Code E type of aircraft.

- Four perpendicular exits from the main runway. Two of these exits and the exits from the RET connect the runway system to the apron. The other two provide approaches to other airfield activities.

Aprons

The passenger apron shall be designed for aircraft up to Code F. On the north of the passenger terminal an apron with a total length of 585 m and a depth of 80 m having an area of ~57,150 sqm. rigid pavement is proposed for Phase 1. The apron will be able to accommodate 14 stands of narrow body, out of which 2 remote stands need to be exclusively for the use of Government of Goa and the remaining 12 stands (2 wide body and 8 narrow body will be for commercial use.) The 2 wide body stands are designed as flexible stands so that each stand can handle two narrow bodies. The number of contact stands will be 3 (narrow body) and 1 wide body (equivalent to 2 narrow body).

The Development Phase 1, Opening Day scenario, corresponds to a capacity of 4.4 MPPA, which is the annual forecasted demand for 2022. The 2022 build out shall satisfy all requirements set down in the CA from 2020 through 2022 with some flexibility built in to accommodate the additional demand until the delivery of next phase.

The scope of work for Phase 1 comprise following:

Scope of work	Details
Site preparation work	• Site Establishment • Bulk Earthworks
Passenger Terminal Building	• Airport plaza • Passenger concourses • Ticket offices • Check-in facilities • Centralized security screening • Security systems • Immigration, customs and security counters • Baggage Handling System (BHS) • Elevators and escalators • Fixed PBBs including ramp houses • Movable PBBs • VDGS • Bus gates for remote stands • Baggage trolleys (airside and landside) • Baggage trolley storage and recirculation areas • Signage • Offices • Retail & F&B stores • Medical Centre, Airport Operations Control Centre (AOCC) and Security Operations control center (SOCC) • Technical areas, stores and facilities for the employee's/ airlines staff in basement • Technical shafts

Scope of work	Details
	• Smoking rooms • Left luggage facility • First aid rooms • Unloading bay • E&M infrastructure • Façade and maintenance equipment • BMS and SCADA • Passenger services • Passenger lounges • VIP lounges

Airside works	• The runway and taxiway system including adjacent restricted areas.
	• Aprons for passenger terminal
	• Isolation bay
	• Airfield Ground Lighting
	• Airside service roads
	• Aviation fuel hydrant System
	• Storm water drains for runway, taxiways, aprons and airside roads
	• Necessary visual aids on runway, taxiways and aprons to secure that aircraft can operate safely on a 24 Hrs. basis.
	• Civil and building works and utilities required for the meteorological communication, and navigational equipment
	• Air Traffic Control tower
	• Property Boundary Wall
	  • Operational Boundary Wall
	  • All Other Associated projects

Landside works	• Main access roads • Traffic loop in front of PTB including departure and arrival • Road systems to other airport facilities • Private and Taxi Car Park • Storm water drains for landside roads and other areas • Utility trench from utility building to PTB • Utilities distribution Infrastructure • All Other associated Projects
Other building & facilities	• CFR stations • Ground handling equipment and maintenance facilities • Water Storage and distribution facilities • Water treatment plant and STP • MRSS and DG power station • Fuel Farm • Cargo terminal • In Flight Kitchen • Miscellaneous buildings such as substations, pumping station and gate houses. • All other associated projects
Miscellaneous Works	• Airside/landside security fence and control points

Scope of work	Details
	• Airside fire drill facility • Operations and maintenance equipment facilities • Operation and maintenance of Site access roads and the Site offices.

The above scope will effectively translate into following major facilities to airport users:

Airside	
Runway (9/27)	3500X 45 m+7.5 m Shoulder each side, Flexible Pavement
Parallel Taxiway	3500X 45 m+7.5 m Shoulder each side), Flexible Pavement
Apron	57150 Sqm, Rigid Pavement + Isolation Bay of 19,100 sqm
Total Aircraft Stands	12+2 stand (2 are Authority stands)
Total contact stands	5 Nos (3 for code C, 1 MARS (1 code E or 2 code C)
Remote stands	9 Nos
VDGS	6 Nos
Fuel hydrant	On all stands excluding Authority's stands
Fire stations	1 CFR Main + 1 CFR Satellite (CAT-9 runway operations)
Landside	
Departure Forecourt	5 Lane (3 moving + 2 parking) ; Carriage width: 14.5 m
Arrival Forecourt	5 Lane (3 moving +2 parking); Carriage width: 14.5 m
Car Parking	302 cars and 54 coaches + Taxi bank of 1435 Nos
ATC & ATCTB	Height 46.8 M, Tech. Bldg. G+3 (Area 3865 Sq. m)
Cargo	25,000 Tons / year. Belly Cargo for Phase I
PTB	
Capacity	4.4 MPPA (Shell built for 7.7 MPPA)
Total Built-up area	67,726 Sq.m.
Entry Gates (Check –in Hall)	3 Nos
Check-In-Island	1 No
Check-in counters	22 (4 nos. for Self Baggage Drop)
ATRS	7 in nos. (~300 Bags / hr.)
Baggage Screening capacity	2 Lines (2400-3000 bags / hr.)
Bussing Gates Domestic	3 Nos.
Bussing Gates International	2 Nos.
Bussing Gate VIP	1 No.
Emigration counters	8 (Departure)
Immigration counters	12 (Arrival)
Baggage reclaim belt	2(Domestic) + 1(International)

Subsequent phases in first control period:

Considering the traffic growth at Mopa Airport, Capex for future expansion has been considered as below:

- Fit out in PTB building to increase handling capacity from 4.4 MPPA to 7.7 MPPA – This will include additional fit out in the PTB building, like addl. Passenger Boarding Bridges (PBB), escalators & elevators, screening systems, additional Apron area of ~20,000 Sq. M, and additional Airside Infrastructure like VDGS and Airside vehicles.

- Expansion of PTB building to handle traffic capacity of 11.1 MPPA – Increase in PTB area of ~25,000 Sq. M, with fit outs and increase in Apron area by additional ~35,000 Sq. M.

Phase-wise Capacity, Project Capex and Means of Finance for 1st CP

Description	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Phase	**I**	**II**		**III**		
Capacity	**4.4**	**7.7**		**11.1**		
Project Capex (Rs. Crs.)	**3,603***	**200**		**500**		
D:E Ratio	**62:38**	**70:30**		**70:30**		

*Includes financing allowance

5.2. Airport User Consultative Committee

In accordance with tariff guidelines, GGIAL has conducted Airport User Consultative Committee meeting for consultation on various phase development falling under first control period. GGIAL invited all airport users/stakeholders including airlines, airline associations like IATA, FIA, Industry Association, AERA, Air cargo association, Fuel farm operators, ground handlers etc. GGIAL has also prepared a Project Information File (PIF) and circulated to all stakeholders along with AUCC invitation.

The Airport User Consultative Committee was held on 19th Oct'2021. GGIAL has given a detailed presentation over the project requirement, project progress and costs. The presentation is well accepted and appreciated by all the stakeholders. There was a Q&A session at the end of the presentation. GGIAL team has responded to all the queries raised by the stakeholders. The Minutes of meeting of AUCC dtd. 19th Oct'2021 has been prepared and circulated to all stakeholder vide email dtd. 27th Oct'2021. The minutes of meeting of AUCC meeting is also attached herewith as **Annexure – 05** to this document.

5.3. Details of capital expenditure

The Total Project Cost for development and construction of Phase 1 of the Airport is estimated to be Rs. 3,400 Crore (Including IDC). GGIAL, in terms of 5.2.7 of the Airport Economic Regulatory Authority of India (Terms and condition for determination of tariff for airport operator) Guidelines 2011; has proposed the financing allowance instead of IDC, which as per the formula provided results to Rs 448.Crores as financing allowance. Hence, GGIAL proposed to consider the project cost inclusive of financing allowance which is shown in the table below:

Table 3 Phase 1 Project cost breakup

Component	Amount in (Rs/Cr)	
Project Costs		
Site Preparation/Earthworks		964
Airside infrastructure		716
Passenger Terminal Building (a+b+c+d+e+f)		810
a. Civil & Structural Works	347	
b. Terminal Equipment (HVAC, Plumbing, LV, ELV, etc.)	232	
c. Contact Stand & VDGS	16	
d. BHS & Other Aero Equipment	79	
e. Operating Equipment	19	
f. Utilities (power & Water)	117	
Main Access Road		38
Car Park Area		3
ATC Complex		87
Additional Works		68
Design Consultancy, PMC & Pre-Operative Expenses		112
Pre-Operative Expense		259
Contingencies		8
Sub Total (A)		**3066**
Financing related Cost		
Financing Allowance*		448
DSRA		89
Sub Total (B)		**537**
Grand Total (A) + (B)		**3603**

*IDC is of Rs 220 Cr.

Basis of costing

Costing is done based on international competitive bidding for EPC Contract and competitive bidding for other packages. The actual capex of 3400 Cr incurred has been verified and certified by the GoG as being reasonable.

Sources of Financing

In order to fund the project cost of phase 1 GGIAL has tied up loan with consortium of banks with Lead Bank as Axis Bank. The facility has been taken for 18 years which includes construction period of 3 years, 1 year moratorium and 14 years of repayment. As per the facility agreement, GGIAL shall repay the 80% of Facility in 55 structured quarterly instalments commencing from quarter ending September 30, 2023 with last instalment due on March 31, 2037. The remaining 20% of the Facility shall be due as a bullet instalment on June 30, 2037. The rate of interest shall be the sum of Axis Bank 1-Year MCLR and Spread per annum plus applicable taxes and other statutory levy, if any. As on date, the A-MCLR is 8.45% and the spread is 2%. Hence, the applicable rate of interest is 10.45% p.a. A copy of sanction letter is attached herewith as **Annexure-06.**

GGIAL has planned following means of finance to fund the project:

Sources	Amount (Rs/Cr)
Rupee Term Loan	2227
Equity	1376
Concessionaire Deposit/Quasi Equity	
Total Source of Funds	**3603**

The effective D/E ratio comes to 62:38.

6. Depreciation

The useful life of asset has been considered in line with the AERA order no. 35/2017-18 dtd. 12th January'2018. GGIAL is currently in project phase accordingly the line wise asset classification will only be available at the time of COD, accordingly, we have considered major asset heads for the purpose of capitalization. Following are the useful life of asset and effective rate of depreciation considered:

Table 4 depreciation rates

Asset	Dep. Rate
Building	3.33%
Roads	10.00%
Runway	3.33%
Plant&Machinery	6.67%
Apron	3.33%
F&F other than trolley	14.29%
General Capex	6.00%
Expansion	4.56%

7. Regulatory Asset Base for First control period:

Average RAB

The phase 1 capex of GGIAL has been detailed package wise. The cost has been identified based on the actual award of contracts. The EPC contract constitutes majority of share of capital expenditure. GGIAL has awarded an EPC contract to Megawide on 22nd Feb'2018 based on International competitive bidding process. The works which are not covered under the EPC scope have been directly awarded by GGIAL. The capex has accordingly been bifurcated on best available estimates however please note that the capitalization may vary from actual capitalization in the books.

The following principle has been used to compute the Regulatory Asset Base (RAB) used for tariff determination. RAB representing the aeronautical assets is calculated as below:

$$\textit{RAB for Tariff Determination} = \frac{(\textit{Opening RAB} + \textit{Closing RAB})}{2}$$

Financing Allowance

In accordance with clause 5.2.7 of the airport operator guidelines the work in progress asset will also include financing allowance. As per the guideline the Financing Allowance shall be calculated as follows:

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

Where:

Rd - is the cost of debt determined by the Authority

WIPA $_{t-1}$ - Work in Progress Assets at the end of Tariff Year t-1

SC - Capital receipt of the nature of contributions from stakeholders

CA - Commissioned Assets

GGIAL has accordingly considered the financing allowance instead of interest during construction. As per GGIAL following is the financing allowance:

Table 5 Details of financing allowance

Particular	2017	2018	2019	2020	2021	2022	2023
CWIP - Opening Balance	0	12	25	157	317	631	1457
Addition	12	13	132	160	315	825	1691
Capitalisation	0	0	0	0	0	0	3148
Closing	12	25	157	317	631	1457	0
Average CWIP	6	19	91	237	474	1044	728
Financing Allowance	1	2	10	26	51	112	247
Total	**448**						

The financing allowance have been allocated to all asset proportionately to its cost.

Asset Allocation

GGIAL has followed well established asset allocation methodology. In the allocation exercise the Total Assets of the airport have been classified under the following categories:

- Aeronautical
- Non-Aeronautical and
- Common

The following methodology has been adopted to allocate the assets:

1. Assets which will be purely for providing aeronautical service have been classified into Aeronautical Assets and are 100% allocable to the Aeronautical Assets. Investment in assets like Runways, Drainage and Culverts, Taxiways, Aprons and Bays, Airfield Ground Lighting 'AGL', Satellite rescue and fire station, perimeter roads, boundary wall, Sub-stations etc have been allocated as Aeronautical.

2. Assets which are developed to provide non-aeronautical service are covered as Non-Aeronautical Assets.

3. Assets which are not directly allocable to either aeronautical or non-aeronautical are classified as Common assets. In case such assets are related or located to a particular terminal the same has been allocated based on that terminals area allocation mix.

4. In case of the passenger terminal building, they are primarily used for passenger processing and facilitation however some part of the terminal is used for retail activities. Accordingly, the terminal has been considered as common asset and the asset related to terminal building are allocated into aeronautical and non-aeronautical basis the terminal area ratio. The terminal ratio towards aeronautical portion has been calculated by dividing (Total Area *minus* Non-Aero Area) ÷ Total Terminal Area.

5. In case of GGIAL the terminal Area ratio comes to 91.03% considering 6075 sqm as non-aero area out of total terminal area of 67726 sqm.

Basis above allocation methodology, capex and financing allowance following is the regulatory asset base for first control period:

Table 6 Detail of package wise cost and allocation of initial phase

Package	Classification	Total Capex	Financing All.	Total	AERO	Non-Aero	Non-Airport
Apron	Aero	164	23	187	187	0	0
Runway	Aero	289	41	330	330	0	0
Taxiway	Aero	406	58	463	463	0	0
Drainage	Aero	237	34	270	270	0	0
Other Airside Building	Aero	396	56	452	452	0	0
Roads	Aero	280	40	320	320	0	0
P&M	Common	76	11	87	79	8	0
Fuel Hydrant System	Non-Aero	0	0	0	0	0	0
PTB	Common	765	109	874	796	78	0
ATC	Aero	128	18	146	146	0	0
AGL	Aero	40	6	46	46	0	0
HVAC	Aero	76	11	87	87	0	0
PH&E	Aero	159	23	182	182	0	0
PBB & VGDS	Aero	22	3	25	25	0	0
BHS	Aero	41	6	47	47	0	0
X-ray	Aero	53	7	60	60	0	0
Furniture	Common	16	2	19	17	2	0
City side Development	Non Airport	7	0	7	0	0	7
Sub-Total		**3155**	**448**	**3603**	**3508**	**88**	**7**

Further, in case of next phases falling due in first control period GGIAL has assumed 100% aeronautical in case of Phase -2 of Rs. 200 Cr which is mainly related to passenger handling related fit outs and 90% aero in case of Phase -3 expansion of Rs. 500 Cr which considers PTB and Apron expansion. Also the annual general capex has been considered of Rs. 25 Cr. FY'24 onwards. Same has been allocated into initial effective asset ratio of 97.56%.

Since preparation of FAR is in process, identification of the entire project cost into PTB, Runway, Apron, Taxiway, Plant and Machinery etc., as required in the audited accounts, the above components of costs may undergo some changes post completion of this exercise.

Considering the above RAB additions and depreciation following is the regulatory asset base (RAB) for first control period:

Table 7 Regulatory Asset Base for first control period (In Rs./Cr)

Particular	2023	2024	2025	2026	2027	2028
Opening	0	3459	3536	3390	3729	3558
Addition	3508	240	24	521	24	24
Depreciation	49	163	170	183	195	197
Closing	3459	3536	3390	3729	3558	3386

8. Fair Rate of Return

In accordance with tariff guidelines the Fair Rate of Return will be the estimated weighted average cost of capital (WACC) for the Airport Operator. The WACC should be estimated as per following formula:

FRoR = (g X R_d) + ((1-g) X R_e)

Where

g is gearing (i.e. debt/debt+equity)

Rd is the pre-tax cost of debt

Re is the post-tax cost of equity

8.1 Cost of equity

The tariff guidelines prescribe that the cost of equity shall be estimated by using Capital Asset Pricing Model (CAPM). GGIAL has estimated cost of equity basis the CAPM methodology and applicable risk and challenges of green field project. In accordance with the CAPM model the cost of equity for Mopa Airport comes to 20.92%.

The CAPM methodology is a world-wide accepted methodology to arrive cost of equity. CAPM method considers risk with respect to a particular investment. CAPM model suggests that expected rate of return on a particular investment is equal to rate of return on risk-free security plus premium on the risk associated with the investment. CAPM considers following formula to arrive at cost of equiy:

E (Re) = Rf + Be * (Rm-Rf)

Where,

E (Re) = Expected rate of return
Be = Equity Beta
Rf = Risk Free rate of return
Rm = Market Return

GGIAL had appointed M/s CRISIL who has a relevant experience and expertise to provide applicable return on equity to Goa Airport. CRISIL has followed the CAPM approach and given an applicable range of 20.92% to 24.04% to GGIAL.

One of the important aspect covered by CRISIL is the risk associated with Greenfield projects in multiple airport system. As per CRISIL the Greenfield Airport have inherent risk related to construction period, liquidity, project execution and traffic. Accordingly, there has to be some additional factor which needs to be factored in while arriving betas for such greenfield airports. The risk in case of Mopa Airport further multiplies due to competition with existing airport. CRISIL has analyzed these scenarios and considered and alpha factor for such associated risk. Following is the relevant extract of the report in this context:

Greenfield projects are inherently riskier, due to factors like delays in construction/project execution, subdued traffic as against projections, regulatory changes, inadequate liquidity, among others. These risks might result in delays or in substantial variations in cashflow as against the projections. Consequently, there is a view to account for these additional risks in the cost of equity calculations, by using a factor to appropriately allocate these risks.

The operational environment of GGIAL, and the greenfield nature of the project, makes the project riskier than the assets considered for beta calculation. Due to this, we project a higher level of systemic risk associated with GGIAL. The risks to the airport are mentioned in section 3.3.3 in table 7. Among these, the presence of a fully operational Goa International Airport in high proximity of the greenfield airport will ensure higher uncertainty in cashflows and revenue. The same have been highlighted in the cashflow projections. However, due to the elevated risks for GGIAL there is a strong case for adjustment of cost of equity for greenfield projects, due to the riskier nature of the asset. We recommend introducing these changes through inflating the beta used for cost of equity calculations, to reflect higher systemic risks.

While the concept of a peer group is a dominant way of determining the beta for unlisted companies, the airports considered under the category of both developed and developing country are operational for more than 10 -20 years and will not capture the risks associated to greenfield development. Hence, considering a range of beta over various time horizons and capturing the maximum value and its deviation will help in capturing the maximum risk profile.

Several airport assets were considered for the most appropriate risk representation for the GGIAL. Consequently, Heathrow Airports Limited (HAL) showed an elevated risk level similar to those shown by the GGIAL. Heathrow airport, situated in London, is among five others in the city. This results in high risks to the revenues of the airport, similar to those faced by GGIAL due to the presence of an operational international airport in Goa in close proximity to the GGIAL. Consequently, we have approached beta inflation in a similar way as used by the HAL.

Since all the risks related to the development of this airport is subsumed in beta, to arrive at a reasonable beta, we see the entire available asset beta range, i.e., average beta values calculated from daily beta for a period of 1, 2, and 5 years, for both, developed and developing countries. The risks to GGIAL are higher than the comparator assets considered for beta calculation. As a result, we see the deviation in average asset beta for various time frames. The deviation between the highest average (for both, developing and developed) asset beta is taken for inflating the asset beta to account for elevated risks to GGIAL. The table below highlights the calculation:

Unlevered Beta	*1 Year*	*2 Year*	*5 Year*
Developed	*0.63*	*0.62*	*0.53*
Developing	*0.82*	*0.82*	*078*
Weighted Average	*0.71*	*0.70*	*0.63*
Maximum Deviation	*11.77%*		

This deviation is used to inflate the unlevered beta. Further, this modified asset beta is then re-levered to arrive at the equity beta. Using the risk free rate and market premium calculated earlier, we arrive at the modified cost of equity. This new cost of equity contains the additional risks to the GGIAL, which can be decomposed into an 'alpha factor'. Difference between the modified cost of equity and initial cost of equity will give us the alpha factor for cost of equity calculation. Additionally, we further provide a range of this alpha factor, by using initial asset beta of (i) developed and developing countries; and (ii) only developing countries.

The report is attached herewith as **Annexure-07.** Following is the conclusion of the report:

It is understood from the analysis of various factors under the CAPM model that the value for various parameters as on 10th December 2021 are:

The risk free rate which is the 10 year average yield for 10 year government securities comes out to be 7.42%
The market return is 16.82% which is calculated using the 40 years data of BSE Sensex, Geometric Mean method and adding Dividend Yield based on longest available data on BSE Sensex

The debt/equity ratio is taken to be at 1.38, as per the pre-defined debt-equity makeup.

A range of beta is taken, with 5-year beta average for developed and developing countries and 5-year beta average for just the developing countries. This is then inflated to account for elevated risks associated with the GGIAL.

Consequently, as per the calculations, the Cost of Equity for GGIAL for base case scenario is 20.92% to 24.04% with the greenfield alpha factor is arrived at a range of 1.42% to 1.75%.

GGIAL for the purpose of MYTP filing has considered lower band of Return on Equity provided by CRISIL.

Resultant cost of Equity

Considering the all above factors we have arrived the cost of equity of GGIAL by putting all values in the CAPM formula:

E (Re) = Rf + Be * (Rm-Rf) + Alpha Adjustment

E (Re) = 7.42% + 1.29 * 9.40% + 1.42%

E (Re) = 20.92%

8.2 Cost of Debt

In terms of the tariff guidelines, the cost of debt will be the forecasted cost of existing debt plus any forecasted cost of debt related to forecasted debt. Current cost of debt of this facility is 10.45%. Hence the same is forecasted for the first year.

The cost of debt differs every year. Therefore, in accordance with guideline GGIAL has used weighted average cost of debt for the purpose of calculation of FRoR.

GGIAL request the Authority to consider the cost of debt at actual during the true up.

8.3 Gearing

Authority in case of private Airports viz. Delhi, Mumbai, Hyderabad, Cochin and Bangalore has considered normative debt gearing of 48:52 (Debt:Equity) while calculating return on equity. GGIAL requests Authority to extend same treatment in case of GGIAL.

8.4 FRoR

GGIAL has considered the participle as mentioned above and calculated FRoR by applying the WACC formula as provided under guidelines. Following is the FRoR for GGIAL in case of first control period:

Table 8 Calculation of FRoR

Particular	2023	2024	2025	2026	2027	2028
Equity	1436.00	1436.00	1586.00	1586.00	1586.00	1586.00
Reserve & Surplus	0.00	0.00	28.64	273.85	713.17	1236.91
Total	**1436.00**	**1436.00**	**1614.64**	**1859.85**	**2299.17**	**2822.91**
Debt - Average	2367.09	2358.74	2491.90	2588.79	2475.83	2302.27
Cost of Funds						
Equity	20.92%	20.92%	20.92%	20.92%	20.92%	20.92%
Debt	10.45%	10.45%	10.45%	10.45%	10.45%	10.45%
Debt Gearing-Normative	48.00%					
Weighted avg. cost of debt	10.45%					
Cost of Equity	20.92%					
FRoR	**15.89%**					

9. Operation and Maintenance Expenditure

GGIAL being a greenfield Airport has considered appropriate drivers to arrive at the projected operating expense for the first control period. The expenses which are unique to the GGIAL Airport are projected basis the bottom up approach and the expenses which cannot be determined as there are no actual trend available with the Airport.

GGIAL in accordance with clause 5.4 of the airport operator guidelines has considered the all expenditures incurred by the Airport Operator(s) including expenditure incurred on statutory operating costs and other mandated operating costs.

GGIAL has considered following drivers as basis to project the operating and maintenance cost:

Inflationary increase – GGIAL has considered inflationary increase towards expense. The inflation is considered basis the results of 79th round of professional forecasters on macroeconomic indicators by RBI. Based on report GGIAL has considered WPI of 5% for first control period. The 79th round of professional forecasters has been attached herewith as **Annexure –08.**

Real increase- Current economic scenario and upcoming expansion GGIAL has considered 7% real increase. This is mainly applied to manpower cost and office rentals.

Upcoming expansion at Mopa Airport: As explained in previous chapter Mopa Airport has to expand its capacity from currently 4.4 MPPA to 11.1 MPPA during the first control period. In case of Ph-2 expansion GGIAL has assumed 10% incremental factor whereas in case of Phase 3 expansion i.e. 11.1 Mn from 7.7 Mn the incremental factor is assumed to be 50% of the capacity increase.

Following is the basis of projection of various expense heads:

9.1 Manpower Expense

GGIAL has followed bottom up approach to project the manpower cost. GGIAL has analyzed the department wise manpower requirement at the Airport and also arrived at an average cost department wise. The product of headcounts and the average cost has provided the cost of manpower at GGIAL Airport initially. The initial manpower cost is then increased with inflation and real growth in order to account for inflation and to meet the industry standard. Further, expansion triggers also been considered to account for increase in headcount due to increase in operations.

Basis the internal estimation we have following headcount requirement department wise initially:

Table 9:Department wise manpower details

Department	Headcount	Classification
CEO's/ Dy. CEO's Office	4	Common
CDO's Office	2	Aero
Planning & BI	2	Common
Commercial & BD	17	Non-Aero
Finance & Secretarial	12	Common
Procurement & Contracts	6	Common
Human Resources & FMS	10	Common
Project support function	15	Common
Corporate relation & Corp.Com.& Connectivty	12	Common
Legal	4	Common
Management Assurance Group (MAG)	3	Common
CSR	2	Common
IT	5	Common
Ethics & Intelligence	1	Common
COO's Office	3	Aero
Airside Ops	26	Aero
AOCC	20	Aero
ARFF	84	Aero
Environment, health & Safety (EHS)	6	Aero
Landside Ops	4	Aero
Technical Services	35	Aero
Security & Vigilance	73	Aero
Terminal operation and customer facility (TOPS & CFL)	27	Aero
QSD	3	Aero
Total	**376**	

At GGIAL there is a grade wise structure followed. The grade starts with M1 level i.e. which is the highest managerial grade and go up to A5 level. The salary band differs grade wise. The average cost of manpower comes to Rs. 14.16 lakh per person. Total manpower expenditure covered under this section includes salaries, wages and bonus, contribution to PF, gratuity expense. The manpower cost related to Airport land development has been considered separately.

In order to allocate the manpower expenses, GGIAL has categorized departments basis the nature of service provided. The department which is purely providing aeronautical services classified as aeronautical, the department providing non-aeronautical service classified as non-aeronautical and the

department which is supporting both aeronautical and non-aeronautical service are classified as common. The cost related to common department has been allocated in the ratio of Aero to (Aero+Non-Aero) ratio. Accordingly following is the allocation ratio in case of manpower cost:

Table 10: Allocation of manpower expense

Classification	Headcount	Ratio	AERO	Non-Aero
Aero	283		283	0
Non-Aero	17			17
Common	76	94%	72	4
Total	**376**		**355**	**21**
Effective Ratio			**94.41%**	**5.59%**

9.2 General & Admin expense

The administrative cost category contains several costs like rates and taxes, rent, consultancy and legal expenses, management fee, advertisement and business development, travel and communication costs, land lease etc. The majority of these costs are attributable to the airport as a whole.

9.2.1 Rates & Taxes

As per Goa Panchayat Raj Act, 1994 (Goa Act No. 14 of 1994) and rules made thereunder, following is the estimated property tax applicable to Mopa Airport:

Table 11 : Calculation of property tax

Particular	Area (Sqm)	Tax (Rs. P.A.)
Passenger Terminal Building (PTB) BLOCK 1	67,726	1,35,45,200
Air Traffic Control - Technical Building (ATC -TB)	2,250	4,49,924
Air Traffic Control - Tower (ATC-T)	1,341	2,68,238
Crash Rescue Fire Station - Main (CRFS-M)	952	1,90,486
Crash Rescue Fire Station - Satellite (CRFS-S)	311	62,100
Utility Building	2,040	4,08,000
AGL Sub Station	578	1,15,600
ASR MSSR	416	83,200
ASDC Buildings (ASDC, Cafetaria & Workshop)	486	97,194
Admisistrative Block	4,844	9,68,896
Cafetaria	1,023	2,04,630
Airport Utility (Accomodation Centre)	1,226	2,45,158
AEMB - Block	989	1,97,796
DVOR	73	14,626
Gate House -01	68	13,670
STP	534	1,06,856
Gate House -02	68	13,670
Gilde Path	25	4,900
Localizer	25	4,900
Main Water Tank	2,012	4,02,392
MRSS Block	1,805	3,61,072
Grand Total		**1,77,58,508**

An additional increase considered in line with the terminal area at the time of phase 3 expansion along with inflationary impact.

9.2.2 Corporate cost allocation

GGIAL has been supported by corporate team in terms of strategic finance, funding, regulatory, legal, taxation, treasury, corporate affairs, policies and corporate governance. These services have been provided by GMR Airports Ltd. (GAL) to various group companies. GAL in order to establish efficient allocation mechanism had appointed Deloitte to develop the allocation framework. Deloitte in 2021 has laid down the allocation methodology of GAL allocable expense to group entities. Once GGIAL gets operationalize such allocation would be extended to GGIAL also.

The studies identify the GAL cost in three different categories, non-allocable expense, partial allocable expense and fully allocable expenses. The allocable expense has been allocated into different entities using revenue drivers or weighted average asset ratio.

Considering the above allocation basis, it is estimated that the corporate cost allocation to GGIAL will be Rs. 7.5 Cr. for FY'24 and considered inflationary increase going forward.

9.2.3 CSR:

GGIAL is a responsible organization and committed to society. In this regard GGIAL will be taking various initiatives under CSR Programme. Currently for project purpose we have calculated CSR expenditure basis the regulation i.e.2% of last 3 year PBT.

9.2.4 Bank Charges:

In accordance with Article 9 of the concession agreement GGIAL has to maintain performance bank guarantee with the concessioning authority. GGIAL has taken Rs 62 cr of performance bank guarantee. This guarantee costs Rs. 60 lakh p.a.. Further Rs. 40 Lakh pertains to other bank charges related to loan etc. Accordingly, we have assumed Rs. 1 Cr as bank charges along with inflationary impact

9.2.5 Other Admin expense including professional & consultancy:

Other admin expense includes Travel, Advertisement, vehicle hire charges, printing & stationary etc. GGIAL has followed bottom up approach to project the other admin expenses. GGIAL has analyzed the department wise cost at the Airport based on contracts executed and best estimation basis for the first year and considered the inflation thereafter each year in the following manner:-

- Consultancy & Legal: - Department wise estimated cost for 1st year thereafter escalated by inflation
- Travel Cost: - Average cost per pax based on benchmarking of Hyderabad & Bangalore plus Rs. 1 Cr. Initial business development on account of travel thereafter escalated with inflation & expansion factor.
- Auditor & Director Fee: - Rs. 50 Lacs for 1st year thereafter escalated by inflation.
- Advertisement: - The costing for the first year is based on the expectation for the cost. The costing is required for business and airport promotions as there is a direct competition in the state with other existing airport. The cost is considered with escalation of inflation in the year FY 25 to FY 28
- Other Expenses: - It includes vehicle hire charges, miscellaneous expenses & general admin expenses. Estimated cost for 1st year is for arriving at the projection for the future thereafter escalated by inflation & pax growth.

Following is the summary of estimates of other admin expenses:-

Particular	2023	2024	2025	2026	2027	2028
Consultancy & Legal	6.01	18.98	19.93	20.93	21.98	23.08
Travel	2.49	3.87	1.56	2.00	2.10	2.21
Advertisement	4.32	13.64	14.33	15.04	15.79	16.58
Auditor & Director Fee	0.50	0.53	0.55	0.58	0.61	0.64
Other Expenses	4.63	14.64	17.53	22.52	29.03	34.44
Admin & General expense	**17.95**	**51.66**	**53.91**	**61.07**	**69.51**	**76.95**

9.3 Utility Expense

Utility costs comprise of power and water costs. Utility costs are calculated at gross level, less recovery from the airlines and concessionaires. The electricity consumption is estimated based on internal assessment. The procurement cost from Grid is considered at Rs. 7.33 per kWh for variable cost and fixed cost at the rate of Rs 250 per kVA/month derived from the actual bill issued by Electricity department, GoG dated 13th, Feb, 2023. The base for the year FY 2024 has been considered with inflationary increase for the subsequent years. GGIAL, also plans to install 5 MW Solar project on BOOT basis. Accordingly, we have assumed 7 MN KWH energy requirement will be met by Solar at Rs. 4 per KWH.

In case of water consumption at the airport, GGIAL has entered into an agreement with water resource department of Goa for raw water. In accordance with the agreement GGIAL has to undertake minimum water uptake guarantee of 400 cubic meter per date upto 30th May'22 and thereafter 1700 cubic meter per day (1.7 MLD). The rate agreed in the agreement is Rs. 20 per MLD plus inflation. For first year we have assumed the minimum water i.e. 1.7 MLD will suffice. In following years, the water demand is expected to grow in line with the traffic increase.

The utility cost towards electricity has been netted off to recover transmission losses. GGIAL has accordingly estimated the electricity and water cost for the airport in first control period:

Table 12: Details of utilities cost

Particular	2023	2024	2025	2026	2027	2028
Energy unit in Mus	14.17	59.32	59.32	70.96	70.96	70.96
Solar Mus	2.2	7.0	7.0	7.0	7.0	7.0
Grid in KWH	11.95	52.31	52.31	63.95	63.95	63.95
Per unit cost	7.33	7.69	8.08	8.48	8.90	9.35
Grid Variable cost	**8.76**	**40.24**	**42.25**	**54.23**	**56.95**	**59.79**
Grid Fixed cost	1.30	4.30	4.52	5.70	5.98	6.28
Solar Power cost	0.89	2.80	2.80	2.80	2.80	2.80
Total Cost	**10.94**	**47.34**	**49.57**	**62.73**	**65.73**	**68.88**
Expected recovery	1.05	9.66	10.14	13.02	13.67	14.35
Net Electricity Cost	**9.89**	**37.69**	**39.43**	**49.72**	**52.06**	**54.53**
Water cost	0.39	1.24	1.49	1.91	2.46	2.92
Total Cost	**10.28**	**38.93**	**40.92**	**51.63**	**54.53**	**57.45**

9.4 Operating Expense

Operating costs includes repairs and maintenance, stores and spares, manpower contracts, housekeeping, insurance, security cost and other operating cost comprising of office maintenance, health & safety related expense etc.

9.4.1 Repair & Maintenance –

GGIAL aims at maintaining best-in-class service quality levels through the best upkeep and maintenance of the buildings, equipment and other infrastructure to ensure hassle-free and smooth operations.

Repairs and Maintenance (R&M) includes civil, electrical and mechanical works for the maintenance of the airport including the terminal, runways, taxiways, parking bays, aprons, aerobridges, power substations, IT and other plants and machinery

GGIAL has awarded the contract for repair and maintenance based on open tendering process for the maintenance of existing facilities. The value of the contract is defined and as such has been considered for the FY 2024. In order to project for the future expenses with regard to the R&M expenses, GGIAL has considered the existing contract as benchmark and escalated with increase of capacity from 7.7 to 11.1 i.e. Phase 3 expansion.

IT related expenditure:

Airport IT eco-system consists of services catering to airlines, passengers and concessionaires. This includes IT services provided to passengers including Airport Administrative Network, AODB & AOCC systems, FIDS for passenger areas, MATV, CCTV, Access Control system etc along with CUTE Systems for Check in, CUSS- Self Check-in Kiosks and BRS- Baggage Reconciliation Systems. This also covers Information & Communications Technology (ICT) Services including Mobile Phone Antenna System, Trunk Mobile Radio System, Network Connectivity through Data Port, WLAN & WIFI networks and Data Centre Services being provided at the Airport.

GGIAL has outsourced all the IT needs present and future to a specialized service provider who will act as a one-stop solution provider for all IT Services required for running the airport efficiently. As part of this outsourcing model, all future capex & O&M expenses towards ICT services shall be carried out by the concessionaire. In terms of the contract, GGIAL will provide subsistence level support to IT concessionaire till the time the Mopa Airport achieved 6.6 Mn traffic for any financial year. After achieving the trigger traffic the concessionaire will be on revenue share at the rate of 3.25% of gross revenue it earns. Following is the estimated subsistence level support and revenue share from IT concessionaire:

Table 13 Details of IT service contract

Particular	2023	2024	2025	2026	2027	2028
Contractual payouts	13.60	33.26	0.00	0.00	0.00	0.00
Estimated Revenue						
CUTE	0.00	28.05	32.00	39.12	48.04	54.27
Non-Cute	0.58	4.83	5.60	6.19	6.89	9.21
Minimum Support to IT SP	-13.02	-0.36	0.00	0.00	0.00	0.00
Add. Support on account of change request	0.00	0.00	0.00	0.00	0.00	0.00
Cost to GGIAL	**-13.02**	**-0.36**	**0.00**	**0.00**	**0.00**	**0.00**
Revenue Share to GGIAL	**0.00**	**0.04**	**1.22**	**1.47**	**1.79**	**2.06**

Enterprise IT

Further, the enterprise related IT will still be undertaken by GGIAL. This includes network in corporate offices, MS office licenses, Corporate IT solutions and support etc. As per internal estimate the enterprise IT is estimated to be Rs. 2.27 cr for FY'23 and Rs. 3.89 Cr for FY'24. We have considered inflationary increase and expansion factor over FY'24 numbers.

9.4.2 Housekeeping expense:

Housekeeping service will mainly cover all housekeeping contracts for upkeep of terminal standards (ASQ). It includes housekeeping services at PTB area, Airside area & buildings including ATC building & tower, fire department area, landside area, utility building, MRSS, STP, S&V department for landside offices and police station area other services like, pest control, fragrance architecture and housekeeping services at admin building at guest house etc.

GGIAL has awarded the contract of housekeeping for the FY 2024 which has been considered as the base. It may be perused that the housekeeping expenses are directly correlated to the area, hence, for the period the housekeeping expenses are considered to be increased with inflation and the area increase.

9.4.3 Insurance

GGIAL took various insurance policies, which includes Standard Terrorism Policy, Airport Operators Liability Policy & IAR policy. Annual premium of above policies comes to Rs. 2.65 Cr.

GGIAL understands that there will be possible increase premiums pertaining to the Airports due to:-

a) The high inflation in Europe and UK , pushing the premiums northwards
b) The capacities have been shrinking and due to shortage of capital for the risk acceptance especially the Aviation and the Terrorism (Stand Alone terrorism)
c) The Nat Cat (Natural Catastrophic) losses have increase world over in US, UK, Japan & Europe as well as Asia and the recent Earthquake.

Due to above reason we have considered one time increase of 25% in insurance premium. Revised insurance premium comes to 0.09% of Gross block, which is further escalated with inflation.

9.4.4 Security expense

Airport is a high security intensive area and accordingly GGIAL has to deploy various security personnel to manage traffic flow, office security and operations, perimeter traffic movement, forecourt traffic management, crowd management and security requirement for various ancillary, utility building, terminal etc. These personnel will be required apart from CISF security personnel. Airport has security requirement of 24X7 accordingly, GGIAL need to deploy security personnel in all three shifts. On the basis of requirement GGIAL entered into security contract with Raxa.

Raxa shall provide high quality security services, including but not limited to, firefighting or salvage operation during the natural calamities, riot control, disaster management, control of touts/unauthorised

hawkers/dealers, incident/accident management, guarding of building and protecting of assets at all times and in the event of strike and lockout, controlling of man, material, vehicle movements, protecting and controlling services, visitor management etc., and shall also impart continuous professional training to its personnel to combat any undesirable and dangerous situation at the Airport site on a 24/7/365 day round the clock basis.

Security cost is estimated based on contract up to FY -24 year thereafter escalated based on pax growth for the respective year.

9.4.5 Other operating expense

Other Operating expenses includes expenses in relation to EHS, trolley management, other Airside O&M, Other Tops, lease rental of equipment, UDF collection charges etc. GGIAL has entered into various contracts for above-mentioned activities. Following is the summary of other operating expenses basis contracts entered into and best estimates basis:-

Particular	2023	2024	2025	2026	2027	2028
EHS	0.33	1.22	1.22	1.22	1.22	1.22
Trolley Management	0.38	1.54	1.75	2.09	2.45	2.64
Other Airside O&M	0.55	2.45	2.45	2.45	2.45	2.45
Other Tops	2.62	5.89	6.72	8.04	9.38	10.15
Lease Rental	4.63	14.49	14.76	14.76	14.76	14.76
UDF Collection Charges	0.35	3.44	3.93	4.80	5.90	6.66
Repair and Maintenance	1.52	4.76	5.71	7.16	10.45	11.87
Total	**10.38**	**33.79**	**36.54**	**40.53**	**46.60**	**49.75**

9.5 Airport Operator Fee

GGIAL will appoint Airport operator to provide support in airport operation as well as maintenance. In this regard GGIAL has to pay airport operator fee. The Airport Operator will bring in relevant experience and advise to support airport operations with supreme customer experience and at the same time provide support in airport viability. Currently for the purpose of projection GGIAL has assumed airport operator fee at 3% of the previous year revenue.

The summary of operational expenses projected for the first control period are presented in the table below:

Table 14 Details of total opex for first control period in Rs/Cr

Particular	2023	2024	2025	2026	2027	2028
Manpower	**17.48**	**68.23**	**76.66**	**105.14**	**118.12**	**132.71**
Admin Cost						
Rates & Taxes	0.56	1.77	1.86	2.61	2.74	2.88
Corporate cost allocation	2.38	7.50	7.88	8.27	8.68	9.12
CSR	0.00	0.00	0.00	0.30	3.24	6.61
Bank Charges	1.00	1.00	1.05	1.10	1.16	1.22
Consultancy & Legal	6.01	18.98	19.93	20.93	21.98	23.08
Travel	2.49	3.87	1.56	2.00	2.10	2.21
Advertisement	4.32	13.64	14.33	15.04	15.79	16.58
Auditor & Director Fee	0.50	0.53	0.55	0.58	0.61	0.64
Office Maintenance etc.	4.63	14.64	17.53	22.52	29.03	34.44
Total Admin	**21.89**	**61.93**	**64.69**	**73.35**	**85.34**	**96.76**
Utitlity cost						
Electricity	9.89	37.69	39.43	49.72	52.06	54.53
Water	0.39	1.24	1.49	1.91	2.46	2.92
Total Utility	**10.28**	**38.93**	**40.92**	**51.63**	**54.53**	**57.45**
Operating Expense						
Repair & Maintenance	12.64	39.96	43.75	51.28	79.38	84.89
IT cost -Airport operations	13.02	0.36	0.00	0.00	0.00	0.00
Enterprise IT	2.27	3.89	4.09	5.24	5.50	5.78
Housekeeping Expense	5.07	13.60	13.86	18.91	19.34	19.81
Insurance	1.05	3.72	3.93	4.74	5.01	5.29
Security Expense	3.43	13.96	17.13	22.01	27.58	31.68
Others	10.38	33.79	36.54	40.53	46.60	49.75
Total Operating cost	**47.86**	**109.29**	**119.29**	**142.70**	**183.41**	**197.20**
Airport Operator Fee	**0.00**	**0.76**	**18.37**	**34.43**	**44.13**	**56.92**
Total Opex	**97.51**	**279.14**	**319.93**	**407.25**	**485.53**	**541.05**

GGIAL has allocated expenses into aeronautical and non-aeronautical expenses basis following methodology which is well accepted worldwide as well as the Authority in case of other Indian airports.:

a) All the expenditure attributable directly to Aeronautical Services or Non-Aeronautical Services were allocated accordingly; and
b) Expenditures which are not directly attributable to aero and non-aero has been considered as common expense.
c) Manpower cost, Corporate cost allocation and travel have been allocated into manpower ratio.
d) Property tax has been allocated in area ratio and advertisement and housekeeping expense in terminal area ratio
e) Utility cost considered net of recovery hence aero.
f) Other common costs have been allocated into asset ratio.

Basis the above allocation methodology following are the aeronautical opex in case of Mopa Airport for first control period:

Table 15 Details of aeronautical expense for first control period in (Rs/Cr)

Particular	2023	2024	2025	2026	2027	2028
Manpower cost	16.40	63.99	71.90	98.61	110.79	124.47
Admin Cost	20.89	59.07	61.78	70.12	81.81	92.96
Utility cost	10.28	38.93	40.92	51.63	54.53	57.45
Operating cost	46.17	105.03	114.58	136.80	176.16	189.34
Airport Operator Fee	0.00	0.59	16.79	31.97	40.99	52.82
Total Aero Opex	**93.74**	**267.62**	**305.96**	**389.12**	**464.26**	**517.03**

10. Revenue from Cargo, Ground Handling and Fuel services

GGIAL is going to perform Cargo, Ground Handling and Fuel Farm including Into-Plane service through third party service providers. GGIAL has floated the tenders for Cargo Operator and the works was awarded on 16th Nov'2021, in case of Ground Handling the tender has been floated on 25th Mar'2021 and the works are expected to be awarded by Jan'2022. For all these licenses GGIAL will build the basic infrastructure including site leveling balance works will be undertaken by third party service providers.

The revenue accruing from cargo, ground handling and fuel farm businesses to airport operator are considered as part of revenue from aeronautical service.

The basis of projection of the above services are provided in the paragraphs hereafter.

Fuel Farm

GGIAL has awarded license agreement through competitive bidding to Bharat Petroleum Corporation Ltd. (BPCL) to design, build, finance, operate, maintain & transfer of fuel farm facilities & into-plane facilities and services at Mopa Airport. In accordance with the terms of the contract the licensee has agreed to share 15% & 5% revenue share from the gross revenue earned on account of Fuel Infrastructure charges (FIC) and In-to Plane charges respectively. Additionally, the Fuel Farm Operator provided refundable security deposit of Rs. 38 Cr..

For the purpose of forecasting fuel farm revenue GGIAL based on the market research has assumed fuel uptake of 4.5 KL for domestic flight and 15 liter of fuel uptake by an international departing flight. The tariff has been considered based on the ad-hoc tariff order issued by the Authority. Following table depicts the estimated fuel throughput at Goa Airport for the period considered for this MYTP:

Particular	2023	2024	2025	2026	2027	2028
Fuel uptake in KL	10500	127380	146188	174005	210981	236570
Rate per KL	700	700	700	700	700	700
Into Plane rate per KL	400	400	400	400	400	400

Ground Handling

The NCAP allows the domestic airlines to carry out self handling for the ground handling activities for its own aircrafts operations. GGIAL has assumed that the domestic airlines may undertake self-handling accordingly assumed 70% self-handling in case of domestic whereas all international airlines will take services from third party. Considering the availability of aircraft fleet in India and Goa Market, GGIAL has assumed majority of Code C aircrafts. The GH rates considered is based on ad-hoc order with inflationary impact.

Currently we have considered 5% revenue share payable by GH operator to GGIAL in case of domestic and 30.5% in case of international & other services.

Cargo

Goa is one of the country's fastest growing state, with sectors such as Pharma and chemicals growing at a string clip. Growth in these sectors and the economy translates into higher freight cargo movement as well. However, due to a lack of dedicated cargo handling infrastructure at the Dabolim airport, this cargo movement demand is spilled over to nearest major airports, like to those of Mumbai, Bangalore and Hyderabad. As a result, even with an economy growing faster than the national average over the last decade, the cargo traffic at the Goa airport has remained fairly stagnant.

Goa has a huge potential in cargo however due to non- availability of infrastructure the air cargo growth is constrained. The existing air cargo volume at Goa Airport are 5420 tonnes only however it has a potential to grow. Considering the market growth and market shift following is the estimated cargo volume in case of Mopa Airport:

Table 16: Details of cargo projection for Mopa

In MTPA	FY'23 (7M)	FY24	FY25	FY26	FY27	FY28
Domestic	1092	5397	7058	7806	9560	10474
International	0	5814	8592	9384	14742	15116
Total	**1092**	**11211**	**15650**	**17190**	**24302**	**25590**

The allocation of domestic cargo in inbound and outbound considered to be 57% and 43% respectively. In case of international the allocation of cargo in import and export is considered to be 8% and 92% respectively. Following is the category wise yield considered, the yield has been increase by inflation for future period.

Category	Yield in Rs/per tonne
Domestic- Inbound	3570
Domestic- Outbound	5290
International – Import	10435
International – Export	6550

GGIAL has awarded the cargo license through competitive bidding which has resulted into 15.3% revenue share. The license period is for an initial period of 20 years. Additionally, the cargo operator also provided refundable security deposit of Rs. 5 Cr. The same considered for the projections.

11. Non-aeronautical service

GGIAL has estimated the revenue from service other than aeronautical service on the basis of benchmarking with comparable airport and discounted with goa specific factors, actual contract award and tentative business estimates.

The concession agreement of GGIAL at para 32.3.2 also provide similar direction. Following is the relevant extract:

> *The GOI has, vide its letter no. F. No. AV.2101111212013-AD dated April 13, 2015, approved the 30% (thirty per cent) shared-till framework for the determination and regulation of the Aeronautical Charges at the Airport, and the same shall be accordingly considered by AERA, in accordance with the provisions of this Agreement. For avoidance of doubt, revenues of the Concessionaire from City Side Development shall be excluded from the shared-till framework for the determination and regulation of the Aeronautical Charges.*

Accordingly, 30% of the non aeronautical revenues will be considered under the shared till framework to cross subsidize the aeronautical tariff.

COVID pandemic has impacted the air traffic as well as the purchasing power of an individual accordingly it will have an impact on the non-aero revenue of Mopa. The air traffic will have a direction impact on the revenues from retail, F&B, carpark, duty etc. which are directly co-related with passengers. The rental income will be driven in terms of contractual arrangements. Mopa in terms of efficient revenue structure has proposed to introduce master concession. The master concession will be a specialized concessionaire who will able to drive business growth and efficient management of all retail concession.

Following is the basis of various revenues from non-aeronautical service:

In Flight Kitchen

GGIAL has awarded In-Flight Kitchen contract to M/s TajSATS Air Catering Ltd. through competitive bidding process. In accordance with the contract the Licensee has to pay 13% license fee till 5th anniversary from airport commercial operation date (ACOD) and 15% from 5th anniversary onwards. We have accordingly considered 13% revenue share in case of In-Flight Kitchen concession and additional 2% w.e.f. 7th December 2027.

GGIAL has assumed Rs. 100 Average Ticket Value (ATV) in case of domestic and Rs 200 ATV in case of international passenger. The ATV is further increase with inflation in following years. Further, we have assumed 20% of domestic passenger opting for in flight eatables and 100% in case of international passenger.

Retail concessions

Mopa Airport being a smaller airport will have lower penetration and accordingly lower revenue potential as far as standalone business is concerned. Accordingly, in order to ensure viability of overall commercial business by divergence of business risk, to attain economy of scale and opex optimization GGIAL has evolved master concession model. In this model the master concessionaire will have bucket of services to provide and will attain economy of scale. In case of Airport Operator, the Airport operator will have lessor cost burden on managing individual concessions, transfer of business risk and also the experience of master concessionaire will result into higher non-aero revenue which will translate into higher revenue share. In these lines, GGIAL has awarded master license to third party to manage F&B, Retail, Lounge, Duty Free, Car park and advertisements.

The non-aero revenue has been projected basis benchmarking exercise. The benchmarking has been done on two levels – Sales per pax and Income per Pax. Such a construct is appropriate as the airport / sales are directly driven by airport passenger traffic. The exception are some income streams (like area rentals) which are not strictly function of passenger, and hence need to be considered separately. Advertisement income can also be logically expressed in per pax terms.

F&B – GGIAL has planned around 1450 sqm area for F&B. The outlets will be positioned across the terminal covering domestic/international and departures/arrival and therefore enable greater visibility and increase penetration. In case of Mopa GGIAL has assumed SPP of Rs. 60 per pax in case of domestic and Rs. 80 in case of international in line with Delhi and Hyderabad Airport. GGIAL has also evaluated the airport operator revenue at Dabolim Airport, basis the FY'20 revenue figures divided by airport traffic the Income per pax (IPP) in the hands of airport operator was Rs. 10, in case of GGIAL with higher F&B area and plenty of new brands and fine dining options we expect to achieve around 20% higher IPP.

Lounge Income – Lounges and SPA present an attractive opportunity for high – income travellers to spend their free time at the airport. With growing loyalty programs and partnerships, more and more air passengers are using lounges. GGIAL has estimated ATV and penetration to arrive at SPP for lounge. The resultant SPP has been increased with inflation and pax growth to arrive at lounge income. In case of domestic GGIAL estimates Rs. 750 ATV with 0.5% penetration for airport lounges and Rs. 1250 ATV and 1% penetration in case of commercial lounge, the effective SPP comes to Rs. 16.25. In case of international GGIAL estimates Rs. 1000 ATV with 0.5% penetration for airport lounges and Rs. 1500 ATV and 1% penetration in case of commercial lounge, the effective SPP comes to Rs. 20.

Retail- Retail revenue largely depends on passenger profile. Mopa traffic is expected to tourist traffic f. While the propensity to spend would be higher, the spend per person would be lower given the expected socio – economic profile. Also, given that departure from Mopa would be at the end of tourist stay, the impact of tourist profile would be much less pronounced. We expect that considering the passenger profile and longer dwell time of passenger at Mopa Airport the SPP would be majorly aligned with Delhi Terminal 1. The SPP at Delhi Airport T1 is in the range of 105-110. Accordingly, we have assumed Rs. 105 SPP in case of domestic pax of Mopa Airport. In case of international, considering the lower volume we have assumed 10% higher SPP i.e. Rs. 116. In line with other non-aero revenue forecast the retails SPP has also been escalated with inflation.

Duty Free: GGIAL has projected the Duty Free revenue basis the SPP. GGIAL has consider benchmarks of Delhi and Hyderabad Airport. In case of Delhi the duty free SPP is USD 10 – USD 11 whereas in case of Hyderabad the SPP is in the range of USD 5- USD 7. Considering the passenger profile and lower penetration we expect that the Mopa SPP should be majorly aligned to Hyderabad Airport, considering the tourist destination and passenger profile which majorly consist of Russian and UK resident the SPP for Mopa Airport is considered towards higher band of Hyderabad Airport i.e. USD 7. The same has been forecasted with inflation and international passenger traffic growth.

Car Park – Goa is primarily a tourist destination and significant distance from mainland, majority of the travellers use taxis or hotel pickups for transportation from the airport. However, the taxi market of Goa is highly influenced by the local unions and Dabolim airport faces resistance from the local taxi associations. The strong union of taxi operators would impact parking revenues at Mopa airport. The Mopa airport is expected that the car park will witness very low penetration. Car park is expected to have 5.4% penetration and with expected ATV of Rs. 171 the effective SPP comes to Rs. 9.23. For balance period the growth in SPP is linked to inflation and passenger.

Advertisement- The SPP for Mopa Airport is benchmarked with Hyderabad which is around Rs. 35. As per concession agreement GGIAL have lower sites compare to Hyderabad as the approach road linking to highway is being built by the state government. However, GGIAL has still continued with the SPP of Hyderabad in terms of advertisement.

Space rental- Following are the estimates on the space availability on rent and rates in the scope of master concession model:

Space	Area	Rates/sqm/m	Amount
ATMs	15	28529	427937
Banks	25	11412	285292
Hotel Counters	50	28529	1426458
Other Area	60	17117	1027050
Total	**150**		**3166736**
Effective rate			21112

Revenue share to the Airport Operator:

In terms of better management and risk diversion the Master Licensee will operate all above concession and will share 20.25% revenue share with Airport Operator. Additionally, the Master licensee also provided refundable security deposit of Rs. 20 Cr..

Space Rental:

GGIAL expects following income from letting out space/land parcels directly:

Purpose	Area in Sqm	Rate / Sqm / Month
BOH Area	515	1200
Ticket counter	49	3056
Office Space – Airlines	384	2300
Office Space – Ramp Offices	139	2300
AEMB & Others	565	2042
IFK-Airside unpaved	4046	256
GH unpaved land	2160	256
Cargo Land	15087	25
Fuel	24367	25
Ground Handling - Paved land	1300	1300
Self-Handling Airlines – Paved Land	825	1300

All spaces/land are expected to have 100% occupancy from FY 23-24 and the space rental is assumed to grow by inflation rate.

On the basis of above assumption following is the non-aero revenue projections for first control period of Mopa:

Table 17 Details on Non-Aero Revenue (In Rs/Cr)

Particular	2023	2024	2025	2026	2027	2028	Total
Direct Concession							
In Flight Kitchen	0.09	1.59	1.93	2.33	2.92	3.54	**12.40**
Retails Concession							
F&B	4.20	42.86	51.43	65.66	92.93	110.09	
Lounge Income	0.57	5.74	6.88	8.80	12.47	14.77	
Retail Duty Paid	7.35	73.11	87.63	112.32	159.21	188.78	
Duty Free	0.00	45.90	57.34	62.77	82.86	94.00	
Car park	0.32	3.18	3.81	4.89	6.93	8.22	
Advertisement	2.45	24.08	28.85	37.04	52.55	62.33	
Others	0.91	3.80	4.07	4.35	4.66	4.98	
Total	**15.80**	**198.66**	**240.01**	**295.84**	**411.60**	**483.18**	
Revenue Share to AO	**3.20**	**40.23**	**48.60**	**59.91**	**83.35**	**97.84**	**333.13**
Land & Space	**2.10**	**10.66**	**11.20**	**11.75**	**12.34**	**12.96**	**61.01**
Total	**5.39**	**52.48**	**61.73**	**73.99**	**98.62**	**114.34**	**406.55**

12. Taxation

Government of India has introduced Section 115BAA in the Income Tax Act,1961 to give the benefit of a reduced corporate tax rate for the domestic companies. Section 115BAA states that domestic companies have the option to pay tax at a rate of 22% plus sc of 10% and cess of 4%. The Effective Tax rate being 25.17% from the FY 2019-20 (AY 2020-21) onwards if such domestic companies adhere to certain conditions specified. The company need not pay tax under MAT if it opts for Section 115BAA.

GGIAL has opted for concessional income tax rate under section 115BAA and accordingly not considered MAT in tax calculations. GGIAL in accordance with AERA guidelines has calculated tax based on standalone Aeronautical P&L arrived on the basis of aeronautical building blocks.

Table 18 Details of income tax (In Rs/Cr)

Particular	2023	2024	2025	2026	2027	2028
Aero Revenue	19.78	567.67	1072.11	1373.70	1762.55	2088.35
Less:						
Aero Opex	93.74	267.62	305.96	389.12	464.26	517.03
Depreciation	49.25	163.34	169.72	182.51	195.31	196.77
Interest	71.75	226.87	224.33	214.90	194.76	158.80
Total opex	214.75	657.83	700.01	786.53	854.34	872.60
Aero PBT	**-194.97**	**-90.16**	**372.10**	**587.17**	**908.21**	**1215.74**
Aero Tax	**0.00**	**0.00**	**0.00**	**17.28**	**194.12**	**281.90**
Aero PAT	**-194.97**	**-90.16**	**372.10**	**569.89**	**714.09**	**933.85**

13. Aggregate Revenue Requirement

The Aggregate Revenue Requirement (ARR) has been computed in line with the AERA guidelines for Tariff Determination, terms of the Concession Agreement and after taking into account the capital expenditure and various estimation explanation provided in the previous chapters. Accordingly, following is the ARR for the first control period of Mopa Airport:

Table 19 Details of Aggregate Revenue Requirement (In Rs/Cr)

Particular	2023	2024	2025	2026	2027	2028
RAB	3484	3497	3463	3560	3644	3472
FROR	15.89%	15.89%	15.89%	15.89%	15.89%	15.89%
Fair Rate of return X RAB	175	556	550	566	579	552
Depreciation	49	163	170	183	195	197
Opex	94	268	306	389	464	517
Tax	0	0	0	17	194	282
Total	**318**	**987**	**1026**	**1155**	**1433**	**1548**
NAR Cross subsidy	2	16	19	22	30	34
ARR	**317**	**971**	**1008**	**1133**	**1403**	**1513**

In order to achieve above ARR, following is the effective YPP basis total pax:

Table 20 YPP calculations

Particular	2023	2024	2025	2026	2027	2028
PV of ARR	332	838	750	728	778	724
Billable Pax (In Mn)	0.70	6.88	7.85	9.60	11.79	13.32
Sum of PV of ARR	**4149**					
Projected Revenue at YPP	20	560	1066	1366	1761	2088
PV of Projected Revenue	21	483	793	878	976	998
Sum of PV of Projected Rev.	**4149**					
Difference	**0.00**					
Effective YPP	**1271.32**					

Up to Sep 30, 2023 GGIAL considered UDF based on ad-hoc order. Accordingly, with respect to first control period i.e. 1st April'23 to 31st Mar'28, GGIAL request Authority to allow YPP of Rs 1,271.32 per pax from Oct 1, 2023. We request the Authority to allow filling of the rate card at the time of the finalization of MYTP by the Authority.

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