

फा. सं. ऐरा/20010/एमवाईटीपी/एचआईएएल/सीपी - IV/2025-26

F. No. AERA/20010/MYTP/HIAL/CP-IV/2025-26

परामर्श पत्र संख्या 02/2026-27

Consultation Paper No. 02/2026-27



सत्यमेव जयते

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
Airports Economic Regulatory Authority of India

राजीव गांधी अंतरराष्ट्रीय हवाईअड्डा, हैदराबाद (एचवाईडी) के लिए चतुर्थ नियंत्रण अवधि
(01.04.2026–31.03.2031) के लिए वैमानिक टैरिफ निर्धारित करने के मामले में

**IN THE MATTER OF
DETERMINATION OF AERONAUTICAL TARIFF FOR
RAJIV GANDHI INTERNATIONAL AIRPORT, HYDERABAD (HYD)
FOR THE FOURTH CONTROL PERIOD
(01.04.2026 – 31.03.2031)**

जारी करने की तारीख : 19 जून, 2026

Date of Issue: 19th June, 2026

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STAKEHOLDERS' CONSULTATION

Rajiv Gandhi International Airport (RGIA), Hyderabad, is a Major Airport in terms of Section 2(i) of the *Airports Economic Regulatory Authority of India Act, 2008 (AERA Act)*, read with the *AERA (Amendment) Acts of 2019 and 2021*, on account of its annual passenger throughput. The airport handled an actual passenger traffic of **30.48 million passengers per annum (MPPA)** during FY 2025-26 and has continued to witness steady growth in air traffic, reaffirming its strategic significance within India's civil aviation network.

The genesis of RGIA dates back to November 2000, when the Government of Andhra Pradesh and the Airports Authority of India (AAI) executed a Memorandum of Understanding (MoU) for the development of a greenfield airport at Hyderabad under the Public-Private Partnership (PPP) model. Pursuant to this MoU, GMR Hyderabad International Airport Limited, hereinafter referred to as "**GHIAL**" or "**the Airport Operator**", was incorporated on 17th December, 2002 to design, finance, construct, develop, operate and maintain a modern, efficient and world-class greenfield airport at Shamshabad, Hyderabad. The development of RGIA under the PPP framework represents a significant milestone in airport infrastructure development in India and reflects the policy objective of leveraging private sector participation for creation of aviation infrastructure.

The Concession Agreement for the development, construction, operation and maintenance of the Airport was executed on **20 December 2004** between the Government of India and GHIAL. Subsequently, the Airport commenced commercial operations on **23 March 2008** and has since evolved into one of the country's key aviation gateways.

In accordance with the provisions of the AERA Act, 2008 and the applicable Concession Agreement, GHIAL has submitted its Multi-Year Tariff Proposal (MYTP) for the 4th Control Period (2026-2031) for consideration by the Authority. The MYTP comprises of:

- (i) Revised True-up submissions pertaining to the Pre-Control Period Entitlement (PCPE), 1st Control Period, 2nd Control Period
- (ii) True-up of the Third Control Period based on the audited financial statements for FY 2022–FY 2025 and the unaudited actuals for FY 2026;
- (iii) Projections for the Fourth Control Period commencing from **1 April 2026** and ending on **31 March 2031**.

The submissions include detailed information relating to traffic projections, Capital Expenditure (Capex), Operating Expenditure (Opex), Non-Aeronautical Revenue (NAR), and other relevant parameters forming the basis for determination of aeronautical tariff for the Fourth Control Period.

During the preparation of this Consultation Paper, the Authority undertook a comprehensive examination of the MYTP submissions and the supporting documents furnished by GHIAL. The assessment included scrutiny of the audited financial statements pertaining to the Third Control Period. For FY 2025-26, unaudited actual financials furnished by GHIAL were also relied upon for the purpose of preparation of this Consultation Paper.

Accordingly, the Authority has issued this Consultation Paper setting out its proposals as part of the tariff determination exercise for the Fourth Control Period in respect of Rajiv Gandhi International Airport, Hyderabad. The Authority shall duly consider written, evidence-based comments, suggestions and feedback received from stakeholders on the proposals contained herein and shall issue the Final Tariff Order for aeronautical services after taking into account stakeholder submissions on merits.

The Authority would further like to emphasise that the timelines prescribed for the consultation process cannot be altered and needs to be strictly adhered to. Stakeholders are, therefore, requested to submit their comments and inputs strictly within the timelines specified in this Consultation Paper. Comments received beyond the stipulated timelines may not be considered by the Authority.

Further, it is pertinent to note that, in terms of Section 13(2) of the AERA Act, 2008, the tariff determined under a Tariff Order for a Control Period may be reviewed and revised during the current Control Period, if considered necessary by the Authority in public interest and in accordance with the provisions of the Act.

Thus, in accordance with the provisions of Section 13(4) of the AERA Act, written comments on **Consultation Paper No. 02/2026-27 dated 19 June 2026** are invited from stakeholders, preferably in electronic form, at the following address:

Director (P&S, Tariff)

Airports Economic Regulatory Authority of India (the Authority),

3rd Floor, Udaan Bhawan

Safdarjung Airport

New Delhi – 110003

Email: director-ps@aera.gov.in, rajan.guptal@aera.gov.in copy to secretary@aera.gov.in

Stakeholder's consultation meeting	06.07.2026
Last Date for submission of comments	20.07.2026
Last Date for submission of counter comments	30.07.2026

Comments and counter-comments will be posted on the Authority's website: www.aera.gov.in.

For any clarification/information, Director (P&S, Tariff) may be contacted at the following telephone number:

Tel.: 011-24695043

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LIST OF ABBREVIATIONS

Abbreviation	Expansion
AAI	Airports Authority of India
ABD	Assisted Bag Drop
ACI	Airports Council International
ADFG	Advance Development Fund Grant
AEP	Airport Entry Pass
AERA	Airports Economic Regulatory Authority of India
AERAAT	Airports Economic Regulatory Authority Appellate Tribunal
AGL	Airfield Ground Lighting
AMC	Annual Maintenance Contract
AOCC	Airport Operations Control Center
AODB	Airport Operational Database
AOL	Airport Operator Liability
ARFF	Aircraft Rescue & Fire Fighting
ARR	Aggregate Revenue Requirement
ASF	Aviation Security Fee
ASQ	Airport Service Quality
ATC	Air Traffic Control
ATM	Air Traffic Movement
ATRS	Automated Tray Retrieval System
AUCC	Airport Users Consultative Committee
BCAS	Bureau Of Civil Aviation Security
BHS	Baggage Handling System
BIAL	Bangalore International Airport Limited
BRS	Baggage Reconciliation System
CAGR	Compounded Annual Growth Rate
CAM	Common Area Maintenance
CAPEX	Capital Expenditure
CAPM	Capital Asset Pricing Model
CAT-I / CAT-II	Category-I / Category-II ILS approach lighting
CGF	Cargo, Ground handling and Fuel
CISF	Central Industrial Security Force
CNS	Communication, Navigation and Surveillance
COD	Commercial Operations Date
COE	Cost of Equity
COVID	Coronavirus Disease
CPD	Commercial Property Development
CRIS	CRISIL Risk and Infrastructure Solutions Limited
CSB	Cargo Satellite Building
CSR	Corporate Social Responsibility
CTX	Computed Tomography X-ray (HBS)
CUPPS	Common Use Passenger Processing System
CTB	Cargo Terminal Building
CUSS	Common Use Self Service
CUTE	Common User Terminal Equipment
CWIP	Capital Works in Progress
DGCA	Directorate General of Civil Aviation

Abbreviation	Expansion
DIAL	Delhi International Airport Limited
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECB	External Commercial Borrowing
ECT	Eastern Cross Taxiway
ESG	Environmental, Social & Governance
FAR	Fixed Asset Register
FEGP	Fixed Electrical Ground Power
FIA	Federation of Indian Airlines
FIDS	Flight Information Display System
FROR	Fair Rate of Return
GACAEL	GMR Air Cargo and Aerospace Engineering Limited
GDP	Gross Domestic Product
GHIAL	GMR Hyderabad International Airport Limited
GHRL	GMR Hospitality and Retail Limited
GIL	GMR Infrastructure Limited
GMR	GMR Group
GOI	Government of India
GPU	Ground Power Unit
GSE	Ground Support Equipment
HAML	Hyderabad Airport Metro Limited
HIAL	Hyderabad International Airport Limited
HMACPL	Hyderabad Menzies Air Cargo Pvt Ltd
HVAC	Heating, ventilation, and air conditioning
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICF	ICF International Limited
ICT	Information and Communications Technology
IDAT	Integrated Domestic Arrival Terminal
IDC	Interest During Construction
IFK	In Flight Kitchen
IFL	Interest Free Loan
IDT	Integrated International Departure Terminal
IIM	Indian Institute of Management
IMC	Instrument Meteorological Conditions
INR	Indian Rupee
IRR	Internal Rate of Return
MAG	Minimum Annual Guarantee
MAHB	Malaysia Airports Holding Berhad (Mauritius)
MAR	Main Access Road
MARS	Multi-Aircraft Ramp System
MAT	Minimum Alternate Tax
MIAL	Mumbai International Airport Limited
MLCP	Multi-Level Car Parking
MoCA	Ministry of Civil Aviation
MPPA	Million Passengers Per Annum
MYTP	Multi Year Tariff Proposal
NAR	Non-Aeronautical Revenue

Abbreviation	Expansion
NATS	National Air Traffic Services UK
NOB	New Office Building
NPTB	Northern Precinct Terminal Building
OMDA	Operations, Maintenance and Development Agreement
PAPI	Precision Approach Path Indicator
PAT	Profit After Tax
PBT	Profit Before Tax
PCA	Pre-Conditioned Air
PCPE	Pre Control Period Entitlement
PESC	Pre-Embarkation Security Check
PMC	Project Management Cost
PPP	Public Private Partnership
PRM	Persons with Reduced Mobility
PSF	Passenger Service Fee
PSU	Public Sector Units
PTC	Passenger Transport Center
PUC	Pollution Under Control
RAB	Regulated Asset Base
RBI	Reserve Bank of India
RGIA	Rajiv Gandhi International Airport
ITES	Rail India Technical and Economic Service Limited
RET	Rapid Exit Taxiway
ROI	Return on Investment
RTL	Rupee Term Loan
SATS	Singapore Airport Terminal Services Limited
SBD	Self-Baggage Drop
SFIS	Served From India Scheme
SHA	Security Hold Area
SITC	Supply, Installation, Testing & Commissioning
SLP	Special Leave Petitions
SOB	Site Office Building
SOCC	Security Operations Control Centre
SOP	Standard Operating Procedure
SPP	Spend Per Pax
SPS	Sewage Pumping Station
SSA	State Support Agreement
STP	Sewage Treatment Plant
TDSAT	Telecom Disputes Settlement and Appellate Tribunal
TRA	Trust and Retention Account
UDF	User Development Fees
USD	US Dollar
VDGS	Visual Docking Guidance System
VTP	Variable Tariff Plan
WACC	Weighted Average Cost of Capital
WDV	Written Down Value
WIP	Work in Progress
WPI	Wholesale Price Index
XBIS	X-Ray Baggage Inspection System

Abbreviation	Expansion
YOY	Year on Year
YPP	Yield Per Passenger

1. BACKGROUND

1.1. Introduction

- 1.1.1. Rajiv Gandhi International Airport (hereinafter referred to as “RGI Airport”, “RGIA” or “the Airport”), Hyderabad, is a Major Airport as per the provisions of the Airports Economic Regulatory Authority of India Act, 2008, based on the annual passenger throughput criteria prescribed thereunder. GMR Hyderabad International Airport Limited (GHIAL) (hereinafter referred to as “GHIAL”, “HIAL”, or “the Company”) was incorporated on 17 December 2002 as a Special Purpose Vehicle (SPV) for the design, financing, construction, operation, and maintenance of a world-class greenfield international airport at Shamshabad, Hyderabad.
- 1.1.2. The development of RGIA traces its origin to the Memorandum of Understanding executed in November 2000 between the Government of Andhra Pradesh and the Airports Authority of India (AAI) for the establishment of a greenfield airport project under the PPP framework. Under the proposed structure, the Government and AAI together were envisaged to hold a 26% equity stake, while the remaining 74% was to be held by a private sector partner. Following a competitive international bidding process, the project was awarded to a consortium comprising GMR Group and Malaysia Airports Holdings Berhad (MAHB).
- 1.1.3. In September 2003, the project stakeholders executed the Shareholders’ Agreement and entered into arrangements relating to State support and subsidy of over Rs. 4 billion for project implementation. Subsequently, a Concession Agreement was signed between Ministry of Civil Aviation (MoCA) and GHIAL on 20th December 2004 that authorized GHIAL for the Development, Construction, Operation and Maintenance of the Hyderabad International Airport.
- 1.1.4. In addition to financial support, the State Government facilitated land availability for the Airport project. A Land Lease Agreement (LLA) was executed in this regard between the State Government (Lessor) and GHIAL (Lessee) on 30th September 2003. The financial assistance and land support extended by the State Government constituted a critical enabling framework for timely implementation, construction and operationalisation of the Airport project.
- 1.1.5. At the stage of financial closure and commencement of construction activities, the initial phase of Hyderabad International Airport was conceived with a designated passenger handling capacity of approximately 12 million passengers with an estimated built-up area of 117,000 m² (1,260,000 sq ft). In November 2023, the terminal was expanded towards the eastern side and in September 2024, the terminal was expanded towards western side. Its total operational area is 379,370 m² (4,083,500 sq ft). With the expanded terminal, the passenger capacity has been increased to 34 million passengers per annum.
- 1.1.6. GHIAL operates as a joint venture company with the following shareholding structure as on 31.03.2026:

Table 1: Summary of Shareholding Structure of GHIAL

Company/Party	Holding (%)
GMR Airports Limited (GAL) ¹	74
Government of Telangana (GoT)	13
Airports Authority of India (AAI)	13

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

Company/Party	Holding (%)
Total	100

Source: GHIAL MYTP for the Fourth Control Period

1.2. Profile of Rajiv Gandhi International Airport

- 1.2.1. Rajiv Gandhi International Airport, Hyderabad ("RGIA"/ "Airport") is a greenfield airport developed under the Public-Private Partnership ("PPP") framework. The Airport was commissioned on 23.03.2008 and has since developed into an important aviation hub serving Hyderabad and the adjoining region.
- 1.2.2. RGIA has recorded significant growth in passenger and aircraft traffic since commencement of commercial operations. The Airport presently provides connectivity to approximately **74 domestic destinations** and **26 international destinations**. In terms of passenger throughput, RGIA is among the busiest airports in India and serves as a major aviation gateway in South India.

Table 2: Actual Traffic achieved in the Third Control Period

Year	Passenger (in Millions)			ATM (in 000's)		
	Domestic	International	Total	Domestic	International	Total
FY22	10.99	1.43	12.43	101.39	12.54	113.93
FY23	17.58	3.42	21.00	135.79	22.96	158.75
FY24	20.83	4.21	25.04	148.29	28.00	176.29
FY25	24.44	4.73	29.17	172.22	30.18	202.40
FY26	25.02	5.46	30.48	175.84	32.06	207.90
Total	98.87	19.25	118.1	733.53	125.67	859.19

- 1.2.3. The Airport has integrated passenger terminal facilities and supporting airside infrastructure to cater to domestic and international traffic. The airside and terminal infrastructure are designed to support increasing traffic volumes while ensuring operational efficiency, safety and passenger service quality. The terminal and technical characteristics of RGI Airport, as submitted by GHIAL, are summarized in the table below.

Table 3: Terminal Building and Technical Details of RGIA

Terminal Building Details	
Terminal Building Area (sqm)	382,394
Designed Passenger Handling Capacity (MPPA)	34
Check in counters- Conventional + SBD	149 (85-conventional, 64- SBD)
Security Screening Machines with ATRS	26
Emigration Counters	45
Immigration Counters	44
Aircraft Stands (Contact + Remote)	93 (Contact-45, Remote-48)
Departure Bus Gates (D+I)	24 (D) + 4 (I)
Arrival Bus Gates (D+I)	6 (D) + 3 (I)
Arrival Reclaim Belts (D+I)	7 + 7
Departure Ramp Capacity (Cars/hours)	3,600
Arrival Ramp Capacity (Cars/hour)	2,890
Airside Details	
Runway 09/27 (4260*60 m)	1
Annual ATM's	284,000

Terminal Building Details	
Peak Hr ATMs	42
Apron Area (sqm)	379,060
Taxiway Area (sqm)	1,477,590
Airside Area	1,856,650
Key Milestones FY 2026	
Passenger Traffic Handled (in Mn)	30.48
Average Pax/Day	83,517
Average ATM/Day	569
Highest ATM in an hour	35
Cargo Tonnage (in Tonnes)	1,82,440
No. of Destinations	100

1.3. Tariff Setting Principles for GHIAL

1.3.1. Airports Economic Regulatory Authority of India (AERA) was established by the Government of India vide notification No. GSR 317(E) dated 12.05.2009. The function of AERA, in respect of Major Airports, are specified in section 13(1) of The Airports Economic Regulatory Authority of India Act, 2008 ('AERA Act' or 'the Act') read with AERA (Amendment) Act 2019 and 2021, which are as below:

- a) *To determine the tariff for aeronautical services taking into consideration*
- i. *Capital expenditure incurred and timely investment in improvement of airport facilities;*
 - ii. *Quality of services provided and other relevant service-related considerations;*
 - iii. *Costs associated with improvement in efficiency;*
 - iv. *Economic and viable operation of major airports;*
 - v. *Revenue received from services other than aeronautical services;*
 - vi. *Concessions offered by the Central Government under agreements, memoranda of understanding, or other arrangements; and*
 - vii. *Any other factor considered relevant for the purposes of the 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);

- b) *to determine the amount of development fees in respect of major airports;*
- c) *to determine the amount of passenger service fee levied under rule 88 of the Aircraft Rules, 1937 made under Aircraft Act, 1934 (22 of 1934);*
- d) *to monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf;*
- e) *to call for such information as may be necessary to determine the tariff under clause 13(1)(a).*
- f) *to perform such other functions relating to tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of this Act."*

1.3.2. The terms "aeronautical services" and "Major Airports" are defined in Sections 2(a) and 2(i) of the Act, respectively

1.3.3. As per the AERA Act, 2008, the aeronautical service means any services provided:

“

- (a) for navigation, surveillance and supportive communication thereto for air traffic management;
- (b) for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at any Airport;
- (c) for ground safety services at an Airport;
- (d) for ground handling services relating to aircraft, passengers and cargo at an Airport;
- (e) for the cargo facility at an Airport;
- (f) for supplying fuel to the aircraft at an Airport; and
- (g) for a stakeholder at an Airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority”

1.3.4. AAI (Airports Authority of India) under Ministry of Civil Aviation, Government of India, being the sole service provider, handles Air Navigation Services (ANS) across the country including the Hyderabad Airport. Thus, the tariff for ANS is presently determined and regulated by the Ministry of Civil Aviation (MoCA) at national level to ensure uniformity across airports. All assets, expenses and revenues pertaining to ANS are accordingly considered separately by the MoCA while determining the tariff for ANS.

1.4. Authority’s Orders applied in Tariff Proposals in this Consultation Paper

1.4.1. Regulatory philosophy and Tariff Determination

- i. Order No. 13 dated 12.01.2011 (Regulatory philosophy and approach in Economic Regulation of Airport Operators) and Direction No. 5 dated 28.02.2011 (Terms and conditions for determination of tariff for Airport Operators)
- ii. Order No. 14/2016-17 dated 23.01.2017 in the matter of aligning certain aspects of the Authority’s Regulatory Approach (Adoption of Regulatory Till) with the provisions of the National Civil Aviation Policy – 2016 (NCAP-2016) approved by the Government of India
- iii. Order No. 42/2018-19 dated 5.03.2019 in the matter of Determination of Fair Rate of Return (FRoR) to be provided on Cost of Land incurred by various Airport Operators in India
- iv. Order No. 20/2016-17 dated 31.03.2017 in the matter of allowing Concession to Regional Connectivity Scheme (RCS) Flights under RCS – Ude Desh ka Aam Nagarik (UDAN) at Major Airports

1.4.2. Normative approach to Building Blocks in Economic Regulation of Major Airports (Capital Costs Reg.)

- i. The Authority issued Order No. 07/2016-17 dated 6.06.2016, in the matter of Normative Approach to Building Blocks in Economic Regulation of Major Airports – Capital Costs Reg.

1.4.3. Determination of useful life of airport assets

- i. The Authority issued Order No. 35/2017-18 dated 12.01.2018 and Amendment No.1 to Order No.35/2017-18 dated 9.04.2018, in the matter of determination of useful life of airport assets.

1.5. Sequence of past events in tariff determination exercise

- 1.5.1. A brief chronology of the tariff determination exercise undertaken and order issued for respective Control Periods by the Authority is set out below.

First Control Period (FY 2011-12 to FY 2015-16)

- 1.5.2. A brief timeline of events relating to determination of aeronautical tariff for the First Control Period is as follows:
 - a) GHIAL, vide letter No. GHIAL/AERA/2011-12/01 dated July 31, 2011 and in compliance with the directions of the Airports Economic Regulatory Authority Appellate Tribunal (“AERAAT”), submitted its Multi-Year Tariff Proposal (MYTP) for the First Control Period covering FY 2011-12 to FY 2015-16 for consideration by the Authority.
 - b) Following examination of the submissions and consideration of stakeholder comments on various tariff building blocks, the Authority determined the aeronautical tariff for GHIAL for the First Control Period vide Order No. 38/2013-14 dated February 24, 2014 (hereinafter referred to as “Order No. 38/2013-14”) in the matter of *Determination of Aeronautical Tariff in respect of GHIAL for the period 1 April 2011 to 31 March 2016*.

Second Control Period (FY 2016-17 to FY 2020-21)

- 1.5.3. A brief timeline of events relating to determination of aeronautical tariff for the Second Control Period is as follows:
 - a) Subsequent to issuance of Order No. 38/2013-14 for the First Control Period, GHIAL approached the Hon’ble High Court of Hyderabad by filing Writ Petition No. 22474/2014 on August 6, 2014 challenging the said tariff order and seeking interim relief in the matter. Thereafter, GHIAL filed an additional Writ Petition No. 27390/2015 before the Hon’ble High Court seeking immediate revision of tariffs.
 - b) For determination of tariffs for the Second Control Period, GHIAL submitted its initial Multi-Year Tariff Proposal (MYTP) on a shared till basis on March 25, 2016. Subsequently, GHIAL submitted a revised MYTP on December 5, 2016 and thereafter furnished an updated tariff financial model on January 28, 2017 incorporating audited financial results for FY 2015-16.
 - c) GHIAL made a further submission to the Authority on August 31, 2017 revising certain key elements of the tariff proposal, inter alia, relating to:
 - i. Revised capital expenditure implementation plan;
 - ii. Treatment of foreign exchange variation;
 - iii. Revision in depreciation rates; and
 - iv. Computation of revenues from non-aeronautical services for cross-subsidization purposes.

- 1.5.4. The Authority undertook a detailed review of the various submissions and supporting materials furnished by GHIAL in relation to the tariff building blocks and proposed its treatment thereof through Consultation Paper No. 30/2017-18 dated December 19, 2017 (hereinafter referred to as “*Consultation Paper No. 30/2017-18*”).
- 1.5.5. Pursuant to publication of the Consultation Paper, the Authority conducted stakeholder consultations and held a series of meetings, discussions, and presentations with stakeholders and GHIAL on the issues and proposals set out therein.
- 1.5.6. Upon consideration of stakeholder submissions and analysis of the various building blocks relevant to tariff determination, the Authority determined the aeronautical tariff for GHIAL for the Second Control Period vide Order No. 34/2019-20 dated March 27, 2020 (hereinafter referred to as “*Order No. 34/2019-20*”) in the matter of *Determination of Aeronautical Tariff in respect of GHIAL for the period 1 April 2016 to 31 March 2021*.

Third Control Period (FY 2021-22 to FY 2025-26)

- 1.5.7. A brief timeline of events relating to determination of aeronautical tariff for the Third Control Period is as follows:
- a) GHIAL, vide letter No. GHIAL/2020-21/SPG/1460 dated July 23, 2020 submitted its Multi-Year Tariff Proposal (MYTP) for the Third Control Period covering FY 2021-22 to FY 2025-26 for consideration by the Authority.
 - b) In its MYTP submission, GHIAL referred to the proceedings before the Hon’ble Telecom Disputes Settlement and Appellate Tribunal (“TDSAT”) in Appeal No. 02 of 2014 and reiterated issues that, according to GHIAL, remained unresolved from earlier control periods. GHIAL further referred to pending judicial proceedings, including W.P. Nos. 6487/2014, 22474/2014, 27390/2015, and 3780/2018, and requested fresh consideration of such matters by the Authority along with an opportunity for detailed hearing before commencement of the consultation process for the Third Control Period.
 - c) GHIAL has also submitted that CSR expenditure has been allocated in accordance with the principles laid down by the Hon’ble TDSAT in respect of other airports.
 - d) Following submission of the MYTP, the Authority undertook a detailed examination of the proposal and held a series of meetings, presentations, and consultations with GHIAL, including discussions relating to the tariff financial model and treatment of individual building blocks.
 - e) After considering the submissions made by GHIAL and views expressed by stakeholders during the consultation process, the Authority determined the aeronautical tariff for GHIAL for the Third Control Period vide Order No. 12/2021-22 dated 31 August 2021 (hereinafter referred to as “*Order No. 12/2021-22*”) in the matter of *Determination of Aeronautical Tariff in respect of GHIAL for the period 1 April 2021 to 31 March 2026*.
 - f) GHIAL, vide its letter no. GHIAL/AERA/2025-26/2131 dated 14.08.2025, requested the Authority to maintain the aeronautical tariff for the 4th Quarter of FY 2025-26 (January-March 2026) at the same level as applicable till December 2025

- g) In view of the likelihood of spike in tariff in the 4th Control Period on account of substantial carry forward of shortfall along with carrying cost coupled with huge Capex and with the objective of reducing under recovery and balancing the tariff in the interest of passengers in the succeeding Control Period, the Authority vide amendment order dated 31.10.2025 amended Order No. 12/2021-22 dated 31.08.2021 and maintained the Landing, Parking and UDF charges as applicable from 01.04.2025 to 31.12.2025 even for the last quarter of FY 2025-26 i.e. 1st January 2026 to 31st March 2026.

Fourth Control Period (FY 2026-27 to FY 2030-31)

1.5.8. The Authority vide Order No.26/2025-26 dated 16.03.2026 allowed GHIAL to levy the existing tariff, applicable as on 31.03.2026, on interim basis, for a further period of 06 (six) months w.e.f. 01.04.2026 to 30.09.2026 or till the determination of regular tariff for their respective Control Period, whichever is earlier.

1.5.9. The following are the tariff orders issued by the Authority for GHIAL:

Tariff Orders	Applicability Period	Pertaining To
Order No. 38/2013-14 dated February 24, 2014	w.e.f. 1st April 2011 to 31st March 2016	First Control Period
Order No. 34/2019-20 dated March 27, 2020	w.e.f. 1st April 2016 to 31st March 2021	Second Control Period
Order No. 12/2021-22 dated 31 August 2021	w.e.f. 1st April 2021 – 31st March 2026	Third Control Period
Order no 40/2023-24 dated 31 st October 2025 Interim Tariff Extension Order	w.e.f. 1st January 2026 – 31st March 2026	Third Control Period
Order no 26/2025-26 dated 16 th March 2026 Interim Tariff Extension Order	w.e.f. 1st April 2026 – 30th September 2026	Fourth Control Period

1.6. Matters before the Hon’ble Supreme Court

- 1.6.1. Authority vide its Order No. 12/2021-22 dated 31st August 2021, determined the Aeronautical tariff for the Third Control Period. GHIAL by filing an AERA Appeal No. 04/2021, before the Hon’ble Telecom Disputes Settlement and Appellate Tribunal (“TDSAT”) challenged certain decisions of the Authority contained therein. The Hon’ble TDSAT pronounced its judgment on February 14, 2024.
- 1.6.2. In its judgment dated 14th February 2024, Hon’ble TDSAT has decided certain issues by relying upon its earlier judgments dated 21.07.2023 and 06.10.2023, passed in DIAL 2nd & 3rd Control Period Appeals and MIAL 2nd & 3rd Control Period Appeals, respectively. In all these judgements including the judgment dated 14.02.2024, in respect of GHIAL 3rd Control Period appeal certain issues have been decided in favor of the Airport Operators and on certain issues the decisions of the Authority have been upheld. All these judgments of Hon’ble TDSAT have been challenged in the Hon’ble Supreme Court by AERA by filing Civil Appeals there and these Civil Appeals are presently sub-judice. Therefore, the issues raised in the Civil Appeals filed by AERA against Hon’ble TDSAT judgments dated 21.07.2023, 06.10.2023, 14.02.2024, are not yet finally adjudicated and hence yet to attain finality.
- 1.6.3. GHIAL, in its Multi-Year Tariff Proposal (MYTP) for the Fourth Control Period, has stated that the findings and directions of the Hon’ble TDSAT decided in favour of the Airport Operator have been factored into its tariff proposal and corresponding financial submissions.

1.7. MYTP of GHIAL for the Fourth Control Period

- 1.7.1. GHIAL submitted the Multi-Year Tariff Proposal (MYTP) for the Fourth Control Period on 26th June 2025, for aeronautical services at Rajiv Gandhi International Airport, Hyderabad, for the Authority's consideration seeking revision of tariffs for earlier Control Periods and approval of tariff for the ensuing Fourth Control Period, i.e., from 1st April 2026 to 31st March 2031. In its proposal GHIAL has factored the decisions of Hon'ble TDSAT as passed vide its judgment dated 14.02.2024, wherein, the Hon'ble TDSAT has decided certain issues by relying upon its earlier judgments dated 21.07.2023 and 06.10.2023, passed in DIAL 2nd & 3rd Control Period Appeals and MIAL 2nd & 3rd Control Period Appeals, respectively. As per GHIAL, these decisions/orders, have implications for True up of earlier Control Periods, including the Pre-Control Period Entitlement, First Control Period, Second Control Period and Third Control Period, as well as for the treatment of various Regulatory Building Blocks for the Fourth Control Period.
- 1.7.2. However, the Authority has challenged the decisions of the Hon'ble TDSAT by filing Civil Appeals in the Hon'ble Supreme Court under Section 31 of AERA Act, 2008. These Civil Appeals filed by AERA were opposed by the Airport Operators on the ground that AERA, being a Tariff determining Authority, is a quasi-judicial body and therefore, it cannot file Appeal against the judgement of Hon'ble TDSAT which is an appellate Authority.
- 1.7.3. The Hon'ble Supreme Court vide its judgement dated 18th October 2024, rejected the contentions of Airport Operators and has held that the appeals filed by the Authority under Section 31 of the AERA Act, 2008, against the Hon'ble TDSAT orders are maintainable on the ground that AERA is a necessary party in the Appeals filed before the Hon'ble TDSAT and the Authority is the custodian of public interest and for protecting public interest it can file Civil Appeal under Section 31 of the AERA Act, 2008. The Hon'ble Supreme Court has now listed these Civil Appeals filed by the Authority for hearing on merit and are pending before Hon'ble Supreme Court for final settlement and thus are sub-judice.
- 1.7.4. The Authority has carefully examined the issue of factoring the above-mentioned orders of the Hon'ble TDSAT in the Fourth Control Period Tariff Order. The Authority has utmost regards for the directions of the Appellate Authority. However, the Authority has challenged these orders in Hon'ble Supreme Court under section 31 of AERA Act, 2008, and Hon'ble Supreme Court is presently hearing these matters. Thus, the issues raised in these Civil Appeals filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized of the matters. Therefore, the Authority notes that under such circumstances if it decides to implement the Hon'ble TDSAT order without finally settling the issues before the Hon'ble Supreme Court and revision in tariff is effected considering GHIAL's submissions on the basis of Hon'ble TDSAT judgments, for the Fourth Control Period, then it shall lead to a significant increase in Aeronautical tariff which will have to be borne by the Airport users as GHIAL will start recovery of increased tariff from the Airport users. However, if at a later stage, the Civil Appeals filed by the Authority are upheld or decided in AERA's favour, then it will not be possible to refund excess charges collected from the Airport users during this period on account of increase in tariff. Thus, there will be substantial over recovery by the Airport Operator at the cost of Airport Users. Due to all these factors, GHIAL would have unjust enrichment at the cost of Airport users. All these factors clearly establish that considering GHIAL submissions of giving effects to the Hon'ble TDSAT judgement without finally settling the issues before Hon'ble Supreme Court, is not in public interest, more so when the Hon'ble Supreme Court is seized up of all these issues and is hearing these Civil Appeals. On the contrary, Authority is of view that public interest

would be better served if Authority takes decisions on the basis of final decision of Hon'ble Supreme Court of India on these issues.

- 1.7.5. Considering the above and in public interest, the Authority proposes to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period. The final decision with regard to the issues raised by the Authority in the Civil Appeals will be taken once the matters attain finality in the proceedings before the Hon'ble Supreme Court.
- 1.7.6. Further, GHIAL, vide email dated 02.05.2026, furnished actual operational and financial data for FY 2025-26, including information relating to passenger and aircraft traffic, operating expenditure, non-aeronautical revenues, and Regulatory Asset Base (RAB). The aforesaid information was submitted to facilitate the Authority's examination of the true-up exercise and the regulatory assumptions forming part of the MYTP for the Fourth Control Period.
- 1.7.7. As part of the tariff determination process for the Fourth Control Period, the Authority engaged M/s PricewaterhouseCoopers (PwC) as an independent Tariff Consultant to carry out a detailed review of the Multi-Year Tariff Proposal (MYTP) submitted by GHIAL. PwC assisted the Authority in verifying and validating the data and supporting documents submitted by GHIAL, including audited financial statements, Fixed Asset Register (FAR), construction and contract records, expenditure details, traffic and financial information. PwC also supported the Authority in examining whether the treatment of various regulatory building blocks is consistent with the Authority's regulatory principles and tariff determination framework. Also, the Authority engaged M/s RITES Limited as an independent Capital Expenditure (Capex) Consultant to evaluate the capital expenditure proposals submitted by GHIAL for the Fourth Control Period. The review covered the need, scope, size, cost and capitalization schedule of the proposed projects, as well as their alignment with traffic growth and operational requirements. The assessment and recommendations of the independent Capex Consultant form an integral part of this Consultation Paper.
- 1.7.8. The independent consultant further assisted the Authority in assessing whether the proposed treatment of various regulatory building blocks is consistent with the Authority's established regulatory principles, methodologies, and tariff determination framework.
- 1.7.9. The Authority, through the independent consultant, has sought from GHIAL additional information, supporting documents, and clarifications relating to the true-up exercise for previous control periods as well as the assumptions underpinning projections for the Fourth Control Period. Such information has been sought to facilitate a comprehensive examination of the MYTP and to ensure that the regulatory treatment accorded to various building blocks is supported by adequate justification, documentary evidence, and prudent forecasting assumptions. The timelines of various submissions made by GHIAL with regards to the MYTP for the Fourth Control Period is as below:

Table 4: Timeline of various submissions made by GHIAL

Activity	Date
MYTP Submission	26.06.2025
MYTP presentation by GHIAL, initial site visit by the Authority and Tariff Consultant	05.09.2025
Initial Requirement List sent to GHIAL	12.09.2025
Response to queries for the Third and Fourth Control Period from GHIAL	25.09.2025
Additional Information/ Clarifications for the Third and Fourth Control Period from GHIAL	30.10.2025
Additional Information/ Clarifications on Capex and Opex for the Third and Fourth Control Period from GHIAL	27.11.2025

Activity	Date
Additional Information/ Clarifications on Capex and Opex for the Third and Fourth Control Period from GHIAL	20.12.2025
Additional Information/ Clarifications on RPT for the Third and Fourth Control Period from GHIAL	12.01.2026
Additional Information/ Clarifications on Traffic for the Third and Fourth Control Period from GHIAL	18.02.2026
Additional Information/ Clarifications on Capex for the Third and Fourth Control Period from GHIAL	23.02.2026
Additional Information/ Clarifications on Capex for the Third and Fourth Control Period from GHIAL	22.03.2026
Submission of unaudited actual figures for FY26	02.05.2026
Additional Information/ Clarifications on Capex for the Third and Fourth Control Period from GHIAL	08.05.2026
Additional Information/ Clarifications on Opex for the Third and Fourth Control Period from GHIAL	26.05.2026
Additional Information/ Clarifications on Opex for the Third and Fourth Control Period from GHIAL	08.06.2026
Additional Information/ Clarifications on Capex and Opex for the Third and Fourth Control Period from GHIAL	10.06.2026

1.7.10. After reviewing the various submissions made by GHIAL along with MYTP, the Authority is releasing this Consultation Paper to initiate the Stakeholder Consultation as part of the tariff determination process.

1.8. Related Party Transactions

1.8.1. The Authority, through its Independent Consultant, obtained details of the related parties to whom GHIAL rendered services or from whom it availed services during the Third Control Period. The list of such parties and the nature of services over the five-year period is set out below:

Table 5: Related Party Transactions of GHIAL in the Third Control Period

S No	Nature of Services	Name of Related Party	Description of Relationship
1	Security / manpower outsourcing charges	Raxa Security Services Limited	Fellow subsidiary company
2	Meetings and seminars, Travel	GMR Hospitality and Retail Limited	Subsidiary company
3	Manpower Technical outsourcing charges and Repairs & maintenance	GMR Airport Developers Limited	Fellow subsidiary company
4	Corporate cost allocation	GMR Airports Limited	Holding company
5	Corporate cost allocation	GMR Airports Infrastructure Limited	GAL's holding company
6	Corporate cost allocation	GMR Infrastructure Limited	GAL's holding company
7	Management services fee	GMR Power and Urban Infra Limited	GAL's holding company
8	IT services charges	Digi Yatra Foundation	Associate of GAL
9	Printing and stationery	Laqshya Hyderabad Airport Media Private Limited	Joint Venture
10	Advertising / Business promotions	Laqshya Hyderabad Airport Media Private Limited	Joint Venture
11	Security charges	GMR Rajahmundry Energy Limited	Associate of GIL
12	Maintenance charges	Airports Authority of India	Shareholders having significant influence
13	Consultancy charges (Survey related)	Airports Authority of India	Shareholders having significant influence
14	Testing & Inspection Charges	Airports Authority of India	Shareholders having significant influence
15	Subscription charges	Delhi International Airport Limited	Fellow subsidiary company
16	Rental expenses	Government of Telangana	Shareholders having significant influence
17	Rental expenses	GMR Hyderabad Aerotropolis Limited	Subsidiary company

S No	Nature of Services	Name of Related Party	Description of Relationship
18	Rental expenses	Sri Varalakshmi Jute Twine Mills Private Limited	Other entities in which Directors are interested
19	Rental expenses	GMR Family Fund Trust	Other entities in which Directors are interested
20	Concession fee	GMR Air Cargo and Aerospace Engineering Limited	Subsidiary company
21	Common Area Maintenance Charges and License fee	GMR Hospitality and Retail Limited	Subsidiary company
22	Concession Fees – Food & Beverage	GMR Hospitality Limited	Fellow subsidiary company
23	Common Area Maintenance Charges and License fee	Airports Authority of India	Shareholders having significant influence
24	Service charges	Airports Authority of India	Shareholders having significant influence
25	CPD – License fee	GMR Hyderabad Aviation SEZ Limited	Subsidiary company
26	CPD – License fee	GMR Hyderabad Aerotropolis Limited	Subsidiary company
27	CPD – License fee	GMR Hyderabad Airport Assets Limited	Subsidiary company
28	Advertisement income	Laqshya Hyderabad Airport Media Private Limited	Joint Venture
29	CAM and License fee	GMR Airport Developers Limited	Fellow subsidiary company
30	Concession fee – Duty free / Retail / Car park / License fee / Commercial	GMR Airports Limited	Holding company
31	Space license fee	GMR Varalakshmi Foundation	Enterprises where KMP and their relatives exercise significant influence
32	Landing and parking	GMR Aviation Private Limited	Fellow subsidiary company
33	Lease rental / Rental income, CAM	Geokno India Private Limited	Other entities in which Directors are interested
34	Rental income, CAM	GMR Business Process and Services Private Limited	Fellow subsidiary company

1.8.2. The Authority also notes that GHIAL has put in place a policy approved by its Board with respect to the matters pertaining to Related Party Transactions as required under Section 188 of Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. As per the policy:

- i. Every Related Party Transaction and subsequent modifications shall be subject to the prior approval of the Audit Committee whether at a meeting or by a resolution by circulation. Further, only those members of the Audit Committee who are independent directors shall approve related party transactions.
- ii. Further, if the Audit Committee determines that a Related Party Transaction should be brought before the Board, or where Audit Committee does not approve the transaction shall make its recommendation to the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction and the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be appropriate under the circumstances.

- 1.8.3. The Authority also notes the relevant provision under concession agreement related to Related Party Transactions:

“Clause 3.2 Recognition of Rights

Subject to Applicable Law and in accordance with the provisions of this Agreement, GoI recognises that HIAL may carry out:

(a) any activity or business related or ancillary to the activities referred to in Article 3.1 or which HIAL considers desirable or appropriate to be carried on or engaged in connection therewith (including any infrastructure service considered by HIAL to be reasonably necessary for the activities referred to in Article 3.1); and

(b) any activity or business in connection with or related to the arrival, departure and/or handling of aircraft, passengers, baggage, cargo and/or mail at the Airport; and

(c) any activity or business in connection with or related to the development of the Site or operation of the Airport to generate revenues including the development of commercial ventures such as hotels, restaurants, conference venues, meeting facilities, business centres, trade fairs, real estate, theme parks, amusement arcades, golf courses and other sports and/or entertainment facilities, banks and exchanges and shopping malls. For the purpose of exercising its rights pursuant to Article 3.2.1 HIAL may, subject to and in accordance with the terms of this Agreement, at any time, grant Service Provider Rights (including the right of the Service Provider Right Holders to grant sub-rights) to any Person for the purpose of carrying out the activities and businesses described in Article 3.2.1 on such terms and conditions as HIAL may determine are reasonably appropriate, subject to the same being within the framework of this Agreement and not being contrary to the terms and conditions of this Agreement provided that, if and to the extent required by any Applicable Law related to security clearance in the interest of national security, such Service Provider Right Holders operating at the Airport shall have obtained the necessary and requisite security clearance. The grant by HIAL of a Service Provider Right shall not relieve HIAL of any of its responsibilities, duties and obligations under this Agreement”

- 1.8.4. The Authority notes that as per the provisions of the concession agreement mentioned above, The grant of service provider rights does not relieve GHIAL of its responsibilities, duties, and obligations under the agreement, ensuring accountability remains with GHIAL.

- 1.8.5. The Authority also notes that the Board of Directors of GHIAL comprise nominee directors from Govt. of Telangana and MoCA.

- 1.8.6. Further, the Authority observed that as per the Audited Financial Statements of GHIAL for FY 2025, the Statutory Auditor has confirmed the following:

In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

- 1.8.7. Based on the above, the Authority expects the Board of Directors of GHIAL and the GoI to exercise their rights and/or obligations under the Companies Act 2013, SEBI Regulations 2015 and concession agreement to ensure that the contracts with Related Parties are at arm's length basis and that the Related Party has experience of providing similar service in other places to ensure protection of interest of all stakeholders, which may be followed in letter and spirit.

1.9. Construct of this Consultation Paper

- 1.9.1. This Consultation Paper is organised into multiple chapters to facilitate a structured and comprehensive examination of the tariff determination exercise for GHIAL for the Fourth Control Period. The sequence of Chapters is as follows:

- i. **Chapter 1** provides the introduction, profile of GMR Hyderabad International Airport Limited (GHIAL) and Rajiv Gandhi International Airport (RGIA), broad contours of services and service providers at the airport, background of past tariff determination exercises, relevant judicial developments including the orders of the Hon'ble TDSAT.
- ii. **Chapter 2** presents the submissions of GHIAL relating to the true-up of Pre-Control Period Entitlement (PCPE). This is followed by the Authority's examination and the Authority's proposals on the same for the purpose of tariff determination for the Fourth Control Period.
- iii. **Chapter 3** deals with the submissions of GHIAL relating to the true-up of the First Control Period. The Chapter covers the issues raised by GHIAL, the Authority's examination and proposals on the true-up of the First Control Period, as part of the Fourth Control Period tariff determination exercise.
- iv. **Chapter 4** presents the submissions of GHIAL relating to the true-up of the Second Control Period. This is followed by the Authority's examination of the issues raised, and the Authority's proposals regarding the true-up of the Second Control Period, as part of the Fourth Control Period tariff determination exercise.
- v. **Chapter 5** covers the submissions of GHIAL relating to the true-up of the Third Control Period. The Chapter includes the Authority's examination and proposals on key building blocks for true-up, including traffic, capital expenditure, depreciation, Regulatory Asset Base, Weighted Average Cost of Capital, operation and maintenance expenditure, aeronautical revenue, non-aeronautical revenue, aeronautical taxes and other related matters.
- vi. **Chapter 6 to 13 Chapters** present the submissions of GHIAL on the key Regulatory Building Blocks for the Fourth Control Period i.e. Traffic projections; Capital Expenditure; Depreciation; Regulatory Asset Base; Weighted Average Cost of Capital; Aeronautical Operation and Maintenance Expenditure; Non-Aeronautical Revenue; Aeronautical Taxes; Quality of Service etc. Further, these Chapters also contain in detail the Authority's comprehensive analysis, adjustments, rationalization followed by Authority's proposals on each of the respective Regulatory Building Blocks post analysis and examination.
- vii. **Chapter 14** on Aggregate Revenue Requirement (ARR) presents the ARR determined by the Authority for the Fourth Control Period based on the Authority's proposals on the various regulatory building blocks.

- viii. **Chapter 15** relating to **Summary of Authority's Proposals** summarises the proposals put forward by the Authority for stakeholder consultation.
- ix. **Chapter 16** relating to **Stakeholder Consultation** invites comments/views of all stakeholders on the proposals put forward by the Authority in this Consultation Paper for tariff determination for GHIAL for the Fourth Control Period.
- x. **Annexure 1** - GHIAL's submission on General Capex for the Fourth Control Period
- xi. **Appendix 1:** Capex Evaluation Report submitted by M/s RITES Limited for the Fourth Control Period.

2. TRUE UP OF PRE CONTROL PERIOD ENTITLEMENT (PCPE)**2.1. Issues raised by GHIAL for True up of the Pre-Control Period Entitlement**

2.1.1. GHIAL in their MYTP for the Fourth Control Period has raised the issues pertaining to True up of the Pre Control Period on the following building blocks:

- Regulatory Asset Base and Depreciation
- Operations and Maintenance expenditure
- Aeronautical and Non-Aeronautical Revenue
- Aeronautical Taxes

2.2. GHIAL's submissions regarding True up for the Pre-Control Period Entitlement

2.2.1. GHIAL in its MYTP submission of the Fourth Control Period has raised the issue of Pre Control Period Entitlement (PCPE). As per GHIAL, it is entitled to levy and collect the airport charges from the date of commencement of its operations i.e. from 23.03.2008 in accordance with the provisions of the Concession Agreement.

2.2.2. TDSAT in its judgment dated 14.02.2024 stated that Central Government vide Gazette notification dated 20/03/2008 has notified the "Airport Opening Date"; as 23rd March 2008.

2.2.3. Based on above, GHIAL has requested the Authority to consider pre-control period eligibility as part of true up as submitted in its MYTP for Fourth Control Period.

2.2.4. The computation of true up of the Pre Control Period Entitlement as submitted by GHIAL as part of the MYTP for the Fourth Control Period is summarized in the table given below:

Table 6: True up of Pre Control Period Entitlement as submitted by GHIAL*(Rs. in crores)*

Particulars	Ref	23.03.2008 to 31.03.2008	FY09	FY10	FY11	Total
Return on Capital Employed	A	5.28	179.67	175.37	170.55	530.87
Total Expenses (inc. Concession Fee)	B	50.03	184.14	159.88	185.58	579.63
Depreciation	C	2.38	89.42	92.80	94.82	279.42
Tax	D	-	-	-	-	-
Less: NAR Cross-Subsidization	E	1.98	51.29	52.29	55.93	161.49
Aggregate revenue Requirement (F = A+B+C +D-E)	F	55.72	401.93	375.76	395.02	1228.43
Actual Regulated Charges	G	3.90	207.36	248.00	325.09	784.34
Annual Deficit (H)=(F)-(G)	H	51.82	194.57	127.76	69.93	444.09
Present Value as on 31.03.2022		208.40	711.17	430.70	222.04	1572.31

2.3. Authority's examination regarding True up for the Pre-Control Period Entitlement

2.3.1. The Authority on the basis of submissions made by GHIAL in its MYTP for the 3rd Control Period had considered the true-up of the Pre Control Period Entitlement w.e.f. 01.04.2008, for the 1st Control Period, while determining the Aggregate Revenue Requirement (ARR) for the Third Control Period. However,

TRUE UP OF PRE CONTROL PERIOD ENTITLEMENT (PCPE)

GHIAL has filed an appeal before the Hon'ble TDSAT against the Tariff Order of the Third Control Period and Hon'ble TDSAT vide its judgment dated 14.02.2024, has directed that true-up for Pre Control Period Entitlement shall be carried out w.e.f. 23.03.2008. However, the Authority has challenged this decision of Hon'ble TDSAT by filing Civil Appeal in Hon'ble Supreme Court.

- 2.3.2. As noted in Paras 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4 and 1.7.5, the appeals filed by AERA in Hon'ble Supreme Court are pending and Hon'ble Supreme Court is presently hearing these matters. Thus, the issues raised in the Civil Appeals filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized of the matters.
- 2.3.3. In the light of the discussions as detailed in above referred paras and consistent with the regulatory guidelines of AERA, the Authority proposes to retain the true-up of the PCPE as previously determined in the Tariff Order No. 12/2021-22 dated 31st August, 2021 for the Third Control Period. Accordingly, the true-up considered by the Authority for PCPE, is reflected in Table 9 of this Consultation Paper.

2.4. Authority's proposals regarding True up for the Pre-Control Period Entitlement

Based on the material before it and its examination, the Authority proposes the following regarding True up for the Pre-Control Period Entitlement:

- 2.4.1. To consider True Up for the PCPE as per Table 9 of this Consultation Paper in line with the Tariff Order for the Third Control Period.

3. TRUE UP FOR THE FIRST CONTROL PERIOD

3.1. Issues raised by GHIAL regarding True up for the First Control Period

3.1.1. GHIAL in their MYTP for the Fourth Control Period has raised the issues pertaining to True-up of the First Control Period on the following building blocks:

- Regulatory Asset Base and Depreciation
- Operation and Maintenance expenditure
- Aeronautical and Non-Aeronautical revenue
- Aeronautical Taxes

3.2. GHIAL's submission regarding True up for the First Control Period

3.2.1. GHIAL, in its MYTP for the Fourth Control Period, submitted the revised True up for the First Control Period as per the table below:

Table 7: True up of First Control Period as submitted by GHIAL

(Rs. In crores)

Particulars	Ref	FY12	FY13	FY14	FY15	FY16	Total
RAB for Calculating ARR	(A)	1,615.40	1,526.51	1,444.66	1,344.27	1,290.42	
Fair Rate of Return applied to the RAB	(B)	10.10%	10.10%	10.10%	10.10%	10.10%	
Return on RAB	(C)	163.17	154.19	145.92	135.78	130.34	729.40
Operation and Maintenance Expenditure (including Aeronautical Concession fee)	(D)	218.47	221.47	232.27	224.70	237.62	1,134.52
Depreciation	(E)	95.63	95.81	95.92	123.80	138.47	549.63
Taxes pertaining to Aeronautical Services	(F)	-	-	-	-	-	-
Gross Aggregate Revenue Requirement	(G)	477.26	471.47	474.11	484.28	506.43	2413.56
Less: 30% of Revenue from Non-Aeronautical Services	(H)	64.82	71.36	78.54	86.77	95.93	397.41
Net Aggregate Revenue Requirement	(I)	412.45	400.12	395.57	397.51	410.51	2,016.14
Actual Regulated Charges	(J)	378.22	455.76	454.35	119.31	290.12	1697.76
Under Recovery / (Over Recovery)	(K)	34.22	(55.65)	(58.78)	278.20	120.39	318.39
Present value as on 31.03.2022		98.48	(145.45)	(139.53)	599.86	235.76	649.12

3.3. Authority's examination regarding True up for the First Control Period

3.3.1. The Authority has taken note of GHIAL's submissions pertaining to the true-up of the First Control Period, as included in the Multi-Year Tariff Proposal (MYTP) filed for the Fourth Control Period. The Authority has duly examined and appropriately considered True up of First Control Period while determining the Aggregate Revenue Requirement (ARR) for the Third Control Period. However, GHIAL challenged various decisions of the Authority in the 3rd Control Period Tariff Order by filing an appeal before the Hon'ble TDSAT. Hon'ble TDSAT vide its judgment dated 14.02.2024 has decided the appeal and decided

TRUE UP FOR THE FIRST CONTROL PERIOD

certain issues in favor of the Airport Operator and on certain issues the decisions of the Authority have been upheld. However, the Authority has challenged this judgment of Hon'ble TDSAT by filing Civil Appeal in Hon'ble Supreme Court.

- 3.3.2. As noted in Paras 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4 and 1.7.5, the appeals filed by AERA in Hon'ble Supreme Court are pending and Hon'ble Supreme Court is presently hearing these matters. Thus, the issues raised in the Civil Appeal filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized of the matters.
- 3.3.3. In the light of the discussions as detailed in above referred paras and consistent with the regulatory guidelines of AERA, the Authority proposes to retain the true-up of the First Control Period as previously determined in the Tariff Order No. 12/2021-22 dated 31 August 2021 for the Third Control Period. Accordingly, the true-up considered by the Authority for the First Control Period, is reflected in Table 9 of this Consultation Paper.

3.4. Authority's proposals regarding True up for the First Control Period

Based on the material before it and its examination, the Authority proposes the following with respect to True-up of the First Control Period:

- 3.4.1. To consider True Up for the First Control Period as per Table 9 of this Consultation Paper in line with the Tariff Order for the Third Control Period.

4. **TRUE UP FOR THE SECOND CONTROL PERIOD**

4.1. **Issues raised by GHIAL regarding True up for the Second Control Period**

4.1.1. GHIAL in its MYTP for the Fourth Control Period has raised the issues pertaining to True up of the Second Control Period on the following building blocks:

- Regulatory Asset Base
- Aeronautical Depreciation
- Weighted Average Cost of Capital (WACC)
- Operation and Maintenance expenditure
- Aeronautical and Non-Aeronautical revenue
- Aeronautical Taxes

4.2. **GHIAL's submission regarding True up for the Second Control Period**

4.2.1. The revised True up as submitted by GHIAL for the Second Control Period as part of its MYTP submission for the Fourth Control Period is shown in table below:

Table 8: True up of Second Control Period as submitted by GHIAL

(Rs. In crores)

Particulars	Ref	FY17	FY18	FY19	FY20	FY21	Total
RAB for Calculating ARR	A	1,244.71	1,153.11	1,360.91	1,793.04	1,992.45	7,544.23
FRoR applied to RAB	B	10.71%	10.71%	10.71%	10.71%	10.71%	
Return on RAB	C	133.29	123.48	145.74	192.01	213.37	807.90
Operating expense (including concession fee)	D	248.13	403.26	336.45	431.75	315.47	1,735.05
Aeronautical Depreciation	E	136.64	137.08	122.37	133.93	157.12	687.13
Aeronautical Tax	F	-	95.20	184.85	146.13	-	426.17
Less: NAR Cross-Subsidisation	G	115.38	129.42	156.67	177.63	72.91	652.00
Net Aggregate Revenue Requirement (H= C+D+E+F-G)	H	402.69	629.60	632.73	726.19	613.04	3,004.26
Actual Aero Revenue	I	710.26	807.93	910.50	910.74	155.62	3,495.05
Under Recovery / (Over Recovery) - (J= H-I)	J	(307.57)	(178.32)	(277.76)	(184.55)	457.42	(490.79)
Present value as on 31.03.2022	K	(511.52)	(267.88)	(376.90)	(226.20)	506.40	(876.08)

4.3. **Authority's examination regarding True up for the Second Control Period**

4.3.1. The Authority has taken note of GHIAL's submissions pertaining to the true-up of the Second Control Period, as included in the Multi-Year Tariff Proposal (MYTP) filed for the Fourth Control Period. The Authority has duly examined and appropriately considered True up of Second Control Period while determining the Aggregate Revenue Requirement (ARR) for the Third Control Period. However, GHIAL challenged various decisions of the Authority in the Third Control Period Tariff Order by filing an appeal before the Hon'ble TDSAT. Hon'ble TDSAT vide its judgment dated 14.02.2024 has decided the appeal and decided certain issues in favor of the Airport Operator and on certain issues the decisions of the

TRUE UP FOR THE SECOND CONTROL PERIOD

Authority have been upheld. However, the Authority has challenged this judgment of Hon'ble TDSAT by filing Civil Appeal in Hon'ble Supreme Court.

- 4.3.2. As noted in Paras 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4 and 1.7.5, the appeals filed by AERA in Hon'ble Supreme Court are pending and Hon'ble Supreme Court is presently hearing these matters. Thus, the issues raised in the Civil Appeal filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized of the matters.
- 4.3.3. In the light of the discussions as detailed in above referred paras and consistent with the regulatory guidelines of AERA in Tariff Order No. 12/2021-22 dated 31 August 2021 for the Third Control Period, the Authority proposes to retain the true-up of the Second Control Period as previously determined. Accordingly, the true-up considered by the Authority, as reflected in Table 81 of the Third Control Period Tariff Order, is reproduced below for ease of reference and continues to represent the Authority's position on the matter.

Table 9: True up of Second Control Period decided by the Authority in the Tariff Order of the Third Control Period

(Rs. In crores)

Particulars	2017	2018	2019	2020	2021	Total
Average Regulatory Asset Base (a)	1402.3	1323.31	1501.81	1827.18	1887.21	7941.81
FROR/WACC (b)	10.73%	10.73%	10.73%	10.73%	10.73%	
Return on RAB (c) = (a * b)	150.52	142.04	161.2	196.12	202.57	852.44
Operating Expense (Aero) (d)	231.75	384.9	315.78	417.72	324.6	1674.76
Aeronautical Concession fees (e)	33.64	37.96	44.01	44.83	10.55	170.99
Depreciation on RAB (f)	131.17	122.47	138.69	179.41	192.88	764.63
Aeronautical Tax (g)	72.07	10.53	19.18	18.96	0	120.75
Cross-subsidy (30% of non-aeronautical revenue) (h)	106.45	114.75	134.85	147.09	90.62	593.75
Net Aggregate Revenue Requirement (i) = (sum of c to g) - (h)	512.72	583.15	543.99	709.91	639.91	2989.67
Actual Aero Revenues (j)	841.1	949	1100.3	1120.8	263.7	4274.82
Difference (k) = (i) - (j)	(328.34)	(365.85)	(556.35)	(410.86)	376.25	(1285.15)
Fair Rate of Return/WACC	10.73%	10.73%	10.73%	10.73%	10.73%	
Discounting Factor (l)	1.66	1.5	1.36	1.23	1.11	
True up of the Second Control Period (as on 31.03.2022) (m) = (k) * (l)	(546.66)	(550.08)	(755.42)	(503.79)	(416.63)	(1,939.31)
True up of PCPE (as on 31.03.2022) (n)						736.55
True up the First Control Period (o) (as on 31.03.2022)						0.51
Under recovery of Pre Control Period and First Control Period as on 01.04.2016 (refer Table 13 of Second Control Period Tariff Order) (p)						407.18
Discounting Factor (q)						1.87
Under recovery of Pre Control Period and First Control Period as on 31.03.2022 (r) = (p)*(q)						760.64

TRUE UP FOR THE SECOND CONTROL PERIOD

Particulars	2017	2018	2019	2020	2021	Total
Total True up to be carried forward to the Third Control Period (s) = (m)+ (n) + (o) + (r)						(441.6)

4.4. Authority's proposals regarding True up for the Second Control Period

Based on the material before it and its examination, the Authority proposes the following with respect to True-up of the Second Control Period:

- 4.4.1 To consider True Up for the Second Control Period as per Table 9.
- 4.4.2 To retain the over-recovery of Rs. 441.60 Cr as determined during True up for the Second Control Period as part of the tariff determination exercise for the Third Control Period.

5. TRUE UP FOR THE THIRD CONTROL PERIOD

5.1. Background

- 5.1.1. The Authority issued the Tariff Order no. 12/2021-22 dated 31st August 2021 for the Third Control Period, settling the regulatory building blocks after considering GHIAL's submissions (including those addressing COVID-19 impacts) and comments from other stakeholders. GHIAL has challenged that Order before the Hon'ble TDSAT. Hon'ble TDSAT vide its judgment dated 14.02.2024, has disposed off the appeal filed by GHIAL against the tariff order for the 3rd Control Period. In this judgment the Hon'ble TDSAT has decided certain issues in favor of GHIAL and certain decisions of the Authority have been upheld. However, Authority has challenged the judgment of Hon'ble TDSAT by filing Civil Appeal in the Hon'ble Supreme Court. Further, as stated in Para 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4 and 1.7.5 the appeals filed by AERA in Hon'ble Supreme Court are pending and Hon'ble Supreme Court is presently hearing these matters. Thus, the issues raised in the Civil Appeal filed by the Authority are not finally settled and the Hon'ble Supreme Court is seized of the matters.
- 5.1.2. In the light of the discussions as detailed in above referred paras and in public interest, the Authority proposes to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period. The final decision with regard to the issues raised by the Authority in the Civil Appeals will be taken once the matters attain finality in the proceedings before the Hon'ble Supreme Court and accordingly, the issues which are sub judice, their impact is not factored in carrying out current tariff computation in public interest.

5.2. Issues raised by GHIAL pertaining to True-up for the Third Control Period

- 5.2.1. GHIAL has submitted true-up workings relating to the Third Control Period in the MYTP covering the items set out below:
- (i) Traffic
 - (ii) Capital Expenditure, Depreciation and RAB
 - (iii) Weighted Average Cost of Capital
 - (iv) Operating and Maintenance Expenses
 - (v) Aeronautical Taxation
 - (vi) Non-Aeronautical Revenue
 - (vii) Aeronautical Revenues
 - (viii) Aggregate Revenue Requirement
- 5.2.2. For each of the issues raised by GHIAL, the Authority has examined the True up for the Third Control Period, issue wise, in the following manner:
- (i) Recording and understanding GHIAL's submission in the MYTP;
 - (ii) Recap of decision taken by the Authority for these matters at the time of tariff determination for the Third Control Period;
 - (iii) Examination and proposal regarding these matters as part of tariff determination for the current control period.

TRUE UP FOR THE THIRD CONTROL PERIOD

5.2.3. The Authority has considered the following documents for determining the true up for the Third Control Period:

- (i) Tariff Order for the Third Control Period (Order No. 12/ 2021-22) dated 31.08.2021.
- (ii) Multi Year Tariff Proposal (MYTP) submitted by GHIAL for the Fourth Control Period.
- (iii) AERA Guidelines and Orders.
- (iv) The Authority’s decisions on the Regulatory Building Blocks as per previously issued Tariff Orders of other airports.
- (v) The Hon’ble TDSAT Judgment dated February 14, 2024.

5.2.4. In view of the Authority’s analysis provided in Para 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4 and 1.7.5 of this Consultation Paper, with regard to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon’ble TDSAT, the Authority is of the view that presently it needs to continue the tariff determination exercise consistent with the decisions taken in the Tariff Order for the Third Control Period as the matters are sub-judice before the Hon’ble Supreme Court.

5.3. True up of Traffic

GHIAL’s submissions regarding True up of Traffic for the Third Control Period

5.3.1. GHIAL as per the MYTP submitted on 26.06.2025 for the Fourth Control Period (2026-31) has submitted the Traffic achieved by RGI Airport during the Third Control Period from FY 2022 till FY 2026. The details of passenger traffic, Air Traffic Movements (ATMs) and cargo volumes submitted by GHIAL for the purpose of true-up of the Third Control Period are provided in the table below:

Table 10: Traffic Submitted by GHIAL for True Up for the Third Control Period

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Passenger Traffic (Mn)						
Domestic	10.99	17.58	20.83	24.44	27.43	101.28
International	1.43	3.42	4.21	4.73	5.62	19.41
Total	12.43	21.51	25.04	29.17	33.05	120.69
Air Traffic Movements (Nos)						
Domestic	101,389	135,790	148,291	172,217	190,062	747,749
International	12,537	22,957	27,995	30,178	32,547	126,214
Total	113,926	158,747	176,286	202,395	222,609	873,963
Cargo Projection (MT)						
Domestic	64,529	66,987	69,032	68,840	77,880	347,268
International	75,546	75,447	80,780	98,825	121,900	452,498
Total	140,075	142,434	149,812	167,665	199,780	799,766

5.3.2. Subsequently, vide email dated 02.05.2026, GHIAL submitted revised actual traffic for the last tariff year (FY26) of the Third Control Period. The revised traffic details submitted by GHIAL are provided in table below:

TRUE UP FOR THE THIRD CONTROL PERIOD

Table 11: Revised Traffic Submitted by GHIAL for the Third Control Period

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Passenger Traffic (Mn)						
Domestic	10.99	17.58	20.83	24.44	25.02	98.87
International	1.43	3.42	4.21	4.73	5.46	19.25
Total	12.43	21.00	25.04	29.17	30.48	118.12
Air Traffic Movements (Nos)						
Domestic	101,389	135,790	148,291	172,217	175,838	733,525
International	12,537	22,957	27,995	30,178	32,062	125,669
Total	113,926	158,747	176,286	202,395	207,900	859,194
Cargo Projection (MT)						
Domestic	64,529	66,987	69,032	68,840	76,860	346,248
International	75,546	75,447	80,780	98,825	115,599	446,197
Total	140,075	142,434	149,812	167,665	192,458	792,444

Recap of Authority’s decisions regarding Traffic for the Third Control Period

- 5.3.3. Decision no 5.6.1: “*The Authority decides to consider the traffic as shown in the Table 90 for the Third Control Period which shall be trued up based on actuals at the time of tariff determination of the Fourth Control Period.*”
- 5.3.4. The traffic considered by the Authority at the time of tariff determination for the Third Control Period is presented in table below:

Table 12: Traffic considered by the Authority for the Third Control Period

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Passenger Traffic (Mn)						
Domestic	12.06	18.62	19.51	21.28	24.82	96.29
International	0.89	2.89	3.85	4.16	4.47	16.26
Total	12.95	21.51	23.36	25.44	29.29	112.55
Air Traffic Movements (Nos)						
Domestic	107,659	166,238	174,154	189,986	221,650	859,687
International	5,826	18,997	25,329	27,355	29,382	106,889
Total	113,485	185,235	199,483	217,341	251,032	966,576
Cargo Projection (MT)						
Domestic	58,640	62,158	69,445	76,204	81,623	348,070
International	77,732	82,396	92,056	101,015	108,198	461,397
Total	136,372	144,554	161,501	177,219	189,821	809,467

Authority's examination regarding True Up of Traffic for the Third Control Period

5.3.5. The Authority has examined passenger traffic submissions made by GHIAL as part of its MYTP for the true-up of the Third Control Period. A comparison between passenger traffic projected by the Authority in the Tariff Order for the Third Control Period and actual passenger traffic reported by GHIAL is presented in the table below:

Table 13: PAX Traffic Variation between the Authority's projections and actuals for the Third Control Period

FY ending March (in Mn)	FY22	FY23	FY24	FY25	FY26	Total
Total PAX Traffic decided by the Authority in the TCP order (A)	12.95	21.51	23.36	25.44	29.29	112.55
Total PAX Traffic as per actuals submitted by AO (B)	12.43	21.00	25.04	29.17	30.48	118.12
Variation (B-A)	(0.52)	(0.51)	1.68	3.73	1.19	5.57
Variation (%) – Increase/(Decrease)	(4%)	(2%)	7%	15%	4%	5%

5.3.6. The Authority, vide its Tariff Order for the Third Control Period (FY22 – FY26), had projected the total passenger traffic at Rajiv Gandhi International Airport, Hyderabad ("RGIA") at 112.55 million passengers cumulatively over the five-year control period. As against the said projection, the actual passenger throughput stood at 118.12 million passengers, reflecting an aggregate positive variation of approximately 5% over the control period.

5.3.7. Actual passenger traffic in FY22 stood at 12.43 million as against the projected 12.95 million, reflecting a shortfall of approximately 4%. The said shortfall is directly attributable to the second wave of the COVID-19 pandemic.

5.3.8. Actual passenger traffic in FY23 was 21.00 million as against the projected 21.51 million, reflecting a marginal shortfall of approximately 2%. The variation is attributable to slower-than-anticipated recovery of international passenger traffic, particularly on long-haul routes.

5.3.9. Actual passenger traffic in FY24 stood at 25.04 million as against the projected 23.36 million, reflecting a positive variation of approximately 7%. The higher-than-projected throughput is attributable to pent-up travel demand following the easing of all pandemic-related restrictions.

5.3.10. Actual passenger traffic in FY25 stood at 29.17 million as against the projected 25.44 million, reflecting a significant positive variation of approximately 15%. The said variation is attributable to a confluence of factors, augmented terminal capacity enabling handling of higher passenger volume and launch of new domestic and international routes.

5.3.11. Actual passenger traffic in FY26 stood at 30.48 million as against the projected 29.29 million, reflecting a positive variation of approximately 4%. The said variation is attributable to sustained growth in air travel demand and continued expansion of domestic and international route networks.

5.3.12. The Authority further notes that actual passenger traffic for the Third Control Period exceeded the estimates considered by the Authority in the Tariff Order for the Third Control Period. The key factors contributing to this growth include the following:

- Improved connectivity to domestic and international destinations.
- Increase in regional economic activity
- Recovery and growth in travel demand after the COVID-19 pandemic

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5.3.13. The Authority independently has also verified the passenger traffic data with the traffic data available on the Airports Authority of India website. The revised passenger traffic submitted by GHIAL for the Third Control Period is consistent with the data available from AAI.

5.3.14. The Authority has also examined the variation between Air Traffic Movements projected by the Authority at the time of tariff determination for the Third Control Period and the actual ATMs submitted by GHIAL. The comparison is shown in table below:

Table 14: ATM Variation between the Authority’s Projections and Actuals for the Third Control Period

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Total ATM Projected by the Authority in the TCP order (A)	113,485	185,235	199,483	217,341	251,032	966,576
Total ATM as per actuals (B)	113,926	158,747	176,286	202,395	207,900	859,194
Variation (B-A)	441	(26,488)	(23,197)	(14,946)	(43,132)	(107,382)
<i>Variation (%) – Increase/(Decrease)</i>	<i>0%</i>	<i>(14%)</i>	<i>(12%)</i>	<i>(7%)</i>	<i>(17%)</i>	<i>(11%)</i>

5.3.15. As can be seen in the table above, the actual ATMs during the Third Control Period were lower than the ATMs projected by the Authority at the time of tariff determination for the Third Control Period. The highest variation was observed in FY 2025-26, where actual ATMs were lower by approximately 17% compared to the projected ATMs.

5.3.16. The Authority notes that the lower-than-projected ATMs were primarily due to improvement in passenger load factors and changes in fleet deployment. The passenger load factors increased from around 68% in FY 2021-22 to around 84% in FY 2024-25, thereby enabling airlines to carry higher passenger volumes without a proportionate increase in aircraft movements. Further, the declining share of ATR aircraft from 26% to 22% in FY 2024-25 also contributed to more efficient capacity deployment and lower ATMs compared to projections.

5.3.17. The Authority independently has also verified the ATM data with the data available on the Airports Authority of India website. Revised ATM data submitted by GHIAL for the Third Control Period is consistent with the data available from AAI.

Cargo Traffic

5.3.18. The Authority has also examined the variation between cargo traffic projected by the Authority at the time of tariff determination for the Third Control Period and the actual cargo traffic submitted by GHIAL. The comparison is shown in table below:

Table 15: Cargo Traffic Variation between the Authority’s Projections and Actuals for the Third Control Period

FY ending March (MT)	FY22	FY23	FY24	FY25	FY26	Total
Cargo Traffic Projected by the Authority in the TCP Order (A)	136,372	144,554	161,501	177,219	189,821	809,467
Cargo Traffic as per actuals (B)	140,075	142,434	149,812	167,665	192,458	792,444
Variation (B-A)	3,703	(2,120)	(11,689)	(9,554)	2,637	(17,023)
<i>Variation (%) – Increase/(Decrease)</i>	<i>3%</i>	<i>(1%)</i>	<i>(7%)</i>	<i>(5%)</i>	<i>1%</i>	<i>(2%)</i>

5.3.19. As seen from table above, the overall cargo traffic for the Third Control Period was lower than the projections considered by the Authority by around 2%. The variation was relatively higher in FY 2023-24 and FY 2024-25, while the variation in other years was comparatively limited.

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- 5.3.20. The variation between projected and actual cargo traffic during the Third Control Period is primarily due to the impact of the COVID-19 pandemic and the uneven recovery that followed. As shown in the table above, disruptions led to slower and more volatile recovery in the initial years, with deviations narrowing as conditions stabilized in later years.
- 5.3.21. The Authority has also independently verified the cargo traffic data with the data available on the Airports Authority of India website. The revised cargo traffic submitted by GHIAL for the Third Control Period is consistent with the data available from AAI.
- 5.3.22. In view of the above facts and figures, the Authority proposes to consider Traffic for true-up of the Third Control Period as presented in Table 11.

5.4. True up of Capital Expenditure (Capex), Depreciation and Regulatory Asset Base (RAB) for the Third Control Period

Capital Expenditure submitted by GHIAL for True up of the Third Control Period

Expansion project for 34 MPPA

- 5.4.1. GHIAL has submitted that RGIA witnessed significant traffic growth during FY2017 to FY2019, which required GHIAL to revisit the earlier expansion plan approved by the Authority in Order No. 34/2019-20 for the determination of Second Control Period, for expansion to 20 MPPA. Accordingly, GHIAL revised the capacity expansion plan and initiated expansion of RGIA to 34 MPPA to cater to traffic growth expected during determination of the Third Control Period.
- 5.4.2. GHIAL has submitted a total capital expenditure of Rs. 7,177.51 Crores for true up of the Third Control Period as against the approved capital expenditure of 6,090.78 Crores in the Third Control Period tariff order. The Asset category wise (head wise) details of CAPEX submitted by GHIAL for the Third Control Period are presented below:

Table 16: Head wise Capex submitted by GHIAL for true up of the Third Control Period

(Rs. In Crores)

S.No	Particulars	Capex submitted by GHIAL
1	Expansion of Terminal Building	2916.03
2	Airport Systems	1141.80
3	Expansion of Apron & Taxiways, GSE Tunnel	1007.44
4	Expansion Kerb & Approach ramp	147.74
5	Road Infrastructure	167.42
	Total Hard Costs	5380.43
6	Preliminaries	18.33
7	Insurance & Permits	19.18
8	Design Development and PMC	253.40
9	Soft Costs excluding IDC	5671.34
10	Interest During Construction	1506.17
	Total cost	7177.51

- 5.4.3. GHIAL has submitted that the expansion contract management was planned through a mix of independent packages and EPC contracts. In respect of EPC contracts, GHIAL invited tenders through International Competitive Bidding. Post negotiation of financial bids, the contracts were broken into two packages in

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order to optimise project cost and avail input tax credit on supplies under Goods and Services Tax (“GST”). The two packages comprised:

- i. All works other than Airport Systems, awarded to M/s Larsen & Toubro Limited (“L&T”).
- ii. Airport Systems, awarded to M/s Megawide Construction Corporation (“MCSP”) and M/s Beumer Group.

In addition, independent packages were awarded through competitive bidding to M/s MVR and M/s VNC for specific airside and road infrastructure works respectively.

5.4.4. GHIAL has submitted the actual cost incurred towards the 34 MPPA expansion project. As per GHIAL’s submission, the total expansion capex incurred amounts to Rs. 5,671.34 Crores before IDC, which is higher than the cost of Rs. 5,596.23 Crores submitted by GHIAL during the Third Control Period tariff determination and higher than the cost of Rs. 4,820.05 Crores before IDC approved by the Authority in Order No. 12/2021-22.

Table 17: Summary of Contract Awarded for 34 MPPA Expansion as submitted by GHIAL

(Rs. In crores)

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

5.4.5. The key reasons for increase in project cost over the amount approved by the Authority, as submitted by GHIAL, are as follows:

a) L&T Contract – All works other than Airport Systems

5.4.6. GHIAL has submitted that the original L&T contract value, including changes submitted to the Authority during the Third Control Period tariff determination, was Rs. 3,063.98 Crores. The final cost of the L&T contract as submitted by GHIAL is Rs. 3,500.70 Crores, representing an increase of Rs. 436.72 Crores. GHIAL has attributed the increase to the following:

i. Changes in scope of works and utilisation of contingency budget – Rs. 228.11 Crores:

During execution of the expansion works, GHIAL undertook additional works from the contingency budget, including revised layout of south east remote apron along with taxilane works, four Rapid Exit Taxiways in compliance with CAT-II requirements, aviation fuel hydrant system works at west pier, additional filling at north west apron, electrical load enhancements from 14.8 MW to 37.6 MW, grid changes in the terminal building from 9m x 9m to 18m x 18m and 18m x 36m, façade modifications, enhancements in toilet specifications, increase in warehouse and office areas and other design enhancements.

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ii. **Extended stay cost – Rs. 112.10 Crores:**

GHIAL has submitted that the project duration was extended for the terminal building from the original planned completion to FY2024 on account of multiple unforeseen lockdowns and restrictions due to COVID-19, logistics disruptions and manpower exodus, resulting in extended stay cost implications.

iii. **Price escalation for L&T contract – Rs. 76.70 Crores:**

GHIAL has submitted that price escalation was assessed and settled with L&T based on WPI evaluation, considering the extended project timeline.

iv. **Additional design manhours – Rs. 9.42 Crores:**

GHIAL has submitted that L&T incurred additional manhours during execution due to changes in design, resulting in revised architectural, structural and MEP drawings.

v. **Decrease in scope of works – Rs. (102.07) Crores:**

GHIAL has submitted that it revisited material specifications for certain materials used in airside and PTB works, length and breadth of certain civil works and configuration of RETs, i.e., 2 RETs at Code C and 2 RETs at Code E compliant, which resulted in reduction in cost.

b) Megawide Contract – Airport Systems

5.4.7. GHIAL has submitted that the original Megawide contract value, including changes submitted to the Authority during the Third Control Period tariff determination, was Rs. 875.04 Crores. The final cost submitted by GHIAL is Rs. 906.54 Crores, representing an increase of Rs. 31.50 Crores. The increase comprises:

- i. Descoping of self-baggage drop and revision to scope of other works amounting to Rs. (32.71) Crores.
- ii. Claims from Megawide amounting to Rs. 64.21 Crores arising from multiple unforeseen events, including delay in approvals, COVID-19 lockdowns, Russia-Ukraine conflict and impact on supply chain, resulting in price escalations and extension of project timeline from FY2021 to FY2024.

c) Beumer Contract – Airport Systems

5.4.8. GHIAL has submitted that the original Beumer contract value was Rs. 138.32 Crores. The final cost submitted by GHIAL is Rs. 152.48 Crores, representing an increase of Rs. 14.16 Crores on account of prolongation cost due to extended project timelines.

5.4.9. Based on the above, GHIAL has submitted the total capitalisation up to March 31, 2025, for the true-up of the Third Control Period.

Table 18: Capex submitted by GHIAL for true up of the Third Control Period

(Rs. In crores)

Particulars	Project Cost (A)	Capitalised till Mar'25 (B)	GST Input Credit on P&M (C)	Capital Work in Progress (D)	Cost Incurred (E=B+C+D)	Carry Forwards (F=A-E)
Expansion of the Terminal Building including Piers	2,816.64	2,677.30	110.52	14.03	2,801.84	14.80
Airport Systems	1,189.20	973.56	180.59	6.13	1,160.27	28.92

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Particulars	Project Cost (A)	Capitalised till Mar'25 (B)	GST Input Credit on P&M (C)	Capital Work in Progress (D)	Cost Incurred (E=B+C+D)	Carry Forwards (F=A-E)
Expansion of Apron & Taxiways, GSE Tunnel	984.54	930.47	13.72	0.00	944.19	40.35
Expansion of the Kerb & Approach ramp	147.74	147.59	0.15	0.00	147.74	0.00
Road Infrastructure	167.42	23.38	1.68	6.99	32.05	135.37
ICT Cost	33.17	19.24	4.11	3.96	27.31	5.86
Miscellaneous Direct Capex & Election Items	0.00	0.00	0.00	0.00	0.00	0.00
Enabling works	47.04	37.88	4.77	3.36	46.01	1.03
Total Cost	5,385.74	4,809.41	315.53	34.47	5,159.41	226.33
Preliminaries	18.60	15.33	0.79	0.15	16.28	2.32
Insurance & Permits	23.60	17.56	1.53	0.04	19.13	4.47
Design Development and PMC	243.40	227.20	5.94	9.29	242.42	0.98
Contingencies	0.00	0.00	0.00	0.00	0.00	0.00
Soft Cost	285.60	260.09	8.26	9.48	277.83	7.77
Cost Before IDC	5,671.34	5,069.51	323.79	43.95	5,437.24	234.10
IDC	1,506.17	1,506.17	0.00	0.00	1506.17	0.00
Total Cost of Expansion Projects	7,177.51	6,576.22	323.79	43.95	6,943.41	234.10

GHIAL's submission on Asset Allocation between Aeronautical and Non-Aeronautical Assets

- 5.4.10. GHIAL has submitted independent auditor's certificates on its adopted basis for bifurcation of fixed assets into aeronautical and non-aeronautical assets for the FY22 to FY25.
- 5.4.11. GHIAL, for the purpose of allocation of assets between aeronautical and non-aeronautical assets for the Third Control Period, has submitted that it has followed the methodology adopted by the Authority as per the Independent Study by CRISIL on Allocation of Assets, which was adopted by the Authority vide Order No. 12/2021-22 for the Third Control Period.
- 5.4.12. GHIAL has further submitted that the allocation has been carried out after considering changes arising out of implementation of the Hon'ble TDSAT Judgement dated 14.02.2024.
- 5.4.13. GHIAL has submitted the following supporting documents along with MYTP in support of its asset allocation methodology:
- i. Statutory Auditor's report on allocation of assets from 01.04.2021 to 31.03.2025.
 - ii. Statutory Auditor's report on retrospective capitalisation of GST on civil portions from 01.04.2017 to 31.03.2024.
 - iii. Area Allocation Report post 34 MPPA expansion (Annexure 10 to MYTP for 4th Control Period)

GHIAL's submission on Aeronautical Capex

- 5.4.14. Based on the head-wise capex and the allocation ratios adopted by GHIAL, the aeronautical capex submitted by GHIAL for the true-up of the Third Control Period aggregates to Rs. 6,205.39 Crores as detailed in the table below. The aeronautical portion of the capital expenditure works out to 86.46% of the total capex.

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Table 19: Aeronautical Capital additions submitted by GHIAL for true-up of the Third Control Period

(Rs. In crores)

Particulars	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Capital Additions	478.78	1729.91	3171.26	349.00	476.43	6205.39

Recap of Capex approved in the Third Control Period Tariff Order

5.4.15. The Authority, at the time of tariff determination for the Third Control Period for GHIAL, had decided the treatment of capital expenditure, asset allocation and depreciation for determination of Aeronautical Regulatory Asset Base (“RAB”) as per Order No. 12/2021-22. The Authority had considered the capital expenditure proposed by GHIAL towards expansion of RGIA to 34 MPPA, general maintenance capital expenditure, metro connectivity, PSF assets and other capital expenditure items to be considered on incurrence basis. Further, since the tariffs were being determined based on 30% shared till, the RAB excluded the portion of assets attributed to the provision of non-aeronautical services. The Authority had accordingly considered only the aeronautical portion of assets for determination of RAB and depreciation for the Third Control Period.

5.4.16. As per the Tariff Order for the Third Control Period, i.e., Order No. 12/2021-22, the Authority, based on the analysis of the capital expenditure plan submitted by GHIAL and findings of the M/s RITES Limited Report, had decided to allow Rs. 4,525.55 Crores (total capex) towards expansion capex, leading to capitalisation of Rs. 4,088.79 Crores in the Third Control Period. Further, the Authority had decided to allow Interest During Construction (“IDC”) of Rs. 436.76 Crores based on prudent means of financing. Accordingly, the total expansion capex including IDC approved by the Authority for the Third Control Period was Rs. 4,525.55 Crores, i.e. total of Rs. 4088.79 Crores and Rs. 436.76 crores. Out of the total expansion capex of Rs. 4,525.55 Crores approved by the Authority, Rs. 4,083.86 Crores was considered as aeronautical capex. Further, the Authority allowed Rs. 1,565.23 Crores towards general capital expenditure for the Third Control Period, out of which Rs. 1,434.14 Crores was considered as aeronautical capex. Accordingly, the total capital expenditure allowed by the Authority for the Third Control Period, including both expansion capex and general capital expenditure, was Rs. 6,090.78 Crores, out of which Rs. 5,518.00 Crores was considered as Aeronautical Capex.

5.4.17. Decision No. 6.6.6: “to allow GHIAL Rs. 4,820.05 Crores towards expansion capex, leading to capitalisation of Rs. 4,088.79 Crores in the Third Control Period. Further, the Authority also decided to allow Interest During Construction (“IDC”) of Rs. 436.76 Crores for financing of the expansion capex based on prudent means of financing. Accordingly, the total expansion capex including IDC approved by the Authority was Rs. 4,525.55 Crores”.

Table 20: Break-up of the expansion project cost approved by the Authority in the Tariff Order for the Third Control Period

(Rs. In crores)

Particulars	As per GHIAL	As per Authority		
	Total Capex	Total	Aero	Non-Aero
Expansion of the Terminal Building including Piers (1)	2,517.23	2,227.10	1,884.13	342.97
Airport Systems (2)	1,070.00	960.67	960.67	0.00
Expansion of Apron & Taxiways, GSE Tunnel (3)	387.05	275.10	275.10	0.00
Expansion of the Kerb & Approach Ramp (4)	34.76	34.76	34.76	0.00
Road Infrastructure (5)	167.00	104.28	104.28	0.00
ICT Cost (6)	69.43	62.34	52.74	9.60
Miscellaneous Direct Capex (7)	57.00	51.18	43.30	7.88

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Particulars	As per GHIAL	As per Authority		
	Total Capex	Total	Aero	Non-Aero
Enabling Works (8)	46.73	41.96	35.49	6.46
Capitalized Pre-ops (9)	527.92	331.40	299.04	32.36
Capitalized IDC & Finance Charges (10)	602.68	436.76	394.35	42.41
Total Expenditure towards Capacity Expansion (a) = (sum of 1 to 10)	5,479.79	4,525.55	4,083.86	441.69

5.4.18. The capitalization schedule for the expansion capex as approved by the Authority in Order No. 12/2021-22 for the Third Control Period is given in the table below:

Table 21: Capitalisation schedule for the expansion capex approved by the Authority in the Tariff Order for the Third Control Period

(Rs. In crores)

Particulars	2022	2023	2024	2025	2026	Total
Aero	916.31	2,012.58	1,154.97	0.00	0.00	4,083.86
Non-Aero	90.98	219.37	131.34	0.00	0.00	441.69
Total	1,007.29	2,231.96	1,286.31	0.00	0.00	4,525.55

5.4.19. With respect to metro connectivity, the Authority vide decision No. 6.6.1 of Order No. 12/2021-22 decided not to allow the capital expenditure of Rs. 519 Crores towards metro connectivity during the Third Control Period. The Authority noted that, at that stage, specific details regarding the project such as components to be developed within the airport premises, cost details of various components, ownership etc. were not available. However, the Authority noted that the expenditure towards metro connectivity may be considered in future subject to the following conditions:

- i. There is ring-fencing of assets and assets are within the boundary of the airport;
- ii. The assets are capitalised in the books of GHIAL and put to use in accordance with the extant rules and regulations of AERA;
- iii. The metro stations cater only to the airport. To clarify, metro stations for city side, aero city or any non-aeronautical services will not be considered as part of RAB.

5.4.20. In respect of general maintenance capital expenditure, the Authority vide decision Nos. 6.6.2 and 6.6.4 of Order No. 12/2021-22 decided to allow the following capital expenditure for the Third Control Period:

- i. Airfield pavement enhancement and airfield ground lighting upgrade: The Authority decided to allow the capital expenditure of Rs. 308.56 Crores.
- ii. General and allied capital works: The Authority decided to allow capex of Rs. 1,256.67 Crores.

5.4.21. Accordingly, the total general maintenance capital expenditure approved by the Authority was Rs. 1,565.23 Crores for the Third Control Period.

5.4.22. With respect to capital expenditure towards PSF assets, the Authority vide decision No. 6.6.5 of Order No. 12/2021-22 decided not to consider the capital expenditure of Rs. 94.30 Crores towards CISF residential quarters for the Third Control Period at that stage, given that the matter was sub-judice.

5.4.23. Further, the Authority vide decision No. 6.6.11 of Order No. 12/2021-22 decided to consider the general capital expenditure on incurrence basis for the following items as part of the true-up exercise, subject to efficiency and reasonableness:

- i. Body Scanners

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- ii. NATS study for new runway requirement and airside capacity
- iii. AOCC, IMC and SOCC in the expanded terminal
- iv. Widening of the perimeter road
- v. Development of GA Apron drains

5.4.24. In respect of asset allocation methodology, the Authority vide decision No. 6.6.3 of Order No. 12/2021-22 decided the following for the Third Control Period:

- i. For the purpose of determination of RAB, the common assets related to the passenger terminal were apportioned into aeronautical and non-aeronautical assets utilising the Terminal Area Ratio of 84.6% (Aero) and 15.4% (Non-Aero).
- ii. The common assets pertaining to functions other than the terminal building were apportioned utilising the average aeronautical asset ratio for the Second Control Period i.e. 91.3% (Aero) and 8.7% (Non-Aero).

5.4.25. The Authority had adopted the Independent Study by CRISIL on Allocation of Assets between Aeronautical Assets and Non-Aeronautical Assets for the purpose of asset allocation during the Third Control Period.

5.4.26. Based on the above decisions, the Authority had approved the capex for expansion of RGIA to 34 MPPA, general maintenance capital expenditure, airfield pavement enhancement and airfield ground lighting upgrade, and had decided the treatment for metro connectivity, PSF assets and certain items to be considered on incurrence basis. The overall capex approved by the Authority for the Third Control Period as part of Order No. 12/2021-22 is summarised in the table below:

Table 22: Summary of the Capex decided by the Authority in the Tariff Order of the Third Control Period

(Rs. In crores)

Sr. No.	Particulars (Rs. Crores)	2022	2023	2024	2025	2026	Total
1	Capacity Expansion to 34 MPPA (a)	1,007.29	2,231.96	1,286.31	0.00	0.00	4,525.55
2	Metro Contribution (b)	0.00	0.00	0.00	0.00	0.00	0.00
3	General Maintenance Capital Expenditure (c)	816.40	359.13	119.71	214.55	55.43	1,565.23
4	Capex toward PSF Assets (CISF quarters) (d)	0.00	0.00	0.00	0.00	0.00	0.00
5	Total Capex (e) = (sum of a to d)	1,823.69	2,591.09	1,406.02	214.55	55.43	6,090.78
6	Aeronautical Capex (e)	1,649.43	2,346.12	1,259.96	208.13	54.36	5,518.00
7	Non-Aeronautical Capex (f)	174.26	244.97	146.07	6.42	1.07	572.78

Authority's Examination regarding Capital Expenditure for True up of the Third Control Period

5.4.27. The Authority notes that GHIAL has proposed a total Capital Expenditure of Rs. 7,177.51 Crores for true-up of the Third Control Period as against the total approved Capital Expenditure of Rs. 6,090.78 Crores in the Tariff Order of the Third Control Period, resulting in a net variance of Rs. 1,086.73 Crores.

Table 23: Comparison of Project-wise Capex approved by the Authority in the Tariff Order of the Third Control Period and the Capex submitted by GHIAL for True up of Third Control Period*(Rs. In crores)*

Particulars	As approved by the Authority in TCP Order (A)	As submitted by GHIAL in True up (B)	Variance (B-A)
	Total	Total	
Expansion of the Terminal Building including Piers (1)	2,227.10	2916.03	688.93
Airport Systems (2)	960.67	1141.80	181.13
Expansion of Apron & Taxiways, GSE Tunnel (3)	275.10	1007.44	732.34
Expansion of the Kerb & Approach Ramp (4)	34.76	147.74	112.98
Road Infrastructure (5)	104.28	167.42	63.14
ICT Cost (6)	62.34	-	-62.34
Miscellaneous Direct Capex (7)	51.18	-	-51.18
Enabling Works (8)	41.96	-	-41.96
Capitalized Pre-ops (9)	331.40	-	-331.40
Capitalized IDC & Finance Charges (10)	436.76	1,506.17	1,069.41
General Expenditure (11)	1,565.23	-	-1,565.23
Total Expenditure (a) = (sum of 1 to 11)	6,090.78	7,177.51	1,086.73

Review of variance in additional Capital Cost and Asset Capitalization date/ scheduling

- 5.4.28. In order to examine the above variances, the Authority, through its Independent Consultant, has undertaken a detailed review and due diligence of the actual capital expenditure incurred by GHIAL during the Third Control Period vis a vis the Capital Expenditure allowed by the Authority in the Tariff Order of the Third Control Period. The review includes examination of the Fixed Asset Register, procurement and bidding processes, project implementation details, capitalisation dates, work orders, invoices, completion certificates, auditor's certificates and other supporting documentation submitted by GHIAL.
- 5.4.29. As part of the due diligence exercise, the Independent Consultant has also reviewed the need, essentiality and prudence of the capital expenditure, keeping in view the prevailing and projected traffic demand at RGIA. The assessment includes examination of the expansion works undertaken for enhancement of airport capacity to 34 MPPA, general maintenance capital expenditure, airside and terminal-related works, airport systems, road infrastructure, and other capital expenditure items submitted by GHIAL for true-up.
- 5.4.30. Further, the Independent Consultant engaged by the Authority examined the technical specifications, execution details and asset capitalisation schedule of the respective projects and assessed the reasonability and justification of the actual expenditure incurred. During site visits undertaken at RGIA, the Independent Consultant reviewed the major capital works executed from the standpoint of operational necessity, essentiality, cost reasonability and capitalisation. The asset category-wise analysis and the Authority's examination thereof are presented in the following sections.
- 5.4.31. The Authority notes that GHIAL had submitted capital expenditure of Rs. 5,479.79 Crores towards expansion of RGIA to 34 MPPA. The Authority during the tariff determination exercise of Third Control Period, had engaged M/s RITES Limited as an independent consultant, to examine the scope, size, cost reasonableness of the expansion capex submitted by GHIAL. Based on its examination, M/S RITES LIMITED recommended an amount of Rs. 4,785.86 Crores. Further, after considering the submissions made by GHIAL and the comments received during

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the stakeholder consultation process, the Authority allowed capitalisation of Rs. 4,525.55 Crores towards the 34 MPPA expansion project for the Third Control Period.

5.4.32. The Authority notes GHIAL's submission that the expansion project timeline was extended from the original capitalization year of FY21 to actual capitalization year of FY24 on account of COVID-19 lockdowns, supply chain disruptions and other force majeure events, which resulted in additional interest costs during the extended construction period. GHIAL has further submitted that the increase in project cost before IDC from Rs. 5,654.02 Crores to Rs. 5,671.34 Crores required higher debt funding as well as extension of capitalization schedule leading to higher interest expenses, thereby increasing the IDC burden.

5.4.33. Based on the submissions made by the Airport Operator and the decisions taken by the Authority in the Tariff Order for the Third Control Period, the Authority has decided to analyze the capital expenditure in two parts:

(A) Capital Expenditure towards expansion of RGIA to 34 MPPA; and

(B) General capital expenditure.

5.4.34. The analysis of the same is presented in the following paragraphs.

(A) Capital Expenditure pertaining Expansion to 34 MPPA

Compliance with Concession Agreement and Approved Expansion Plan

5.4.35. The Authority notes that RGIA witnessed significant traffic growth during FY17–FY19, rendering the earlier expansion plan to 20 MPPA to be revisited in order to meet the growing demand. Accordingly, GHIAL revised the capacity expansion plan and initiated capacity expansion to 34 MPPA to cater to the growth in traffic in the Third Control Period (FY22–FY26).

5.4.36. The Authority notes that GHIAL had conducted an AUCC meeting on 7th September 2018 apprising the Authority and stakeholders of the overall expansion plan and the requirements therein. The Authority further notes that the expansion project was undertaken in accordance with the Concession Agreement and the development obligations of GHIAL as the airport operator.

5.4.37. The summary of the works executed by GHIAL for the purpose of meeting the 34 MPPA capacity for RGI Airport includes expansion of the passenger terminal building on both eastern and western sides with additional pier expansions, apron expansion on the west-side, construction of new Rapid Exit Taxiways, second parallel Taxiway (Taxiway-B), GSE Tunnel, 8-lane Main Access Road with elevated ramp, and associated airside and landside infrastructure. In total, an additional built-up area of 2,58,089 Sqm has been added to the existing terminal size of 1,21,281 Sqm, resulting in an integrated terminal of 3,79,370 Sqm, thereby increased the design capacity of the terminal building from 20 MPPA to 34 MPPA currently.

Bidding Procedure adopted by GHIAL

5.4.38. The Authority notes that GHIAL had planned the expansion contract management through a mix of independent packages and EPC contracts. In respect of the EPC contracts, GHIAL had invited tenders through International Competitive Bidding (ICB).

5.4.39. Request for Qualification (RFQ) for EPC works was published on 26.09.2017 to obtain Expression of Interest from interested applicants having prior experience in EPC work of similar nature. In response to the RFQ notification, Expressions of Interest were received from four firms:

- i. M/s Larsen & Toubro Limited, India

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- ii. M/s Megawide Construction Corporation, Philippines
- iii. M/s Limak As, Turkey
- iv. M/s Shapoorji Pallonji & Company Private Limited, India

5.4.40. Based on the evaluation, three bidders namely M/s Larsen & Toubro Limited, M/s Megawide Construction Corporation and M/s Limak As, were pre-qualified to participate in the bidding. Subsequent to the pre-qualification process, GHIAL floated the invitation to tender on 01.12.2017 with the deadline for submission as 15.01.2018. Post pre-bid meeting and subsequent amendments, the final submission date was extended to 22.03.2018.

5.4.41. Tenders were opened on 24.03.2018 for technical evaluation and all bidders were technically qualified, with L&T scoring the highest technical score. The financial bids were opened on 04.07.2018, followed by two rounds of negotiations. At this stage, to optimize project cost and avail input tax credit on supplies under GST, GHIAL identified that the EPC contract can be split into two packages - Airport Systems and all works other than Airport Systems.

5.4.42. The final quotes received from the qualified bidders are summarised below:

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

(Rs. In crores)

Items	Option 1 (Entire Scope)		Option 2 (All works other than Airport Systems)		Option 3 (Airport Systems)	
	L&T	Megawide	L&T	Megawide	L&T	Megawide
Phase 1 Works	2,355.52	2,523.04	1,768.62	1,978.57	Regretted to Quote	591.51
Phase 2 Works	997.86	1,001.48	720.38	779.30		230.81
Sub-Total	3,353.38	3,524.52	2,489.00	2,757.87		822.32
Taxes & Cess	643.17	634.43	477.39	528.96		157.72
Total	3,996.55	4,158.95	2,966.39	3,286.83		980.04

5.4.43. By splitting the contract between L&T and Megawide, GHIAL managed to achieve a saving of Rs. 50.82 Crores compared to the lowest single bidder option. Accordingly, the contracts were awarded as follows:

- i. All works other than Airport Systems: Awarded to M/s Larsen & Toubro Limited (L&T)
- ii. Airport Systems: Awarded to M/s Megawide Construction Corporation (MCSP) and M/s Beumer Group
- iii. Airside works: Independent package awarded to M/s MVR
- iv. Road and ramp infrastructure: Independent package awarded to M/s VNC

Comparison of Project Cost

5.4.44. The Authority notes that the total expansion capex submitted by GHIAL in the MYTP for the Fourth Control Period amounts to Rs. 5,671.34 Crores (before IDC), as against the cost of Rs. 5,596.23 Crores submitted by GHIAL during the Third Control Period tariff determination and Rs. 4088.79 Crores (before IDC) as approved by the Authority in Order No. 12/2021-22.

The comparison of the project cost for the 34 MPPA expansion is presented below:

Table 25: Comparison of Project Cost for 34 MPPA Expansion*(Rs. In crores)*

Particulars	Submitted by GHIAL during 3rd CP Tariff Determination	Approved by Authority in Order No. 12/2021-22	Submitted by GHIAL in MYTP for 4th CP for true up
Hard Cost			
Expansion of Terminal Building	2517.23	2227.10	2916.03
Airport Systems	1070.00	960.67	1141.80
Expansion of Apron & Taxiways, GSE Tunnel	946.40	275.10	1007.44
Expansion Kerb & Approach ramp	156.40	34.76	147.74
Road Infrastructure	167.00	104.28	167.42
ICT Cost	69.43	62.34	
Misc direct capex and Election items	57.00	51.18	
Enabling works	46.73	41.96	
Capitalized pre ops		331.40	
Total Hard Costs	5030.19	4088.79	5380.43
Soft Costs			
Preliminaries	47.20		18.33
Insurance & Permits	72.90		19.18
Design Development and PMC	202.94		253.40
Contingencies	243.01		
Soft Costs excluding IDC	566.05		290.91
Cost before IDC	5596.24	4088.79	5671.34

Cost Variations and Escalation in Capital Expenditure related to Expansion to 34 MPPA

5.4.45. The Authority through its Independent Consultant (PwC) has examined the reasons for the escalation in cost over the amount approved in Order No. 12/2021-22. The contract-wise examination is as follows:

L&T Contract (All works other than Airport Systems)

5.4.46. The Authority notes that the original L&T contract value including changes submitted to the Authority during the Third Control Period tariff determination was Rs. 3,063.98 Crores. The final cost of the L&T contract as submitted by GHIAL is Rs. 3,500.70 Crores, representing an increase of Rs. 436.72 Crores. The Authority through its Independent Consultant has examined the reasons for this increase as follows:

Table 26: Break-up of cost variations in L&T Contract*(Rs. In crores)*

Particulars	Ref	Terminal Building	Apron & Taxiways incl. GSE Tunnel	Total
EPC Contract awarded through tender including changes submitted during the 3rd CP	A	2,343.44	720.54	3,063.98
Utilisation of provisional sums — Airport Weather Proofing	B	10.38	-	10.38
Increase in scope — Weather Proofing	C	8.69	-	8.69
Decrease in scope of works	D	(91.88)	(10.19)	(102.07)
New works from contingency — Airside Works	E	-	36.54	36.54
New works from contingency — Electrical Works	F	119.40	-	119.40
New works from contingency — Grid Change	G	83.52	-	83.52
New works from contingency — Other items	H	82.04	-	82.04
Additional design manhours	I	9.42	-	9.42

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Particulars	Ref	Terminal Building	Apron & Taxiways incl. GSE Tunnel	Total
Extended stay cost	J	112.10	-	112.10
Price escalation (WPI-based)	K	76.70	-	76.70
Final L&T Contract Cost	L	2753.81*	746.89	3,500.70

5.4.47. The Authority notes that GHIAL utilized the contingency budget amounting to Rs. 228.11 Crores against the contingency budget of Rs. 243.01 Crores allowed during the Third Control Period submission. The key works undertaken from the contingency budget include:

Airside Works

- i. Revised layout of south-east remote apron along with taxilane works
- ii. Four RETs in compliance to CAT-II requirements (as against CAT-I compliant)
- iii. Construct additional length of pavement beyond 6M (as per consideration) on either side of GSE Tunnel eastern ramp at North East remote ramp
- iv. Aviation fuel hydrant system works at west pier
- v. Additional filling at north-west apron and increase in retaining wall height
- vi. North West Apron: Due to level increase around 15,000 Sqm of existing rigid apron and flexible pavement was dismantled and reconstructed as per revised levels.
- vii. South east taxiway and associated AGL works around 18,000 Sqm area (B2, H1)

Electrical Works

- i. Instead of 5 no.s of 2,000 KVA, GHIAL procured 5 no.s of 2,500 KVA
- ii. Instead of 2 No. of 3 MVA, GHIAL procured 4 no.s of 2 MVA
- iii. 3 no.s of Transformers with capacity of 2.5 MVA
- iv. 3 no.s of 11 KV DG Sets with capacity of 2 MVA
- v. Electrical load enhancement
- vi. UPS for IT Equipment
- vii. Electrical Loads for Advertisement
- viii. IT Loads
- ix. Tenant Loads

Based on the above changes, the following additional changes were required:

- i. Bus Ducts: - 3200A bus duct needs to be upgraded to 4000A
- ii. Main LT Panels: - Incomer breaker & bus bar needs to be upgraded from 3200A to 4000A current rating
- iii. APFC Panels: - APFC Panel KVAR rating changed from 2000KVA to 2500KVA

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5.4.48. This also considers all required and associated works like Bus Duct, HT cable, LT cable, HT panel, LT panel, Sub LT panel, Cable Tray, and earthing works. Further, the overall connected load increased from 14.8 MW to 37.6 MW.

Grid Change

- i. The existing Passenger Terminal Building was designed on a 9m x 9m structural grid, and the original tender drawings were also based on these dimensions. During execution, the structural grid was revised to 18m x 18m and 18m x 36m configurations. This change in grid dimensions had consequential impacts across multiple work packages including concrete works, shuttering, rebar, structural steel, façade systems, electrical works, HVAC ducting, and necessitated the provision of additional cable trenches in the apron area in lieu of routing through the bottom of the First Level Beam (FLB). Grid changes in the terminal building from 9m x 9m to 18m x 18m and 18m x 36m grids.

Other Items

- i. Enhancement of Front-of-House (FOH) toilet specifications and FOH false ceiling works in the arrival areas at E-level and C-level of the East and West Piers and D-level of the East and West Processor buildings, along with all counters (excluding gate portals), as per the revised Woods Baggot concept design;
 - ii. Increase in the overall toilet areas across the terminal;
 - iii. Increase in the areas allocated for warehouse, office, SPS and STP office facilities;
 - iv. Increase in the First Level Beam (FLB) area and enhancement of FLB glass thickness; and
 - v. Enhancements in lighting specifications across the terminal in comparison to the original design specifications.
- 5.4.49. With respect to utilisation of the contingency budget amounting to Rs. 228.11 Crores, the Authority notes that the works undertaken from the contingency budget included, inter alia, the following:
- Revised layout of the south-east remote apron;
 - Four Rapid Exit Taxiways (“RETs”) in compliance with CAT-II requirements;
 - Aviation fuel hydrant system works;
 - Electrical load enhancement from 14.8 MW to 37.6 MW;
 - Structural grid changes in the terminal building;
 - Façade modifications;
 - Enhancement in toilet specifications; and
 - Changes in lighting and other design requirements.

5.4.50. The Authority notes that these works were necessitated by operational requirements, regulatory compliance and design optimisation during execution of the brownfield expansion project. The Authority is of the view that such modifications are not uncommon in projects of this scale and complexity. Further, the utilisation of the contingency budget has remained within the originally provisioned amount of Rs. 243.01 Crores.

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- 5.4.51. The Authority notes that the L&T contract cost has increased primarily on account of extended stay cost, price escalation, additional design manhours and utilisation of contingency budget. The key reasons for such increase, as submitted by GHIAL, are as follows:
- Extended stay cost of Rs. 112.10 Crores;
 - Price escalation of Rs. 76.70 Crores based on WPI evaluation;
 - Additional design manhours of Rs. 9.42 Crores; and
 - Utilisation of contingency budget amounting to Rs. 228.11 Crores against the provision of Rs. 243.01 Crores.
- 5.4.52. The Authority notes that the extended stay cost of Rs. 112.10 Crores was attributable to the extension of the project timeline for the terminal building from the original planned completion, i.e., FY2021, to FY2024. The extension was on account of multiple unforeseen events, including COVID-19 lockdowns and restrictions, logistics disruptions and manpower exodus. The Authority is of the view that these events were largely beyond the control of GHIAL and were force majeure in nature. Accordingly, the resultant cost impact on the project appears to be unavoidable.
- 5.4.53. The Authority further notes that the price escalation of Rs. 76.70 Crores was assessed and settled based on Wholesale Price Index (“WPI”) evaluation. The Authority considers WPI-based escalation to be a transparent and generally accepted methodology for computation of escalation in construction contracts. Therefore, the Authority is of the view that the price escalation has been computed on a reasonable basis and reflects the inflationary impact during the extended project duration.
- 5.4.54. The Authority also notes that GHIAL has submitted additional design manhours of Rs. 9.42 Crores on account of changes in architectural, structural and MEP drawings. These changes were consequent to the design modifications and scope changes undertaken during execution. The Authority is of the view that such costs are directly attributable to the approved scope changes and appear to be reasonable.
- 5.4.55. Further, the Authority notes that GHIAL has also accounted for a reduction in cost of Rs. 102.07 Crores on account of decrease in scope of works. The reduction is attributable to revision in material specifications, changes in dimensions of certain civil works and reconfiguration of Rapid Exit Taxiways. The Authority notes that the said reduction has partially offset the overall cost escalations in the L&T contract.
- 5.4.56. Based on the above examination, the Authority is of the view that the cost escalations towards the L&T contract are attributable to factors that were largely beyond the control of GHIAL, including the impact of COVID-19, force majeure events, regulatory compliance requirements and design optimisation necessitated during execution of the brownfield expansion project. The Authority has also compared the actual cost incurred by GHIAL with the normative cost benchmarks and notes that the actual cost falls within the parameters of the normative cost. Accordingly, the Authority is of the view that the final L&T contract cost of Rs. 3,500.70 Crores as submitted by GHIAL is reasonable and efficient, and proposes to consider the same for the purpose of true-up of the Third Control Period.

(ii) Megawide Contract (Airport Systems)

Table 27: Break-up of cost variations in Megawide Contract

(Rs. In crores)

Particulars	Ref	Amount
EPC Contract awarded through tender including changes submitted during the 3rd CP	A	875.04

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Particulars	Ref	Amount
Descoping of Self-Baggage Drop and revision to scope of other works	B	(32.71)
Claims from Megawide (COVID-19, Russia-Ukraine conflict, supply chain disruption, price escalation, project extension from FY21 to FY24)	C	64.21
Total cost of Airport Systems to Megawide (D = A + B + C)	D	906.54

5.4.57. The Authority notes that during the execution of the Airport Systems contract, GHIAL had undertaken a descoping exercise amounting to Rs. (32.71) Crores which included descoping of Self-Baggage Drops, revision in scope of PBB Tunnels, Ground Power Unit Converters and Hatch Pits, Pre-Conditioned Air Units, Screening Machines and VDGS. Simultaneously, the scope of works was increased in respect of CTX Screening Machines and Automated Tray Retrieval Systems, BHS Equipment and Pre-Conditioned Air Units and Ground Power Units proposed to be attached to the Passenger Boarding Bridges. The Authority is of the view that the descoping and scope enhancements were undertaken based on evolving design requirements and operational considerations during the course of execution.

5.4.58. The Authority further notes that multiple unforeseen events - including delays in approvals from various authorities, multiple lockdowns due to COVID-19 and associated bans, the Russia-Ukraine conflict and its impact on global supply chains and logistics - resulted in price escalations and extension of the project timeline from the originally planned completion in FY2021 to FY2024. These events, which were beyond the control of GHIAL, resulted in multiple claims from Megawide amounting to Rs. 64.21 Crores. The Authority noted that these claims were settled after careful evaluation and multiple rounds of negotiations by March 2025.

5.4.59. The Authority is of the view that the events leading to the claims were force majeure in nature and the resultant cost impact was unavoidable. The Authority is of the view that GHIAL has exercised due diligence in evaluating and negotiating the claims and the settlement amount of Rs. 64.21 Crores is reasonable. Accordingly, the Authority proposes to consider the final Megawide contract cost of Rs. 906.54 Crores as submitted by GHIAL for the purpose of true-up of the Third Control Period.

(iii) Beumer Contract (Airport Systems)

5.4.60. The Authority notes that the original Beumer contract value was Rs. 138.32 Crores. The final cost is Rs. 152.48 Crores, an increase of Rs. 14.16 Crores on account of prolongation cost due to extended project timelines.

Table 28: Break-up of cost variations in Beumer Contract

(Rs. In crores)

Particulars	Ref	Amount
EPC Contract awarded through tender	A	138.32
Prolongation Cost	B	14.16
Total cost for Airport Systems to Beumer (C = A + B)	C	152.48

5.4.61. The Authority notes that the prolongation cost was attributable to the extension of the project timelines which was consequential to the overall delay in the 34 MPPA expansion project caused by COVID-19 lockdowns, supply chain disruptions and other force majeure events. The Authority is of the view that since the Beumer contract for Airport Systems was interlinked with the overall expansion project timeline, the prolongation cost arising from the extended project duration was unavoidable and beyond the control of GHIAL. Accordingly, the Authority is of the view that the prolongation cost of Rs. 14.16 Crores is reasonable and proposes to consider the final Beumer contract cost of Rs. 152.48 Crores as submitted by GHIAL for the purpose of true-up of the Third Control Period.

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(iv) MVR and VNC Contracts

5.4.61. The Authority notes that the MVR contract for airside works was at Rs. 142.70 Crores, which was the same as the original contract value submitted during the Third Control Period. The VNC contract for road and ramp infrastructure was at Rs. 228.67 Crores as against Rs. 229.99 Crores submitted during the Third Control Period, representing a decrease of Rs. 1.32 Crores.

5.4.62. Accordingly, the summary of vendor wise Cost submitted by GHIAL is as follows:

Table 29: Summary of Contract Awarded for 34 MPPA Expansion as submitted by GHIAL

(Rs. In crores)

Particulars	L&T	MCSP	MVR	VNC	Beumer	Others	Total
Expansion of the Terminal Building including Piers	2,753.80	-	-	-	-	162.23	2,916.03
Airport Systems	-	906.54	-	-	152.48	82.77	1,141.80
Expansion of Apron & Taxiways, GSE Tunnel	746.90	-	142.70	58.52	-	59.31	1,007.44
Expansion of the Kerb & Approach Ramp	-	-	-	146.77	-	0.97	147.74
Road Infrastructure	-	-	-	23.38	-	144.04	167.42
Total Hard Cost (A)	3,500.70	906.54	142.70	228.67	152.48	449.32	5,380.43

5.4.63. Further, the Authority had sought confirmation from GHIAL regarding the amount capitalized during FY 2026 against the proposed CWIP of ₹43.95 crore and amount of ₹234.10 crore carry forwarded from FY 25 to FY 26, which were earlier proposed to be capitalized in FY 2026.

5.4.64. In its revised submission, GHIAL has informed that an amount of **Rs. 107.07 crore** has been capitalized during FY 2026 and further, GHIAL has submitted that, as on 31 March 2026, the balance uncapitalized amount comprises:

Table 30: Uncapitalized Balance by GHIAL

Particulars	Amount (₹ crore)
CWIP as on 31.03.2026	92.53
Carry-forward as on 31.03.2026	75.97
Total balance not capitalized in FY 2026	168.50

5.4.65. GHIAL has further submitted that the above balance amount of **₹168.50 crore** is expected to be capitalized in **FY 2027**.

5.4.66. Based on the submission made by GHIAL, the Authority has considered and allowed capitalization of only **₹107.07 crore** during FY 2026, being the amount actually capitalized during the year. The remaining amount of **₹168.50 crore**, comprising CWIP of ₹92.53 crore and carry-forward amount of ₹75.97 crore as on 31 March 2026, has not been considered for capitalization in FY 2026, since the same has not been capitalized/put to use during the year.

5.4.67. Accordingly, the Authority has deferred/shifted the remaining amount of Rs. 168.50 Crores to FY 2027 (i.e. 1st tariff year of the 4th Control Period) which includes Rs. 152.59 Crores towards hard cost, and Rs. 15.92 Crores pertaining to soft cost.

5.4.68. Accordingly, hard cost proposed to be considered by the Authority is as follows:

Table 31: Hard Cost proposed to be considered by the Authority for True Up of the Third Control Period*(Rs. In Crores)*

Particulars	Amount
Hard Cost regarding expansion to 34 MPPA project submitted by GHIAL (A)	5,380.43
Hard Cost deferred from Third Control Period to Fourth Control Period (B)	152.59
Hard Costs proposed to be considered by the Authority (C=A-B)	5,227.84

Soft Costs (PMC, Insurance, Preliminaries)

5.4.69. The Authority notes that at the time of tariff determination for the Third Control Period, M/s RITES Limited (Independent Capex Consultant) had recommended the following soft costs:

- i. Preliminaries, Insurance & Permits: Rs. 98.35 Crores (against GHIAL's submission of Rs. 120.20 Crores)
- ii. Design Development and PMC: Rs. 132.67 Crores (against GHIAL's submission of Rs. 202.94 Crores). M/S RITES LIMITED had noted that the PMC of Rs. 154.92 Crores had been awarded by GHIAL to its own group company GADL without any competition and had recommended reducing the PMC & Design fee to 3% of the hard cost.
- iii. Contingencies: Rs. 132.67 Crores at 3% of hard cost (against GHIAL's submission of Rs. 243.01 Crores at 4.83% of hard cost)

5.4.70. The Authority notes that GHIAL has now submitted the following actual soft costs in the MYTP for the Fourth Control Period:

- i. Preliminaries: Rs. 18.33 Crores
- ii. Insurance & Permits: Rs. 19.18 Crores
- iii. Design Development and PMC: Rs. 253.40 Crores
- iv. Contingencies: Rs. 0.00 Crores (fully utilised towards new works as described above)

5.4.71. The Authority notes that while the Preliminaries and Insurance & Permits at Rs. 37.51 Crores are significantly lower than the RITES-approved cost of Rs. 98.35 Crores, the Design Development and PMC cost at Rs. 253.40 Crores is significantly higher than the M/s RITES Limited-approved cost of Rs. 132.67 Crores. The contingency budget has been fully utilised towards new works awarded during execution.

5.4.72. With respect to Preliminaries and Insurance & Permits, the Authority notes that the actual cost submitted by GHIAL is Rs. 37.51 Crores, comprising Preliminaries of Rs. 18.33 Crores and Insurance & Permits of Rs. 19.18 Crores. The Authority notes that the said cost is significantly lower than the M/s RITES Limited-approved cost of Rs. 98.35 Crores considered in Order No. 12/2021-22. The Authority is of the view that GHIAL has demonstrated efficiency in managing the preliminary and insurance costs. However, the Authority also notes that out of the Preliminaries cost, an amount of Rs. 0.08 Crores remains under CWIP and Rs. 1.48 Crores has been carried forward as on 31.03.2026. Accordingly, these amounts aggregating to Rs. 1.56 Crores are not considered for capitalization during FY 2026 / Third Control Period and are proposed to be deferred for consideration in FY 2027, as per the submission of the airport operator. Consequently, the Authority proposes to consider Rs. 35.95 Crores for Preliminaries and Insurance & Permits.

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- 5.4.73. With respect to Design Development and PMC, the Authority notes that M/s RITES Limited had recommended a cost of Rs. 132.67 Crores in the Tariff Order for the Third Control Period. The Authority notes that at the time of the tariff determination for the Third Control Period, M/s RITES Limited had recommended restricting the soft cost, including PMC and Design fee, to 3% of the hard cost on the grounds that the PMC had been awarded by GHIAL to its group company, GADL, without competitive bidding.
- 5.4.74. The Authority notes that the actual hard cost of the expansion project proposed to be considered by the Authority is Rs. 5,227.84 Crores. In line with the approach adopted by RITES during the Third Control Period tariff determination, the Authority proposes to restrict the soft cost, including Design Development and PMC, to 3% of the actual hard cost. Accordingly, the allowable Design Development and PMC cost works out to Rs. 156.84 Crores as against the Design Development and PMC cost of Rs. 253.40 Crores submitted by GHIAL. The Authority therefore proposes not to deviate from the stand taken during the tariff determination for the Third Control Period and restrict the Design Development and PMC cost to Rs. 156.84 Crores for the purpose of true-up of the Third Control Period. Further, the amount remaining under CWIP amounting to Rs. 14.36 Crores as on 31.03.2026 shall not be considered for capitalization during Third Control Period and may be considered in FY2027, subject to actual capitalization and prudence check.
- 5.4.75. With respect to Contingencies, the Authority notes that the contingency budget of Rs. 243.01 Crores has been fully utilised towards new works awarded during execution as detailed in the preceding paragraphs, and no separate contingency amount has been claimed by GHIAL under soft cost. Further, no amount under Contingencies has been reported as CWIP or carry-forward as on 31.03.2026. The Authority is of the view that the contingency budget has been utilized towards works that were necessitated by operational requirements and design optimization during the course of the brownfield expansion.
- 5.4.76. The Authority notes that, as per the status submitted by GHIAL as on 31.03.2026, the following soft cost amounts remain either under CWIP or have been carried forward and are proposed to be capitalized in FY 2027:

Table 32: Summary of works pertaining to Soft Cost considered as CWIP/ Carry Forwarded to the Fourth Control Period

(Rs. In Crores)

Particulars	CWIP as on 31.03.2026	Carry-forward as on 31.03.2026	Total (not considered in FY 2026)
Preliminaries	0.08	1.48	1.56
Insurance & Permits	0.00	0.00	0.00
Design Development and PMC	14.36	0.00	14.36
Contingencies	0.00	0.00	0.00
Total Soft Cost	14.44	1.48	15.92

- 5.4.77. Accordingly, against the total soft cost of Rs. 290.91 Crores submitted by GHIAL, the Authority proposes to consider Rs. 178.43 Crores for the purpose of true-up of the Third Control Period. The variation in the soft cost is due to the following:
- Disallowance of Rs. 96.56 Crores in Design Development and PMC as mentioned in para 5.4.74 above
 - Carry Forward of soft cost amounting to Rs. 15.92 Crores as per Table 32.

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Hence, the Authority has considered Rs. 178.43 Crores as soft costs for true up of the Third Control Period, as given in the table below:

Table 33: Soft Cost proposed to be considered by the Authority for true up of the Third Control Period

(Rs. Crores)

Particulars	Total Soft Cost as submitted by GHIAL	Total Soft Cost proposed to be considered by the Authority
Soft Costs	290.91	178.43

Interest During Construction (IDC)

5.4.78. The Authority notes that GHIAL has submitted IDC of Rs. 1,285.40 Crores as capitalized till March 2025 in the MYTP for the Fourth Control Period. This is significantly higher than the IDC of Rs. 436.76 Crores approved by the Authority in Order No. 12/2021-22. Further, pursuant to clarifications sought by the Authority, GHIAL clarified that the IDC amount considered for the purpose of calculation of tariff determination is Rs. 1,506.17 Crores. The details pertaining to IDC have been dealt with in the subsequent paragraphs.

5.4.79. The Authority noted that the means of finance for the expansion project as submitted by GHIAL was 70% Debt and 30% Internal Accruals.

5.4.80. The Authority notes that GHIAL funded the expansion project through a combination of Senior Secured Notes (SSN) denominated in USD and Non-Convertible Debentures (NCD) denominated in INR. The summary of debt instruments utilised by GHIAL for the expansion project is as follows:

Table 34: Summary of Debt Instruments used by GHIAL for the Expansion Project

Sr. No.	Instrument	Amount	Date of Drawdown	Coupon Rate (USD)	All-in Cost (INR Equivalent)	Nature of Hedging	Tenure
1	SSN USD 350 Mn @ 4.25%	USD 350 Mn	27.10.2017	4.25%	8.65%	Cross Currency Swap	10 years
2	SSN USD 300 Mn @ 5.375%	USD 300 Mn	10.04.2019	5.375%	9.958%	Call Spread Option + Coupon Only Swap	5 years
3	SSN USD 300 Mn @ 4.75%	USD 300 Mn	02.02.2021	4.75%	9.391%	Call Spread Option + Coupon Only Swap	5 years
4	NCD INR 2032	Rs. 1,150 Cr	13.12.2022	N/A	8.805%	Not applicable	10 years
5	NCD INR 2033	Rs. 840 Cr	13.03.2023	N/A	8.71%	Not applicable	10 years

Source: Annexure 5 — IDC, GHIAL MYTP for the Fourth Control Period

5.4.81. The Authority notes that the all-in cost of borrowing (inclusive of coupon interest, hedge premium and withholding taxes) ranged from 8.65% to 9.958% (INR equivalent) for the USD borrowings. The Authority further notes that GHIAL undertook a refinancing exercise in December 2022 and March 2023, whereby portions of the USD 300 Mn @ 5.375% and USD 300 Mn @ 4.75% borrowings were refinanced through domestic INR NCDs at coupon rates of 8.805% and 8.71% respectively. The Authority is of the view that this refinancing was a prudent measure undertaken by GHIAL to reduce the overall cost of borrowing. The Authority notes that all USD borrowings were hedged through recognised market instruments - Cross Currency Swaps and Call Spread Options with Coupon Only Swaps - to mitigate foreign exchange risk.

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The Authority is of the view that the hedging strategy adopted by GHIAL is in line with prudent treasury management practices.

5.4.82. Further, the Authority notes that GHIAL has adopted the following methodology for computing IDC:

Table 35: IDC Computation Methodology adopted by GHIAL for the Fourth Control Period

(Rs. In crores)

Step	Particulars	Amount
A	Interest cost on total borrowings drawn	3,018.35
B	Less: Interest cost pertaining to borrowings not utilised for the project purpose	(1,085.36)
C	Less: Interest cost subsequent to capitalisation of assets	(475.47)
D	Net Interest Cost Capitalised (A – B – C)	1,457.53
E	Add: Financing costs capitalised (arrangement fees, processing charges)	48.64
F	Total IDC (D + E)	1,506.17

5.4.83. The Authority is of the view that the methodology adopted by GHIAL for computing IDC is transparent and consistent with the applicable accounting standards. GHIAL has correctly excluded:

- i. Interest cost pertaining to borrowings not utilised for the project purpose (Rs. 1,085.36 Crores), thereby ensuring that only the interest cost attributable to project borrowings has been capitalised; and
- ii. Interest cost subsequent to capitalisation of assets (Rs. 475.47 Crores), ensuring that IDC is not charged post-commissioning of the respective assets.

5.4.84. Furthermore, the year-wise IDC computation as submitted by GHIAL is presented below:

Table 36: Year-wise IDC Computation as submitted by GHIAL for the Third Control Period

(Rs. In crores)

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total
Interest Cost on total borrowings drawn (A)	85.04	199.07	407.15	445.89	624.04	627.01	630.14	3,018.35
Less: Interest on borrowings not utilised for expansion to 34 MPPA project (B)	(65.29)	(153.81)	(176.61)	(177.37)	(177.40)	(174.62)	(160.26)	(1,085.36)
Less: Interest subsequent to capitalisation (C)	(0.70)	(7.34)	(7.28)	(21.74)	(28.83)	(92.43)	(317.15)	(475.47)
Net Interest Cost Capitalised (D = A – B – C)	19.06	37.92	223.26	246.78	417.82	359.96	152.73	1,457.53
Add: Financing costs capitalised (E)	2.09	0.62	6.36	7.28	13.50	9.05	9.75	48.64
Total IDC (F = D + E)	21.15	38.53	229.62	254.06	431.32	369.01	162.48	1,506.17

5.4.85. The Authority notes that for the purpose of the Third Control Period true-up, only the IDC capitalised during the Third Control Period is relevant. The IDC capitalisation schedule as submitted by GHIAL is as follows:

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Table 37: IDC Capitalisation Schedule as submitted by GHIAL

(Rs. In crores)

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	Total
IDC Capitalised	0.00	10.68	35.94	0.00	35.14	454.90	969.51	0.00	0.00	1,506.17
Of which: 2nd CP (FY 17-18 to FY 20-21)	0.00	10.68	35.94	0.00						46.62
Of which: 3rd CP (FY 21-22 to FY 25-26)					35.14	454.90	969.51	0.00	0.00	1,459.55

5.4.86. The Authority notes that the total IDC of Rs. 1,506.17 Crores pertains to the entire project period spanning FY 2017-18 to FY 2023-24. Of this:

- i. IDC of Rs. 46.62 Crores was capitalised during the Second Control Period (Rs. 10.68 Crores in FY 18-19 and Rs. 35.94 Crores in FY 19-20); and
- ii. IDC of Rs. 1,459.55 Crores was capitalised during the Third Control Period (Rs. 35.14 Crores in FY 21-22, Rs. 454.90 Crores in FY 22-23 and Rs. 969.51 Crores in FY 23-24).

5.4.87. The Authority noted that the IDC capitalised during the Second Control Period (Rs. 46.62 Crores) pertains to the assets that were capitalised during FY 18-19 and FY 19-20 (i.e., the Kerb & Approach Ramp and parking stands that were completed ahead of the main expansion works). The IDC attributable to these assets was duly capitalised in the Second Control Period and would have been considered as part of the Second Control Period true-up. Accordingly, for the purpose of the Third Control Period true-up, the Authority proposes to consider only the IDC capitalized during FY 2021-22 to FY 2025-26 amounting to Rs. 1,459.55 Crores, which corresponds to the expansion assets capitalised during the Third Control Period.

5.4.88. The Authority notes that the IDC of Rs. 436.76 Crores approved in Order No. 12/2021-22 was computed based on the approved project cost and the assumption that the project would be completed within the originally envisaged timeline. The actual IDC capitalised in the Third Control Period at Rs. 1,459.55 Crores is significantly higher. The Authority noted the following reasons for the increase:

Table 38: Reasons for increase in IDC over the approved amount for the Third Control Period

Sr. No.	Factor	Impact
1	Extension of project timeline from FY2021 to FY2024 due to COVID-19 lockdowns, supply chain disruptions and force majeure events	Approximately 3 additional years of interest costs during construction
2	Increase in overall project cost from approved Rs. 4,820.05 Crores (before IDC) to actual Rs. 5,671.34 Crores (before IDC)	Higher debt quantum required to fund the increased project cost
3	All-in hedged cost of USD borrowings (8.65% to 9.958%) inclusive of coupon, hedge premium and withholding taxes	Higher than the base coupon rate assumed in the original IDC computation
4	Financing costs (arrangement fees, processing charges) of Rs. 48.64 Crores	Standard costs associated with capital market borrowings capitalised as part of IDC

5.4.89. Further, the Authority notes that, based on the prudence check of the capital expenditure proposed for the Expansion to 34 MPPA project, the allowable capital cost, excluding IDC, has been assessed at Rs. 5,406.27 Crores as against Rs. 5,671.34 Crores submitted by GHIAL, as detailed in Table 40. Accordingly, the reduction in capital expenditure works out to Rs. 265.07 Crores, representing 4.67% of the capital expenditure, excluding IDC, submitted by GHIAL. The Authority further notes that GHIAL has submitted IDC of Rs. 1,459.55 Crores in respect of the said project, as detailed in Table 37. Since IDC is incidental

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to, and arises from, the underlying capital expenditure, the Authority is of the view that IDC should be allowed only to the extent it is attributable to the capital cost found reasonable and efficient after prudence check. Accordingly, the Authority has proportionately disallowed IDC to the extent of 4.67%, in line with the disallowance made in the underlying capital expenditure. The proportionate IDC disallowance works out to Rs. 68.22 Crores.

5.4.90. Based on the above examination, the Authority is of the view that:

- i. The debt instruments used by GHIAL for funding the expansion project are from recognized capital market sources and the borrowing rates are reflective of the prevailing market conditions at the time of issuance;
- ii. GHIAL's refinancing of a portion of higher-cost USD borrowings through domestic INR NCDs at lower rates demonstrates prudent treasury management;
- iii. The IDC computation methodology adopted by GHIAL is transparent, with proper netting-off of interest on borrowings not utilised for the project and interest subsequent to capitalisation of assets;
- iv. The increase in IDC over the approved amount is a direct consequence of the extension of the project timeline and increase in project cost, both of which have been examined and accepted by the Authority in the preceding paragraphs; and
- v. The financing costs of Rs. 48.64 Crores are in the nature of arrangement fees and processing charges which are standard costs associated with capital market borrowings.

5.4.91. Accordingly, the Authority proposes to consider IDC of Rs. 1,459.55 Crores for the Third Control Period, being the IDC capitalised during FY 2021-22 to FY 2023-24 as per the capitalisation schedule submitted by GHIAL. The IDC of Rs. 46.62 Crores capitalised during the Second Control Period has been considered as part of the Second Control Period true-up and is not being double-counted. Further, IDC amounting to Rs. 68.22 Crores has been deducted from the IDC on proportionate basis.

Table 39: Summary of IDC proposed to be considered by the Authority for the Third Control Period

<i>(Rs. In crores)</i>	
Particulars	Amount
IDC approved in Order No. 12/2021-22 for the Third Control Period	436.76
Total IDC as per GHIAL (entire project period FY 17-18 to FY 23-24)	1,506.17
Less: IDC capitalised in the Second Control Period (FY 18-19 and FY 19-20)	(46.62)
Less: IDC reduced on proportionate basis	(68.22)
IDC proposed to be considered for the Third Control Period	1,391.33

GST Input Tax Credit

5.4.92. The Authority notes that GHIAL has submitted GST Input Tax Credit of Rs. 323.79 Crores on Plant & Machinery as part of the expansion capex capitalization.

5.4.93. The Authority notes that the GST ITC has been duly verified by the Statutory Auditors of GHIAL as part of the Statutory Auditor's report on retrospective capitalisation of GST on Civil Portions from 01.04.2017 to 31.03.2024 submitted along with the MYTP.

5.4.94. The Authority proposes to consider the GST ITC of Rs. 323.79 Crores as submitted by GHIAL for the purpose of determining the net capitalisation towards the expansion project.

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5.4.95. The retrospective capitalisation relating to GST input amounting to Rs. 129.85 Crores, for the period prior to the Third Control Period has been considered as part of the opening RAB for the Third Control Period, since the claim for the same has been submitted as part of the true-up for the Third Control Period.

Capital Work in Progress (CWIP) and Carry Forwards

5.4.96. The Authority notes that as per GHIAL's submission, Rs. 43.95 Crores remains as Capital Work in Progress as on March 31, 2025 and a total carry forward of Rs. 234.10 Crores is yet to be incurred/capitalised. Accordingly, the total amount pending for capitalisation/incurrence works out to Rs. 278.05 Crores as on March 31, 2025.

5.4.97. The Authority further notes that the pending works primarily pertain to Road Infrastructure (Rs. 135.37 Crores carry forward), Airport Systems (Rs. 28.92 Crores carry forward) and Apron & Taxiways (Rs. 40.35 Crores carry forward) and the same has not been considered for aeronautical asset allocation for the Third Control period.

Final Cost of 34 MPPA Expansion Capex Proposed to be Considered by the Authority

5.4.98. Based on the above examination, due diligence and prudence check, the project cost for the 34 MPPA expansion proposed to be considered by the Authority is given in the table below:

Table 40: Project cost for 34 MPPA Expansion proposed to be considered by the Authority for the Third Control Period

(Rs. In crores)

Particulars	Approved by Authority (Order No. 12/2021-22)	Submitted by GHIAL for true up	Proposed to be considered by the Authority
Total Hard Cost(A)	4,422.18	5,380.43	5,227.84*
Total Soft Cost (B)	363.69	290.91	178.43#
Cost before IDC C = (A+B)	4,785.86	5,671.34	5,406.27
IDC (D)	436.76	1,506.17	1,391.33**
Total Project Cost E= (C+D)	5,222.62	7177.51	6,797.60

*Refer Table 31; # Refer Table 33; ** Refer Table 39

(B) Examination of General Maintenance Capital Expenditure for the Third Control Period

General Capex approved vs Actual

5.4.99. The Authority in Order No. 12/2021-22 for the Third Control Period had approved the following general maintenance capital expenditure:

- i. Airfield pavement enhancement and airfield ground lighting upgrade: Capitalisation of Rs. 308.56 Crores
- ii. General and allied capital works: Rs. 1,256.67 Crores

5.4.100. The Authority has examined the general capex incurred and capitalised by GHIAL during the Third Control Period vis-à-vis the capital expenditure approved in Order No. 12/2021-22. The Authority notes that against the approved general maintenance capital expenditure of Rs. 1,565.23 Crores, GHIAL has submitted actual capitalisation of Rs. 1,483.89 Crores for the Third Control Period. The Authority further notes that the general capex submitted by GHIAL is lower than the overall amount approved by the Authority for the Third Control Period and has been incurred towards airfield pavement enhancement, airfield ground

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lighting upgrade, general and allied capital works, maintenance, replacement and upgradation of airport facilities.

5.4.101. The Authority, based on its examination, is of the view that the general capex incurred by GHIAL during the Third Control Period is in line with the operational requirements of RGIA and is necessary for maintaining service quality, safety, reliability and operational efficiency of the airport. Accordingly, the Authority proposes to consider the general capex of Rs. 1,483.89 Crores as submitted by GHIAL for the purpose of true up of the Third Control Period.

5.4.102. The year-wise comparison of the approved general capex, the general capex submitted by GHIAL, and the general capex proposed to be considered by the Authority is provided in the table below:

Table 41: General Capex approved by the Authority vs actual incurred by GHIAL in the Third Control Period
(Rs. In crores)

FY ending March	2022	2023	2024	2025	2026	Total
Approved by the Authority in Order No. 12/2021-22	816.40	359.13	119.71	214.55	55.43	1,565.23
Submitted by GHIAL in MYTP	283.89	169.87	218.20	237.44	574.49	1,483.89

5.4.103. The Authority notes that the general capex submitted by GHIAL for the Third Control Period forms part of the overall capitalisation considered for true up of the Third Control Period. The Authority further notes that, for the purpose of determination of additions to RAB, the general capex has been considered together with the expansion capex and other capital additions after carrying out the necessary asset classification and allocation between aeronautical, non-aeronautical and common assets in Fixed Asset Register. Accordingly, the general capex is subsumed within the overall capex proposed to be considered by the Authority, and the total capex allowed for the Third Control Period shall be as per Table 40: Project cost for 34 MPPA Expansion proposed to be considered by the Authority for the Third Control Period.

5.4.104. Based on the above, the total expansion capex proposed to be considered by the Authority works out to Rs. 6,797.60 Crores, as shown in the table below:

Table 42: Project cost for 34 MPPA Expansion proposed to be considered by the Authority for the Third Control Period

Particulars	Actual Cost as per GHIAL	Proposed by Authority
Expansion of Terminal Building	2,916.03	2,878.82
Airport Systems	1,141.80	1,141.80
Expansion of Apron & Taxiways, GSE Tunnel	1,007.44	967.08
Expansion Kerb & Approach Ramp	147.74	147.74
Road Infrastructure	167.42	92.39
Total Hard Costs	5,380.43	5,227.83
Preliminaries	18.33	16.77
Insurance & Permits	19.18	19.18
Design Development and PMC	253.40	142.48
Soft Costs excluding IDC	5,671.34	5,406.27
Interest During Construction	1,506.17	1,391.33
Total Cost	7,177.51	6,797.60

Asset Allocation for true up of the Third Control Period

5.4.105. The Authority through its Independent Consultant (PwC) segregated the asset additions proposed to be considered in the Third Control Period into aeronautical and non-aeronautical based on the methodology

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decided by the Authority in Order No. 12/2021-22. The principles adopted for segregation of assets are as follows:

- i. **Aeronautical Assets:** Assets which are necessary or required for providing the aeronautical services at the airport and all such assets that GHIAL may procure in accordance with directions of GoI for or in relation to provision of any of the reserved activities. Assets directly related to the aeronautical services include runways, taxiways, aprons, airfield ground lighting, navigational aids, airside roads and related infrastructure.
- ii. **Non-Aeronautical Assets:** Assets which are necessary for the performance of non-aeronautical services at the airport, including commercial concessions, advertising spaces, car parking infrastructure, and other revenue-generating assets not directly linked to aeronautical services.
- iii. **Common Assets:** Assets which are not identifiable/ categorized into either aeronautical or non-aeronautical assets. These include the passenger terminal building (allocated using Terminal Area Ratio), site offices, new office building, common hardware, software and communication systems.

Table 43: Comparison of Regulatory Asset Base treatment for the Third Control Period GHIAL in MYTP is a vis treatment of assets proposed to be considered by the Authority

Allocation	Treatment by GHIAL as per the Fourth Control Period MYTP	Treatment of assets proposed to be considered by the Authority
CGF, ICT, GPU	Non Aeronautical (in line with TDSAT Judgement)	Aeronautical
New Office Building (NOB)	100% Common	60% Non-Aero, 40% Common
Site Office Building	100% Common	Common (78% Aero, 22% Non-Aero)
Township	100% Aero	75% Aero (based on critical/non critical staff occupancy)
CSB	Non- Airport (outside Regulatory)	Aeronautical

5.4.106. The methodology for allocation ratios adopted by the Authority in the Tariff Order of the Third Control Period has been considered for the purpose of True Up of the Third Control period by taking into consideration the following:

- i. Each asset has been identified and verified from the Fixed Asset Register and classified into Aeronautical, Non Aeronautical and Common categories based on its nature and utility. Further, certain capital assets which are common in nature have subsequently been allocated between Aeronautical and Non Aeronautical activities on the basis of Aeronautical Gross Block for individual years.
- ii. Assets related to the passenger terminal building have been apportioned between aeronautical and non-aeronautical assets using the Terminal Area Ratio of 84.6% (Aero) and 15.4% (Non-Aero) as adopted in the Third Control Period Tariff Order.
- iii. Re-computation of Gross Fixed Asset Ratio for apportionment of common assets pertaining to assets other than the terminal building. The variation between the ratio submitted by GHIAL and the ratio proposed by the Authority is primarily on account of reclassification of certain assets based on AERA principles, including treatment of Cargo, Ground Handling and Fuel Farm (“CGF”) assets. While GHIAL has treated CGF assets as non-aeronautical, the Authority has continued to treat the same as

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aeronautical in line with the treatment adopted in the previous Tariff Orders. Accordingly, the Gross Fixed Asset Ratio proposed by the Authority is as follows:

Table 44: GFA proposed to be considered by the Authority for True up of the Third Control Period

FY ending March	FY22	FY23	FY24	FY25	FY26
GFA Ratio as submitted by GHIAL	88.16%	89.06%	88.29%	88.21%	87.03%
GFA Ratio proposed by authority	91.24%	90.02%	88.92%	88.85%	88.77%

5.4.107. Accordingly, year-wise asset capitalization proposed to be considered by the authority after applying the relevant aeronautical ratios is as follows:

Table 45: Aeronautical Capital Expenditure proposed to be considered by the Authority for the True Up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Capex as submitted by GHIAL	478.78	1729.91	3171.26	349.00	476.43	6205.39
Aeronautical Capex as considered by the Authority in the Tariff Order for the Third Control Period	1,649.43	2,346.12	1,259.96	208.13	54.36	5,518.00
Aeronautical Capex proposed to be considered by the Authority	449.53	1620.76	3078.69	346.21	431.81	5927.00

5.4.108. Based on the above, the Authority has considered Rs. **5,927.00 Crores** as Aeronautical Capital Expenditure for the true-up of the Third Control Period after application of allocation ratios as elaborated in para 5.4.106, to be included as part of the Regulatory Asset Base.

Depreciation for true up of the Third Control Period

GHIAL's Submission regarding Depreciation for True up of the Third Control Period

5.4.109. GHIAL has computed depreciation for assets based on useful life of assets as per the Companies Act or the concession period, whichever is lower. GHIAL has submitted that the same is consistent with Order No. 35/2017-18 in the matter of Determination of Useful Life of Airport Assets.

5.4.110. The depreciation submitted by GHIAL for the Third Control Period in the MYTP for the Fourth Control Period is as follows:

Table 46: Aeronautical Depreciation submitted by GHIAL in its MYTP for true up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Depreciation on Aero RAB	189	237	359	447	466	1,699
ADFG Adjustment	(5)	(4)	(5)	(5)	(5)	(25)
Depreciation on Aero RAB including ADFG adjustment	184	233	354	442	461	1,674

5.4.111. GHIAL has submitted the Fixed Asset Register for FY 2025-26 separately as an additional submission to the MYTP, containing the actual figures for FY 2025-26. Accordingly, the same has been considered for the purpose of depreciation analysis.

Recap of decisions taken by Authority for Depreciation as per Tariff Order for the Third Control Period

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5.4.112. The Authority decided to compute depreciation as per the rates fixed in Order No. 35/2017-18 for both existing and new assets. The depreciation rates as decided by the Authority for the Third Control Period are given in the table below:

Table 47: Depreciation rates considered by the Authority for the Third Control Period

Asset Classification	Depreciation Rate
Buildings	3.33%
Electrical Installations	10.00%
Furniture & Fixtures	14.29%
Freehold Land	0.00%
Buildings on Freehold Land	3.33%
Improvements to Leasehold Land	3.34%
IT Systems	33.33%
Office Equipment	20.00%
Other Roads	10.00%
Plant & Machinery	6.67%
Runways	3.33%
Software	16.67%
Vehicles	12.50%

5.4.113. The aeronautical depreciation as decided by the Authority in the Tariff Order for the Third Control Period is given in the table below:

Table 48: Aeronautical Depreciation decided by the Authority for the Third Control Period

(Rs. In crores)

FY ending March	2022	2023	2024	2025	2026	Total
Depreciation (including ADFG adjustment)	222.09	344.12	434.67	475.30	484.11	1,960.29

Authority's examination regarding Depreciation for True up of the Third Control Period

5.4.114. GHIAL has computed depreciation for the assets based on the useful life of assets as per the Companies Act or the concession period, whichever is lower, consistent with Order No. 35/2017-18. The major asset category-wise useful life considered by GHIAL and proposed to be considered by the Authority is as follows:

Table 49: Major Asset Category-wise Useful Life considered by GHIAL and proposed to be considered by the Authority

Asset Category	Depreciation Rate as per Order No. 12/2021-22	Useful Life considered by GHIAL	Useful Life proposed by the Authority
Buildings	3.33% (30 years)	30	30
Electrical Installations	10.00% (10 years)	10	10
Furniture & Fixtures	14.29% (7 years)	7	7
IT Systems	33.33% (3 years)	3	3
Office Equipment	20.00% (5 years)	5	5
Plant & Machinery	6.67% (15 years)	15	15
Runways	3.33% (30 years)	30	30
Software	16.67% (6 years)	6	6
Vehicles	12.50% (8 years)	8	8
Other Roads	10.00% (10 years)	10	10

5.4.115. The Authority through its Independent Consultant (PwC) has examined the depreciation submitted by GHIAL for the Third Control Period based on the Fixed Asset Register. The Authority notes that the

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depreciation has been recomputed after carrying out a detailed review of the assets capitalised during the Third Control Period and after reclassifying the assets into aeronautical, non-aeronautical and common categories in accordance with the principles adopted by the Authority in the previous Tariff Orders. For assets directly identifiable with aeronautical services, the depreciation has been considered fully under aeronautical depreciation. In respect of common assets, the depreciation has been apportioned based on the applicable allocation ratios, including the Terminal Area Ratio for terminal-related common assets and the Gross Fixed Asset Ratio for other common assets. Accordingly, the aeronautical portion of depreciation has been computed for the purpose of true up of RAB and ARR for the Third Control Period, subject to reasonableness and consistency with the applicable depreciation rates and asset classification principles.

5.4.116. The Authority notes that there were certain line items in the Fixed Asset Register where GHIAL had depreciated the entire remaining depreciable value of the asset, despite the useful life of such assets not being fully exhausted. The asset classes in which such accelerated depreciation was claimed by GHIAL included Buildings, Other Roads, and Plant & Machinery. Further, in respect of assets capitalised during the middle of the year, GHIAL had considered depreciation for the full year. The Authority has recomputed depreciation on a pro-rata basis from the date of capitalisation of the respective assets, in line with the principle that depreciation should be allowed only from the date on which the asset is capitalised and put to use.

5.4.117. The Authority notes that Advance Development Fund Grant (“ADFG”) has been considered as a grant for the purpose of regulatory tariff determination. Since assets funded through grant are not funded by the Airport Operator, the cost of such assets is not required to be recovered from airport users through aeronautical tariffs.

5.4.118. Accordingly, the Authority has reduced the amount of ADFG from the aeronautical RAB. Consequent to such reduction, depreciation attributable to the ADFG-funded portion of assets is also required to be excluded from the depreciation considered for tariff determination. Therefore, the depreciation corresponding to the ADFG-funded assets has been reduced from the total aeronautical depreciation.

5.4.119. The Authority is of the view that allowing depreciation on assets funded through ADFG would result in recovery of cost not incurred by the Airport Operator and would therefore not be appropriate from a regulatory perspective. Accordingly, the ADFG adjustment has been considered as a reduction from depreciation for the purpose of computation of ARR for the relevant Control Period.

5.4.120. The Authority, based on the adjustments and disallowances in the aeronautical asset additions to RAB in the Third Control Period proposes to consider proportionate adjustment in depreciation as follows:

Table 50: Depreciation proposed to be considered by the Authority for true up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Depreciation on Aero RAB	179.92	223.69	320.27	420.77	406.49	1551.14
ADFG Adjustment	5.17	4.42	4.69	5.16	5.23	24.67
Depreciation (incl. ADFG adjustment)	174.76	219.26	315.57	415.61	401.26	1526.47

Regulatory Asset Base (RAB) for the Third Control Period

GHIAL’s submission regarding Regulatory Asset Base towards true up of the Third Control Period

5.4.121. Considering the above, the Regulatory Asset Base for true up of the Third Control Period as submitted by GHIAL is given in the table below:

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Table 51: Aeronautical RAB submitted by GHIAL for true up of the Third Control Period

(Rs. In crores)

Particulars	Ref	FY22	FY23	FY24	FY25	FY26	Total
Opening RAB	A	2,009	2,287	3,783	6,564	6,465	
Capital Additions	B	479	1,730	3,171	349	476	6205
Deletions / Disposals	C	17	1	36	6	-	60
Depreciation including ADFG adjustment	D	184	233	354	442	461	1674
Closing RAB	E = A + B - C - D	2,287	3,783	6,564	6,465	6,480	
Average RAB	F = (A + E) / 2	2,148	3,035	5,173	6,514	6,473	

5.4.122. As per the above table, GHIAL has submitted total additions to RAB of Rs. 6,205 Crores and total deletions of Rs. 60 Crores during the Third Control Period. The aeronautical depreciation for the Third Control Period amounts to Rs. 1,674 Crores.

Recap of decisions taken by the Authority for Regulatory Asset Base for the Third Control Period

5.4.123. The Regulatory Asset Base as decided by the Authority for the Third Control Period in the table below:

Table 52: Regulatory Asset Base decided by the Authority in the Tariff Order of the Third Control Period

(Rs. In crores)

Particulars	2022	2023	2024	2025	2026	Total
Opening RAB (a)	1,836.56	3,263.90	5,265.90	6,091.19	5,824.03	
Addition of Assets (b)	1,649.43	2,346.12	1,259.96	208.13	54.36	5,518.00
Less: Deletion of Assets (c)	0.00	0.00	0.00	0.00	0.00	0.00
Less: Depreciation including ADFG adjustment (d)	222.09	344.12	434.67	475.30	484.11	1,960.29
Closing RAB (e) = (a) + (b) - (c) - (d)	3,263.90	5,265.90	6,091.19	5,824.03	5,394.27	
Average RAB for Tariff Determination {(a) + (e) / 2}	2,550.23	4,264.90	5,678.55	5,957.61	5,609.15	

Authority's examination regarding Regulatory Asset Base for True up of the Third Control Period

Aeronautical Capital Deletions/ Disposals

5.4.124. The Authority through its Independent Consultant (PwC) examined the asset deletions for the Third Control Period based on the analysis of the Fixed Asset Register. The Authority notes that the deletions proposed to be considered have been arrived after examination of the Fixed Asset Register and reclassification of assets as per AERA principles. The variation between the deletions submitted by GHIAL and the deletions proposed by the Authority is mainly on account of reclassification of assets between aeronautical, non-aeronautical and common categories based on the principles adopted by the Authority in previous Tariff Orders. The adjustments proposed are as follows:

Table 53: Adjustments in Deletions proposed to be considered by the Authority for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Deletions as submitted by GHIAL	17.23	0.69	36.15	5.70	0.00	59.77
Aeronautical Deletions proposed by the Authority	16.01	0.68	59.15	4.90	2.06	82.79

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5.4.125. Considering the adjustments/disallowances in the 34 MPPA Expansion Capex and General Capex for the Third Control Period as well as the reclassification of assets, the revised Regulatory Asset Base for the Third Control Period proposed to be considered by the Authority is given in the table below:

Table 54: RAB proposed to be considered by the Authority for true up of the Third Control Period

(Rs. In crores)

Particulars	FY22	FY23	FY24	FY25	FY26	Total
Opening RAB (A)	1966.41	2225.18	3626.00	6329.96	6255.67	
Capital Additions (B) (Refer Table 45)	449.53	1620.76	3078.69	346.21	431.81	5927.00
Depreciation (incl. ADFG adjustment) (D) (Refer Table 50)	174.76	219.26	315.57	415.61	401.26	1526.47
Deletions / Disposal (C) (Refer Table 53)	16.01	0.68	59.15	4.90	2.06	82.79
Closing RAB (E) = (A) + (B) – (C) – (D)	2225.18	3626.00	6329.96	6255.67	6284.15	
Average RAB {(A) + (E)}/2	2095.80	2925.59	4977.98	6292.81	6269.91	

5.5. True up of Weighted Average Cost of Capital (WACC) for the Third Control Period

5.5.1 GHIAL made the following submissions with regard to the Weighted Average Cost of Capital for the Third Control Period.

Cost of Equity

5.5.2 GHIAL has considered cost of equity as approved by the Authority in the Tariff Order for the Third Control Period i.e. 15.17%.

Cost of Debt

5.5.3 GHIAL has considered effective cost of debt i.e. 9.04% for the Third Control Period computed based on the debt outstanding in each of the years of the Control Period. The basis for the cost of debt towards True Up for the Third Control Period is as shown in the table below:

Table 55: Basis for Cost of Debt submitted by GHIAL

(Rs. In crores)

Particulars	FY22	FY23	FY24	FY25	FY26
Opening Debt	6,717.72	6,717.72	7,055.41	7,532.41	6,962.24
Addition	-	1,990.00	540.00	-	2,095.71
Repayment	-	1,652.32	-	507.17	2,095.71
IFL Repayment	-	-	63.00	63.00	63.00
Closing Debt	6,717.72	7,055.41	7,532.41	6,962.24	6,899.24
Interest Cost	616.50	619.92	623.49	618.59	690.69
Average Principal	6,717.72	6,886.57	7,293.91	7,247.32	6,930.74
Effective Cost of Debt	9.18%	9.00%	8.55%	8.54%	9.97%

5.5.4 GHIAL had initially submitted the Cost of Debt for FY 2025-26 on a projections basis as part of its MYTP for the Fourth Control Period. Subsequently, pursuant to the clarifications sought and finalisation of accounts for FY 2025-26, GHIAL submitted the actual debt movement and interest cost for FY 2025-26. The details of the actual debt movement and effective cost of debt submitted by GHIAL for FY 2025-26 are shown in the table below:

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Table 56: Actual Debt Movement and Effective Cost of Debt submitted by GHIAL for FY 2025-26

(Rs. In crores)

Particulars	FY26
Opening Debt	6,962.24
Addition	2,100.00
Repayment	2,095.80
IFL Repayment	63.00
Closing Debt	6,903.43
Interest Cost	615.35
Average Principal	6,932.83
Effective Cost of Debt	8.88%

5.5.5 The Authority notes that the actual effective cost of debt for FY 2025-26 submitted by GHIAL works out to 8.88%, as against the projected effective cost of debt of 9.97% submitted earlier in the MYTP.

5.5.6 Accordingly, after taking into account the revised submission for cost of debt submitted by GHIAL, the weighted average cost of debt work out as 8.82%.

5.5.7 The Effective Cost of Debt has been arrived at based on the weighted average of Cost of Debt based on the average principal outstanding for the years in the Third Control Period.

Gearing Ratio

5.5.8 GHIAL has considered a gearing ratio of 48:52, i.e., 48% debt and 52% equity, for computation of the Weighted Average Cost of Capital for the Third Control Period.

Calculation of WACC:

5.5.9 GHIAL considered the same methodology for calculation of WACC as adopted by the Authority in the Tariff Order for the Third Control Period and the WACC as calculated by GHIAL stands at 12.12% with normative debt and equity at 48% and 52% respectively. The calculation of WACC is shown in the table below:

Table 57: WACC submitted by GHIAL for the Third Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.17%	52.00%	7.89%
Debt	8.82%	48.00%	4.23%
WACC			12.12%

Recap of decisions taken by the Authority regarding WACC for the Third Control Period

5.5.10 Decision 9.6.1 “The Authority decides to consider cost of equity as 15.17% as per the outcome of the independent study. (refer para 9.5.14)”

5.5.11 Decision 9.6.2 “The Authority decides to consider cost of debt as 8.99% based on its assessment of the cost of refinancing bond and the effective cost of the bonds already raised by HIAL. (refer para 9.5.22)”

5.5.12 Decision 9.6.3 “The Authority decides to consider a notional debt equity ratio of 48%:52% as suggested by the independent study.(refer para 9.5.23)”

5.5.13 Decision 9.6.4 “The Authority decides to consider the Fair Rate of Return/Weighted Average Cost of Capital as 12.20% for the Third Control Period .(refer para 9.5.23)”

5.5.14 Decision 9.6.5 “The Authority decides to true up actual value of cost of debt subject to a cap of 10.15%. (refer para 9.5 .18)”

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5.5.15 The year-wise effective cost of debt as assessed during the Third Control Period is presented below:

Table 58: Year-wise Effective Cost of Debt as per the Tariff Order for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26
Average Principal	6,210.93	6,210.93	6,179.43	5082.92	4120.79
Effective Cost of Debt	9.11%	9.11%	9.16%	8.88%	8.49%
Weighted Average Cost of Debt for the Third Control Period	8.99%				

5.5.16 Based on the above, the Authority vide decision no. 9.5.23 in the Tariff Order for the Third Control Period decided to consider the WACC / Fair Rate of Return (FRoR) of 12.20% for the Third Control Period, computed as follows:

Table 59: WACC decided by the Authority as per the Tariff Order for the Third Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.17%	52.00%	7.89%
Debt	8.99%	48.00%	4.31%
WACC / FRoR			12.20%

Authority's Examination regarding True up of WACC for the third Control Period

5.5.17 The Authority examined the submission made by GHIAL and notes that GHIAL has adopted Cost of Equity at 15.17% which is consistent with the decision taken by the Authority during the tariff determination for the Third Control Period based on the Independent Study conducted by IIM Bangalore. Hence, the Authority proposes to consider the Cost of Equity at 15.17% towards True Up for the Third Control Period.

5.5.18 The Authority notes GHIAL's submission of Cost of Debt at 8.82% towards True Up for the Third Control Period. The Authority notes that the calculation is based on the weighted average of the year-wise effective cost of debt computed on the average principal outstanding during the Third Control Period. Accordingly, the year-wise effective cost of debt as submitted by GHIAL is 9.18% (FY22), 9.00% (FY23), 8.55% (FY24), 8.54% (FY25) and 8.88% (FY26), resulting in a weighted average cost of debt of 8.82% for the Third Control Period. It is to be noted that the Cost of Debt of 8.82% as submitted by GHIAL is lower than the effective cost of the individual debt instruments, primarily on account of the Interest Free Loan from the State Government and the refinancing of higher-cost USD borrowings through lower-cost domestic INR NCDs. The Authority therefore finds the submission of GHIAL towards the Weighted Cost of Debt of 8.82% reasonable. The Authority consistent with the decision taken at the time of tariff determination for the Third Control Period proposes to consider the normative debt-equity proportion of 48:52 as decided in Order No. 12/2021-22 for the Third Control Period.

Table 60: Cost of Debt proposed to be considered by the Authority for True Up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26
Average Principal	6,717.72	6,886.57	7,293.91	7,247.32	6,932.84
Interest Cost	616.50	619.92	623.49	618.59	615.35
Effective Cost of Debt	9.18%	9.00%	8.55%	8.54%	8.88%
Weighted Average Cost of Debt for the Third Control Period	8.82%				

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Gearing Ratio

5.5.19 The Authority notes that GHIAL has considered a gearing ratio of 48:52, i.e., 48% debt and 52% equity, for computation of the Weighted Average Cost of Capital for the Third Control Period and the same has been considered for the purpose of computation of WACC.

WACC

5.5.20 Based on the above, the resulting WACC proposed to be considered by the Authority towards True Up for the Third Control Period works out to 12.12% , in line with GHIAL's submission, as shown in the table below:

Table 61: WACC proposed to be considered by the Authority towards True Up for the Third Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.17%	52.00%	7.89%
Debt	8.82%	48.00%	4.23%
WACC			12.12%

5.6. True up of Aeronautical Operation and Maintenance (O&M) Expenses

GHIAL's Submission regarding True up of O&M Expenses for the Third Control Period

5.6.1 GHIAL has submitted the Operation and Maintenance Expenses for True up of the Third Control Period based on audited actuals incurred during the period till FY25 and estimation for FY26.

5.6.2 The component wise breakup of O&M Expenses submitted by GHIAL for the Third Control Period is as follows:

Table 62: O&M Expenses submitted by GHIAL for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Staff cost	110.08	116.50	157.30	183.93	226.81	794.61
Administration & general expense	177.21	388.83	229.41	284.20	281.94	1,361.59
Electricity & Water charge	11.36	13.91	52.27	50.31	62.66	190.50
Operating expenses	159.62	202.05	252.51	303.51	357.21	1,274.90
Concession Fee	30.33	54.41	78.69	93.16	92.21	348.80
Total	488.59	775.70	770.18	915.10	1020.83	3,970.40

5.6.3 Subsequently, vide e-mail dated 02.05.2025, GHIAL has submitted a revised O&M Expenses for FY26 based on unaudited provisional financials for FY26. Accordingly, the revised component wise breakup of O&M Expenses as submitted by GHIAL is as follows:

Table 63: Revised O&M Expenses submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26*	Total
Staff Cost	110.08	116.50	157.30	183.93	169.95	737.76
Administration & general expense	177.21	388.83	229.41	284.20	265.57	1345.22
Electricity & Water charge	11.36	13.91	52.27	50.31	47.86	175.71
Operating expenses	159.62	202.05	252.51	303.51	404.76	1322.45
Concession Fee	30.33	54.41	78.69	93.16	102.21	358.8
Total	488.59	775.70	770.18	915.10	990.35	3939.94

**As per actuals submitted by the operator via email dated 2nd May 2026*

Reason for increase in various heads of expenditure as per GHIAL**Rates & Taxes**

- 5.6.4 GHIAL has submitted that there has been a considerable increase in expenses in FY2023 which is on account of payment made to HMWSSB towards increasing the water supply capacity (Rs. 4.95 Cr) and on account of increase in property tax (Rs. 1.9 Cr) owing to phase wise commissioning of 34 MPPA.

Bank Charges & Forex Fluctuations

- 5.6.5 GHIAL has submitted that the substantial variation in Bank Charges during the Third Control Period is primarily on account of interest on working capital facilities availed by GHIAL and delayed payment interest on Concession Fee payable to the Ministry of Civil Aviation (MoCA). In FY22 alone, Bank Charges include an amount of Rs. 17.75 Crore towards interest on working capital facility and Rs. 5.62 Crore towards delayed payment interest on Concession Fee.
- 5.6.6. GHIAL has further submitted that a substantial rise in forex loss in FY23, which is attributed to refinancing FCB 2024 and FCB 2026 by raising domestic NCDs to mitigate forex exposure. The amount of Rs.90.77 Cr is on account of breaking of hedge contract.

Repair & Maintenance

- 5.6.6 GHIAL has submitted that, the Authority had considered 0.5% of the new additions as repairs & maintenance expenses instead of GHIAL proposal of 1.5%. This has resulted in the gap (of 112.48 Crores) between the Authority's projection vs actual incurrence by GHIAL for the 3rd Control Period.

Stores & Spares (Consumables)

- 5.6.7. GHIAL has submitted that Stores and Spares are primarily utilised for the maintenance of the terminal building and airside infrastructure at RGIA and with the existing terminal building having been in continuous operation for a period in excess of fifteen (15) years, the consumption of Stores and Spares has progressively increased, on account of the higher maintenance intensity associated with ageing infrastructure.
- 5.6.8. GHIAL has further submitted that the Authority, in determining the Aeronautical Consumables expenses for the Third Control Period, had considered a COVID-19-impacted financial year as the base, with the corresponding expense being ₹ 3.84 Crore. GHIAL has contended that, in the preceding normal financial year, the actual expenses incurred amounted to ₹ 7.16 Crore, and the said normal-year figure ought to have been considered as the appropriate base for projecting the Aeronautical Consumables expenses for the Third Control Period.

Insurance Cost

- 5.6.9. GHIAL has submitted that the increase in insurance cost is primarily due to an increase in the sum insured, arising from incremental capitalisation of assets and an expanded coverage base.

Rent

- 5.6.10. GHIAL has submitted that the increase in Rent expenses during the Third Control Period is attributable to the following factors:
- (i) Hiring of additional office space to meet business requirements with effect from FY 2023–24, entailing an annual rental cost of approximately Rs. 3.70 Crore;

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- (ii) Hiring of additional office space with effect from FY 2024–25, entailing an annual rental cost of approximately Rs. 2.60 Crore; and
- (iii) Year-on-year escalation provided for under the other rental contracts subsisting during the Third Control Period.

Manpower Hire Charges

- 5.6.11. GHIAL has submitted that Manpower Hire Charges represent the cost incurred towards contractors engaged for the deployment of outsourced personnel at Rajiv Gandhi International Airport, Hyderabad ("RGIA") and the contracts are structured to incorporate an annual escalation typically ranging between 5% and 8% per annum, in line with periodic revisions in the applicable statutory minimum wages. GHIAL has, accordingly, considered a realistic escalation rate of 7% per annum for the purposes of projecting Manpower Hire Charges. GHIAL has further submitted that the Authority, in its determination for the Third Control Period, did not adequately account for the said macroeconomic escalation factor, which has resulted in the approval of expense levels that are lower than the actual expenditure incurred by GHIAL during the said period.
- 5.6.12. GHIAL has additionally submitted that, on account of the expansion in airport operations, including the increase in terminal capacity and passenger throughput during the Third Control Period, the operating cost incurred under this head has correspondingly increased:
- 5.6.13. GHIAL has further submitted that certain incremental costs, which were not envisaged at the time of the determination for the Third Control Period, have been incurred during the said period, the particulars of which are as follows:
- i. **Implementation of Digi Yatra Services:** Pursuant to the "Digi Yatra" initiative introduced by the Ministry of Civil Aviation, Government of India ("MoCA"), GHIAL has incurred additional expenditure towards the implementation and ongoing operation of Digi Yatra services at RGIA. The said expenditure has resulted in incremental Manpower Hire Charges of approximately ₹ 12 Crore per annum, with effect from FY 2024–25; and
 - ii. **Deployment of GADL Personnel for General Capex Monitoring:** GHIAL has engaged GMR Airports Developers Limited ("GADL") to deploy a team of sixteen (16) personnel for the purposes of monitoring and execution support in respect of the new General Capital Expenditure ("Capex") initiatives and projects undertaken at RGIA. The said engagement has resulted in incremental annual expenditure of ~5.40 Crore.
- 5.6.14. GHIAL has further submitted that the Authority, in determining the Manpower Hire Charges for the Third Control Period, had considered a COVID-19-impacted financial year as the base year, with the corresponding expense being ₹ 37.53 Crore. GHIAL has contended that, in the preceding normal (pre-COVID-19) financial year, the actual expenses incurred under this head amounted to ₹ 43.75 Crore, and the said normal-year figure ought to have been considered as the more appropriate and representative base for projecting Manpower Hire Charges for the Third Control Period.

CGF expense

- 5.6.15. GHIAL has submitted that the Authority, in determining the Fuel Farm expenses for the Third Control Period, had projected the said expense solely on the basis of inflation, without factoring in certain critical

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growth drivers, including, inter alia, Air Traffic Movements ("ATMs") and fuel upliftment at Rajiv Gandhi International Airport, Hyderabad ("RGIA");

- 5.6.16. GHIAL submitted that the increase in actual Fuel Farm expenses observed during FY 2022–23 is principally attributable to a rise in fuel upliftment at RGIA of approximately 48% during the said financial year;
- 5.6.17. GHIAL has further submitted that increased maintenance costs, arising from the ageing of vehicles and equipment deployed for Fuel Farm operations, have additionally contributed to the higher operating expenses incurred under this head, particularly during FY 2025–26; and
- 5.6.18. GHIAL has additionally submitted that the Authority, in determining the Fuel Farm expenses for the Third Control Period, had considered a COVID-19-impacted financial year as the base year, with the corresponding expense being ₹ 12.62 Crore. GHIAL has contended that, in the preceding normal financial year, the actual expenses incurred under this head amounted to ₹ 18.29 Crore, and the said normal-year figure ought to have been considered as the more appropriate and representative base for projecting Fuel Farm expenses for the Third Control Period.

General Admin Expense

- 5.6.19. GHIAL has submitted that the base year considered for the projection of General Administration Expenses for the Third Control Period corresponded to a COVID-19-impacted financial year, during which several routine general administrative activities, travel and conveyance, business meetings and conferences, training and development, printing and stationery, and ancillary office expenses, stood temporarily moderated on account of the disruption in airport operations. With the post-pandemic normalisation of operations at Rajiv Gandhi International Airport, Hyderabad ("RGIA"), the said expenses have progressively reverted to, and progressed in line with, the steady-state operating profile of the Airport.
- 5.6.20. GHIAL has further submitted that the Third Control Period has witnessed a substantial expansion in the operational scale of RGIA on account of the increase in terminal capacity, passenger throughput, ATM volumes, manpower deployment, and operational complexity at the Airport. The said expansion has objectively necessitated a commensurate scaling-up of general administrative activities required to support the larger operational footprint and has correspondingly resulted in a structural increase in the said expense head.

Aeronautical allocation of Operating Expenses as submitted by GHIAL

- 5.6.21. GHIAL has submitted that the allocation of total O&M expenses between aeronautical and non-aeronautical activities has been carried out based on the following methodology:
 - i. All the expenditure attributable directly to Aeronautical services or Non-aeronautical services were allocated accordingly as Aero and Non-Aero costs. The classification of the expenditure is done based on the nature of the cost center and respective expenditure incurred in the cost center.
 - ii. For the common costs outside the Terminal, which cannot be directly allocated, the expenses are apportioned based on an appropriate driver such as the Gross Fixed Asset Ratio or the Aero-Non Aero Expense Ratio of Aeronautical and Non-Aeronautical for the relevant year.
- 5.6.22. The ratio of allocation for segregation of common expense considered by GHIAL for the Third Control Period is given below:

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Table 64: Allocation Ratio for segregation of common expense adopted by GHIAL

Particulars	Basis of Allocation	FY22	FY23	FY24	FY25	FY26
Payroll Related Expenses	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Advertisement & Business Promotion	Aero-Non Aero Expense Ratio	82.38%	81.16%	87.70%	87.25%	86.53%
Rent	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Rates and Taxes	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Security Charges	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Legal and Professional Charges	Aero-Non Aero Expense Ratio	82.38%	81.16%	87.70%	87.25%	86.53%
Corporate Cost allocation	Aero-Non Aero Expense Ratio	82.38%	81.16%	87.70%	87.25%	86.53%
Communication Costs	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Office Maintenance	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Printing and Stationery	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Recruitment Charges	Aero-Non Aero Expense Ratio	82.38%	81.16%	87.70%	87.25%	86.53%
Travelling and Conveyance	Aero-Non Aero Expense Ratio	82.38%	81.16%	87.70%	87.25%	86.53%
Directors Sitting Fees	Aero-Non Aero Expense Ratio	82.38%	81.16%	87.70%	87.25%	86.53%
Forex fluctuation (gain)/loss / Hedge Break Cost	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Payment to Auditors	Aero-Non Aero Expense Ratio	82.38%	81.16%	87.70%	87.25%	86.53%
Other Admin Expenses	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Bank Charges	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Insurance	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Repairs & Maintenance	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Stores and Spares	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Housekeeping Expenses	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%
Operating & Maintenance Expenses	Aero-Non Aero Expense Ratio	82.38%	81.16%	87.70%	87.25%	86.53%
Manpower Outsourcing	Gross Fixed Asset Ratio	88.16%	89.06%	88.29%	88.21%	86.89%

5.6.23. The Aeronautical portion of various O&M Expenses for the Third Control Period using above allocation principles is given below:

Table 65: Aeronautical O&M Expenses submitted by GHIAL for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26*	Total
Staff Cost	94.55	100.7	135.23	158.41	143.90	632.79
Admin & general expense	150.04	329.24	200.27	246.32	229.02	1,154.89
Electricity & Water charge	11.36	13.91	52.27	50.31	47.86	175.71
Operating expense	132.77	163.67	218.89	263.67	347.42	1,126.42
Concession Fee	9.56	23.85	42.67	53.82	57.53	187.43
Total	398.28	631.37	649.33	772.53	825.72	3,277.23

*As per actuals submitted by the operator via email dated 2nd May 2026

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Recap of decisions taken by the Authority regarding Aeronautical O&M Expenses for the Third Control Period

- 5.6.24. Decision No. 7.6.3 “*The Authority decides to consider allocation ratio as set out in Para 7.5.26 for the Third Control Period and review it in the next control period.*”
- 5.6.25. Decision No. 7.6.5 “*To true up the operating expenditure for the current control period based on actuals subject to reasonableness and efficiency, at the time of determination of tariff for the Fourth Control Period.*”
- 5.6.26. The Authority has decided the following Total O&M Expenses at the time of tariff determination for the Third Control Period:

Table 66: Total O&M Expenses decided by the Authority in the Tariff Order of the Third Control Period

(Rs. In crores)

Particulars	FY22	FY23	FY24	FY25	FY26	Total
Staff Cost	117.12	140.88	173.15	181.11	189.44	801.7
Rates & Taxes (incl. Property Tax)	5.71	5.97	7.18	8.64	9.04	36.54
Community development	1.22	0	0	0	0	1.22
Bad Debts Written Off! Advances written off	0	0	0	0	0	0
Bank Charges, Exchange Fluctuations, etc.	11.41	10.03	9.7	6.57	7.24	44.95
Security Cost	28.81	42.46	49.79	52.08	54.48	227.62
Repairs and Maintenance	56.73	72.3	82.66	87.53	91.83	391.05
Stores & Spares	4.11	5.23	5.98	6.34	6.65	28.31
Insurance Cost	5.05	5.29	5.53	5.78	6.05	27.7
Land Lease Rent to GoT	4.16	4.37	4.59	4.81	5.06	22.99
Manpower Outsourcing (Technical Service) Expenses	31.41	32.86	37.2	45.33	51.33	198.13
Housekeeping Cost	24.22	43.88	53.99	56.47	59.07	237.63
Fuel Farm Cost	13.2	13.81	14.44	15.11	15.8	72.36
Other Operating Expenses	8.36	8.75	10.52	12.66	13.24	53.53
General Admin Cost	75.06	78.52	94.45	113.61	118.83	480.47
Utility Expense	25.91	46.93	57.74	60.4	63.18	254.16
Concession Fee	28.9	53.44	73.85	85.38	94.22	335.79
Total	441.38	564.72	680.77	741.82	785.46	3214.15

- 5.6.27. The Authority has considered the following Aeronautical allocation ratio at the time of tariff determination for the Third Control Period:

Table 67: Allocation ratio decided by the Authority in the Tariff Order of the Third Control Period

Particulars	Basis of Allocation	FY22	FY23	FY24	FY25	FY26
Payroll Related Expenses	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Advertisement & Business Promotion	Aero-Non Aero Expense Ratio	82.98%	82.98%	82.98%	82.98%	82.98%
Rent	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Rates and Taxes	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Security Charges	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Legal and Professional Charges	Aero-Non Aero Expense Ratio	82.98%	82.98%	82.98%	82.98%	82.98%
Corporate Cost allocation	Aero-Non Aero Expense Ratio	82.98%	82.98%	82.98%	82.98%	82.98%
Communication Costs	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%

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Particulars	Basis of Allocation	FY22	FY23	FY24	FY25	FY26
Office Maintenance	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Printing and Stationery	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Recruitment Charges	Aero-Non Aero Expense Ratio	82.98%	82.98%	82.98%	82.98%	82.98%
Travelling and Conveyance	Aero-Non Aero Expense Ratio	50%	50%	50%	50%	50%
Directors Sitting Fees	Aero-Non Aero Expense Ratio	82.98%	82.98%	82.98%	82.98%	82.98%
Forex fluctuation (gain)/loss / Hedge Break Cost	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Payment to Auditors	Aero-Non Aero Expense Ratio	82.98%	82.98%	82.98%	82.98%	82.98%
Other Admin Expenses	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Bank Charges	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Insurance	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Repairs & Maintenance	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Stores and Spares	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Housekeeping Expenses	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%
Operating & Maintenance Expenses	Aero-Non Aero Expense Ratio	82.98%	82.98%	82.98%	82.98%	82.98%
Manpower Outsourcing	Gross Fixed Asset Ratio	91.30%	91.30%	91.30%	91.30%	91.30%

5.6.28. Based on the above allocation ratio, the Authority has considered the following Aeronautical O&M expenses at the time of tariff determination for the Third Control Period:

Table 68: Aeronautical O&M Expenses decided by the Authority in the Tariff Order of the Third Control Period

(Rs. In crores)

Particulars	FY22	FY23	FY24	FY25	FY26	Total
Staff Cost	105.98	127.47	156.68	163.88	171.42	725.45
Rates & Taxes (incl. Property Tax)	5.21	5.45	6.55	7.89	8.26	33.36
Community development	1.22	0.00	0.00	0.00	0.00	1.22
Bad Debts Written Off! Advances written off	0.00	0.00	0.00	0.00	0.00	0.00
Bank Charges, Exchange Fluctuations, etc.	10.42	9.16	8.86	6.00	6.61	41.04
Security Cost	25.85	38.09	44.66	46.72	48.87	204.19
Repairs and Maintenance	52.68	66.59	75.54	79.35	82.55	356.70
Stores & Spares	3.84	4.89	5.60	5.93	6.22	26.48
Insurance Cost	4.61	4.83	5.05	5.28	5.52	25.29
Land Lease Rent to GoT	3.02	3.17	3.33	3.50	3.67	16.69
Manpower Outsourcing (Technical Service) Expenses	29.34	30.69	34.76	42.35	47.96	185.10
Housekeeping Cost	20.83	37.73	46.43	48.57	50.80	204.36
Fuel Farm Cost	13.20	13.81	14.44	15.11	15.80	72.36
Other Operating Expenses	5.15	5.37	6.47	7.78	8.15	32.93
General Admin Cost	54.56	57.07	68.64	82.58	86.37	349.22

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Particulars	FY22	FY23	FY24	FY25	FY26	Total
Utility Expense	25.91	46.93	57.74	60.40	63.18	254.16
Concession Fee	14.33	32.59	50.25	59.59	65.28	222.04
Total	376.15	483.85	585.00	634.92	670.65	2750.57

Authority's examination and proposals regarding True up of O&M Expenses for the Third Control Period

5.6.29. The Authority's analysis of aeronautical operating expenses for True up for the Third Control Period is based on the revised submissions made by GHIAL vide e-mail dated 02.05.2026.

5.6.30. The Authority, through the Independent Consultant, has examined the True-up of O&M Expenses for the Third Control Period based on detailed review of the submissions and records furnished by GHIAL. In this regard, the following documents / information have been considered by the Authority:

- i. Ledgers and other internal records maintained by GHIAL in respect of O&M Expenses for the Third Control Period;
- ii. Audited Financial Statements of GHIAL for FY22-FY25 and unaudited Financial Statement for FY26;
- iii. Explanations and clarifications furnished by GHIAL regarding the reasons for variation in various sub-items of Operating Expenses during the Third Control Period; and
- iv. Chartered Accountant certificates submitted by GHIAL, including those relating to the allocation of Operating Expenses between Aeronautical and Non-Aeronautical activities along with the basis / justifications thereof.

5.6.31. Based on the aforesaid examination, the Authority notes that GHIAL has submitted Aeronautical O&M Expenses of Rs. 3,277.23 Crores for True up of Third Control Period as against Rs. 2,750.57 Crores approved by the Authority in the Tariff Order for the Third Control Period with the resultant variation of 19.14%.

5.6.32. The Authority based on its examination and considerations has reevaluated the GFA (treating CGF assets as aeronautical) and Aero-Non Aero Expense Ratio (Aero Opex: Non-Aero Opex) to apportion the common expenses as per the table below:

Table 69: Allocation Ratio considered by the Authority for True-up of the Third Control Period

Particulars	Basis of Allocation	FY22	FY23	FY24	FY25	FY26
Payroll Related Expenses	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Rent	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Rates and Taxes	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Security Charges	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Legal and Professional Charges	Aero-Non Aero Expense Ratio	92.54%	89.57%	92.06%	90.77%	92.16%
Corporate Cost allocation	Aero-Non Aero Expense Ratio	92.54%	89.57%	92.06%	90.77%	92.16%
Communication Costs	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Office Maintenance	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Printing and Stationery	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Recruitment Charges	Aero-Non Aero Expense Ratio	92.54%	89.57%	92.06%	90.77%	92.16%

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Particulars	Basis of Allocation	FY22	FY23	FY24	FY25	FY26
Travelling and Conveyance	50%	50%	50%	50%	50%	50%
Directors Sitting Fees	Aero-Non Aero Expense Ratio	92.54%	89.57%	92.06%	90.77%	92.16%
Forex fluctuation (gain)/loss / Hedge Break Cost	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Payment to Auditors	Aero-Non Aero Expense Ratio	92.54%	89.57%	92.06%	90.77%	92.16%
Other Admin Expenses	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Bank Charges	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Insurance	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Repairs & Maintenance	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Stores and Spares	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Housekeeping Expenses	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%
Operating & Maintenance Expenses	Aero-Non Aero Expense Ratio	92.54%	89.57%	92.06%	90.77%	92.16%
Manpower Outsourcing	Gross Fixed Asset Ratio	91.24%	90.02%	88.92%	88.85%	88.77%

5.6.33. The Authority finds the allocation methodology generally reasonable, except for certain expense heads such as Advertisement & Business Promotion, legal expenses and travelling and conveyance expenses, where specific adjustments are considered necessary.

5.6.34. The Authority for the purpose of examination of various expense heads has reclassified the expenses submitted by the operator in line with the approach undertaken in the previous tariff order (including Third Control Period). The Total O&M submitted by the operator after reclassifying is presented in the table below:

Table 70: Total O&M expenses submitted by GHIAL, recategorized as per Authority's grouping

Particulars (Rs Cr)	FY22	FY23	FY24	FY25	FY26	Total
Staff Cost	110.08	116.50	157.30	183.93	169.95	737.76
Rates & Taxes (incl. Property Tax)	4.46	11.65	7.52	8.00	8.10	39.73
Community development	28.20	8.20	8.50	16.00	12.80	73.70
Bad Debts Written Off! Advances written off	-	63.00	5.06	1.17	0.15	69.38
Assets written off	0.05	0.68	1.34	-	-	2.07
Bank Charges, Exchange Fluctuations, etc.	30.56	134.88	15.44	27.17	15.31	223.37
Security Cost	14.20	20.70	22.64	22.83	20.16	100.53
Repairs and Maintenance	58.83	84.80	110.92	118.30	118.15	491.00
Consumables (Stores & Spares)	4.39	12.09	16.58	14.61	13.75	61.43
Insurance Cost	5.56	6.00	7.18	7.66	9.17	35.57
Land Lease Rent to GoT	8.25	13.04	12.63	17.46	18.31	69.69
Manpower Hire/Outsourcing (Technical Service) Expenses	49.51	43.94	55.45	89.04	90.81	328.75
Housekeeping Cost	16.95	21.20	32.27	40.83	59.99	171.24
Operating Expenses	22.41	30.50	24.20	28.32	30.27	135.70
Collection Charges	1.97	3.52	5.90	4.76	5.92	22.05
General Admin Cost						-
• Advertisement & Business Promotion	6.13	7.72	14.92	20.43	15.01	64.21
• Legal and Professional Charges	16.73	45.71	36.48	46.66	37.61	183.19
• Corporate Cost allocation	34.02	35.24	48.91	61.78	77.87	257.82

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Particulars (Rs Cr)	FY22	FY23	FY24	FY25	FY26	Total
• Communication Costs	2.30	2.28	1.93	2.12	2.18	10.81
• Printing and Stationery	0.39	0.47	1.09	0.65	0.71	3.31
• Recruitment Charges	0.40	2.44	2.76	6.01	4.80	16.41
• Travelling and Conveyance	27.65	38.99	45.20	47.63	44.52	203.99
• Directors Sitting Fees	0.17	0.25	0.24	0.19	0.21	1.06
• Payment to Auditors	0.59	0.79	0.75	0.89	1.22	4.23
• Other Admin Expenses	3.09	2.81	3.99	5.21	6.60	21.70
Utility Expense	11.36	13.91	52.27	50.31	47.86	175.70
Concession Fee	30.33	54.41	78.69	93.16	102.21	358.79
Strategic, Management and Technical Service Fee*					76.70	76.70
Total	488.59	775.70	770.18	915.10	990.35	3939.94

5.6.35. The Authority for the purpose of examination of various expense heads has reclassified the expenses submitted by the operator in line with the approach undertaken in the previous tariff order (including Third Control Period). The Aeronautical O&M submitted by the operator after reclassifying is presented in the table below:

Table 71: Aeronautical O&M expenses submitted by GHIAL, recategorized as per Authority's grouping

Particulars (Rs Cr)	FY22	FY23	FY24	FY25	FY26	Total
Staff Cost	94.55	100.70	135.23	158.41	143.90	632.80
Rates & Taxes (incl. Property Tax)	3.97	10.98	6.65	7.07	7.10	35.78
Community development	24.39	6.65	7.45	14.03	11.08	63.61
Bad Debts Written Off! Advances written off	0.00	51.13	4.44	0.00	0.00	55.57
Assets written off	0.05	0.66	0.88	0.00	0.00	1.59
Bank Charges, Exchange Fluctuations, etc.	26.97	120.07	13.70	24.02	13.39	198.16
Security Cost	12.55	18.42	18.99	18.24	15.88	84.08
Repairs and Maintenance	56.00	81.16	105.41	113.75	112.86	469.18
Consumables (Stores & Spares)	4.11	11.64	15.64	14.03	13.12	58.54
Insurance Cost	4.91	5.34	6.36	6.75	7.97	31.34
Land Lease Rent to GoT	6.63	10.90	10.44	14.97	15.54	58.49
Manpower Hire/ Outsourcing (Technical Service) Expenses	45.78	41.25	53.39	85.07	86.62	312.10
Housekeeping Cost	14.02	16.63	26.53	34.83	51.71	143.73
Fuel Farm Cost	-	-	-	-	-	-
Operating Expenses	5.99	4.13	5.66	4.48	2.85	23.11
Collection Charges	1.97	3.52	5.90	4.76	5.92	22.05
General Admin Cost						
• Advertisement & Business Promotion	4.98	6.07	13.26	18.63	13.75	56.69
• Legal and Professional Charges	13.64	36.33	32.65	40.87	32.48	155.97
• Corporate Cost allocation	28.03	28.60	42.90	53.90	67.38	220.80
• Communication Costs	2.02	2.02	1.70	1.86	1.90	9.51
• Printing and Stationery	0.35	0.42	0.94	0.59	0.62	2.91
• Recruitment Charges	0.33	1.98	2.42	5.24	4.28	14.26
• Travelling and Conveyance	22.92	31.60	39.42	41.44	38.62	174.01
• Directors Sitting Fees	0.14	0.20	0.21	0.16	0.18	0.90
• Payment to Auditors	0.49	0.64	0.65	0.70	1.05	3.53
• Other Admin Expenses	2.57	2.55	3.56	4.58	5.77	19.03
Utility Expense	11.36	13.91	52.27	50.31	47.86	175.70
Concession Fee	9.56	23.85	42.67	53.82	57.53	187.43

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Particulars (Rs Cr)	FY22	FY23	FY24	FY25	FY26	Total
Strategic, Management and Technical Service Fee*	-	-	-	-	66.37	66.37
Total	398.27	631.37	649.33	772.54	825.72	3,277.23

*The Airport Operator in its revised submission on 02.05.2026, included expense head "Strategic, Management and Technical Service" Fee

5.6.36. The Authority further notes that the major variation is primarily under certain expense heads such as Repair & Maintenance, Rates & Taxes, Manpower Hire Charges, Bank Charges, Consumables, Rent and General Admin Expense. Accordingly, after undertaking prudence check and examining the documentary evidence, supporting submissions and Chartered Accountant certificates furnished by GHIAL, the Authority has analyzed the reasons for such variation under each expense head including other heads, as discussed in the ensuing paragraphs.

Manpower Cost

5.6.37. The aeronautical Manpower expenses approved by the Authority for the Third Control Period and aeronautical Manpower expenses as submitted by GHIAL for True up is provided in the table below:

Table 72: Comparison of Manpower expenses as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Manpower Cost approved by the Authority as per TCP order (A)	105.98	127.47	156.68	163.88	171.42	725.45
Aeronautical Manpower Cost incurred by the Operator for True up (B)	94.55	100.70	135.23	158.41	143.90	632.80
Variation (B-A)	-11.43	-26.77	-21.45	-5.47	-27.52	-92.65

5.6.38. The Authority notes that the Aeronautical Manpower expenses submitted by GHIAL for the Third Control Period in the MYTP for the Fourth Control Period (Rs. 632.80 Cr) is ~12.7% lower than the Aeronautical manpower expenses approved by the Authority in the Third Control Period (Rs. 725.45 Cr).

5.6.39. The Authority analysed the details pertaining to count of manpower deployed at the airport and the expense per employee as submitted by GHIAL. The same is provided below:

Table 73: Employee Count and Expense per Employee as submitted by GHIAL for True up of the Third Control Period in its revised submission

Manpower Count at the closing of FY	FY22	FY23	FY24	FY25	FY26
Aero Manpower (A)	292	302	345	379	340
Common Manpower (B)	399	396	489	544	487
GFA Ratio (C)	88.16%	89.06%	88.29%	88.21%	87.03%
Total Aero Manpower (D=A+B*C)	644	655	777	859	764
Total Aeronautical Manpower Cost (E) (in Crores)	94.55	100.70	135.23	158.41	144.06
Expense per Employee (E/D) (in Crores)	0.15	0.15	0.17	0.18	0.19

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5.6.40. The Authority notes that the decrease in Manpower expenses witnessed during FY 2025–26 is attributable to certain manpower realignments undertaken across the GMR Group during the said financial year. GHIAL has, in this regard, furnished the following particulars in respect of the said manpower movements:

- i. **Transfer of Specialised Staff to Bhogapuram Airport:** Certain specialised staff have been transferred to Bhogapuram International Airport (operated by an associate entity within the GMR Group), in view of the impending Commercial Operations Date ("COD") of the said airport;
- ii. **Transfer of Commercial Operations Team:** Certain personnel from the commercial operations function have been transferred to GMR Airports Limited to meet the business requirements of the said entity;
- iii. **Transfer of Personnel to Shared Services:** Certain personnel have been transferred to GMR Airports Limited to operate under a shared services arrangement, whereby the said personnel continue to discharge functions in support of GHIAL's operations on a shared basis;
- iv. **Continued Discharge of GHIAL Functions:** GHIAL has further submitted that the aforesaid transfers have been undertaken to address resource requirements at the Group level, and that the transferred personnel continue to extend support to GHIAL on an additional-responsibility basis, to the extent feasible; and
- v. **Transfer of CSR Personnel:** Certain personnel engaged in Corporate Social Responsibility ("CSR") initiatives have been transferred to the GMR Varalakshmi Foundation, being the dedicated entity for undertaking CSR activities at the Group level.

5.6.41. The Authority also notes that the reduction in Manpower expenses during the Third Control Period is on account of delay in operationalization of Terminal Expansion plan, the said expansion having been commissioned in FY 2023-24 as against the originally envisaged timeline of FY 2020-21, and subsequent delay in hiring of manpower related to Terminal Expansion.

5.6.42. The Authority, in line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, proposes to allocate the Manpower expenses incurred by GHIAL during the Third Control Period on the basis of the GFA ratio.

5.6.43. Based on the above, the Aeronautical Manpower expenses proposed to be considered by the Authority for True up for the Third Control Period is provided in the table below:

Table 74: Manpower expenses proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Manpower expenses	96.96	101.50	135.97	159.25	146.03	639.72

5.6.44. The Authority notes that GHIAL has submitted total Manpower expense of Rs. 737.76 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Manpower expense as per GHIAL is Rs. 632.80 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Manpower expense attributable to aeronautical services has been computed at Rs. 639.72 Crores (ref. Table 74). In this context, it is pertinent to note that

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the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

Rates & Taxes

- 5.6.45. Rates & Taxes expense primarily comprises the property tax, and the yearly payment towards PUC.
- 5.6.46. The Aeronautical Rates and Taxes approved by the Authority for the Third Control Period and submitted by GHIAL for True up are provided in the table below:

Table 75: Comparison of Rates & Taxes as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Rates & Taxes expenses approved by the Authority in TCP order (A)	5.21	5.45	6.55	7.89	8.26	33.36
Aeronautical Rates & Taxes expenses submitted by GHIAL for True up (B)	3.97	10.98	6.65	7.07	7.10	35.78
Variation (B-A)	-1.24	5.53	0.1	-0.82	-1.16	2.42

- 5.6.47. The Authority notes that the Aeronautical Rates & Taxes submitted by GHIAL for the Third Control Period in the MYTP for the Fourth Control Period (Rs. 35.78 Cr) is marginally higher than the Aeronautical Rates & Taxes approved by the Authority in the Tariff Order for the Third Control Period and the same has also been verified through relevant documents including CA certificates.
- 5.6.48. The Authority also notes the considerable increase in expenses in FY 2023 which was on account of payment made to HMWSSB towards increasing the water supply capacity (Rs. 4.95 Cr) and on account of increase in property tax (Rs. 1.9 Cr) owing to phase wise commissioning of 34 MPPA.
- 5.6.49. The Authority, in line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, proposes to allocate the Rates & Taxes expenses incurred by GHIAL during the Third Control Period on the basis of the GFA ratio.

Table 76: Rates & Taxes proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Rates & Taxes	4.10	11.04	6.70	7.12	7.24	36.20

- 5.6.50. The Authority notes that GHIAL has submitted total Rates & Taxes of Rs. 39.73 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Rates & Taxes as per GHIAL is Rs. 35.78 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the

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allocation ratio considered by GHIAL, the Rates & Taxes attributable to aeronautical services has been computed at Rs. 36.20 Crores (ref. Table 76). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

Bank Charges and Forex Fluctuations

5.6.51. The Aeronautical Bank charges, Forex Fluctuations approved by the Authority for the Third Control Period and submitted by GHIAL for True up are provided in the table below:

Table 77: Comparison of Bank Charges and Forex Fluctuations as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Bank Charges, Forex fluctuations approved by the Authority in TCP order (A)	10.42	9.16	8.86	6.00	6.61	41.04
Aeronautical Bank Charges submitted by GHIAL for True up (B)	26.90	38.43	13.41	23.73	12.76	115.22
Aeronautical Forex Fluctuations submitted by GHIAL for True up (C)	0.07	81.65	0.29	0.29	0.63	82.94
Variation (C+B -A)	16.55	110.92	4.84	18.02	6.78	157.12

Bank Charges

5.6.52. The Authority has examined the historical trajectory of Bank Charges incurred by GHIAL across the past Control Periods, and observes that the year-on-year movement in the said expense head has been highly variable and erratic, with the year-on-year growth rates oscillating across a wide range. The Authority is of the considered view that no discernible or consistent trend could be established on the basis of the said historical growth rates, the said variability being symptomatic of the event-driven and non-recurring nature of the constituents underlying this expense head.

5.6.53. The Authority further observes that the substantial variation in Bank Charges during the Third Control Period is primarily attributable to the following two non-routine constituents:

- (a) Interest on Working Capital Facilities availed by GHIAL during the said period; and
- (b) Delayed Payment Interest on Concession Fee payable to the Ministry of Civil Aviation ("MoCA").

5.6.54. The Authority has examined the variance between the total Bank Charges approved in the Tariff Order for the Third Control Period and the actual Bank Charges incurred by GHIAL during FY 2021-22, the said variance of Rs. 19.10 Crores is primarily attributable to two distinct cost components, both of which are directly traceable to the financial measures undertaken by GHIAL in response to the COVID-19 pandemic:

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- (i) **Interest on Working Capital Facility – ₹17.75 Crores:** The Authority observes that, in view of the severe and unprecedented impact of the COVID-19 pandemic on the revenue streams of Rajiv Gandhi International Airport, Hyderabad ("RGIA"), GHIAL availed working capital facilities during FY 2021-22 to preserve adequate cash balances and to safeguard against further operational and financial uncertainties arising from the pandemic. The said facility entailed an interest cost of ₹17.75 Crores during the said financial year.
- (ii) **Interest on Deferred Concession Fee – ₹5.63 Crores:** The Authority observes that, pursuant to the dispensation granted by the Ministry of Civil Aviation, Government of India ("MoCA"), GHIAL was permitted to defer the payment of the Concession Fee payable to the Ministry of Civil Aviation during the pandemic period, so as to conserve cash flows during the period of disruption. The said deferment carried a corresponding interest cost of ₹5.63 Crores, in terms of the MoCA communication on record.

5.6.55. The Authority observes that the Ministry of Civil Aviation, Government of India ("MoCA"), vide its communication dated 19.10.2022, has, in the matter of the deferment of Concession Fee payable by GHIAL during the COVID-19 pandemic period, recorded the following:

- (i) **Deferment of Concession Fee:** Pursuant to the request of GHIAL, MoCA deferred the payment of the Concession Fee due on 30 June 2020 by a period of six (6) months, viz., until 31 December 2020, with a view to alleviating the cash flow stress occasioned by the pandemic-induced disruption in airport operations;
- (ii) **No Waiver of Interest:** The said deferment, however, did not extend the original due date of payment, and no corresponding waiver of interest in respect of the deferred period was approved by MoCA; and
- (iii) **Liability for Interest at SBI PLR + 2%:** GHIAL was, accordingly, required to discharge the Concession Fee payments for the deferred period together with interest computed at the State Bank of India Prime Lending Rate plus two per cent (SBI PLR + 2%), in terms of Clause 18.14 of the Concession Agreement subsisting between GHIAL and the Ministry of Civil Aviation.

5.6.56. The Authority observes that the interest cost incurred by GHIAL on the deferred Concession Fee payments during the Third Control Period is, accordingly, in the nature of a contractually binding cost, having been levied in accordance with the express terms of the Concession Agreement and pursuant to the directions issued by MoCA. The said cost is, by its very nature, non-discretionary and exogenous to GHIAL, and is directly attributable to the exceptional pandemic-related circumstances that necessitated the deferment of Concession Fee payments to preserve operational liquidity during the said period.

5.6.57. The break-up of Interest on Working Capital Facility and Interest on Deferred Concession Fee incurred by GHIAL is as per the table below:

Table 78: Break up of Interest on Working Capital Facility and Interest on Deferred Concession Fee as submitted by GHIAL

Particulars	FY 22	FY 23	FY 24	FY 25	FY 26
Interest on delayed payment of Concession Fee	5.63	10.18	-	-	-
Working Capital Interest	17.75	17.32	2.48	-	-
Total	23.38	27.50	2.48		

5.6.58. The Authority observes that the said variance is, in its entirety, attributable to exceptional pandemic-related circumstances and to the necessary financial measures undertaken by GHIAL to ensure (i) the maintenance of adequate liquidity, and (ii) the uninterrupted continuation of airport operations at RGIA during the pandemic. The said costs are, by their very nature, non-recurring, event-driven, and exogenous to the steady-state operating

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profile of the Airport, and are not reflective of the routine Bank Charges ordinarily incurred in the conduct of airport operations.

5.6.59. Based on the foregoing, Aeronautical Bank charges proposed to be considered by the Authority for the Third Control period is provided in the table below:

Table 79: Aeronautical Bank Charges proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Bank Charges	27.84	38.84	13.51	23.90	11.87	115.95

5.6.60. The Authority notes that GHIAL has submitted total Bank Charges of Rs. 130.43 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Bank Charges as per GHIAL is Rs. 115.22 Crores (ref. Table 77). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Bank Charges attributable to aeronautical services has been computed at Rs. 115.95 Crores (ref. Table 79). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

Forex Fluctuations

5.6.61. The Authority notes a substantial rise in forex loss in FY23, which is attributed to refinancing FCB 2024 and FCB 2026 by raising domestic NCDs to mitigate forex exposure. The amount of Rs.90.77 Cr is on account of breaking of hedge contract.

5.6.62. The Authority, in this regard, sought a Cost-Benefit Analysis from GHIAL in respect of the Hedge Break Cost. Upon examination of the "Note on Hedge Break Cost" submitted by GHIAL, the Authority observes that the FCBs which were due to mature in April 2024 and February 2026, were refinanced in Dec 2022 i.e. just 16 months and 26 months prior to their maturity date. Also, ECD 2024 was refinanced in March 2023. Further, the Authority observes that the cost benefit analysis as submitted by GHIAL considers a period of 5 years. Considering only the remaining period to maturity for these FCDs and ECD, the computation resulted in net loss on account of breaking of Hedge for the existing FCDs and ECD.

5.6.63. Therefore, the Authority observes that the decision to break the hedge contract resulted in net loss to the airport users. In the absence of such cost-benefit substantiation, the Authority is of the considered view that the Hedge Break Cost of ₹90.77 Crore is not to be allowed as pass through to airport users, and accordingly proposes to disallow the same. Further the other marginal costs incurred on account of foreign exchange fluctuations related to travel and procurement etc during the Third Control Period amounting to Rs 1.78 Crores is also disallowed.

5.6.64. Based on the foregoing, the Authority proposes to consider the Aeronautical Bank Charges and Forex Fluctuations for the True-up of the Third Control Period at Rs. 115.95 Crores, as against Rs. 198.16 Crores submitted by GHIAL, as per the table below:

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Table 80: Aeronautical Bank Charges and Forex Fluctuations proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Bank Charges	27.84	38.84	13.51	23.90	11.87	115.95
Aeronautical Forex Fluctuations	0.00	0.00	0.00	0.00	0.00	0.00
Aeronautical Bank Charges and Forex Fluctuations	27.84	38.84	13.51	23.90	11.87	115.95

Security Expenses

5.6.65. The security expenses are primarily driven by the security-related requirements, particularly towards engagement of outsourced security personnel.

5.6.66. The Aeronautical Security expenses approved by the Authority for the Third Control Period and submitted by GHIAL for True up are provided in the table below:

Table 81: Comparison of Security Expense as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Security Expenses approved by the Authority in TCP order (A)	25.85	38.09	44.66	46.72	48.87	204.19
Aeronautical Security Expense submitted by GHIAL for True up (B)	12.55	18.42	18.99	18.24	15.88	84.08
Variation (B-A)	-13.3	-19.67	-25.67	-28.48	-32.99	-120.11

5.6.67. The Authority notes that the Aeronautical security expenses submitted by GHIAL is ~58% lower than the expenses approved in the Tariff Order for the Third Control Period. The same have been verified with relevant documents, including CA certificates, and are found to be reasonable.

5.6.68. The Authority notes that these security personnel are deployed in terminal building as well as landside access, kerbside, common circulation areas, administrative offices, etc.

5.6.69. The Authority notes that the reduction in security expenses during the Third Control Period is on account of delay in operationalization of Terminal Expansion plan and subsequent delay in hiring of security personnel related to Terminal Expansion.

5.6.70. The Authority further notes that there has been a minor reduction in security expenses amounting to ₹2.67 crore in FY26, attributable to the ongoing development of the airport. As new concessionaires are onboarded on the landside, the associated security expenses are being borne by the respective concessionaires.

5.6.71. In line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Security expenses incurred by GHIAL during the Third Control Period on the basis of the GFA ratio.

5.6.72. The Aeronautical Security Expense proposed to be considered by the Authority for the Third Control Period are provided below:

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Table 82: Aeronautical Security Expense proposed by the Authority for True up of the Third Control period
(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Security Expense	12.97	18.61	19.12	18.37	16.21	85.29

5.6.73. The Authority notes that GHIAL has submitted total Security Expense of Rs. 100.53 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Security Expense as per GHIAL is Rs. 84.08 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Security Expense attributable to aeronautical services has been computed at Rs. 85.29 Crores (ref. Table 82). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

Repairs and Maintenance Expenses

5.6.74. Repairs and Maintenance expenses include civil, electrical and mechanical maintenance works relating to the airport, including terminal, runways, taxiways, parking bays, aprons, aerobridges, power substations, IT systems, plant and machinery

5.6.75. The Aeronautical R&M expenses approved by the Authority for the Third Control Period and submitted by GHIAL for True up are provided in the table below:

Table 83: Comparison of R&M Expense as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical R&M Expenses approved by the Authority in TCP order (A)	52.68	66.59	75.54	79.35	82.55	356.70
Aeronautical R&M Expense incurred by the Operator for True up (B)	56.00	81.16	105.41	113.75	112.86	469.18
Variation (B-A)	3.32	14.57	29.87	34.4	30.31	112.48

5.6.76. The Authority notes that the R&M expenses submitted by GHIAL for the Third Control Period in the MYTP for the Fourth Control Period (Rs. 469.18 Cr) is ~31.5% higher than the Aeronautical R&M expenses approved by the Authority in the Third Control Period (Rs. 356.70 Cr) and the expenses have been verified with relevant documents, including CA certificates.

5.6.77. The Authority observes that, while the R&M expenses for the Third Control Period were projected on a conservative basis with reference to the new asset additions, the actual expenditure incurred by GHIAL during the said period falls within a range of approximately 0.5% to 1% of the asset additions. The Authority

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is of the considered view that the said actual range is linked to the operational and lifecycle-driven maintenance requirements of the asset base.

- 5.6.78. The Authority has further undertaken benchmarking analysis based on actual data for the period FY23 to FY25, with reference to Repair and Maintenance (R&M) cost per passenger and R&M cost per terminal area across comparable airports. Based on such analysis, Authority notes that GHIAL's average R&M cost for the said three-year period works out to approximately Rs. 45 per passenger and Rs. 3,373 per square meter, which is observed to be lower than the corresponding levels of other comparable airports such as BIAL, MIAL and AIAL.
- 5.6.79. The Authority observes that the R&M expense as a percentage of Gross Block (Aero) has trended downward from 2.52% to 1.80% over the period, a reduction of approximately 72 basis points, the said decline being largely on account of the substantial expansion of the Gross Block consequent to the capitalisation of the Terminal Expansion and associated assets.
- 5.6.80. The Authority is, therefore, of the considered view that the actual incurrence reflects the true maintenance requirement of the asset base, particularly in light of the phase-wise commissioning of the 34 MPPA terminal expansion during the Third Control Period.
- 5.6.81. Having regard to the audited actuals furnished by GHIAL, supported by Chartered Accountant certification, and the absence of any indication of imprudence on the part of the Airport Operator, the Authority proposes to consider the actual R&M expenditure incurred during the Third Control Period for the purpose of the True-Up.
- 5.6.82. Based on the above, Aeronautical Repair & Maintenance expense proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 84: Aeronautical Repair & Maintenance expenses proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical R&M Expenses	56.67	81.34	105.58	113.96	113.37	470.92

- 5.6.83. The Authority notes that GHIAL has submitted total Repair & Maintenance expenses of Rs. 491.00 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Repair & Maintenance expenses as per GHIAL is Rs. 469.18 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Repair & Maintenance expenses attributable to aeronautical services has been computed at Rs. 470.92 Crores (ref. Table 84). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

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Consumables (Stores & Spares)

5.6.84. The Aeronautical Consumables expenses approved by the Authority for the Third Control Period and submitted by GHIAL for True up are provided in the table below:

Table 85: Comparison of Consumables expense as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Consumables expenses approved by the Authority in TCP order (A)	3.84	4.89	5.60	5.93	6.22	26.48
Aeronautical Consumables expenses incurred by the Operator for True up (B)	4.11	11.64	15.64	14.03	13.12	58.54
Variation (B-A)	0.27	6.75	10.04	8.1	6.9	32.06

5.6.85. The Authority notes that the Aeronautical Consumables expenses submitted by GHIAL for the Third Control Period in the MYTP for the Fourth Control Period is ~121% higher than the Aeronautical Consumables expenses approved by the Authority in the Third Control Period. The same has also been verified through relevant documents including CA certificates.

5.6.86. The Authority observes that Stores and Spares Consumption, which forms part of the Aeronautical Consumables expenses, is incurred on the basis of planned maintenance activities undertaken at Rajiv Gandhi International Airport, Hyderabad ("RGIA"), and represents the cost of spares consumed in the course of the said maintenance activities. The said expense head is, by its very nature, directly correlated with the age, scale, and operational intensity of the underlying infrastructure being maintained.

5.6.87. Having regard to the materiality of the variance between the projected and actual figures, the Authority, in the course of its detailed examination, sought further clarification from GHIAL in respect of the underlying drivers contributing to the said variance.

5.6.88. The Authority, upon detailed examination of the submissions made by GHIAL and the supporting documentation furnished in respect thereof, identifies the following structural and operational factors as the drivers underlying the higher Aeronautical Consumables expenses incurred during the Third Control Period:

- (i) **Nature and Purpose of Consumption:** The Authority observes that the Stores and Spares are primarily deployed for the maintenance of the terminal building and airside infrastructure at RGIA. The consumption thereof is, by its very nature, non-discretionary and is dictated by the operational and safety requirements of maintaining critical airport infrastructure to the requisite serviceability and safety standards.
- (ii) **Lifecycle-Driven Increase in Maintenance Intensity:** The Authority observes that the existing terminal building at RGIA has been in continuous operation for a period in excess of fifteen (15) years. As is consistent with the typical lifecycle cost profile of infrastructure assets, the maintenance intensity — and the corresponding consumption of Stores and Spares — progressively increases with the aging of the underlying assets. The said increase is bona fide, operationally inevitable, and reflective of the structural maintenance requirements of an aging terminal and airside infrastructure.

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(iii) **Post-Pandemic Normalisation of Maintenance Activities:** The Authority observes that the base year figure of ₹3.84 Crores considered for projecting the Aeronautical Consumables expenses for the Third Control Period corresponded to a COVID-19-impacted financial year, during which the maintenance activities at the Airport stood temporarily moderated on account of the disruption in operations and the consequential deferral of certain non-critical maintenance interventions. The Authority observes that, in the immediately preceding pre-pandemic financial year, the actual expenses incurred under this head amounted to ₹7.16 Crores, the said figure being more reflective of the steady-state pre-pandemic maintenance profile of the Airport. Notably, the Authority observes that the actual Stores and Spares cost incurred during the Third Control Period is broadly comparable to the said pre-pandemic baseline, when adjusted for inflation and the lifecycle-driven uplift, indicating that the actual incurrence is representative of the true maintenance requirement of the Airport in normal operating conditions.

- 5.6.89. The Authority is, accordingly, of the considered view that the cumulative effect of the foregoing factors, viz., (i) the non-discretionary nature of the consumption; (ii) the lifecycle-driven increase in maintenance intensity associated with the aging terminal building; and (iii) the post-pandemic normalisation of maintenance activities, is reflective of the true maintenance requirement of the terminal building and airside infrastructure at RGIA, particularly having regard to the fact that the existing terminal building has been in continuous operation for a period in excess of fifteen (15) years.
- 5.6.90. The said expenses, having been duly substantiated by Chartered Accountant certificates and supporting documentation, are accordingly found to be prudent and justifiable for the purposes of the true-up exercise.
- 5.6.91. The Authority in line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, proposes to allocate the common expense pertaining to Stores & Spares incurred by GHIAL during the Third Control Period on the basis of the GFA ratio.
- 5.6.92. Based on the foregoing, Aeronautical Consumables expenses proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 86: Aeronautical Consumables expenses proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Consumables expenses	4.13	11.66	15.67	14.03	13.13	58.63

- 5.6.93. The Authority notes that GHIAL has submitted total Consumables expenses of Rs. 61.43 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Consumables expenses as per GHIAL is Rs. 58.54 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Consumables expenses attributable to aeronautical services has been computed at Rs. 58.63 Crores (ref. Table 86). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical

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revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

Insurance Cost

5.6.94. The Authority notes that the key insurance policies for the airport are as follows:

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

5.6.95. The Aeronautical Insurance expenses approved by the Authority for the Third Control Period and submitted by GHIAL for True up are provided in the table below:

Table 87: Comparison of Insurance expense as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Insurance Expenses approved by the Authority in TCP order (A)	4.61	4.83	5.05	5.28	5.52	25.29
Aeronautical Insurance Expense incurred by the Operator for True up (B)	4.91	5.34	6.36	6.75	7.97	31.34
Variation (B-A)	0.3	0.51	1.31	1.47	2.45	6.05

5.6.96. The Authority notes that the Aeronautical Insurance Expenses submitted by GHIAL for the Third Control Period in the MYTP for the Fourth Control Period is 23.92% higher than the Aeronautical Insurance Expenses approved by the Authority in the Third Control Period and the same has also been verified through relevant documents including CA certificates.

5.6.97. The Authority notes that the increase in insurance cost is primarily due to an increase in the sum insured, arising from incremental capitalisation of assets and an expanded coverage base as shown in table below:

Table 88: Expanded Insurance coverage details for FY26

(Rs. In crores)

Policy	FY25 Sum Insured	FY25 Premium (A)	FY26 Sum Insured	FY26 Premium (B)	Difference (B-A)	Remarks
Large Risk Policy	11,009	4.65	11,979	5.79	1.14	Increase on account of: a) Increase in sum insured in FY26 b) In FY25, Operator received 99% discount (paying Rs 746 only) on Machinery breakdown policy. However, in FY26 Rs 0.23 Cr was paid.
Airport Operator Liability (AOL)	6,263	1.45	6,450	1.65	0.2	Due to increase in Sum insured & rate increase

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Policy	FY25 Sum Insured	FY25 Premium (A)	FY26 Sum Insured	FY26 Premium (B)	Difference (B-A)	Remarks
SAT (Terrorism Policy)	2,050	0.56	2,050	0.57	0.01	
Cyber Insurance		0.5		0.5	-	
Other Policies		0.5		0.66	0.16	Due to increase in sum insured & rate increase
Total		7.66		9.17	1.51	

5.6.98. In line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Insurance expenses incurred by GHIAL during the Third Control Period on the basis of the GFA ratio.

5.6.99. Based on the above, Aeronautical Insurance expense proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 89: Aeronautical Insurance expenses proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Insurance Expenses	5.08	5.40	6.41	6.80	8.14	31.83

5.6.100. The Authority notes that GHIAL has submitted total Insurance expenses of Rs. 35.57 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Insurance expenses as per GHIAL is Rs. 31.34 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Insurance expenses attributable to aeronautical services has been computed at Rs. 31.83 Crores (ref. Table 89). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

Land Lease Rent

5.6.101. Rent expenses primarily comprise the lease rent paid to the Government of Telangana, along with other rental expenses.

5.6.102. The Aeronautical Rent expenses approved by the Authority for the Third Control Period and submitted by GHIAL for True up are provided in the table below:

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Table 90: Comparison of Rent as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period*(Rs. In crores)*

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Rent Expenses approved by the Authority in TCP order (A)	3.02	3.17	3.33	3.50	3.67	16.71
Aeronautical Rent Expenses submitted by GHIAL for True up (B)	6.63	10.90	10.44	14.97	15.54	58.49
Variation (B-A)	3.61	7.73	7.11	11.47	11.87	41.78

5.6.103. The Authority notes that the Aeronautical Rent expenses submitted by GHIAL for the Third Control Period in the MYTP for the Fourth Control Period, amounting to Rs. 58.49 Crore are approximately 3.5 times higher than the Aeronautical Rent expenses approved by the Authority in the Tariff Order for the Third Control Period. The Authority further notes that the said expenses have been verified with reference to relevant supporting documents, including Chartered Accountant certificates furnished by GHIAL.

5.6.104. The Authority notes that the increase in Rent expenses during the Third Control Period is attributable to the following factors:

- (i) Hiring of additional office space in the new office building (NOB), with effect from FY 2023-24, to meet the expanding operational requirements of the Airport, entailing an annual rental cost of approximately ₹3.70 Crores;
- (ii) Hiring of further additional office space in the new office building (NOB), with effect from FY 2024-25, in response to the continued growth in operational scale and manpower deployment, entailing an annual rental cost of approximately ₹2.60 Crores; and
- (iii) Year-on-year contractual escalations provided for under the other rental contracts subsisting during the Third Control Period.

5.6.105. The Authority notes that an additional office space of 68,928 sq.ft area was leased starting from 12.04.2023 and 33,439 sq.ft starting from 03.01.2024.

5.6.106. The Authority observes that the office spaces in respect of which the aforesaid Rent expenses have been incurred have been taken on lease by GHIAL exclusively for the purposes of carrying out the operations of Rajiv Gandhi International Airport, Hyderabad ("RGIA").

5.6.107. The Authority further observes that the structural growth in the operational footprint of RGIA during the Third Control Period is on account of the substantial expansion in passenger throughput, ATM volumes, terminal area, and the consequential augmentation in operational, security, and administrative manpower which has necessitated the commensurate augmentation of office and operational space at the Airport. The leasing of additional office space is linked to the evolving operational requirements emerging at the airport.

5.6.108. Having regard to (i) the verification of the said expenses with reference to supporting documentation including Chartered Accountant certificates; (ii) the operational connection of the leased office spaces with the conduct of airport operations at RGIA; and (iii) the structural drivers underlying the augmentation in space requirements, the Authority is of the considered view that the Aeronautical Rent expenses incurred by GHIAL during the Third Control Period are justifiable.

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5.6.109. The Authority further observes that the rental expenses incurred by GHIAL pertain partly to facilities used in common for both Aeronautical and Non-Aeronautical operations. In line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Rent expenses incurred on common facilities by GHIAL during the Third Control Period on the basis of the GFA ratio.

5.6.110. Based on the foregoing, the Aeronautical Rent Expenses proposed to be considered by the Authority for the Third Control Period are provided in the table below:

Table 91: Aeronautical Rent expenses proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Rent Expenses	6.76	10.99	10.49	15.04	15.74	59.01

5.6.111. The Authority notes that GHIAL has submitted total Rent expenses of Rs. 69.69 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Rent expenses as per GHIAL is Rs. 58.49 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Rent expenses attributable to aeronautical services has been computed at Rs. 59.01 Crores (ref. Table 91). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

Manpower Hire/Manpower Outsourcing Charges

5.6.112. The Manpower Hire expense pertains to manpower deputation and outsourced manpower services deployed for operational and project-related requirements. The key components include manpower deputation for general Capex activities, E&M support services for landscaping works in landside and airside areas, manpower deployment for landside building operations, and manpower supply for baggage handling and other operational support functions.

5.6.113. The Aeronautical Manpower Hire expense approved by the Authority and submitted by GHIAL for True up for the Third Control Period are provided in the table below:

Table 92: Comparison of Manpower Hire expense as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Manpower Hire expense approved by the Authority in TCP order (A)	29.34	30.69	34.76	42.35	47.96	185.10
Aeronautical Manpower Hire expense incurred by the Operator for True up (B)	45.78	41.25	53.39	85.07	86.62	312.10
Variation (B-A)	16.44	10.56	18.63	42.72	38.66	127.00

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- 5.6.114. The Authority notes that the Aeronautical Manpower Hire expenses submitted by GHIAL in respect of the Third Control Period, as part of the Multi-Year Tariff Proposal ("MYTP") for the Fourth Control Period, are approximately 68.60% higher than the Aeronautical Manpower Hire expenses approved by the Authority in the Tariff Order for the Third Control Period. The said variance has been verified by the Authority with reference to the relevant documents furnished by GHIAL, including the certificates issued by the Statutory Auditors / Chartered Accountants ("CA Certificates").
- 5.6.115. Having regard to the materiality of the said variance, the Authority sought further clarification from GHIAL with respect to the deviation between the Aeronautical Manpower Hire expenses approved by the Authority in the Tariff Order for the Third Control Period and the actual expenses incurred by the Airport Operator during the said period, for the purposes of detailed examination.
- 5.6.116. The Authority, upon detailed examination of the submissions made by GHIAL and the supporting documentation furnished in respect thereof, identifies the following structural and operational factors as the drivers underlying the higher Aeronautical Manpower Hire expenses incurred during the Third Control Period:
- (i) **Contractual Escalations Linked to Statutory Minimum Wages:** The Authority notes that the underlying contracts pursuant to which outsourced personnel are deployed at Rajiv Gandhi International Airport, Hyderabad ("RGIA"), incorporate annual escalation clauses ranging between 5% and 8% per annum, the said escalations being aligned with the periodic revisions in the applicable statutory minimum wages notified by the Central / State Governments from time to time. The said escalations are contractually binding, statutorily anchored, and exogenous to the control of GHIAL, and have, over the course of the Third Control Period, contributed materially to the cumulative increase in the said expense head.
 - (ii) **Expansion in Airport Operations:** The Authority notes that the Third Control Period has witnessed a substantial expansion in the operational scale of RGIA, on account of the increase in terminal capacity, passenger throughput, ATM volumes, and operational complexity at the Airport. The said expansion has objectively necessitated the augmentation of outsourced manpower deployment across operational, security, and passenger-facing functions, and has consequently resulted in a structural and irreversible increase in the said expense head, commensurate with the enhanced operational footprint of the Airport.
 - (iii) **Implementation of Digi Yatra Services pursuant to MoCA Mandate:** The Authority notes that, pursuant to the "Digi Yatra" initiative introduced by the Ministry of Civil Aviation, Government of India ("MoCA") during the Third Control Period, GHIAL has been required to implement and operationalise the Digi Yatra framework at RGIA, the said implementation entailing incremental Manpower Hire Charges of approximately ₹12 Crores per annum, with effect from FY 2024-25. The Authority is of the view that the costs incidental to the said initiative are bona fide operational expenses incurred by GHIAL in compliance with a Government of India mandate, and constitute a legitimate driver of the higher expense incurred during the Third Control Period.
 - (iv) **Deployment of General Capex Monitoring Personnel:** The Authority observes that, in view of the substantial scale and complexity of General Capital Expenditure undertaken at RGIA during the Third Control Period, GHIAL engaged GMR Airports Developers Limited ("GADL") for deployment of a dedicated team of sixteen (16) personnel for monitoring, technical oversight, coordination and execution support in respect of various capex projects. GHIAL submitted that the said deployment entailed an incremental annual expenditure of approximately ₹5.40 Crores. The Authority notes that the said expenditure was in addition to the Project Management Consultancy ("PMC") deployed for the Southern Precinct Expansion project. The Authority further observes that this expenditure was not directly attributable to any

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specific asset/project capitalized during the Third Control Period. Accordingly, GHIAL treated the same as part of Operating Expenditure instead of capitalizing it as part of project cost.

- 5.6.117. The Authority has examined the submission of GHIAL and notes that, given the scale of capex undertaken at RGIA during the Third Control Period, deployment of dedicated personnel for general monitoring, technical oversight and execution coordination was in the nature of enhanced project governance and execution oversight. Since the expenditure was incurred for general monitoring and coordination of multiple capex projects and was not linked to any specific capital asset, the Authority considers the treatment of the same under Operating Expenditure to be appropriate for the purpose of true-up of the Third Control Period..
- 5.6.118. The Authority notes that the Manpower Hire Charges for the Third Control Period had been projected on the basis of a base year figure of ₹37.53 Crores, the said base year being FY 2020-21, viz., a financial year materially impacted by the COVID-19 pandemic, during which the operational footprint of the Airport, including the deployment of outsourced manpower, stood temporarily moderated on account of the disruption in airport operations. The Authority further observes that, in the immediately preceding pre-pandemic financial year, the actual expenses incurred under this head amounted to ₹43.75 Crores, the said figure being more reflective of the steady-state pre-pandemic operating profile of the Airport. The post-pandemic normalisation of airport operations during the Third Control Period, accompanied by the resumption and subsequent expansion of operational scale at RGIA, has resulted in the said expense reverting to, and progressively exceeding, the pre-pandemic baseline.
- 5.6.119. The Authority is, therefore, of the considered view that the actual incurrence of Aeronautical Manpower Hire expenses during the Third Control Period is reflective of the true operational manpower requirements at RGIA, particularly having regard to (i) the contractually mandated annual escalation in line with periodic revisions in the applicable statutory minimum wages; (ii) the expansion in airport operations, including the increase in terminal capacity and passenger throughput during the said period; and (iii) the incremental manpower requirements arising from regulatory mandates such as the implementation of Digi Yatra services and the monitoring of General Capex initiatives.
- 5.6.120. In line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Manpower Hire expenses incurred on by GHIAL during the Third Control Period on the basis of the GFA ratio.
- 5.6.121. Based on the foregoing, Aeronautical Manpower Hire expense proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 93: Aeronautical Manpower Hire expense proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Manpower Hire expense	46.53	41.33	53.46	85.26	87.16	313.73

- 5.6.122. The Authority notes that GHIAL has submitted total Manpower Hire expense of Rs. 328.75 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Manpower Hire expense as per GHIAL is Rs. 312.10 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Manpower Hire expense attributable to aeronautical services has been computed at Rs. 313.73 Crores (ref. Table 93). In this context, it is pertinent to note that the reclassification of CGF services

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from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

Housekeeping Expenses

5.6.123. The Aeronautical Housekeeping expenses approved by the Authority for the Third Control Period and submitted by GHIAL for True up are provided in the table below:

Table 94: Comparison of Housekeeping expense as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Housekeeping Expenses approved by the Authority in TCP order (A)	20.83	37.73	46.43	48.57	50.80	204.36
Aeronautical Housekeeping Expense incurred by the Operator (B)	14.02	16.63	26.53	34.83	51.71	143.73
Variation (B-A)	-6.81	-21.1	-19.9	-13.74	0.91	-60.63

5.6.124. The Authority notes that the Aeronautical Housekeeping Expenses submitted by GHIAL for the Third Control Period is ~29.6% lower than the Aeronautical Operating Expenses approved by the Authority in the Third Control Period and the same has also been verified through relevant documents including CA certificates.

5.6.125. The Authority notes that the housekeeping expenses submitted by GHIAL for FY26 reflect an increase of ~48% as compared to FY25. On examination of the submissions made by the Airport Operator, the Authority observes that the said increase is primarily attributable to the factors set out hereunder.

- The Authority notes that, although the 34 MPPA terminal expansion at Rajiv Gandhi International Airport, Hyderabad ("RGIA") was commissioned during FY24, the housekeeping contracts in respect of the expanded terminal interiors were awarded only during FY25 and remained operative for a limited duration of approximately three months in the said fiscal year. Consequently, only a partial cost impact of the said contracts was reflected in the housekeeping expenses for FY25
- The Authority further notes that the full annualised cost of the housekeeping contract for the expanded terminal amounting to approximately Rs. 9 Crore has been reflected in the housekeeping expenses for FY26.
- In addition to the above, the Authority notes that GHIAL has incurred an amount of approximately Rs. 9 Crore during FY 2025–26 towards a one-time deep cleaning activity carried out across the existing (legacy) terminal areas, with a view to aligning the hygiene and service standards thereof with those of the newly commissioned expanded facility.

5.6.126. The Authority, in line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, proposes to allocate the Housekeeping expenses incurred on by GHIAL during the Third Control Period on the basis of the GFA ratio.

5.6.127. Based on the foregoing, Aeronautical Housekeeping expense proposed to be considered by the Authority for the Third Control Period is shown in the table below:

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Table 95: Aeronautical Housekeeping expenses proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Housekeeping Expenses	14.15	16.67	26.56	34.86	51.84	144.09

5.6.128. The Authority notes that GHIAL has submitted total Housekeeping expense of Rs. 171.24 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Housekeeping expense as per GHIAL is Rs. 143.73 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Housekeeping expense attributable to aeronautical services has been computed at Rs. 144.09 Crores (ref. Table 95). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

CGF Expense

5.6.129. The CGF Expense approved by the Authority for the Third Control Period and incurred by GHIAL for True up are provided in the table below:

Table 96: Comparison of CGF expense as incurred by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
CGF Expense incurred approved by the Authority in TCP order (A)	13.20	13.81	14.44	15.11	15.80	72.36
CGF Cost incurred by the Operator (B)	18.03	21.13	20.84	23.72	27.83	111.55
Variation (B-A)	4.83	7.25	6.4	8.52	11.97	38.96

5.6.130. The Authority notes that the Airport Operator, GHIAL, has not claimed the operating expenses pertaining to Cargo, Ground Handling and Fuel Farm (CGF) operations as part of the aeronautical operating expenditure in its Multi-Year Tariff Proposal (MYTP) for the Fourth Control Period. This stems from the Operator's treatment of the CGF assets as non-aeronautical in nature.

5.6.131. The Authority, however, has examined the said treatment in light of statutory definition and the established regulatory practice for services pertaining to Cargo, Ground Handling and Fuel Farm operations. Accordingly, the Authority proposes that both the revenues earned and the operating expenses incurred in respect of these services are required to be treated as aeronautical in nature for the purpose of tariff determination.

5.6.132. The Authority, at the outset, takes note of the nature of the expense heads under examination:

(a) Fuel Farm (FF) Expenses: Represent the operations and maintenance (O&M) costs payable by GHIAL to the fuel farm operator engaged for the operation of the fuel farm facility at Rajiv Gandhi International Airport, Hyderabad ("RGIA").

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(b) Cargo Expenses: Pertain to the managerial and supervisory team deployed by GHIAL in respect of the cargo operations at RGIA.

(c) Ground Handling (BME) Expenses: With effect from FY 2024-25, Ground Handling (BME) services including, Pre-Conditioned Air ("PCA") and Ground Power Unit ("GPU") operations, have been awarded as a service contract by GHIAL to a third-party service provider, having been carried out in-house prior to the said financial year. The said outsourcing has consequently resulted in the said cost being recognised as an external operating expense, in lieu of being absorbed within the manpower and utility cost heads as in the preceding period.

5.6.133. The Authority notes that the Aeronautical Fuel Farm Cost submitted by GHIAL for the Third Control Period in the Multi-Year Tariff Proposal for the Fourth Control Period is higher than the corresponding figure approved by the Authority in the Tariff Order for the Third Control Period. The said expenses have been duly verified by the Authority with reference to the relevant supporting documents furnished by GHIAL, including the certificates issued by the Statutory Auditors / Chartered Accountants ("CA Certificates").

5.6.134. Having regard to the materiality of the variance between the projected and actual figures, the Authority, in the course of its detailed examination, sought further clarification from GHIAL in respect of the underlying drivers contributing to the said variance.

5.6.135. The Authority, upon detailed examination of the submissions made by GHIAL and the supporting documentation furnished in respect thereof, identifies the following structural and operational factors as the drivers underlying the higher Aeronautical Fuel Farm expenses incurred during the Third Control Period:

(i) **Linkage with Operational Drivers -ATMs and Fuel Upliftment:** The Authority observes that Fuel Farm expenses, being O&M costs payable to the fuel farm operator, are inherently and directly correlated with the operational throughput at the fuel farm facility, viz., the volume of fuel upliftment at RGIA, which in turn is a function of the Air Traffic Movements ("ATMs") at the Airport. The Authority is of the considered view that the said expense head bears a direct cost-causation link with the operational scale of the Airport, and accordingly, is sensitive to growth in ATM volumes and fuel throughput.

(ii) **Increase in Fuel Upliftment:** The Authority observes that the actual Fuel Farm expenses witnessed a significant increase from FY 2022-23 onwards. The said increase is primarily attributable to the increase in fuel upliftment at RGIA by approximately 48% during FY 2022-23, driven by post-pandemic recovery in air traffic and the consequent increase in aircraft fueling activity at the Airport. The Authority notes that Fuel Farm expenses are closely linked to the volume of fuel handled/uplifted at the airport. Higher fuel upliftment results in increased operational requirements, including higher utilisation of fuel hydrant systems, pumps, filters, storage and dispensing infrastructure, increased manpower deployment, higher electricity consumption, enhanced maintenance of equipment, additional consumables, testing and quality control, safety inspections, statutory compliance and related O&M activities. Therefore, an increase in fuel throughput has a direct bearing on the operating and maintenance costs of the Fuel Farm. The Authority further observes that the increase in fuel upliftment reflects the recovery and growth in aircraft movements and airline operations at RGIA after the pandemic period. Accordingly, the corresponding increase in Fuel Farm O&M expenses is considered to be in line with the higher scale of operations and the increased throughput handled by the Fuel Farm facility during the Third Control Period.

(iii) **Ageing of Vehicles and Equipment:** The Authority observes that the vehicles and equipment deployed for Fuel Farm operations have, over the course of the Third Control Period, progressively aged, resulting in higher maintenance costs, particularly during FY 2025-26. The said increase in maintenance expenditure is operationally inevitable and is consistent with the typical lifecycle cost profile of fuel farm equipment.

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(iv) **Post-Pandemic Normalisation and Expansion of Operations:** The Authority observes that the base year figure of ₹12.62 Crores considered for projecting the Fuel Farm expenses for the Third Control Period corresponded to a COVID-19-impacted financial year, during which the operational throughput at the fuel farm facility stood temporarily moderated on account of the disruption in airport operations. With the post-pandemic normalisation and subsequent operational expansion at RGIA, the said expense has progressively reverted to, and exceeded, the pre-pandemic baseline of ₹18.29 Crores, in line with the structural growth of the Airport's fueling activity.

5.6.136. The Authority observes that the cumulative effect of the foregoing factors ,viz., (i) the inherent linkage of the said expense head with operational throughput; (ii) the substantial increase in fuel upliftment in the post-pandemic period; (iii) the lifecycle-driven increase in maintenance costs of fuel farm vehicles and equipment; and (iv) the post-pandemic normalisation and expansion of operations, is reflective of a structural and operationally warranted, increase in the Aeronautical Fuel Farm expenses during the Third Control Period. The said expenses, having been duly substantiated by Chartered Accountant certificates and supporting documentation, are accordingly found to be prudent and justifiable.

5.6.137. The Authority further notes that the expenses pertaining to Cargo, Ground Handling and Fuel Farm operations, as submitted by GHIAL in its MYTP, are aeronautical in nature. Based on the foregoing and rationalization of the expense heads and their CGF component, the Authority proposes to consider the said expenses on actuals as per table below:

Table 97: CGF Cost proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
CGF Cost	18.03	21.06	20.84	23.63	27.77	111.32

Operating Expenses

5.6.138. The Authority has analyzed GHIAL's submissions regarding Other Operating cost for the Third Control Period. Operating expenses relate to day-to-day operational support services provided by various operators, including the GA Terminal Operator and Car Park Operator.

5.6.139. The Aeronautical operating expenses approved by the Authority for the Third Control Period and submitted by GHIA for True up are provided in the table below:

Table 98: Comparison of Operating expenses as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Operating Expenses approved by the Authority in TCP order (A)	5.15	5.37	6.47	7.78	8.15	32.93
Aeronautical Operating Expense incurred by the Operator (B)	5.99	4.13	5.66	4.48	2.85	23.11
Variation (B-A)	0.84	-1.24	-0.81	-3.3	-5.3	-9.82

5.6.140. The Authority notes that the Aeronautical Operating Expenses submitted by GHIAL for the Third Control Period in the MYTP for the Fourth Control Period is lower than the Aeronautical Operating Expenses approved by the Authority in the Third Control Period.

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- 5.6.141. The said lower incurrence is reflective of the operational efficiencies achieved by GHIAL during the Third Control Period, and the same has been duly verified by the Authority with reference to the relevant supporting documents, including the Chartered Accountant Certificates furnished by GHIAL.
- 5.6.142. The Authority in line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, proposes to allocate the Operating expenses incurred on by GHIAL during the Third Control Period on the basis of the Aero-Non Aero Expense ratio.
- 5.6.143. Based on the above, Aeronautical Operating expense proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 99: Aeronautical Operating expenses proposed by the Authority for True up of the Third Control Period
(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Operating Expenses proposed to be considered by the Authority	6.52	4.47	5.86	4.56	2.85	24.26

- 5.6.144. The Authority notes that GHIAL has submitted total Operating Expenses of Rs. 135.70 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Operating Expenses as per GHIAL is Rs. 23.11 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Operating Expenses attributable to aeronautical services has been computed at Rs. 24.26 Crores (ref. Table 99). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.
- 5.6.145. The Aeronautical Operating Expenses proposed to be considered by the Authority for the Third Control Period are marginally higher than GHIAL's submission on account of segregation of common Operating Expenses based on the Aero-Non-Aero Expense Ratio determined by the Authority, which is higher than the ratio submitted by GHIAL due to reclassification of certain expenses based on AERA principles, including treatment of Cargo, Ground Handling and Fuel Farm ("CGF") expenses.

Collection Charges

- 5.6.146. The Collection charge incurred by GHIAL in the Third Control Period submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

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Table 100: Collection Charge submitted by GHIAL for the Third Control Period in MYTP for the Fourth Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Collection charge incurred by the Operator	1.97	3.52	5.90	4.76	5.92	22.07

5.6.147. The Authority observes that the Collection Charges payable by GHIAL pertain to the commission paid to airlines towards the collection of User Development Fee ("UDF") from departing passengers, the said expense being directly linked to the embarking passenger traffic at Rajiv Gandhi International Airport, Hyderabad ("RGIA"). The said charges are, by their very nature, traffic-driven, and are incurred in the ordinary course of UDF collection on behalf of GHIAL.

5.6.148. The Authority considers collection charges (UDF) as entirely aeronautical and proposes to consider collection charges as per operator's submission.

5.6.149. Based on the above, Aeronautical Other Operating Cost proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 101: Aeronautical Collection Charge proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Collection charge proposed to be considered by the Authority	1.97	3.52	5.90	4.76	5.92	22.07

General Admin Expenses

5.6.150. The General Admin Expenses comprise of Professional and Consultancy Expenses, Recruitment Charges, Printing and Stationery, Travelling and Conveyance, Communication Costs, Director's Sitting Fee, Advertising and Sales Promotion, Corporate Cost Allocation, Payment to Auditors and Other Admin Expenses.

5.6.151. The Aeronautical General Admin expenses approved by the Authority for the Third Control Period and submitted by GHIAL for True up are provided in the table below:

Table 102: Comparison of General Admin expenses as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical General Admin expenses proposed by the Authority in TCP order (A)	54.56	57.07	68.64	82.58	86.37	349.22
Aeronautical General Admin expenses incurred by the Operator (B)	75.47	110.41	137.72	167.98	166.03	657.62
Variation (B-A)	20.91	53.34	69.08	85.4	79.66	308.4

5.6.152. The Authority notes that the Aeronautical General Administration Expenses submitted by GHIAL for the Third Control Period in the Multi-Year Tariff Proposal for the Fourth Control Period are higher (~88.3%) than the corresponding figure approved by the Authority in the Tariff Order for the Third Control Period. The said expenses have been duly verified by the Authority with reference to the relevant supporting documents furnished by GHIAL, including the certificates issued by the Statutory Auditors / Chartered Accountants ("CA Certificates").

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5.6.153. Having regard to the materiality of the variance between the projected and actual figures, the Authority has examined the variance between the General Administration Expenses approved in the Tariff Order for the Third Control Period and the actual expenses incurred by GHIAL during the said period, and has identified the following structural and operational factors as the principal drivers underlying the said variance:

- (i) **Post-Pandemic Normalisation of General Administrative Activities:** The Authority observes that the base year considered for the projection of General Administration Expenses for the Third Control Period corresponded to a COVID-19-impacted financial year, during which several routine general administrative activities, travel and conveyance, business meetings and conferences, training and development, printing and stationery, and ancillary office expenses, stood temporarily moderated on account of the disruption in airport operations. With the post-pandemic normalisation of operations at Rajiv Gandhi International Airport, Hyderabad ("RGIA"), the said expenses have progressively reverted to, and progressed in line with, the steady-state operating profile of the Airport.
- (ii) **Expansion in Operational Scale of the Airport:** The Authority observes that the Third Control Period has witnessed a substantial expansion in the operational scale of RGIA on account of the increase in terminal capacity, passenger throughput, ATM volumes, manpower deployment, and operational complexity at the Airport. The said expansion has objectively necessitated a commensurate scaling-up of general administrative activities required to support the larger operational footprint, and has correspondingly resulted in a structural increase in the said expense head.
- (iii) **Difference in Cost Allocation Methodology:** The Authority observes that, in the Tariff Order for the Third Control Period, certain components of General Administration Expenses viz., travelling expenses and legal consultancy expenses, were classified as Aeronautical to the extent of 50%, on the basis of a direct identification approach. By contrast, the cost figures submitted by GHIAL in the Multi-Year Tariff Proposal for the Fourth Control Period have been classified as Aeronautical on the basis of the Gross Fixed Assets ("GFA") ratio applied to the said cost heads. The Authority observes that the said differential in classification methodology has, in part, contributed to the variance between the approved and submitted figures.

5.6.154. The Authority's examination of the various expense heads classified under General Admin Expenses is set out in the below paragraphs:

A. Professional and Consultancy Expenses:

5.6.155. The professional and consultancy services are towards the various services availed from the external parties and includes the following expenses:

- a. Technical Services from Consultants
- b. Retainer Fee various expertise personnel
- c. Placement Fee / Fee for recruitments
- d. Audit Services such as Internal Audit, Secretarial Audit etc.,
- e. Training Fee paid to various consultants
- f. Legal Expenses
- g. Outsourcing Expenses etc.,

5.6.156. The Aeronautical Professional and Consultancy expenses as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

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Table 103: Aeronautical Professional and Consultancy expenses submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Professional and Consultancy expenses submitted by GHIAL	13.64	36.33	32.65	40.87	32.48	155.97

5.6.157. The Authority also notes the considerable increase in expenses in FY 2023 which is attributable to a series of strategic, operational, safety and technology-driven initiatives undertaken by GHIAL.

5.6.158. The Authority further submits that consultancy charges towards legal consultants constituted a significant portion of Professional and Consultancy expenses as mentioned below:

Table 104: Proportion of Legal Charges in Professional and Consultancy Expenses in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Total Professional and Consultancy expenses incurred by GHIAL (A)	16.73	45.71	36.48	46.66	37.61	183.19
Legal Consultancy charges forming part of Professional and Consultancy expenses as submitted by GHIAL (B)	4.33	17.35	4.24	2.71	2.38	31.01
<i>% of Professional and Consultancy expenses (B/A)</i>	<i>25.88%</i>	<i>37.95%</i>	<i>11.66%</i>	<i>5.80%</i>	<i>6.32%</i>	<i>16.92%</i>

5.6.159. The Authority also notes that the Legal expenses incurred by GHIAL during FY 2022–23 reflect a considerable increase, which has been attributed by the Airport Operator to advisory services rendered, and matters pertaining to Indirect Taxes, Direct Taxes, proceedings before the Authority, various pending writ petitions, matters relating to Passenger Service Fee ("PSF"), proceedings before the Competition Commission of India ("CCI"), and other related legal matters.

5.6.160. The Authority recalls that, in the Tariff Order for the Third Control Period, it had been specifically provided that Legal expenses, forming part of Professional and Consultancy expenses, shall be allowed only to the extent the same are incurred for purposes related to Aeronautical Services, and shall be subject to the tests of efficiency and necessity of incurrence.

5.6.161. Having regard to the Aeronautical Legal Expenses claimed by GHIAL, the Authority sought a detailed break-up of the legal expenses attributable to Aeronautical Services, along with the underlying basis of allocation as between Aeronautical and Non-Aeronautical Services, for the purposes of detailed examination.

5.6.162. GHIAL in its response submitted that:

- (i) The legal expenses incurred during the Third Control Period pertain, inter alia, to AERA-related regulatory matters, Goods and Services Tax (GST), Service Tax, Income Tax matters, and other routine litigation and advisory engagements.
- (ii) The fees payable to Senior Advocates are governed by established professional norms and confidentiality considerations, and accordingly, detailed disclosures in respect of such fees are not feasible.
- (iii) The legal expenses incurred comprise a combination of case-specific fees and retainer arrangements covering multiple matters concurrently. Given the nature and scope of the said engagements, it is not

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practicable to segregate or apportion such expenses across Aeronautical and Non-Aeronautical Services with precision.

- (iv) The said legal expenses have been incurred primarily in connection with safeguarding and enforcing GHIAL's rights and obligations under the Concession Agreement, the said rights being intrinsically linked to the provision and regulation of Aeronautical Services at Rajiv Gandhi International Airport, Hyderabad ("RGIA"). Accordingly, GHIAL has submitted that the said expenses ought to be classified as Aeronautical in nature for regulatory purposes.

5.6.163. The Authority observes that the detailed break-up of the Legal expenses attributable to Aeronautical Services has not been furnished by GHIAL. In the absence of the requisite information, the Authority proposes to allocate the Legal expenses on the basis of the ratio of Aeronautical Revenue to the total income of GHIAL in the respective financial years, as set out in the table hereunder:

Table 105: Proportion of Aero Revenue to Total Income of GHIAL for the Third Control

Particular	FY22	FY23	FY24	FY25	FY26
Proportion of Aero Revenue to Total Income	49.71%	55.34%	62.93%	66.17%	72.15%

5.6.164. The legal expenses proposed to be considered by the Authority based on the above allocation methodology is as follows:

Table 106: Aero portion of Legal expenses proposed by the Authority for True up of the Third Control Period
(Rs. In crores)

Particular	FY22	FY23	FY24	FY25	FY26	Total
Aero portion of Legal Expenses proposed to be considered by the Authority	2.15	9.60	2.67	1.79	1.71	17.92

5.6.165. Based on the analysis, the Aeronautical Professional and Consultancy charges proposed to be considered by the Authority for the Third Control Period are provided below:

Table 107: Aeronautical Professional & Consultancy charges proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aero Portion of Professional & consultancy expenses excluding Legal Charges proposed to be considered by the Authority (A)	11.18	24.33	29.98	39.87	31.94	137.3
Aero Portion of Legal Charges proposed to be considered by the Authority (B)	2.15	9.60	2.67	1.79	1.71	17.92
Aeronautical Professional and Consultancy expenses proposed to be considered by the Authority (A+B)	13.33	33.93	32.65	41.66	33.65	155.22

B. Recruitment Charges

5.6.166. The recruitment charges are payment made towards the recruiting agency of the newly joined employees.

5.6.167. The Aeronautical recruitment charges as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

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Table 108: Aeronautical Recruitment Charges submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical recruitment charges submitted by GHIAL	0.33	1.98	2.42	5.24	4.28	14.26

5.6.168. The Authority observes that, under the prevailing recruitment service arrangements, GHIAL is liable to pay to the recruitment agency a fee ranging between a minimum of two (2) months' and a maximum of six (6) months' salary of the newly recruited employee, the precise quantum within the said range being determined with reference to the category and seniority of the recruited employee, computed on the basis of the agreed Cost-to-Company ("CTC") of the said employee.

5.6.169. The Authority further observes that the level of Recruitment Charges incurred during the Third Control Period is reflective of the substantial manpower augmentation that became operationally imperative during the said period, on account of phased commissioning of the 34 MPPA terminal expansion, capitalised in FY 2023-24, the cost of which is reflected in the higher Recruitment Charges incurred during the said period.

5.6.170. The Authority in line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, proposes to allocate the common recruitment charges incurred on by GHIAL during the Third Control Period on the basis of the Aero-Non Aero Expense ratio.

5.6.171. The Aeronautical recruitment charges proposed to be considered by the Authority for the Third Control Period are provided below:

Table 109: Aeronautical Recruitment Charges proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Recruitment Charges	0.37	2.19	2.54	5.45	4.50	15.04

5.6.172. The Authority notes that GHIAL has submitted total Recruitment Charges of Rs. 16.41 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Recruitment Charges as per GHIAL is Rs. 14.26 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Recruitment Charges attributable to aeronautical services has been computed at Rs. 15.04 Crores (ref. Table 109). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

C. Printing & Stationery

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5.6.173. The Aeronautical Printing & Stationery expenses as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 110: Aeronautical Printing & Stationery Expense submitted by GHIAL for the Third Control Period
(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Printing & Stationery expenses submitted by GHIAL	0.35	0.42	0.94	0.59	0.62	2.91

5.6.174. The Authority observes that the increase in the said expense head during FY 2023-24 is principally attributable to a corresponding increase in the cost of Security & Vigilance stationery and other consumables at the Airport. The said increase is reflective of the scaling-up of security and vigilance operations consequent upon the phased commissioning of the 34 MPPA terminal expansion during FY 2023-24, which materially augmented the operational footprint and the security perimeter requiring active vigilance

5.6.175. The Authority in line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Printing & Stationery expenses incurred on by GHIAL during the Third Control Period on the basis of the GFA ratio.

5.6.176. The Aeronautical Printing & Stationery expenses proposed to be considered by the Authority for the Third Control Period are provided below:

Table 111: Aeronautical Printing & Stationery Expense proposed by the Authority for True up of the Third Control period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Printing & Stationery expenses	0.36	0.42	0.95	0.59	0.63	2.95

5.6.177. The Authority notes that GHIAL has submitted total Printing & Stationery expense of Rs. 3.31 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Printing & Stationery expense as per GHIAL is Rs. 2.91 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Printing & Stationery expense attributable to aeronautical services has been computed at Rs. 2.95 Crores (ref. Table 111). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

D. Travelling and Conveyance

5.6.178. The Authority analyzed GHIAL's submission regarding Travelling and Conveyance expenses for the Third Control Period. Travelling and Conveyance expenses comprise expenses pertaining to Local Conveyance, Travel Charges for the employees (Domestic / Foreign) and Chartering Costs for senior management of GHIAL.

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5.6.179. The Aeronautical Travelling and Conveyance expenses as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 112: Aeronautical Travelling and Conveyance Expense submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Travelling and Conveyance expenses submitted by GHIAL	22.92	31.60	39.42	41.44	38.62	174.01

5.6.180. The Authority, upon detailed examination of the Travelling and Conveyance Expenses incurred by GHIAL during the Third Control Period, observes that the said expense head is predominantly attributable to business travel, the said component constituting approximately 78% of the total cost incurred. The balance of the said expense pertains to employee transportation and ancillary travel-related costs.

5.6.181. The Authority notes that the Aeronautical Travelling & Conveyance expenses of Rs. 174.01 Crores have been computed by GHIAL by considering aeronautical component of Rs. 12.83 Crores which is directly attributable to aeronautical services and the balance common component of Rs. 188.90 Crores apportioned into aeronautical and non-aeronautical using the Gross Fixed Assets (GFA) ratio as per Table 64.

5.6.182. The Authority notes that the Travel Costs incurred by GHIAL cannot be accurately segregated between Aeronautical and Non-Aeronautical Services on the basis of direct identification.

5.6.183. Accordingly, and consistent with the approach adopted in past tariff determinations, the Authority proposes to allocate the common Travelling & Conveyance Costs incurred by GHIAL during the Third Control Period between the Aeronautical and Non-Aeronautical in the ratio of 50:50.

5.6.184. Based on the foregoing, the Aeronautical Travelling and Conveyance expenses proposed to be considered by the Authority for the Third Control Period are provided below:

Table 113: Aeronautical Travelling and Conveyance Expense proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aero Cost (A)	1.13	1.77	2.92	3.29	3.73	12.83
Common Cost (B)	26.46	36.76	41.63	43.73	40.32	188.90
Total Aeronautical Travelling and Conveyance expenses (A+B*50%)	14.36	20.15	23.73	25.15	23.89	107.28

E. Communication Cost

5.6.185. The Authority notes that Communication costs include the Leased Line Charges/VPN for GHIAL administration purposes across RGI airport, mobile expenses for operating staff. These costs are non-recoverable from any concessionaires.

5.6.186. The Aeronautical Communication Cost as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

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Table 114: Aeronautical Communication Expense submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Communication Cost submitted by GHIAL	2.02	2.02	1.7	1.86	1.91	9.51

5.6.187. In line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Communication expenses incurred on by GHIAL during the Third Control Period on the basis of the GFA ratio.

5.6.188. The Aeronautical Communication Cost proposed to be considered by the Authority for the Third Control Period are provided below:

Table 115: Aeronautical Communication Cost proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Communication Cost	2.09	2.05	1.71	1.87	1.94	9.66

5.6.189. The Authority notes that GHIAL has submitted total Communication cost of Rs. 10.81 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Communication cost as per GHIAL is Rs. 9.51 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Communication cost attributable to aeronautical services has been computed at Rs. 9.66 Crores (ref. Table 115). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

F. Advertising and Sales Promotion

5.6.190. The Aeronautical Advertising and Sales Promotion expenses as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 116: Aeronautical Advertising and Sales Promotion expenses submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Advertising and Sales Promotion expenses submitted by GHIAL	4.98	6.07	13.26	18.63	13.75	56.69

5.6.191. The Authority has examined the expenses incurred by GHIAL under the head "Advertisement and Business Promotion" during the Third Control Period and the projections proposed for the Fourth Control Period. Upon a detailed review of the nature, purpose, and beneficiary of each activity comprised within this head, the Authority

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has classified the following sub-heads for the purpose of determining their appropriate treatment within the aeronautical tariff framework:

Table 117: Classification of Expenses by the Authority under Advertisement & Sales Promotion

S. No.	Expense Sub-Head	Nature	Aero Allocation %
1	Business Promotion	Common	50%
2	Event Management Expenses	Common	50%
3	Guest Protocol	Common	50%
4	Gifts & Compliments	Non-Aeronautical	0%
5	Advertisement – Others	Common	50%

Basis of Allocation:

Business Promotion

5.6.192. The Authority observes that the activities under this head — namely, website maintenance, corporate communication, social media presence, brand visibility of RGIA, stakeholder engagement, sponsorships (sports, tourism, trade), promotional events, and milestone events — serve to enhance the overall brand and reputation of RGIA as a whole, encompassing both its aeronautical and non-aeronautical dimensions. The benefits of these activities flow to:

- (i) Aeronautical users through enhanced airport visibility, route attractiveness, and passenger experience; and
- (ii) Non-aeronautical users/concessionaires through increased footfall, brand value of the commercial estate, and visibility for retail/F&B/cargo/real estate activities.

5.6.193. Given that the said expenses are incurred for the joint benefit of aeronautical and non-aeronautical operations and contribute to the holistic brand-building of RGIA, the Authority accordingly determines the allocation as 50% Aeronautical / 50% Non-Aeronautical.

Event Management Expense

5.6.194. The Authority notes that this head comprises a heterogeneous mix of activities which simultaneously cater to aeronautical and non-aeronautical functions of the airport, including:

- (i) Aviation industry events (APOC, National Energy Event)
- (ii) Festival celebrations (Diwali, New Year), CEO townhalls, internal HR events
- (iii) Public engagement initiatives (10K runs, FAB stall events)

5.6.195. Given that the said expenses are commonly incurred for the joint benefit of aeronautical and non-aeronautical operations, and in the absence of a verifiable activity-wise cost driver that would permit a more granular segregation, the Authority considers it just, fair, and reasonable to apportion the cost equally between the two functions. The Authority accordingly determines the allocation as 50% Aeronautical & 50% Non-Aeronautical.

Guest Protocol

5.6.196. The Authority observes that guest protocol expenses (manpower for guest handling, hospitality services, management fees for service providers catering to VIPs, dignitaries, and stakeholders) are extended to two broad categories of visitors:

- (i) Aviation regulators, DGCA officials, airline executives, ICAO/IATA representatives

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(ii) Commercial partners, concessionaires, retail/F&B partners, and corporate visitors

5.6.197. As the guest protocol services are availed by aeronautical and non-aeronautical stakeholders without any clear or measurable basis for segregation, the Authority adopts the equal apportionment principle as a transparent and equitable approach. Accordingly, the allocation is determined as 50% Aeronautical and 50% Non-Aeronautical.

Gifts & Compliments

5.6.198. The Authority notes that expenses under this head, comprising mementos, bouquets, books, sweets, and similar items presented to guests, dignitaries, business partners, and stakeholders, are in the nature of corporate goodwill, courtesy, and relationship-building expenditure which is largely discretionary and commercial in character

5.6.199. The Authority notes that such discretionary courtesy expenses do not arise from the discharge of any aeronautical function or obligation and is of the considered view that passengers and airlines should not be made to bear any portion of this cost through the aeronautical tariff. The Authority accordingly determines the allocation as 100% Non-Aeronautical.

Advertisement – Others

5.6.200. The Authority has examined the activities grouped under this head, including sponsorships (CII, India Ideas Conclave), print and outdoor media advertisements, hoarding and branding initiatives, exhibition participation (Wings India), digital marketing (search engine marketing), and art café initiatives. The Authority observes that while certain elements of this expenditure (such as outdoor branding, exhibitions, and digital marketing) are aimed at attracting non-aeronautical patronage (concessionaires, retail tenants, cargo clients, advertisers), other elements (such as participation in aviation exhibitions like Wings India, sponsorships of aviation-linked forums, and digital outreach communicating airport connectivity, route information, and passenger services) also benefit the aeronautical user base by enhancing visibility of RGIA in the aviation ecosystem, communicating route, schedule, and passenger service information to potential travellers and strengthening the airport's positioning as an aviation hub for airlines considering route deployment.

5.6.201. Considering that the activities under this head, taken as a whole, generate dual benefits accruing to both aeronautical and non-aeronautical functions of the airport, the Authority determines the allocation as 50% Aeronautical and 50% Non-Aeronautical.

5.6.202. The Authority further notes that on examination of the sub-components of the said expense, an amount of Rs. 5.04 crore in FY25 towards a "Key Partnership Program" was extended to airlines.

5.6.203. The Authority recalls that during the tariff determination for the Third Control Period, this very issue had come up for consideration. At that time, the Authority had accepted the Voluntary Tariff Proposal (VTP) submitted by GHIAL except for the Key Partnership Program for freighter airlines, on the considered view that the said program was discriminatory in nature, hence the Authority proposes not to consider Rs.5.04 crores for True up.

5.6.204. Based on the foregoing, the Aeronautical Advertising and Sales Promotion expenses proposed to be considered by the Authority for the Third Control Period are provided below:

Table 118: Aeronautical Advertising and Sales Promotion expenses proposed by the Authority for True up of the Third Control period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Advertising and Sales Promotion expenses	2.48	3.44	5.96	6.91	8.27	27.06

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5.6.205. The Aeronautical Advertising and Sales Promotion expenses proposed to be considered by the Authority for the Third Control Period is higher than GHIAL’s submission on account of segregation of common Advertisement & Sales expense based on Aero-Non Aero Expense ratio which is higher than the submission of GHIAL due to reclassification of certain expenses based on AERA principles, including treatment of Cargo, Ground Handling and Fuel Farm (“CGF”) expenses.

G. Corporate Cost

5.6.206. The Authority notes that the Corporate Cost arises from shared corporate functions performed by GAL (the holding company) through Centers of Excellence for the multi-airport group, with proportionate allocation to RGIA on a shared services basis.

5.6.207. The corporate cost is primarily driven by manpower costs allocated at the group level, as personnel-related expenses constitute the majority of corporate overhead.

5.6.208. The Aeronautical Corporate Cost as submitted by GHIAL in the MYTP for the Fourth Control Period based on the allocation ratio determined by GHIAL by treating CGF services as non-Aeronautical is provided in the table below:

Table 119: Aeronautical Corporate Cost as submitted by GHIAL for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Corporate Cost expenses submitted by GHIAL	28.03	28.60	42.90	53.90	67.38	220.80

5.6.209. The Authority has examined the Corporate Cost Allocation submitted by GHIAL for the Third Control Period, and observes that the said allocation reflects a substantial increase commencing FY 2023-24. The Authority has, accordingly, sought clarification from GHIAL in respect of the underlying drivers contributing to the said increase, for the purposes of detailed examination.

5.6.210. The Authority, upon detailed examination of the submissions made by GHIAL and the supporting documentation furnished in respect thereof, identifies the following structural and operational factors as the drivers underlying the increase in Corporate Cost Allocation from FY 2023-24 onwards:

- (i) **Augmentation of Group-Level Manpower commensurate with Operational Expansion:** The Authority observes that the phased commissioning of the 34 MPPA terminal expansion at Rajiv Gandhi International Airport, Hyderabad ("RGIA"), in FY 2023-24, has resulted in a substantial augmentation of the operational footprint of the Airport, which has, in turn, necessitated a corresponding scaling-up of group-level manpower deployed for shared corporate functions. The said augmentation is bona fide and operationally warranted, having regard to the enhanced governance, oversight, and support requirements occasioned by the expanded operational base.
- (ii) **Employee-Related Costs:** The increase in Corporate Cost Allocation is partly attributable to periodic increments granted to group-level employees in accordance with the prevailing Group Human Resource Policy and the management decisions taken from time to time, the said increments being consistent with prevailing industry compensation practices.
- (iii) **Establishment of Centers of Excellence:** The Authority observes that, with effect from the said period, Centers of Excellence ("CoEs") have been established at the group level for the centralized performance of specialized functions, inter alia, book-keeping, construction management, and master planning. The said CoE model leverages economies of scale and specialization across the group's airport portfolio, and the

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proportionate allocation of the costs thereof to RGIA is consistent with the shared services framework typically adopted in multi-airport groups.

- (iv) **Specialized Consultancy Services:** The induction of specialized consultancy services at the group level in respect of (a) the impact of climate change on the assets of GMR Airports Limited ("GAL"), in line with evolving sustainability and ESG obligations applicable to infrastructure operators; and (b) the development of slot optimization tools to enhance airside efficiency has contributed to the upward movement in Corporate Cost Allocation. The Authority observes that the said consultancy initiatives are forward-looking and operationally relevant to the long-term sustainability and efficiency of airport operations at RGIA.
- (v) **Business Promotion and Industry Engagement:** Expenditure incurred towards seminars, industry engagement, and high-level forums, including participation in IATA events, investor engagement events, and sponsorship of the World Economic Forum, represents part of the broader effort to position the GMR group's airports, including RGIA, on the global aviation map, and to facilitate strategic engagement with airline partners, investors, and regulators.
- (vi) **Capability Development Initiatives:** Investments in new capability-building initiatives at the group level, in the areas of Master Data Management ("MDM") and digital transformation, are reflective of the growing imperative for digitalization, data integrity, and technology-led operational efficiency in airport operations.
- (vii) **Recruitment to Fill Vacant Corporate Positions:** Recruitment expenditure incurred for filling up of vacant positions at the corporate level is reflective of the manpower augmentation undertaken to support the expanded operational footprint and enhanced governance requirements arising from the commissioning of the 34 MPPA terminal expansion.

5.6.211. The Authority, in line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Corporate Cost incurred by GHIAL during the Third Control Period on the basis of the Aero-Non Expense ratio.

5.6.212. The Aeronautical Corporate cost proposed to be considered by the Authority for the Third Control Period are provided below:

Table 120: Aeronautical Corporate Cost proposed to be considered by the Authority for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Corporate cost	31.48	31.56	45.03	56.08	71.76	235.91

5.6.213. The Authority notes that GHIAL has submitted total corporate cost of Rs. 257.82 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical corporate expense as per GHIAL is Rs. 220.80 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the corporate cost attributable to aeronautical services has been computed at Rs. 235.91 Crores (ref. Table 120). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase

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in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

H. Directors Sitting Fee

5.6.214. The Aeronautical Directors Sitting Fee as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 121: Aeronautical Directors Sitting Fee submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Directors Sitting Fee submitted by GHIAL	0.14	0.20	0.21	0.16	0.18	0.90

5.6.215. In line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Director's Sitting Fee incurred on by GHIAL during the Third Control Period on the basis of the Aero-Non Expense ratio.

5.6.216. Based on the foregoing, the Aeronautical Directors Sitting Fee proposed to be considered by the Authority for the Third Control Period are provided below:

Table 122: Aeronautical Directors Sitting Fee proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Directors Sitting Fee	0.16	0.22	0.22	0.17	0.19	0.97

5.6.217. The Authority notes that GHIAL has submitted total Directors Sitting Fee of Rs. 1.06 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Directors Sitting Fee as per GHIAL is Rs. 0.90 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Directors Sitting Fee attributable to aeronautical services has been computed at Rs. 0.97 Crores (ref. Table 122). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

I. Payment to Auditor

5.6.218. The Aeronautical Payment to Auditor as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

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Table 123: Aeronautical Payment to Auditor submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Payment to Auditor submitted by GHIAL	0.49	0.64	0.65	0.70	1.05	3.53

5.6.219. In line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Payment to Auditor incurred on by GHIAL during the Third Control Period on the basis of the Aero-Non Expense ratio.

5.6.220. Based on the foregoing, the Aeronautical Payment to Auditor proposed to be considered by the Authority for the Third Control Period are provided below:

Table 124: Aeronautical Payment to Auditor proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Payment to Auditor	0.55	0.70	0.68	0.73	1.12	3.78

5.6.221. The Authority notes that GHIAL has submitted total Payment to Auditor of Rs. 4.23 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Payment to Auditor as per GHIAL is Rs. 3.53 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Payment to Auditor attributable to aeronautical services has been computed at Rs. 3.78 Crores (ref. Table 124). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

J. Other Admin Expense

5.6.222. The Other Admin Expense as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 125: Aeronautical Other Admin Expense submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Other Admin Expense submitted by GHIAL	2.57	2.55	3.56	4.58	5.77	19.03

5.6.223. The Authority notes that the expenses classified by GHIAL under the head "Other Admin Expenses" comprise the following components:

- Membership fees paid to professional bodies such as CAPA (Centre for Aviation), CFO Next, APAO (Association of Private Airport Operators), CEO Next, and similar industry/professional forums;

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- Subscription charges for books, periodicals, and professional publications; and
- Meeting and seminar expenses incurred for internal team meetings and related engagements.

5.6.224. In line with the principles of cost allocation between Aeronautical and Non-Aeronautical activities, and consistent with the approach adopted by the Authority in earlier tariff determinations, the Authority proposes to allocate the Other Admin Expense incurred on by GHIAL during the Third Control Period on the basis of the GFA ratio.

5.6.225. The Aeronautical Other Admin Expense proposed to be considered by the Authority for the Third Control Period are provided below:

Table 126: Aeronautical Other Admin Expense proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Other Admin Expense	2.65	2.57	3.57	4.61	5.88	19.27

5.6.226. The Authority notes that GHIAL has submitted total Other Admin Expense of Rs. 21.70 Crores (ref. Table 70) and after applying the allocation ratio as determined by GHIAL by treating CGF services as non-aeronautical, the aeronautical Other Admin Expense as per GHIAL is Rs. 19.03 Crores (ref. Table 71). The Authority has reclassified CGF services as aeronautical and accordingly revisited the allocation methodology and recalculated the expense allocation ratio. Based on the revised allocation ratio, which is higher than the allocation ratio considered by GHIAL, the Other Admin Expense attributable to aeronautical services has been computed at Rs. 19.27 Crores (ref. Table 126). In this context, it is pertinent to note that the reclassification of CGF services from non-aeronautical to aeronautical results in revenues from CGF services getting added to aeronautical revenue, ultimately offsetting the Aggregate Revenue Requirement (ARR) thereby reducing aeronautical charges. Though this approach results in some increase in the aeronautical portion of the related opex item but the corresponding increase in the aeronautical revenue provides a substantial benefit to airport users by allowing the full impact of CGF revenue for offsetting aeronautical charges, thereby ensuring consistency in the treatment of costs and revenues.

5.6.227. Based on the foregoing, the Authority proposes to consider General Admin Expense as per the table below:

Table 127: Aeronautical General Admin Expense proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical General Admin Expense	67.83	97.23	117.07	143.26	151.85	577.25

Assets Written off

5.6.228. The Aeronautical Assets Written off as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

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Table 128: Aeronautical Assets Written off submitted by GHIAL for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Aeronautical Assets Written off submitted by GHIAL	0.05	0.66	0.88	0.00	0.00	1.59

5.6.229. The Authority notes that the operator has not provided details on the salvage value recovered on account of the assets written off. In view of this the authority proposes to disallow the expenses associated with the assets being written off and may revisit again at the time of issuance of tariff order subject to submission of relevant data by the Airport Operator.

Bad Debts, Provision for Bad Debts, Donations and CSR Expenses:

5.6.230. The expenses for the Third Control Period submitted by GHIAL in the MYTP for the Fourth Control Period are as follows:

Table 129: Bad Debts, Provision of Bad Debts, Donations and CSR Expenses submitted by GHIAL for the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Total Expenses submitted by GHIAL						
Bad Debt	-	63.00	-	-	-	63.00
Provision of Bad Debt	-	-	5.06	1.17	0.15	6.38
Donation & Contribution to Electoral Fund	20.00	-	-	7.50	0.85	28.35
CSR	8.20	8.20	8.50	8.50	11.95	45.35
Aero Portion of Expenses submitted by GHIAL						
Bad Debt	-	51.13	-	-	-	51.13
Provision of Bad Debt	-	-	4.44	-	-	4.44
Donation & Contribution to Electoral Fund	17.63	-	-	6.62	0.74	24.99
CSR	6.76	6.65	7.45	7.42	10.34	38.62

CSR

5.6.231. The Authority took cognizance of the statutory provisions of the Companies Act, 2013 towards allowance of CSR expenses and the extract of the same has been provided below:

- i. *‘Section 135 (1) of Companies Act, 2013 states that ‘Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one shall be an independent director.’ Further section 135(5) states that ‘The Board of every company referred in section 135(1), shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility.’*

5.6.232. In this regard, the Authority is of the view that the CSR is a mandatory Social Responsibility of the Company (as per Section 135(1) of Companies Act). As the CSR expenditure is to be incurred by Companies out of their net profits, it is to be regarded as an element of appropriation of Net Profits and not as a part of their Operating Expenditure. Therefore, CSR expenses could not be construed as a passthrough expenditure of the companies,

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otherwise, it would defeat the very purpose of the social responsibility entrusted on the companies. Further, Section 37(1) of Income Tax Act also disallows CSR expenses, as these are not considered expenses incurred wholly and exclusively for the purpose of business of the entity.

5.6.233. The Authority hence proposes not to consider CSR expenses as part of Aeronautical O&M expenses for the Third Control Period.

Bad Debt

5.6.234. The Authority notes that GHIAL has availed the credit facilities of INR 4,200 Crore from Yes Bank Limited for the terminal expansion CAPEX in December 2019 and had paid 1.5% upfront non-refundable facility fee (INR 63 Crore). The Yes Bank credit facility was offered to GHIAL at 9.95%. However, due to change in the market conditions, GHIAL raised USD 300 Mn (INR 2067 cr) at a coupon rate of 5.375% + hedge cost in April 2019 (Effective cost of 9.96% plus Withholding tax). GHIAL further raised USD 300 Mn (INR 2,188 cr) in February 2021 at a coupon rate of 4.75% + hedge cost (Effective cost of 9.39% plus Withholding tax). The blended FCB rate including withholding tax was around 10.10%.

5.6.235. The Authority notes that although GHIAL availed the credit facility from Yes Bank but never drew the fund from it. Further, GHIAL opted to avail the FCBs with a blended rate of 10.10% vis-à-vis the Yes Bank credit facility of 9.95% (YBL MCLR + 0.10%) in order to manage their cashflows for repayment of the loan, which doesn't have any direct bearing on the airport users and is solely a business decision. Therefore, the Authority is of the view that the Airport Users will not accrue any benefit on account GHIAL availing FCBs instead of the Yes Bank Credit facilities and may lead to a higher weighted average cost of debt for the calculation of Weighted Average Cost of Capital.

Donation to Electoral Fund

5.6.236. The Authority is of the considered view that donations to electoral funds, electoral bonds, or any form of political contributions cannot be treated as a legitimate cost recoverable through the aeronautical tariff, for the following reasons:

- (i) No Nexus with Aeronautical Service Delivery: Such contributions have no demonstrable connection with the provision of aeronautical services to airlines, passengers, or cargo operators. They neither contribute to the operations, maintenance, or development of the airport infrastructure, nor enhance the quality of aeronautical services rendered to the users.
- (ii) Discretionary and Voluntary in Nature: Donations of this nature are wholly discretionary and voluntary acts of the corporate entity, undertaken in pursuit of considerations extraneous to the regulated aeronautical business. They do not arise from any statutory obligation, regulatory mandate, or operational necessity associated with the running of the airport.

5.6.237. Further, the Authority consistent with the decision taken in the past proposes not to consider Bad debt, Donations and Provisions for Bad Debts as part of Aeronautical O&M expenses for the Third Control Period.

Utility Expenses

5.6.238. The Utility expenses submitted by GHIAL and as approved by the Authority in the Tariff Order for the Third Control Period is as follows:

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Table 130: Comparison of Utility expenses as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Utility expenses approved by the Authority in TCP order (A)	25.91	46.93	57.74	60.40	63.18	254.16
Utility expenses submitted by the Operator (B)	11.36	13.91	52.27	50.31	47.86	175.71
Variation (B-A)	-14.55	-33.02	-5.47	-10.09	-15.32	-78.45

5.6.239. The Authority notes that the Utility expenses submitted by GHIAL for the Third Control Period in the MYTP for the Fourth Control Period is ~30.9% lower than the Utility Expenses approved by the Authority in the Third Control Period and the same has also been verified through relevant documents including CA certificates.

5.6.240. The Authority has analyzed the utility consumption of GHIAL along with the Utility charges submitted by GHIAL towards true up for the Third Control Period:

Table 131: Utility consumption submitted by GHIAL towards true up for the Third Control

Particulars		FY22	FY23	FY24	FY25	FY26	Total
Electricity	Units						
Units Generated -DG Set (A)	Kwh	33,991	145,664	37,272	78,506	49,064	
Units Generated -Solar (B)	Kwh	10,367,200	13,097,600	13,251,794	12,390,334	11,000,950	
Units Purchased (C)	Kwh	81,780,705	97,178,010	125,312,230	153,117,041	167,542,136	
Energy Recovered (D)	Kwh	61,400,979	72,494,728	76,966,930	79,716,175	98804629	
Net Energy Consumption (E=A+B+C-D)	Kwh	3,07,80,917	37,926,546	61,634,365	85,869,706	79787521	
Total Power Charges (Net)	Rs Cr	7.85	10.74	49.85	46.3	45.66	160.4
Water	Units						
Rainwater (A)	KL	13,308	108,085	87,468	100,889	1,47,724	
Water Drawn from Borewell (B)	KL	-	-	-	-	-	
Water Recycled through STP (C)	KL	225,003	295,405	422,094	408,578	3,80,513	
Water Recycled through STP – Landscaping (D)	KL	94,325	78,049	40,232	38,050	1,20,387	
Water Drawn from Borewell – Landscaping (E)	KL	415,213	394,660	472,273	480,459	2,58,543	
Water Purchased (F)	KL	490,766	582,547	685,243	748,141	8,02,493	
Water Recovered (G)	KL	312,147	378,929	513,047	481,212	5,74,814	
Net Water Consumption (H=A+B+C+D+E+F-G)	KL	9,26,468	1,079,817	1,194,263	1,294,905	11,34,846	
Total Water Charges	Rs Cr	3.50	3.16	2.41	4.00	2.19	15.26

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- 5.6.241. The Authority further notes that the percentage of utility cost recovery from concessionaires has registered a noticeable improvement during FY26 as compared to the preceding year. Electricity recovery has increased to 55.32% in FY26 from 48.14% from the previous year and water recovery has increased to 33.62% in FY26 from 27.09% in FY25.
- 5.6.242. The Authority notes that the Utility expense submitted by GHIAL for the Third Control Period is lower than the Utility expense approved by the Authority in the Third Control Period and the same has also been verified through relevant documents including CA certificates and is found to be reasonable. Further it is submitted that the independent consultant has verified the necessary recoveries from various concessionaires and found that such recoveries are netted off from the above utility expenses.
- 5.6.243. The Authority has examined the submission made by GHIAL with respect to the Utility Expenses (comprising Electricity and Water charges) incurred during the Third Control Period (FY22-FY25) and the actuals for FY26, as detailed in table above. The Authority notes that the Utility Expenses reflected in the said table represent the net expenses borne by GHIAL after recovery of the proportionate utility charges from concessionaires, commercial occupants, and other third-party users of the airport infrastructure.
- 5.6.244. The Authority has reviewed the consumption pattern of electricity over FY22-FY26 and notes that while the total electricity demand at RGIA has more than doubled between FY22 and FY26 (largely on account of post-COVID traffic recovery and ongoing capacity expansion), the captive solar generation has remained largely stagnant, registering a growth of merely ~6% over the same period.
- 5.6.245. Based on the above, Aeronautical Utility expense proposed to be considered by the Authority for the Third Control Period is shown in the table below:

Table 132: Aeronautical Utility expense proposed by the Authority for True up of the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Utility expense proposed to be considered by the Authority	11.36	13.91	52.27	50.31	47.86	175.71

Concession Fee:

- 5.6.246. The Concession Fee submitted by GHIAL and as approved by the Authority in the Tariff Order for the Third Control Period is as follows:

Table 133: Comparison of Concession Fee as submitted by GHIAL for True up and as approved by the Authority in the Third Control Period

(Rs. In crores)

FY ending March	FY22	FY23	FY24	FY25	FY26	Total
Concession Fee approved by the Authority in TCP Order (A)	14.33	32.59	50.25	59.59	65.28	222.04
Aeronautical Concession Fee Submitted by the Operator (B)	9.56	23.85	42.67	53.82	57.53	187.43
Variation (B-A)	-4.77	-8.74	-7.58	-5.77	-7.75	-34.61

- 5.6.247. The Authority notes that the Aeronautical Concession Fee submitted by the Operator for the Third Control Period actuals is lower than the amount approved by the Authority in the Third Control Period Tariff Order, the said variance being attributable solely to the divergent treatment of revenues from Cargo, Ground Handling and Fuel Farm (CGF) operations, while the Operator has classified CGF revenues as non-aeronautical and has

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consequently excluded them from the aeronautical revenue base for computation of the Concession Fee, the Authority treats CGF revenues as aeronautical in nature.

5.6.248. Based on the treatment suggested, the concession fees has been calculated as 4% of the revised aeronautical revenues as shown in the table below:

Table 134: Aeronautical Concession Fee proposed to be considered by the Authority for the Third Control Period

(Rs. In crores)

Particulars (In Rs. Crores)	2022	2023	2024	2025	2026	Total
Landing Revenues	84.97	148.74	214.49	300.91	352.64	1,101.75
Parking Revenues	7.68	5.59	6.32	14.69	24.07	58.34
Revenues from User Development Fee	144.83	440.97	844.94	1029.76	1044.92	3,505.41
Subtotal - L&P, UDF	237.48	595.30	1065.74	1345.35	1421.63	4,665.50
Fuel Farm	57.81	85.86	93.59	91.83	82.18	411.27
Cute, Cuss, BRS (ICT)	45.39	11.77	3.17	3.66	3.89	67.89
Cargo	18.15	20.25	30.76	43.08	56.00	168.24
GH + GPU	16.83	40.29	47.56	56.77	81.70	243.15
Subtotal - CGF revenues	138.19	158.18	175.07	195.35	223.77	890.56
Other Aero Revenues						
CSB Rentals*	12.01	13.46	0.56	-	0.02	26.05
Income from vehicle fuelling services - airside + landside	0.52	0.72	0.78	0.16	0.70	2.87
ATC Tower Rentals	0	0	0	0	14.14	14.14
Incidental Income - Township rentals	0.93	0.33	0.11	0.10	1.75	3.21
MRO revenue	0.02	0.66	1.22	1.34	1.40	4.64
Subtotal - Other Aero revenue streams	13.48	15.17	2.66	1.59	18.01	50.90
Total Aeronautical Revenue (A)	389.14	768.64	1243.48	1542.29	1663.41	5606.96
Concession %	4%	4%	4%	4%	4%	
Concession Fee	15.57	30.75	49.74	61.69	66.54	224.28

5.6.249. The Aeronautical Concession Fee proposed to be considered by the Authority for the Third Control Period is higher than GHIAL's submission on account of treatment of CGF revenue and MRO revenue as aeronautical revenue.

Strategic, Management and Technical Service Fee

5.6.250. The Authority took note of GHIAL's submission regarding a new expense head, Strategic, Management and Technical Service Fee, proposed for the last financial year of the Third Control Period.

5.6.251. The Authority sought clarification from GHIAL on the details and justifications for projection of such expenses for the last financial year of the Third Control Period. GHIAL's responses are as follows:

5.6.252. "GHIAL Board in its meeting dated 23.07.2025, has approved the payment of Strategic, Management and Technical Service Fee from FY26 to all its shareholders including GMR Airports Limited (GAL), Airport Authority of India and Government of Telangana. The Clauses 3.4 and 3.5 of the Shareholders Agreement defines the Role of the Sponsors which lists down the various activities that the Sponsors are to provide. The Clause 5.10 of the Shareholders Agreement provides that all decisions of the Board shall be a simple majority of the Directors present and voting. The Clause 11.3 of the Shareholders Agreement mentions that GHIAL shall provide to each of its investors with a right to consult and advise management of GHIAL on various issues.

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- 5.6.253. Hence the board of GHIAL has now decided to start paying, going forward, a consideration for the services being provided by shareholders to the Company towards its strategic leadership, governance and business sustainability @3% of stand-alone gross revenue from FY 2026 on a quarterly basis.”
- 5.6.254. The Authority notes that, as per the present shareholding pattern of GHIAL, 26% of the shareholding is held by Government entities, comprising 13% held by AAI on behalf of the Government of India, and 13% held by the Government of Telangana, while the remaining 74% is held by GMR Airports Limited (GAL). GHIAL has referred to certain provisions of the Shareholders’ Agreement and submitted that the Board of GHIAL has decided to make payments to its shareholders towards services stated to be provided by them in relation to strategic leadership, governance and business sustainability. GHIAL has proposed that such consideration would be paid at the rate of 3% of standalone gross revenue, with effect from FY 2025-26, on a quarterly basis.
- 5.6.255. The Authority has analysed GHIAL’s submission and observes as under:
- 5.6.256. Clauses 3.4 and 3.5 of the Shareholders’ Agreement set out the roles of the Sponsors and the State Promoters in providing support to GHIAL. The activities listed for the State Promoters primarily relate to the initial support required for commencement of airport operations. The activities listed for the Sponsors also relate to commencement of airport operations and include reference to services to be provided in the ordinary course of business for operation, management and development of the airport and for provision of airport services.
- 5.6.257. The aforesaid clauses are general enabling provisions defining the broad roles and obligations of shareholders in relation to the airport project under the Concession Agreement framework. The Authority does not find any specific provision in the Shareholders’ Agreement which provides for payment of separate consideration to shareholders towards advice, consultation, strategic leadership, governance or business sustainability services.
- 5.6.258. The Authority is of the view that Hyderabad Airport was awarded to GAL through a transparent competitive bidding process with a clear mandate of development, construction, operation and maintenance of the airport for the concession period. Further, at the time of evaluation of the bids, GAL was shortlisted considering their ability to develop and manage the airport operations. Considering the Strategic, Management and Technical Service Fee to run the airport operations would defeat the above purpose and will lead to an additional fee being rendered to the shareholders in addition to the return on their invested equity.
- 5.6.259. The Authority further observes that GHIAL is a separate legal entity having its own senior management, personnel and functional structure for operating, managing and developing the airport. In addition, GHIAL already avails expert services from personnel of group companies and engages consultants/domain experts in various fields in the ordinary course of its business. Therefore, the Authority is of the view that a blanket quarterly payment to shareholders would lead to a risk of overlap between the proposed fees and costs already embedded in GHIAL’s existing expenditure base, including employee costs, administrative expenses, consultancy charges and other management-related expenses and may result in duplication of costs and consequential double recovery from airport users.
- 5.6.260. Accordingly, the Authority proposes not to consider the payment towards Strategic, Management, and Technical Service Fees to shareholders.

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5.6.261. Considering the above, the Aeronautical Operation and Maintenance (O&M) expenses proposed to be considered by the Authority for true up for the Third Control Period is provided in the table below.

Table 135: Aeronautical Operation and Maintenance Expenses proposed to be considered by the Authority for True up of the Third Control Period

(Rs. In crores)

Particulars	FY22	FY23	FY24	FY25	FY26	Total
Staff Cost	96.96	101.50	135.97	159.25	146.03	639.72
Rates & Taxes (incl. Property Tax)	4.10	11.04	6.70	7.12	7.24	36.20
Community development						0.00
Bad Debts Written Off/ Advances written off						0.00
Bank Charges, Exchange Fluctuations, etc.	27.84	38.84	13.51	23.90	11.87	115.95
Security Cost	12.97	18.61	19.12	18.37	16.21	85.29
Repairs and Maintenance	56.67	81.34	105.58	113.96	113.37	470.92
Stores & Spares	4.13	11.66	15.67	14.03	13.13	58.63
Insurance Cost	5.08	5.40	6.41	6.80	8.14	31.83
Land Lease Rent to GoT	6.76	10.99	10.49	15.04	15.74	59.01
Manpower Outsourcing (Technical Service) Expenses	46.53	41.33	53.46	85.26	87.16	313.73
Housekeeping Cost	14.15	16.67	26.56	34.86	51.84	144.09
CGF (Fuel Farm) Cost	18.03	21.06	20.84	23.63	27.77	111.32
Operating Expenses	6.52	4.47	5.86	4.56	2.85	24.26
Collection charges	1.97	3.52	5.90	4.76	5.92	22.07
General Admin Cost						
• Advertisement & Business Promotion	2.48	3.44	5.96	6.91	8.27	27.06
• Legal and Professional Charges	13.33	33.93	32.65	41.66	33.65	155.22
• Corporate Cost allocation	31.48	31.56	45.03	56.08	71.76	235.91
• Communication Costs	2.09	2.05	1.71	1.87	1.94	9.66
• Printing and Stationery	0.36	0.42	0.95	0.59	0.63	2.95
• Recruitment Charges	0.37	2.19	2.54	5.45	4.50	15.04
• Travelling and Conveyance	14.36	20.15	23.73	25.15	23.89	107.28
• Directors Sitting Fees	0.16	0.22	0.22	0.17	0.19	0.97
• Payment to Auditors	0.55	0.70	0.68	0.73	1.12	3.78
• Other Admin Expenses	2.65	2.57	3.57	4.61	5.88	19.27
Utility Expense	11.36	13.91	52.27	50.31	47.86	175.70
Concession Fee	15.57	30.75	49.74	61.69	66.54	224.28
Strategic, Management & Technical Service Fee	0.00	0.00	0.00	0.00	0.00	0.00
Total	396.45	508.31	645.12	766.77	773.49	3090.14

5.6.262. In view of the above, the Authority proposes to consider Aeronautical Operating Expenses of Rs. 3,090.14 Crores as per Table 135 for True up of the Third Control Period as against GHIAL's submission of Rs. 3,277.23 Crores (as per Table 71).

5.6.263. The above variation is primarily attributable to non-consideration of Bad debts, Forex Fluctuations, Donation to Electoral Fund, CSR, Strategic, Management & Technical Service Fee and rationalization of expense heads such as Advertisement & Business promotions and Travelling & Conveyance allowance.

5.6.264. The Authority observed a substantial variation between the actual Operating Expenses incurred by the Airport Operator and the Operating Expenses approved by the Authority in the Tariff Order for the Third Control Period. Upon examination, the Authority is of the view that the Airport Operator is expected to enhance operational efficiency through optimization of overall Operating Expenses, particularly employee costs and Operations &

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Maintenance (O&M) expenses, including through leveraging technology and process improvements for cost rationalization.

5.6.265. The Authority further notes that any inefficient or avoidable expenditure arising from operational inefficiencies on the part of the Airport Operator ought not to be passed on to the airport users through tariffs. It is a well-recognized and consistently upheld regulatory principle that the inefficiency of one stakeholder cannot be transferred to, or borne by, another set of stakeholders. The Authority, therefore, considers it imperative that the Airport Operator undertakes appropriate measures to enhance operational efficiency and optimize such costs, so as to safeguard the interest of the passengers and prevent any avoidable financial burden being cast upon them.

5.7. True up of Non-Aeronautical Revenue

GHIAL's Submission regarding True up of Non-Aeronautical Revenue for the Third Control Period

5.7.1 GHIAL, in its MYTP for the Fourth Control Period has submitted the following key positions for True up of NAR for the Third Control Period:

- a) CGF Services: Revenue from Cargo, Ground Handling and Fuel Farm (CGF) has been classified as Non-Aeronautical Revenue;
- b) Revenue from Real Estate: Revenue from Real Estate has been considered as Non-Airport and excluded from the computation of NAR;
- c) Other Income: Interest income has been excluded from the computation of NAR;
- d) Rentals from Township: Rentals from Township excluded from the computation of NAR;
- e) Rentals from ATC: Rentals from ATC has been considered as NAR

5.7.2 Accordingly, the NAR submitted by GHIAL for true-up of the Third Control Period is set out below:

Table 136: Non-Aeronautical Revenue submitted by GHIAL for True up for the Third Control Period

(Rs. In Crores)

Particulars	FY22	FY23	FY24	FY25	FY26*	Total
In-Flight Kitchen	7.23	12.86	15.32	18.62	21.25	75.28
Duty Free	23.65	68.08	94.27	121.63	151.25	458.88
Forex	4.16	10.4	13.2	13.12	10.84	51.72
Lounge	11.59	36.7	42.1	62.12	76.19	228.7
Retail	32.95	70.85	83.77	80.1	84.03	351.7
Food & Beverage	20.49	40.76	53.37	71.81	84.72	271.15
Rental Income	49.67	55.09	53.07	68.05	106.26	332.14
Advertisement & Promotions	21.86	43	64.13	81.31	101.4	311.7
Car Parking + Radio Taxi	46.94	93.29	108.01	82.83	88.54	419.61
Public Admission Fee	1.36	8.07	4.44	1.8	1.31	16.98
Miscellaneous Income	45.31	14.39	15.35	17.3	19.67	112.02
Fuel Farm	57.81	85.86	93.59	91.83	82.18	411.27
Cargo revenue	18.15	20.25	30.76	43.08	56	168.24
ICT & GH	62.22	52.07	50.72	60.44	85.59	311.04
Total	403.39	611.67	722.1	814.04	969.23	3520.43

*FY26 actuals was submitted via email dated 2nd May 2026

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Recap of decisions taken by the Authority regarding Non-Aeronautical Revenue for the Third Control Period

- 5.7.3 Decision No. 8.6.1: “To treat revenues from Cargo, Ground Handling, Fuel Farm, Ground Power Unit, and ICT services (CUTE, CUSS, BRS and IT services) as aeronautical in nature (refer para 8.2.6) ”
- 5.7.4 Decision No. 8.6.3: “To treat other income, comprising interest income and dividend income, under the regulatory purview based on the nature of the service. (refer para 8.5.3)”
- 5.7.5 Decision No. 8.6.4: “To treat revenue from real estate development as non-aeronautical in nature. (refer para 8.5.4) ””
- 5.7.6 The Non-Aeronautical Revenue considered by the Authority in the Tariff Order of the Third Control Period is shown in the table below:

Table 137: Non-Aeronautical Revenue decided by the Authority in the Third Control Period Tariff Order

Rs. In crores)

Particulars	FY22	FY23	FY24	FY25	FY26	Total
In-Flight Kitchen	8.55	13.71	15.42	17.4	20.66	75.74
Duty Free	12.08	45.75	66.11	74.29	82.89	281.12
Forex	2.24	7.63	10.65	12.03	13.51	46.06
Lounge	7.08	24.16	33.7	38.07	42.77	145.78
Retail	36.15	62.83	71.37	81.31	97.93	349.59
Food & Beverage	21.63	37.6	42.71	48.65	58.6	209.19
Rental Income	65.33	70.6	74.13	77.83	81.73	369.62
Advertisement & Promotions	20.29	35.26	40.05	45.63	54.96	196.19
Radio Taxi	4.19	7.28	8.27	9.42	11.35	40.51
Car Parking	36.23	62.98	71.54	81.49	98.16	350.4
Public Admission Fee	0.47		2.22	2.51	2.82	8.02
Miscellaneous Income	8.58	8.97	9.38	9.82	10.27	47.02
Interest & Dividend from Duty Free Subs	110.63	110.63	110.63	110.63	110.63	553.15
Real Estate Income	30.25	31.77	33.36	35.02	36.77	167.17
Vehicle Fueling Service Landside	0.47	0.49	0.52	0.54	0.57	2.59
Total	364.2	519.7	590.1	644.6	723.6	2842.15

Authority’s examination regarding Non-Aeronautical Revenue for True up of Third Control Period

- 5.7.7 The Authority has examined the gross Non-Aeronautical Revenue submitted by GHIAL for the Third Control Period through its Independent Consultant, in the following Period:
- I. Reconciliation of the gross NAR submitted by GHIAL with the audited financial statements for FY 2022–FY 2025 and the unaudited actuals for FY 2026;
 - II. Review of underlying contracts, concessionaire agreements and other supporting documents furnished by GHIAL; and
 - III. Analysis of the variance between the NAR considered in the Third Control Period Tariff Order and the actual NAR submitted by GHIAL, along with the underlying reasons
- 5.7.8 The line-item variance analysis between the NAR considered in the Third Control Period Tariff Order and the actuals submitted by GHIAL are set out here in below tables:

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Table 138: Comparison of NAR as approved in the Third Control Period Order and as submitted by GHIAL for True-Up of the Third Control Period

(Rs. In crores)

Particulars	3rd CP Order (A)	GHIAL's Submission (B)	Variance (C=B-A)	Reason for Variation
In-Flight Kitchen	75.74	75.28	(0.46)	Broadly aligned with projections.
Duty Free	281.12	458.88	177.76	<ul style="list-style-type: none"> • Expansion of arrival store by 1,324 sq.m.; • Addition of last-minute departure store; and • Introduction of new lifestyle categories (perfumes, cosmetics, confectionery, etc.).
Forex	46.06	51.72	5.66	Higher actual international passenger footfall vis-à-vis projections.
Lounge	145.78	228.70	82.92	<ul style="list-style-type: none"> • Change in lounge operator with revenue share rising from 31% to 32%, • Minimum Monthly Guarantee (MMG) increased from ₹4 Mn to ₹12 Mn (Q4 FY23 onwards), • Operational area expanded by 1,429 sq.m.
Retail	349.59	351.70	2.11	Higher actual passenger throughput vis-à-vis projections.
Food & Beverage	209.19	271.15	61.96	Expansion of F&B area from 4,647 sq.m. to 8,767 sq.m. and addition of new outlets.
Rental Income	369.62	332.14	(37.48)	While the 3rd Control Period Order factored in a 25% reduction in FY21 rental income (to account for COVID-related deferments) and assumed a return to normal levels in FY22, the actual recovery trajectory differed from these projections.
Advertisement & Promotions	196.19	311.70	115.51	Post-COVID recovery coupled with aggressive advertising strategies.
Car Parking & Radio Taxi	390.91	419.61	28.70	Higher net realizations on account of car parking operating at maximum efficiency.
Public Admission Fee	8.02	16.98	8.96	Higher actual international passenger footfall vis-à-vis projections.
Miscellaneous Income	47.02	112.02	65.00	Predominantly attributable to non-recurring COVID testing income of ₹33.99 Crores.

5.7.9 The table below illustrates the CGF revenue considered by the Operator for True up of NAR for the Third Control Period

Table 139: Revenue from CGF, ICT submitted by GHIAL for True-Up of the Third Control Period*(Rs. In crores)*

S. No	Particulars	GHIAL's Submission	Remarks
1	Cargo Revenue	168.24	GHIAL has classified Cargo Revenue as NAR in line with the TDSAT Order. The Authority, however, proposes to reclassify the same as Aeronautical Revenue.
2	Fuel	411.27	Same as above — proposed to be reclassified as Aeronautical Revenue
3	ICT & GH	311.04	Proposed to be reclassified as Aeronautical Revenue, consistent with the treatment adopted in the Third Control Period Tariff Order.

5.7.10 The Authority observes that the actual NAR for the Third Control Period has, on an aggregate basis, surpassed the projections considered in the Third Control Period Tariff Order. The line-item variance analysis above demonstrates that the variance is primarily attributable to:

- (i) **Substantial Expansion of Commercial Footprint:** The Authority observes that the commissioning of the 34 MPPA terminal expansion at Rajiv Gandhi International Airport, Hyderabad ("RGIA"), has enabled GHIAL to substantially augment its commercial footprint across multiple revenue streams:
 - (a) Duty Free – expansion of the arrival store by 1,324 sq.m., addition of a last-minute departure store, and introduction of new lifestyle categories (perfumes, cosmetics, confectionery, etc.);
 - (b) Lounge – expansion of the operational area by 1,429 sq.m.; and
 - (c) Food & Beverage – expansion of the F&B operational area from 4,647 sq.m. to 8,767 sq.m., with the addition of new outlets.
- (ii) Lounge concession – change of lounge operator, with the revenue share rising from 31% to 32%, accompanied by an increase in the Minimum Monthly Guarantee ("MMG") from ₹4 Million to ₹12 Million with effect from Q4 of FY 2022-23.
- (iii) **Post-Pandemic Traffic Recovery and Surge in International Footfall:** The Authority observes that the post-pandemic recovery and subsequent acceleration of passenger traffic at RGIA — particularly international passenger footfall, which has registered a 3-year CAGR of 16.9%
- (iv) **Advertisement & Promotions** – realisation of higher revenues on account of the post-pandemic recovery in advertising demand, coupled with aggressive advertising and brand-positioning strategies adopted by GHIAL; and
- (v) **Car Parking & Radio Taxi** – higher net realisations on account of car parking operating at maximum efficiency.

Treatment of Revenue Streams

5.7.11 The Authority further notes that GHIAL has reclassified revenue from Cargo, Ground Handling and Fuel Farm services as Non-Aeronautical Revenue and has included the same in the computation of Non-Aeronautical Revenue for the purpose of true-up of the Third Control Period.

5.7.12 The Authority also notes that GHIAL has excluded other income, income from real estate and rentals from township from Non-Aeronautical Revenue for the purpose of True-up of the Third Control Period.

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5.7.13 The Authority in line with the treatment adopted during Tariff determination of the Third Control Period proposes the following treatment for the issues raised by GHIAL:

- The Authority proposes to treat CGF services as aeronautical service and consequently the income from these services including cargo, ground handling and fuel farm including CSB and GPU as aeronautical revenue.
- The Authority proposes to treat income from ICT as aeronautical revenue.
- The Authority in the Tariff Order for the Third Control has evaluated that township is housing both critical and non-critical employees. Critical employees are typically employed for handling aeronautical related services such as CISF, critical airport operations, airport fire safety services, security services etc. Hence the building blocks pertaining to Township are proposed to be treated based on critical staff ratio as aeronautical and remaining as non-aeronautical for purpose of tariff determination in this consultation Paper. This ratio is calculated every year based on actual occupancy and the Authority has decided to continue with the same treatment for the purpose of this Tariff Order. The Authority hence proposes to consider rental from township in the ratio of critical to non-critical staff (i.e. 85.7 % aero and 14.3% non-aero).
- The Authority, in the Tariff Order for the Third Control Period, has duly considered the submissions made by GHIAL with respect to the treatment of dividend income and interest income earned on investments, and is unable to accept the Operator's contention that revenue considered for the determination of the Aggregate Revenue Requirement (ARR) must invariably arise from assets forming part of the Regulatory Asset Base (RAB), the said contention being unsupported by any established regulatory principle. The Authority reiterates that, consistent with the classification adopted under the regulatory framework, the treatment of incidental income shall follow the classification of the underlying activity accordingly, cargo operations being classified as aeronautical, the income incidental thereto shall be treated as aeronautical, while duty-free operations being classified as non-aeronautical (as concurred with by GHIAL), the income incidental thereto shall be treated as non-aeronautical and reckoned for the purpose of computation of cross-subsidisation under the Shared Till framework. The Authority further proposes to treat Other Income and Income from Real Estate as non-aeronautical revenue.
- The Authority in the Tariff Order for the Third Control after giving due consideration to GHIAL's comments has decided to treat the fueling station on landside (city side) as common in the ratio of 50:50 (aeronautical: non-aeronautical) as this service is used by both airport users and other users as stated by GHIAL.

5.7.14 Based on the above treatment, the Non-Aeronautical Revenue proposed to be considered by the Authority for cross-subsidisation during the Third Control Period is shown in table below:

Table 140: Non-Aeronautical Revenue proposed to be considered by the Authority for True up of the Third Control Period

(Rs. In crores)

Particulars	FY22	FY23	FY24	FY25	FY26	Total
In-Flight Kitchen	7.23	12.86	15.32	18.62	21.25	75.29
Duty Free	23.65	68.08	94.27	121.63	151.25	458.88
Forex	4.16	10.40	13.20	13.12	10.84	51.72
Lounge	11.59	36.70	42.10	62.12	76.19	228.69

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Particulars	FY22	FY23	FY24	FY25	FY26	Total
Retail	32.95	70.85	83.77	80.10	84.03	351.69
Food & Beverage	20.49	40.76	53.37	71.81	84.72	271.15
Rental Income	48.88	54.80	52.97	67.97	90.62	315.25
Advertisement & Promotions	21.86	43.00	64.13	81.31	101.40	311.71
Car Parking & Radio Taxi	46.94	93.29	108.01	82.83	88.54	419.62
Public Admission Fee	1.36	8.07	4.44	1.80	1.31	16.98
Real Estate Revenue	7.88	14.09	21.09	12.66	31.39	87.11
Miscellaneous Income	45.31	14.39	15.35	17.30	19.67	112.02
Vehicle Fuel - Landside	0.23	0.43	0.49	0.08	0.42	1.65
Other income	97.22	128.87	262.97	158.67	133.40	781.13
Total	369.75	596.60	831.49	790.01	895.03	3,482.87

5.7.15 In view of the above, the Authority proposes to consider Non-Aeronautical Revenue of Rs. 3,482.87 Crores as per Table 140 for True up of the Third Control Period as against GHIAL's submission of Rs. 3,520.43 Crores (as per Table 136) that includes Cargo, Ground Handling & Fuel Farm revenue as NAR.

5.7.16 In fact, the above variation is on account of:

- CGF (Cargo, Ground Handling, Fuel Farm — including CSB and GPU) and ICT income excluded from Non Aeronautical Revenue and included in Aeronautical Revenue.
- Township rental income apportioned as 85.7% Aero : 14.3% Non-Aero, based on critical to non-critical staff ratio.
- Consideration of Dividend & Interest income as Non-Aeronautical Revenue
- ATC Rental income considered as Aeronautical Revenue.
- Real Estate Income treated as Non-Aeronautical revenue.
- Landside Fueling Station treated as common (50:50), being availed by both airport and non-airport users.

5.8. True up of Aeronautical Revenues

GHIAL's Submission regarding True Up of Aeronautical Revenues for the Third Control Period

5.8.1 GHIAL, as part of its true-up submission for the Third Control Period, has submitted the actual Aeronautical Revenues generated during the Third Control Period. The details of Aeronautical Revenues submitted by GHIAL are provided table below:

Table 141: Actual Aeronautical Revenues submitted by GHIAL towards True up for the Third Control Period
(Rs. In crores)

Particulars	FY22	FY23	FY24	FY25	FY26*	Total
Landing - Domestic	57.97	99.60	148.36	212.29	254.12	772.34
Landing - International	27.00	49.14	66.13	88.62	98.52	329.41
Parking & Housing - Domestic	7.02	4.70	5.44	13.64	21.33	52.13
Parking & Housing - International	0.65	0.89	0.87	1.05	2.74	6.2
User Development Fee	144.83	440.97	844.94	1,029.76	1,044.92	3505.42
ATC Rentals	-	-	-	-	14.14	14.14

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Particulars	FY22	FY23	FY24	FY25	FY26*	Total
Fuel Station Rentals	0.52	0.72	0.78	0.16	0.7	2.88
Township Rentals	0.93	0.33	0.11	0.10	1.75	3.22
Total	238.93	596.34	1,066.63	1,345.60	1,438.22	4685.74

*Actuals for FY26 was submitted by the Operator via email dated 2nd May 2026

Recap of decisions taken by the Authority regarding Aeronautical Revenue for the Third Control Period

- 5.8.2 Decision No. 8.6.1 *“To treat revenues from Cargo, Ground Handling, Fuel farm, Ground Power Unit, ICT services (CUTE, CUSS, BRS & IT) as aeronautical in nature. (refer para 8.2.6.)”*
- 5.8.3 Decision No. 8.6.3 *“To treat other income comprising of interest income and dividend income under the regulatory purview on the basis of the nature of service.(refer para 8.5.3)”*
- 5.8.4 Decision No. 8.6.4 *“To treat revenue from real estate development as non-aeronautical in nature.(refer para 8.5.4)”*
- 5.8.5 The Authority, in the Tariff Order for the Third Control Period, decided the Aeronautical revenue as per the table below:

Table 142: Aeronautical Revenue considered by the Authority in the Tariff Order of the Third Control Period

(Rs. In crores)

Particulars	2022	2023	2024	2025	2026	Total
Landing Revenues	71.80	158.30	232.30	302.20	372.40	1136.95
Parking Revenues	2.50	5.90	8.60	11.30	13.50	41.77
Revenues from User Development Fee	163.80	482.20	834.40	980.60	1025.90	3487.04
Subtotal - L&P, UDF	238.11	646.44	1075.33	1294.08	1411.79	4665.76
Fuel Farm	58.22	95.03	102.34	111.51	128.79	495.90
Cute, Cuss, BRS	0.93	1.12	1.29	1.29	1.37	6.00
Cargo	28.62	29.88	32.50	34.92	36.87	162.78
GH	13.52	22.07	23.77	25.90	29.91	115.18
GPU	0.95	1.55	1.67	1.82	2.10	8.09
Subtotal - CGF revenues	102.2	149.7	161.6	175.4	199.0	787.95
Other Aero Revenues						
CSB Rentals	13.54	14.21	14.93	15.67	16.46	74.81
Income from vehicle fuelling services - landside	0.47	0.49	0.52	0.54	0.57	2.59
Income from vehicle fuelling services - airside	0.32	0.34	0.36	0.37	0.39	1.78
ATC Tower Rentals	2.85	2.85	2.85	2.85	2.85	14.25
Incidental Income - Township rentals	0.72	0.76	0.79	0.83	0.88	3.98
Subtotal - Other Aero revenue streams	17.9	18.7	19.4	20.3	21.1	97.4
Total Projected Aero Revenues	358.25	814.75	1,256.35	1,489.79	1,631.98	5,551.12

Authority’s Examination regarding True Up of Aeronautical Revenues for the Third Control Period

- 5.8.6 The Authority, through its independent consultant, has verified the actual Aeronautical Revenues submitted by GHIAL for the true-up of the Third Control Period with reference to the audited financial statements and supporting information submitted by GHIAL.
- 5.8.7 The Authority notes that GHIAL while submitting the actual aeronautical revenues in Table 141 has not shown CGF revenues, CSB rentals under aeronautical revenue.

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- 5.8.8 The Authority notes the submission of GHIAL that the Airports Authority of India (AAI) had disputed the license fee payments in respect of the CNS/ATM building at RGIA and had consequently stopped remitting the rentals with effect from April 2020. Pursuant to continuous follow-up by GHIAL, AAI has subsequently released the outstanding payments, and the said amount has been recognised as revenue in the FY26 financial statements of the Operator.
- 5.8.9 The Authority further notes that GHIAL, vide its letter No. GHIAL/AERA/2025-26/12131 dated 14.08.2025, requested the Authority to maintain the aeronautical tariffs for the fourth quarter of FY 2025-26, i.e., January–March 2026, at the same level as applicable up to December 2025. GHIAL cited high capital expenditure requirements in the Fourth Control Period and carry-forward shortfall arising from accumulated under-recovery in the Third Control Period, inter alia due to higher transfer passenger traffic, as the basis for its request.
- 5.8.10 The Authority has analyzed the operators request through the Independent Consultant and notes that, on the basis of the information available in MYTP and subsequent clarifications thereon, even if the aeronautical tariff for the 4th Quarter of FY 2025-26 (January-March2026) is maintained at the same level as applicable till December,2025 there would be no likelihood of over recovery as there would actually be under recovery.
- 5.8.11 In view of the above, the Authority decided to maintain the Landing, Parking and UDF charges applicable from 01.04.2025 to 31.12.2025, as provided in Annexure I, for the last quarter of FY 2025-26, i.e., from 01.01.2026 to 31.03.2026.
- 5.8.12 The Authority proposes to consider CSB revenue as part of the aeronautical revenue, consistent with the decision undertaken during the tariff determination for the Third Control Period.
- 5.8.13 The Authority further notes the submission of GHIAL that the Cargo Satellite Building (CSB) was sold to GMR Hyderabad Aerotropolis Limited (GHAL) during FY 2023-24, pursuant to which the said asset has ceased to form part of GHIAL's asset base. Consequent upon the said transfer of ownership, the revenue from CSB has not been accounted for in GHIAL's books from FY25 onwards.
- 5.8.14 The Authority, through its independent consultant, sought details from GHIAL regarding revenue generated from Maintenance, Repair and Overhaul services. In response, GHIAL clarified that it does not earn any direct revenue from MRO activities, except for a 13% share of line maintenance revenue generated by the MRO service provider.
- 5.8.15 Based on the above examination, the revised Aeronautical Revenues proposed to be considered by the Authority for true-up of the Third Control Period is Rs. 5606.96 Crore, as shown in table below, as against GHIAL's submission of Rs. 4685.74 crore.

Table 143: Aeronautical Revenues proposed to be considered by the Authority for True-up of the Third Control Period

(Rs. In crores)

Particulars	2022	2023	2024	2025	2026	Total
Landing Revenues	84.97	148.74	214.49	300.91	352.64	1,101.75
Parking Revenues	7.68	5.59	6.32	14.69	24.07	58.34
Revenues from User Development Fee	144.83	440.97	844.94	1029.76	1044.92	3,505.41
Subtotal - L&P, UDF	237.48	595.30	1065.74	1345.35	1421.63	4,665.50
Fuel Farm	57.81	85.86	93.59	91.83	82.18	411.27
Cute, Cuss, BRS (ICT)	45.39	11.77	3.17	3.66	3.89	67.89

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Particulars	2022	2023	2024	2025	2026	Total
Cargo	18.15	20.25	30.76	43.08	56.00	168.24
GH + GPU	16.83	40.29	47.56	56.77	81.70	243.15
Subtotal - CGF revenues	138.19	158.18	175.07	195.35	223.77	890.56
Other Aero Revenues						
CSB Rentals	12.01	13.46	0.56	-	0.02	26.05
Income from vehicle fueling services - airside + landside	0.52	0.72	0.78	0.16	0.70	2.87
ATC Tower Rentals	0	0	0	0	14.14	14.14
Incidental Income - Township rentals	0.93	0.33	0.11	0.10	1.75	3.21
MRO revenue	0.02	0.66	1.22	1.34	1.40	4.64
Subtotal - Other Aero revenue streams	13.48	15.17	2.66	1.59	18.01	50.90
Total	389.14	768.64	1243.48	1542.29	1663.41	5606.96

5.9. True up of Aeronautical Taxes

GHIAL's Submission regarding True up of Aeronautical Taxes for the Third Control Period

- 5.9.1 GHIAL in its submission for true up for the Third Control Period as per MYTP for the Fourth Control Period has submitted the recalculated building block 'T' relating to Aeronautical Taxes. GHIAL has computed the earnings pertaining to regulated charges after considering aeronautical revenue, 30% of non-aeronautical revenue, operation and maintenance expenditure, concession fee, depreciation and interest expenses.
- 5.9.2 GHIAL has submitted that interest expenses have been computed as Approved RAB multiplied by approved / eligible debt gearing and approved cost of debt. GHIAL has further considered accumulated losses while computing the earnings on which normal tax is calculated. Accordingly, GHIAL has submitted that the taxes pertaining to regulated charges for the Third Control Period are Nil.
- 5.9.3 The Aeronautical Taxes submitted by GHIAL towards true up for the Third Control Period are shown in the table below:

Table 144: Aeronautical Taxes submitted by GHIAL towards true up for the Third Control Period

(Rs. In crores)

Particulars (INR in Crores)	Ref	FY 22	FY 23	FY 24	FY 25	FY 26
Aeronautical revenue	(A)	239	596	1,067	1,346	1,384
30% of non-aeronautical revenue	(B)	121	184	217	244	272
Sub-total (C) = (B) + (A)	(C)	360	780	1,283	1,590	1,657
Expenditure / Allowances:						
Operation and Maintenance Expenditure	(D)	389	608	607	719	812
Concession Fee	(E)	10	24	43	54	55
Depreciation	(F)	184	233	354	442	461
Interest expenses [^]	(G)	93	132	224	283	281
Sub-total (H) = (D + E + F + G)	(H)	675	996	1,228	1,497	1,609
Earnings pertaining to the Regulated Charges (I) = (C) – (H)	(I)	(315)	(216)	56	93	48
Accumulated Losses:						
Opening Accumulated Losses	(J)	360	675	892	836	743

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Particulars (INR in Crores)	Ref	FY 22	FY 23	FY 24	FY 25	FY 26
Current year losses	(K)	315	216	-	-	-
Current year set-off	(L)	-	-	56	93	48
Closing Accumulated Losses (M) = (J + K - L)	(M)	675	892	836	743	696
Earning on which normal tax is calculated [Max (I-J,0)]	(N)	-	-	-	-	-
Normal Tax Rate	(O)	34.94%	34.94%	34.94%	34.94%	34.94%
Taxes pertaining to Regulated Charges (P) = (N) × (O)	(P)	-	-	-	-	-

^GHIAL has considered the Interest cost as follows: Approved RAB X Approved/Eligible Debt Gearing X Approved cost of debt

5.9.4 As per the table above, GHIAL has submitted that there are no earnings on which normal tax is calculated during the Third Control Period after considering accumulated losses. Accordingly, GHIAL has submitted Aeronautical Taxes as Nil for the Third Control Period.

Recap of decisions taken by the Authority regarding Aeronautical Taxes for the Third Control Period

5.9.5 Decision No. 10.6.1: *“To determine Aeronautical Taxes for the Third Control Period by allocating total taxes as per the aggregate Profit & Loss account between aeronautical and non-aeronautical components based on the ratio of taxes as per the aeronautical and non-aeronautical Profit & Loss accounts.”*

5.9.6 The Aeronautical Taxes decided by the Authority for the Third Control Period are shown in the table below:

Table 145: Aeronautical Taxes decided by the Authority at the time of tariff determination for the Third Control Period

(Rs. In crores)

Particulars	2022	2023	2024	2025	2026	Total
Aeronautical PBT	(632.35)	(484.21)	(300.29)	12.22	106.11	(1,298.52)
Aeronautical tax (a)	0.00	0.00	0.00	2.14	18.54	20.67
Non-Aeronautical PBT	242.57	367.07	401.93	456.72	528.47	1,996.76
Non-Aeronautical tax (b)	64.01	104.77	116.26	136.56	163.29	584.88
PBT for HIAL as a standalone entity	(389.75)	(117.11)	101.68	468.98	634.63	698.43
Tax for HIAL as a standalone entity (c)	0.00	0.00	17.76	81.93	110.87	210.56
Ratio for allocation of taxes to be incurred by HIAL as a standalone entity (d) = {a / (a + b)}	0.00%	0.00%	0.00%	1.54%	10.19%	
Aeronautical portion of the total tax to be considered for tariff determination (d × c)	0.00	0.00	0.00	1.26	11.30	12.56

Authority’s examination and proposals regarding True up of Aeronautical Taxes for the Third Control Period

5.9.7 The Authority observes that GHIAL has considered 30% NAR in the estimation of aeronautical profit before tax (PBT), The fact that a part of NAR is used for cross-subsidization as per the hybrid till mechanism does not change nature of such revenue to aeronautical. Further, the cross subsidization as per the hybrid till mechanism is done to reduce tariff pressure on passenger and incentivize GHIAL to make effective investments in non-aeronautical income generating sources.

5.9.8 The Authority also notes that for the purpose of tax calculation, GHIAL has considered interest cost by applying notional gearing ratio. However, the Authority has considered actual aeronautical gearing for calculation of interest expenses.

TRUE UP FOR THE THIRD CONTROL PERIOD

- 5.9.9 The Authority has relied upon the judgement of Hon'ble Supreme Court dated 11.07.2022 and worked out corporate tax based on regulatory accounts/regulatory building block. The Authority notes that Aeronautical Taxes are to be computed only on earnings pertaining to regulated charges after adjustment of accumulated losses. In case accumulated losses are available, the same are to be set off against the earnings pertaining to regulated charges before computing the tax liability.
- 5.9.10 GHIAL has computed the interest expenses considering that 48% of the average RAB is financed through debt. However, it is observed that, in actuality, 70% of the average RAB has been financed through debt. Accordingly, the interest expenses have been reworked by considering debt financing at 70% of the average RAB.
- 5.9.11 Based on the above, the Authority proposes the Aeronautical Taxes for True Up for the Third Control Period as shown in the table below:

Table 146: Aeronautical Taxes proposed to be considered by the Authority for True Up for the Third Control Period

(Rs. In crores)

Particulars	Ref	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Aeronautical revenue	(A)	389.14	768.64	1243.48	1542.29	1663.41	5606.96
Expenditure / Allowances:							
Operation and Maintenance Expenditure	(B)	380.89	477.57	595.38	705.07	706.96	2865.86
Concession Fee	(C)	15.57	30.75	49.74	61.69	66.54	224.28
Depreciation	(D)	174.76	219.26	315.57	415.61	401.26	1526.47
Interest expenses	(E)	134.63	184.35	297.86	375.98	389.74	1382.57
Sub-total (F) = (B + C + D + E)	(F)	705.84	911.92	1258.55	1558.36	1564.49	5999.18
Earnings pertaining to the Regulated Charges (G) = (A) – (F)	(G)	-316.77	-144.09	-15.39	-16.38	98.60	394.03
Accumulated Losses:							
Opening Accumulated Losses	(H)		316.70	459.98	475.06	491.13	1742.87
Current year losses	(I)	316.70	143.28	15.08	16.07	0.00	491.13
Current year set-off	(J)	0.00	0.00	0.00	0.00	98.92	98.92
Closing Accumulated Losses (K) = (H+ I – J)	(K)	316.70	459.98	475.06	491.13	392.21	2135.09
Earning on which normal tax is calculated	(L)	-	-	-	-	-	-
Taxes pertaining to Regulated Charges	(M)	-	-	-	-	-	0.00

- 5.9.12 In view of the above, the Authority, in line with the GHIAL's submission, proposes to consider the Aeronautical Taxes as Nil towards True Up for the Third Control Period.

TRUE UP FOR THE THIRD CONTROL PERIOD

5.10. True up of Aggregate Revenue Requirement for the Third Control Period

GHIAL's Submission regarding Aggregate Revenue Requirement and True up of the Third Control Period

5.10.1 The Aggregate Revenue Requirement submitted by GHIAL for True of the Third Control Period as per MYTP for the Fourth Control Period is as shown in the table below:

Table 147: ARR submitted by GHIAL for True up of the Third Control Period

(Rs. In crores)

Particulars	Ref	FY 22	FY 23	FY 24	FY 25	FY 26	Total
Average RAB	(A)	2,147.62	3,034.68	5,173.18	6,514.28	6,472.58	
FROR	(B)	12.23%	12.23%	12.23%	12.23%	12.23%	
Return on RAB (C = A*B)	(C)	262.55	371.00	632.43	796.39	791.29	2,853.66
Aeronautical Depreciation	(D)	183.52	233.15	354.19	442.01	461.12	1,673.98
Operation & Maintenance Expenditure (Including Aeronautical Concession Fee)	(E)	398.28	631.37	649.33	772.54	867.07	3,318.59
Aeronautical Taxation	(F)						
Less: 30% of Non-Aeronautical Revenue	(G)	120.81	183.53	216.74	244.20	272.27	1,037.56
Aggregate Revenue Requirement (H=C+D+E+F-G)	(H)	723.53	1,051.99	1,419.20	1,766.73	1,847.22	6,808.68
Aeronautical Revenue	(I)	238.93	596.34	1,066.63	1,345.60	1,384.44	4,631.94
Under Recovery / (Over Recovery) (J=H-I)	(J)	484.61	455.64	352.58	421.13	462.78	2,176.73
True up till the 2nd control period as on 31.03.2022 including PCPE and 1st control period	(K)	1,345.35					1,345.35
Net Under Recovery / (Over Recovery) (L=J+K)	(L)	1,829.96	455.64	352.58	421.13	462.78	3,522
Present value factor	(M)	1.78	1.59	1.41	1.26	1.12	
Present value as on 31.03.2027	(N)	3,257.32	724.46	497.13	530.62	518.31	5,528.41

5.10.2 GHIAL via email dated 02.05.2026, submitted the revised true up for FY26 based on actuals, as shown in the table below:

Table 148: Revised true-up submission for FY26 based on actuals

(Rs. In crores)

Particulars	FY 26
Average RAB	6,390.36
Fair Rate of Return applied to the RAB	12.12%
Return on RAB	774.65
Operation and Maintenance Expenditure	768.19
Aeronautical Concession Fee	57.53
Depreciation	430.71
Taxes pertaining to Aeronautical Services	-
Gross Aggregate Revenue Requirement	2,031.08
Less: 30% of Revenue from Non-Aeronautical Services	286.13
Net Aggregate Revenue Requirement	1,744.95
Actual Regulated Charges	1,438.22

TRUE UP FOR THE THIRD CONTROL PERIOD

Particulars	FY 26
Under Recovery / (Over Recovery)	306.73

Recap of Authority's decision regarding Aggregate Revenue Requirement for the Third Control Period

- 5.10.3 Decision No. 13.6.1: “The Authority decides to consider ARR and YPP for the Third Control Period as per Table 167”
- 5.10.4 Decision No. 13.6.5: “Authority decides to allow HIAL to recover the expected shortfall of INR 669.26 Cr. (as on 31st March 2022) in the next Control Period subject to true up of the Third Control Period.”
- 5.10.5 The Aggregate Revenue Requirement decided by the Authority at the time of tariff determination for the Third Control Period is as per the table below:

Table 149: Aggregate Revenue Requirement decided by the Authority in the Tariff Order for the Third Control Period

(Rs. In crores)

Particulars	FY22	FY23	FY24	FY25	FY26	Total
Average RAB (1)	2,550.23	4,264.90	5,678.55	5,957.61	5,609.15	
WACC (2)	12.20%	12.20%	12.20%	12.20%	12.20%	
Return on RAB (i) = (1) * (2)	311.18	520.4	692.9	726.95	684.43	2,935.86
Depreciation (ii)	222.09	344.12	434.67	475.3	484.11	1,960.29
Operating Expense (iii)	361.83	451.3	534.8	575.36	605.4	2,528.70
Concession Fee (iv)	14.33	32.59	50.25	59.59	65.28	222.04
Taxes (v)	0	0	0	1.26	11.3	12.56
Less: 30% Cross-Subsidisation of NAR (vi)	109.25	156.37	177.01	193.39	217.09	853.12
Gross Aggregate Revenue Requirement (a) = {(i) + (ii) + (iii) + (iv) + (v) – (vi)}	800.18	1192.04	1535.61	1645.07	1633.43	6,806.33
Over/under recovery of previous control periods as on 31.03.2022 (vii)	-441.6					-441.6
Net Aggregate Revenue Requirement (b) = {a + (vii)}	358.58	1192.04	1535.61	1645.07	1633.43	6,364.73
PV Value Factor (c)	1	0.89	0.79	0.71	0.63	
PV of Net Aggregate Revenue Requirement (including True up) {(d) = (b) * (c)}	358.58	1,062.41	1,219.77	1,164.62	1,030.62	4,835.99
Total Projected Aero Revenues	358.25	814.75	1,256.35	1,489.79	1,631.98	5,551.12
Discounting Factor	1	0.89	0.79	0.71	0.63	
PV of Projected Aero Revenues (e)	358.25	726.14	997.95	1,054.69	1,029.70	4,166.74
Difference of PV for the control period (d-e)						-669.26

Authority's Examination and Proposals regarding True up of Aggregate Revenue Requirement for the Third Control Period

5.10.6 The Authority has analysed the submissions made by GHIAL regarding True up of Aggregate Revenue Requirement for the Third Control Period and based on the examination of various building blocks and considering various proposals of the Authority with regards to the issues raised by GHIAL concerning the Third Control Period, the Aggregate Revenue Requirement for the Third Control Period is calculated in the table below:

Table 150 Aggregate Revenue Requirement proposed to be considered by the Authority for True up for the Third Control Period

(Rs. in crores)

Particulars	FY22	FY23	FY24	FY25	FY26	Total
Average RAB (A) {Refer Table 54}	2095.80	2925.59	4977.98	6292.81	6269.91	
WACC (B) {Refer Table 61}	12.12%	12.12%	12.12%	12.12%	12.12%	
Return on RAB (C=A*B)	254.05	354.64	603.43	762.81	760.03	2734.95
Depreciation (D) {Refer Table 50}	174.76	219.26	315.57	415.61	401.26	1526.47
Operation and Maintenance Expenditure (including concession fee) (E) {Refer Table 135}	396.45	508.31	645.12	766.77	773.49	3090.14
Aeronautical Tax (F) {Refer Table 146}	0	0	0	0	0	0
Less: 30% of Revenue from Non-Aeronautical Services (G)	110.92	178.98	249.45	237.00	268.51	1044.86
Gross Aggregate Revenue Requirement (H) = C + D + E + F - G	714.33	903.23	1314.67	1708.19	1666.28	6306.70
(Over)/Under Recovery of previous CP (I) as on 31.03.2022 {Refer Table 9}	(441.6)					
Net Aggregate Revenue Requirement (J) = {H+I}	272.73	903.23	1314.67	1708.19	1666.28	5865.10
PV Value Factor (K)	1.78	1.59	1.42	1.26	1.13	
PV of Net Aggregate Revenue Requirement {(L) = (J) * (K)}	485.16	1433.03	1860.29	2155.81	1875.56	7809.85
Actual Aeronautical Revenue (M) {Refer Table 143}	389.14	768.64	1243.48	1542.29	1663.41	5606.96
PV of Aeronautical Revenue (N=M*K)	692.24	1219.49	1759.55	1946.44	1872.33	7490.06
Under Recovery / (Over Recovery) (O) as on 31.03.2027 = I-J	(207.08)	213.54	100.74	209.37	3.23	319.80

5.10.7 Based on the above detailed analysis, the Authority proposes to consider under-recovery amounting to Rs 319.80 Crore and the same will be adjusted in the ARR to be determined for the Fourth Control Period.

5.11. Authority's proposals regarding True up for the Third Control Period

Based on the material before it and its examination, the Authority proposes the following regarding True up for the Third Control Period.

5.11.1 To consider Traffic for true up for the Third Control Period based on Actuals as per **Table 11**.

5.11.2 To consider Aeronautical Capex for True up of the Third Control Period as per **Table 45**.

5.11.3 To consider the Aeronautical Depreciation and Regulatory Asset Base (RAB) for true up for the Third Control Period as per **Table 54**.

5.11.4 To consider the WACC for true up for the Third Control Period as per **Table 61**.

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- 5.11.5 To consider Aeronautical Operation and Maintenance Expenses for True up for the Third Control Period as per **Table 135**.
- 5.11.6 To consider Non-Aeronautical Revenue for true up for the Third Control Period as per **Table 140**.
- 5.11.7 To consider Aeronautical Revenues for true up for the Third Control Period as per **Table 143**.
- 5.11.8 To consider Aeronautical Taxes as Nil for the Third Control Period as per **Table 146**.
- 5.11.9 To consider under recovery of **Rs. 319.80 Cr** (as per Table 150) till the Third Control Period for the tariff determination for the Fourth Control Period.

Examination of MYTP for the Fourth Control Period

6 TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD

6.1. GHIAL's submission regarding Traffic projections for the Fourth Control Period

6.1.1 GHIAL has, in its MYTP for the Fourth Control Period, submitted traffic projections in respect of passenger traffic, Air Traffic Movements (ATM) and cargo for Rajiv Gandhi International Airport, Hyderabad ("RGIA") for the period FY 2026–27 to FY 2030–31. The said projections were developed by CAPA vide its traffic study dated 02.06.2025, which had projected total passenger traffic of 218.30 Mn, ATMs of 1,440.81 thousand and cargo of 1,319.30 thousand MT over the Fourth Control Period.

Passenger and ATM

6.1.2 CAPA has forecasted the passenger traffic movement for domestic and international flights at RGIA using a multi-faceted approach as set out hereunder:

- i. Demand-side forecasts have been developed on the basis of linear and exponential regression analyses undertaken at the national, state, and district levels;
- ii. Supply-side forecasts have been formulated taking into account the prevailing fleet size and the operating characteristics of the airlines serving RGIA;
- iii. Industry-based assumptions, derived from prevailing analytical benchmarks, have been applied for the purpose of converting passenger forecasts into Air Traffic Movement ("ATM") forecasts;
- iv. The aforesaid demand-side and supply-side analyses have been combined to arrive at the recommended primary forecast of passenger traffic and ATMs; and
- v. The said primary forecast has thereafter formed the basis for the derivation of secondary forecasts, including, inter alia, peak hour activity and transfer traffic.

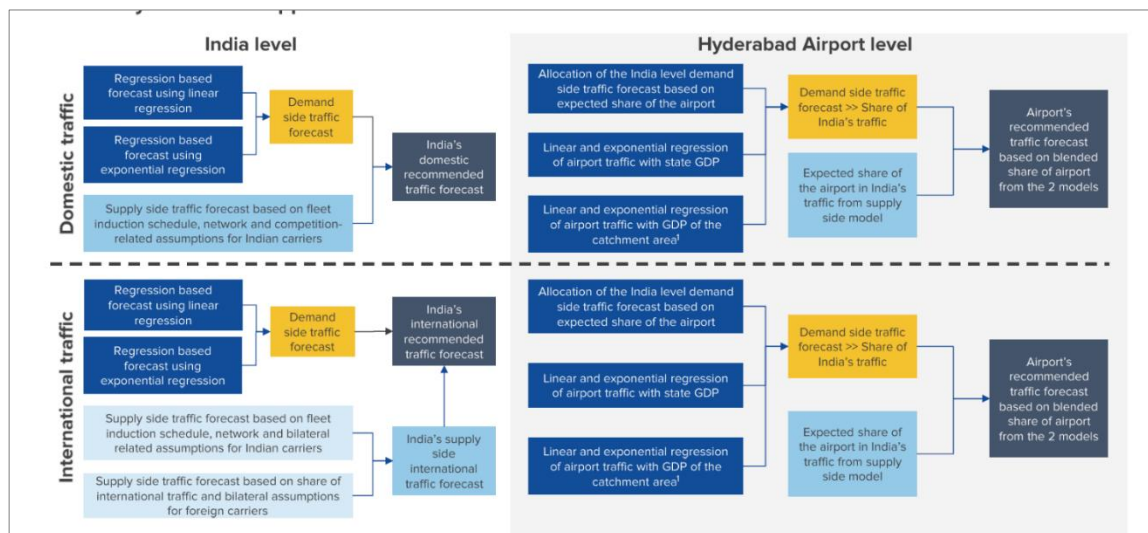


Figure 1: Air Traffic Forecast Approach taken by CAPA

6.1.3 The transfer traffic projections in respect of Rajiv Gandhi International Airport, Hyderabad ("RGIA") for the Fourth Control Period have been developed separately for domestic and international transfers, and the

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said projections have thereafter been aggregated to determine the total transfer passenger movements at the airport. The said exercise has been preceded by an examination of the historical distribution of transfer passengers across three principal segments, namely, Domestic-to-Domestic ("D-D"), Domestic-to-International / International-to-Domestic ("D-I/I-D"), and International-to-International ("I-I").

Cargo

- 6.1.4 For the purpose of forecasting cargo traffic at RGIA over the Fourth Control Period, CAPA has adopted the same regression-based econometric model used for passenger forecasting, duly supplemented with qualitative adjustments to account for the unique structural characteristics of cargo movements at RGIA.
- 6.1.5 CAPA in its report has submitted that, while the regression-based forecasting model linked to national, state, and catchment-area Gross Domestic Product ("GDP") provides a reasonable directional indicator of cargo volumes corresponding to the broader economic expansion, the said model does not, in itself, fully capture the commodity-specific drivers underlying the nature of cargo handled at RGIA, particularly with respect to international cargo.
- 6.1.6 CAPA has further submitted that, having regard to the commodity concentration of cargo at RGIA, it became necessary to factor in the dynamics of the pharmaceutical and Engineering & Aerospace industries while developing the cargo forecasts.
- 6.1.7 Based on the above methodology, CAPA has provided traffic forecasts for the Fourth Control Period. The growth rates considered for each traffic category, namely Passenger Traffic, ATM, and Cargo Traffic, are presented in the table below:

Table 151: Growth Rates considered by CAPA towards Traffic Projections for GHIAL for the Fourth Control Period

FY ending March 31	FY27	FY28	FY29	FY30	FY31
Passenger Traffic					
Domestic	11.56%	8.17%	9.97%	5.77%	7.01%
International	12.10%	14.30%	13.90%	13.40%	10.80%
ATM					
Domestic	11.20%	7.80%	8.90%	4.70%	5.50%
International	11.90%	15.30%	12.40%	14.30%	9.60%
Cargo					
Domestic	6.80%	6.80%	6.40%	6.30%	6.30%
International	11.30%	11.50%	10.80%	10.80%	10.80%

- 6.1.8 Accordingly, GHIAL, in its MYTP, has submitted the traffic projections for the Fourth Control Period adopting the growth rates derived from the CAPA study, as detailed in the table below:

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Table 152: Traffic Projections Submitted by GHIAL for the Fourth Control Period

Particulars	FY27	FY28	FY29	FY30	FY31	Total
\Passenger Traffic (Mn)						
Domestic	30.6	33.1	36.4	38.5	41.2	179.8
<i>Domestic YoY Growth</i>	<i>11.56%</i>	<i>8.17%</i>	<i>9.97%</i>	<i>5.77%</i>	<i>7.01%</i>	
International	6.3	7.2	8.2	9.3	10.3	41.3
<i>International YoY Growth</i>	<i>12.10%</i>	<i>14.30%</i>	<i>13.90%</i>	<i>13.40%</i>	<i>10.80%</i>	
Total	36.9	40.3	44.6	47.8	51.5	221.1
Air Traffic Movements (Nos)						
Domestic	2,11,424	2,28,003	2,48,379	2,60,042	2,74,391	12,22,239
<i>Domestic YoY Growth</i>	<i>11.20%</i>	<i>7.80%</i>	<i>8.90%</i>	<i>4.70%</i>	<i>5.50%</i>	
International	36,419	41,978	47,168	53,919	59,110	2,38,594
<i>International YoY Growth</i>	<i>11.90%</i>	<i>15.30%</i>	<i>12.40%</i>	<i>14.30%</i>	<i>9.60%</i>	
Total	2,47,843	2,69,981	2,95,547	3,13,961	3,33,501	14,60,833
Cargo Projection (000's MT)						
Domestic	83.1	88.7	94.4	100.3	106.6	473.1
<i>Domestic YoY Growth</i>	<i>6.80%</i>	<i>6.80%</i>	<i>6.40%</i>	<i>6.30%</i>	<i>6.30%</i>	
International	135.7	151.3	167.6	185.7	205.9	846.2
<i>International YoY Growth</i>	<i>11.30%</i>	<i>11.50%</i>	<i>10.80%</i>	<i>10.80%</i>	<i>10.80%</i>	
Total	218.8	240	262	286	312.5	1,319.30

6.2. Authority's examination regarding Traffic projections for the Fourth Control Period

6.2.1 The Authority has carefully examined the traffic projections submitted by GHIAL in respect of Rajiv Gandhi International Airport, Hyderabad ("RGIA") for the Fourth Control Period (i.e., FY 2026–27 to FY 2030–31), as developed by its independent traffic consultant, CAPA and undertaken a detailed examination of the methodology adopted.

Passenger Traffic and ATM

6.2.2 The Authority has examined the demand-side and supply side passenger forecasting methodology adopted by CAPA for Rajiv Gandhi International Airport, Hyderabad ("RGIA") for the Fourth Control Period, as submitted by GHIAL.

6.2.3 The Authority notes that the demand-side passenger forecasting methodology adopted by CAPA comprises an econometric regression-based three-tiered approach applied at the national, state, and district levels, supplemented by qualitative adjustments and validated through a back-testing exercise. The Authority is of the opinion that the said methodology is broadly consistent with established forecasting practices adopted

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in past traffic forecasting exercises for major Indian airports and represents a methodologically sound framework for traffic projections.

- 6.2.4 The Authority further notes that the use of historical data spanning a period in excess of twenty (20) years lends robustness to the regression analysis. The three-tiered application of the model captures the layered economic drivers of demand at RGIA i.e. national-level inbound traffic, state-level economic activity in Telangana, and catchment-area economic activity.
- 6.2.5 The Authority notes that the methodology adopted by CAPA for the projection of transfer traffic comprises a segment-wise iterative approach, with separate treatment for the Domestic-to-Domestic ("D-D"), Domestic-to-International / International-to-Domestic ("D-I/I-D"), and International-to-International ("I-I") segments, and a combination of historical CAGR based extrapolation supplemented by qualitative adjustments. The Authority is of the view that the said segment-wise approach is broadly appropriate, having regard to the fact that each transfer segment is influenced by distinct demand drivers, competitive dynamics, and network considerations, and a uniform forecasting approach across all segments would not adequately capture the heterogeneity of transfer traffic at RGIA.
- 6.2.6 The ATM forecasting methodology adopted by CAPA, comprising hierarchical modelling at three levels and sequential four-step computation by aircraft type, is methodologically appropriate and consistent with established forecasting practices.

Cargo Demand

- 6.2.7 The Authority has carefully examined the cargo forecasting methodology adopted by CAPA for RGIA, comprising regression-based projections supplemented by commodity-specific qualitative adjustments, as submitted by GHIAL.
- 6.2.8 The Authority notes that CAPA has duly recognised the structural distinctiveness of cargo flows at RGIA being export-weighted and significantly concentrated in pharmaceutical and engineering commodities and has supplemented the regression-based forecasts with commodity-specific qualitative adjustments. The said approach is methodologically sound and represents a more granular treatment than a purely regression-based forecast, which would not adequately capture the commodity concentration at RGIA.
- 6.2.9 The Authority has also taken cognizance of the International Air Transport Association (IATA) report dated on the Air Passenger Market Analysis for the month of March 2026.

The key highlights of the IATA report are as follows:

- *The industry's total Revenue Passenger-Kilometer (RPK) increased by 2.1% YoY in March, continuing to exceed historical records. Available Seat-Kilometer (ASK) fell by 1.7% YoY lagging demand growth.*
- *The Passenger Load Factor (PLF) improved by 3.1 percentage points compared to the previous year, reaching 83.6%, an all-time high for November.*
- *Domestic traffic overall grew by 6.5% YoY. China led the main markets this month with a 13.7% rise in RPK. All monitored markets showed stable demand growth, although seat capacity in some areas plateaued.*
- *International passenger traffic for the industry declined marginally by 0.6% YoY in March. Capacity on international routes fell by 6.2% YoY. With capacity contracting more than demand,*

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the international PLF rose by 4.7 percentage points to 84.1%, marking the highest March PLF on record for the international segment.

- 6.2.10 The Authority has further reviewed the historical traffic performance at Rajiv Gandhi International Airport, Hyderabad ("RGIA"), including the traffic growth rates witnessed over the preceding five financial years. The Authority observes that passenger traffic at RGIA has registered a substantial recovery in the post-COVID-19 period, returning to pre-pandemic levels by FY 23. The said growth trajectory has been sustained thereafter, with passenger traffic having increased by 19.27% in FY 24 and 16.5% in FY 25 on a year-on-year basis, thereby reflecting a sustained momentum in air travel demand at the airport.
- 6.2.11 The Authority has examined the year-on-year growth rates considered by GHIAL for the purposes of its traffic projections, and notes that the actual passenger traffic at RGIA for FY 26 has fallen below the corresponding projection submitted by GHIAL. The said shortfall is attributable to certain global events and macroeconomic circumstances witnessed during the second half of the said financial year, which have moderated the pace of traffic growth.
- 6.2.12 In view of the above, the Authority (through its independent consultant) sought clarification from GHIAL on the rationale for considering high growth rates in the traffic projection.
- 6.2.13 In response, GHIAL submitted revised forecasted passenger traffic for the Fourth Control Period, as detailed below:

Table 153: Revised forecasted passenger traffic submitted by GHIAL for the Fourth Control Period

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Passenger Traffic (Mn)						
Domestic	28.7	32.1	36.4	38.6	41.2	177.0
<i>Growth %</i>	<i>11.2%</i>	<i>11.8%</i>	<i>13.4%</i>	<i>6.0%</i>	<i>6.7%</i>	
International	6.3	7.2	8.2	9.3	10.3	41.3
<i>Growth %</i>	<i>10.5%</i>	<i>14.3%</i>	<i>13.9%</i>	<i>13.4%</i>	<i>10.8%</i>	
Total	35	39.3	44.6	47.9	51.5	218.3
<i>Growth %</i>	<i>11.1%</i>	<i>12.3%</i>	<i>13.5%</i>	<i>7.4%</i>	<i>7.5%</i>	
Air Traffic Movements (Nos)						
Domestic	198,296	221,115	248,379	260,042	274,391	1,202,223
<i>Growth %</i>	<i>12.2%</i>	<i>11.5%</i>	<i>12.3%</i>	<i>4.7%</i>	<i>5.5%</i>	
International	36,419	41,978	47,168	53,919	59,110	238,594
<i>Growth %</i>	<i>13.6%</i>	<i>15.3%</i>	<i>12.4%</i>	<i>14.3%</i>	<i>9.6%</i>	
Total	234,715	263,093	295,547	313,961	333,501	1,440,817
<i>Growth %</i>	<i>12.4%</i>	<i>12.1%</i>	<i>12.3%</i>	<i>6.2%</i>	<i>6.2%</i>	

- 6.2.14 The Authority has observed that comparatively higher year-on-year growth rates have been considered by GHIAL for the first three years of the Fourth Control Period in respect of the projected passenger traffic at Rajiv Gandhi International Airport, Hyderabad ("RGIA"). Accordingly, the Authority sought further clarification from GHIAL with regard to the basis and underlying assumptions for the said growth rates.
- 6.2.15 The Authority has examined GHIAL's response in this regard, as furnished vide its e-mail dated 18.02.2026 and notes that the said comparatively higher growth rates have been projected having regard to the following factors:

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- I. The expected normalisation of IndiGo's operations by the Summer 2026 schedule, based on the airline schedules filed by the said carrier;
- II. The induction of new aircraft by Indian carriers towards the end of Q2 of FY 28 or the commencement of Q3 of FY 28; and
- III. The aggressive international network expansion plans of Indian carriers, including, inter alia, the following:
 - IndiGo's announcement that 40% of its total operations shall be international by the year 2030;
 - Akasa Air's preparation for a phased international expansion; and
 - Air India's major international network expansion as part of its multi-year transformation under the Tata Group.

6.2.16 The Authority has examined the historical trajectory of passenger traffic at Rajiv Gandhi International Airport, Hyderabad ("RGIA"), with reference to the CAGR observed over various time horizons, viz., 10-year (FY 2015-16 to FY 2025-26) and 3-year (FY 2022-23 to FY 2025-26).

6.2.17 The Authority observes that the 3-year CAGR (FY 2022-23 to FY 2025-26), being the most recent and steady-state period in the post-pandemic recovery phase, provides a credible and forward-looking empirical basis for assessing the underlying growth momentum of passenger traffic at RGIA, free from the distortions of the pandemic-impacted base years that influence the longer-term CAGR.

6.2.18 The Authority observes the following key trends emerging from the said analysis:

(i) **Robust Total Passenger Growth:** The total passenger traffic at RGIA has registered a 3-year CAGR of 13.2%, which is materially higher than the 10-year CAGR of 9.3%, indicating a structural acceleration in the growth momentum of the Airport in the post-pandemic period. The said growth rate is reflective of the enhanced connectivity, expanded route network, and the strategic positioning of Hyderabad as a key aviation hub in southern India.

(ii) **Strong International Traffic Growth:** International passenger traffic has witnessed a 3-year CAGR of 16.9%, materially outpacing the 10-year

6.2.19 The Authority notes that the growth rates submitted by GHIAL for the projection of Passenger Traffic and ATMs over the Fourth Control Period have been applied to the projected base figure for FY26. With the actual traffic data for FY 26 now being available, the Authority is of the considered view that the actual figures for FY26, being more recent and empirically verifiable, ought to constitute the appropriate base for projecting traffic over the Fourth Control Period. The Authority, accordingly, proposes to determine the said growth rates to the actual FY26 base, in lieu of the projected base.

6.2.20 Based on the foregoing, the projected Passenger Traffic (Total and Billable), ATM and Cargo Traffic proposed to be considered by the Authority for the Fourth Control Period is presented in the table below:

Table 154: Traffic proposed to be considered by the Authority for the Fourth Control Period

Particulars (FY ending March)						
Passenger Traffic (Mn)	FY27	FY28	FY29	FY30	FY31	Total
Domestic Pax submitted by Operator	28.7	32.1	36.4	38.6	41.2	177.0
Domestic Pax Proposed by Authority	28.7	32.1	36.4	38.6	41.2	177.0
<i>Domestic YoY Growth submitted by Operator</i>	<i>11.20%</i>	<i>11.80%</i>	<i>13.40%</i>	<i>6.00%</i>	<i>6.70%</i>	

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Particulars (FY ending March)						
<i>Domestic YoY Growth Proposed by Authority</i>	14.70%	11.80%	13.40%	6.00%	6.70%	
International Pax submitted by Operator	6.3	7.2	8.2	9.3	10.3	41.3
International Pax proposed by Authority	6.3	7.2	8.2	9.3	10.3	41.3
<i>International YoY Growth submitted by Operator</i>	10.50%	14.30%	13.90%	13.40%	10.80%	
<i>International YoY Growth proposed by Authority</i>	15.30%	14.30%	13.90%	13.40%	10.80%	
Total Pax submitted by Operator	35	39.3	44.6	47.9	51.5	218.3
Total Pax proposed by Authority	35	39.3	44.6	47.9	51.5	218.3
<i>Total Pax YoY Growth submitted by Operator</i>	11.10%	12.30%	13.50%	7.40%	7.50%	
<i>Total Pax YoY Growth proposed by Authority</i>	14.80%	12.30%	13.50%	7.40%	7.50%	
Air Traffic Movements (Nos)	FY27	FY28	FY29	FY30	FY31	Total
Domestic ATM submitted by Operator	198,296	221,115	248,379	260,042	274,391	1,202,223
Domestic ATM Proposed by Authority	198,296	221,115	248,379	260,042	274,391	1,202,223
<i>Domestic ATM YoY Growth submitted by Operator</i>	12.20%	11.50%	12.30%	4.70%	5.50%	
<i>Domestic ATM YoY Growth Proposed by Authority</i>	12.80%	11.50%	12.30%	4.70%	5.50%	
International ATM submitted by Operator	36,419	41,978	47,168	53,919	59,110	238,594
International ATM proposed by Authority	36,419	41,978	47,168	53,919	59,110	238,594
<i>International ATM YoY Growth submitted by Operator</i>	13.60%	15.30%	12.40%	14.30%	9.60%	
<i>International ATM YoY Growth proposed by Authority</i>	13.60%	15.30%	12.40%	14.30%	9.60%	
Total ATM submitted by Operator	234,715	263,093	295,547	313,961	333,501	1,440,817
Total ATM proposed by Authority	234,715	263,093	295,547	313,961	333,501	1,440,817
<i>Total ATM YoY Growth submitted by Operator</i>	12.40%	12.10%	12.30%	6.20%	6.20%	
<i>Total ATM YoY Growth proposed by Authority</i>	12.90%	12.10%	12.30%	6.20%	6.20%	
Cargo Projection (000's MT)	FY27	FY28	FY29	FY30	FY31	Total
Domestic Cargo submitted by Operator	83.1	88.7	94.4	100.3	106.6	473.1
Domestic Cargo Proposed by Authority	83.1	88.7	94.4	100.3	106.6	473.1
<i>Domestic Cargo YoY Growth submitted by Operator</i>	6.80%	6.80%	6.40%	6.30%	6.30%	
<i>Domestic Cargo YoY Growth Proposed by Authority</i>	15.15%	6.80%	6.40%	6.30%	6.30%	
International Cargo submitted by Operator	135.7	151.3	167.6	185.7	205.9	846.2
International Cargo proposed by Authority	135.7	151.3	167.6	185.7	205.9	846.2
<i>International Cargo YoY Growth submitted by Operator</i>	11.30%	11.50%	10.80%	10.80%	10.80%	
<i>International Cargo YoY Growth proposed by Authority</i>	23.06%	11.50%	10.80%	10.80%	10.80%	
Total Cargo submitted by Operator	218.8	240.0	262.0	286.0	312.50	1,319.3
Total Cargo proposed by Authority	218.8	240.0	262.0	286.0	312.50	1319.3
<i>Total Cargo YoY Growth submitted by operator</i>	9.56%	9.69%	9.17%	9.16%	9.27%	
<i>Total Cargo YoY Growth proposed by Authority</i>	19.93%	9.69%	9.17%	9.16%	9.27%	

6.3. Authority's proposal regarding Traffic projections for the Fourth Control Period

Based on the material before it and its examination, the Authority proposes the following with respect to Traffic projections for the Fourth Control Period:

- 6.3.1 To consider Traffic projections as per **Table 154** for the Fourth Control Period.
- 6.3.2 To true up the traffic volume (Passenger, ATM and cargo) on the basis of actual traffic in the Fourth Control Period while determining tariff for the Fifth Control Period.

7 CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

7.1. Background

- 7.1.1 Regulatory Asset Base (RAB) is one of the essential elements in the process of tariff determination. The return to be provided on the RAB constitutes a considerable portion of the Aggregate Revenue Requirement for an Airport Operator. To encourage the participation of the private sector in airport development and operations, investors must be fairly compensated for the capital investment made. At the same time, to safeguard the interests of the airport users, it must be ensured that the aeronautical capital additions are necessary, reasonable and justified.
- 7.1.2 GMR Hyderabad International Airport Limited (“GHIAL”) has submitted its MYTP for the Fourth Control Period in respect of Rajiv Gandhi International Airport, Hyderabad. As part of the MYTP, GHIAL has submitted its capital expenditure plan for the Fourth Control Period along with details of project-wise capital expenditure, means of finance, proposed capitalisation, and classification of assets into aeronautical, non-aeronautical, common and non-airport categories.
- 7.1.3 The capital expenditure plan submitted by GHIAL for the Fourth Control Period is primarily aimed at augmentation of airport capacity, strengthening of airside and landside infrastructure, development of terminal and associated facilities, and undertaking of other capital works required to cater to the projected traffic growth, operational requirements and service quality standards during the Fourth Control Period.
- 7.1.4 The Authority notes that RGIA has witnessed sustained traffic growth over the previous control periods and GHIAL has undertaken significant expansion in the Third Control Period to augment the airport capacity to 34 MPPA. In its MYTP for the Fourth Control Period, GHIAL has submitted a further capital expenditure plan to cater to the projected traffic growth and to create the required airport infrastructure over the next control period.
- 7.1.5 The Authority further notes that the capital expenditure submitted by GHIAL for the Fourth Control Period comprises various project heads including terminal-related development, airside infrastructure, landside infrastructure, support systems, utilities, and other allied works. GHIAL has also submitted the proposed year-wise capitalisation schedule and the allocation of such assets between aeronautical and non-aeronautical activities.
- 7.1.6 GHIAL has submitted that RGIA continues to be one of the major airports in India in terms of passengers, Air Traffic Movements (“ATMs”) and cargo handled. As per GHIAL’s submission, in FY 2024-25, RGIA handled about 7.1% of the total passengers and 7.0% of the total ATMs handled across all airports in India, thereby placing RGIA at the fourth position among Indian airports in terms of total passengers and ATMs handled, after Delhi, Mumbai and Bengaluru airports. GHIAL has further submitted that RGIA handled 1,82,426 metric tonnes of cargo in FY 2024-25, placing it amongst the top five airports in India in terms of cargo handled.
- 7.1.7 GHIAL has submitted that in FY 2024-25, RGIA handled 29.16 million passengers, including 24.43 million domestic passengers and 4.73 million international passengers. GHIAL has further submitted that RGIA was connected to 72 domestic destinations and 24 international destinations in FY 2024-25. While RGIA

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was the fourth busiest airport overall in terms of passenger traffic, GHIAL has stated that the airport recorded a faster domestic passenger growth rate compared to certain larger airports and was the sixth busiest airport in terms of international passengers, with one of the highest growth rates in international passenger traffic over the period FY 2014-15 to FY 2024-25.

- 7.1.8 GHIAL has submitted that between FY 2014-15 and FY 2024-25, RGIA's compound annual growth rate ("CAGR") significantly outpaced the national average across all major categories. As per GHIAL, RGIA recorded CAGR of 10.9% in total passenger traffic against the all-India average of 8.0%, CAGR of 5.4% in freight against the all-India average of 3.9%, and CAGR of 8.0% in aircraft movements against the all-India average of 6.1%, despite the impact of COVID-19. GHIAL has further submitted that amongst major airports, RGIA recorded the highest CAGR for domestic passenger traffic movements.
- 7.1.9 GHIAL has submitted that based on its internal assessment, the current capacity of the Southern Precinct can be enhanced to handle up to 47 MPPA through certain modifications to operational processes and infrastructure, including terminal, airside and landside infrastructure. GHIAL has stated that this approach involves maximising utilisation of existing assets through marginal capital expenditure before undertaking extensive new infrastructure development. As per GHIAL, by optimising processes and undertaking strategic enhancements to the current infrastructure, the Southern Precinct can accommodate higher traffic volumes without immediate requirement for large-scale new construction. GHIAL has categorised such works as capacity enhancement works for the Southern Precinct.
- 7.1.10 With respect to development of the Northern Precinct, GHIAL has submitted that initiation of the same is necessary considering both airside and terminal-side capacity constraints expected during the Fourth Control Period. GHIAL has stated that while the current Passenger Terminal Building is designed to process 34 MPPA, the runway currently has 42 approved movements per hour and is handling an average of around 36 peak hour movements. GHIAL has submitted that with high-intensity operations, subject to requisite approvals, the airside capacity may be enhanced to 46 ATMs per hour. However, as per the traffic study undertaken by CAPA, demand for 46 ATMs per hour is expected to be exceeded during FY 2028-29.
- 7.1.11 GHIAL has further submitted that the projected traffic indicates that the estimated handling capacity of the existing Southern Terminal, even after the proposed capacity enhancement works, would be exceeded by FY 2029-30, with passenger traffic expected to reach 47.8 million passengers in FY 2029-30. Accordingly, GHIAL has submitted that expansion of infrastructure beyond the proposed modifications to the Southern Precinct is required to cater to future demand.
- 7.1.12 GHIAL has submitted that plans are being prepared to develop new infrastructure in the northern part of the land parcels at RGIA to accommodate the anticipated increase in traffic. GHIAL has proposed to commence development of the Northern Precinct from FY 2026-27, considering an estimated construction timeline of around three years for the runway and Passenger Terminal Building to become operational by FY 2029-30. GHIAL has stated that the expansion project proposed for the Fourth Control Period is aligned with the above capacity requirements.
- 7.1.13 GHIAL has also submitted that, in order to optimise the development plan for the Northern Precinct, it is in the process of appointing an Independent Consultant for preparation of the Master Plan and that further details would be provided as and when finalised.

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- 7.1.14 The Authority has appointed M/s RITES Limited ("RITES") to undertake an independent evaluation of the capital expenditure plan submitted by GHIAL for the Fourth Control Period and to assess the reasonableness, efficiency and prudence of the proposed capital expenditure, project scope and implementation schedule.
- 7.1.15 Based on the submissions made by GHIAL, the analysis undertaken by the Independent Consultant, and the applicable regulatory principles, the Authority has examined the capital expenditure plan for the Fourth Control Period in the subsequent paragraphs.
- 7.1.16 Accordingly, the Authority has presented its views in the following order:
- Expansion Capex for the Fourth Control Period.
 - General Capex for the Fourth Control Period
 - Aeronautical Allocation of Capital Expenditure for the Fourth Control Period
 - Aeronautical Depreciation for the Fourth Control Period
 - Regulatory Asset Base for the Fourth Control Period

7.2. GHIAL's submission regarding Capital Expenditure (Capex) for the Fourth Control Period

- 7.2.1. GHIAL in its MYTP for the Fourth Control Period has submitted the Capital Expenditure, Depreciation and Regulatory Asset Base for the period FY 2026-27 to FY 2030-31. GHIAL has submitted that the capital expenditure proposed for the Fourth Control Period is required to augment the existing airport infrastructure, to cater to the projected growth in passenger traffic, air traffic movements and cargo at RGIA.
- 7.2.2. GHIAL has submitted that the capital expenditure proposed for the Fourth Control Period comprises the following broad categories:
- (A) Capacity Enhancements to the Southern Precinct
 - (B) Northern Runway & Associated Airside Works
 - (C) Northern Precinct Development- Landside Works
 - (D) Airport Connectivity and Transport
 - (E) General Capital Expenditure
- 7.2.3. GHIAL has submitted that it has appointed M/s CAPA for undertaking a traffic growth study for RGIA. Based on the study undertaken by CAPA, GHIAL has projected passenger traffic to increase from 36.9 million passengers in FY 2026-27 to 51.5 million passengers in FY 2030-31.
- 7.2.4. GHIAL has submitted that the existing airport infrastructure, even after the capacity augmentation undertaken during the Third Control Period, would require further enhancement to cater to the projected traffic growth. GHIAL has submitted that the capacity enhancement of the Southern Precinct would increase the terminal capacity from **34 MPPA to 47 MPPA**. Further, the development of the Northern Precinct is proposed to add **20 MPPA** capacity, thereby increasing the total terminal capacity of RGIA to **67 MPPA**.

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7.2.5. Subsequent to above, GHIAL, based on Jacob’s study on “Terminal 1 Capacity Assessment”, bearing Report No. GHIAL-JAC-P-MPL-V-PDR-004 dated 28.02.2026, has made a revised submission that the Terminal 1 can maintain stable operational performance up to approximately 37 MPPA (pending implementation of long-term terminal development initiatives) which through peak spreading and process improvements can achieve a maximum capacity of **40 MPPA**.

GHIAL, in its revised submission has stated that the designed capacity of the Terminal 1 was earlier calculated before the BCAS guidelines issued, and the current capacity assessment considers BCAS guidelines where applicable, hence the declared capacity has reduced from the earlier assessment. Further, the Jacob’s study assessment is based on all key passenger processing systems considering existing infrastructure, BCAS requirement and operational parameters currently in use at the airport. GHIAL further highlighted that the Terminal 1 is approaching its practical operating limits, with domestic capacity primarily constrained by baggage reclaim facilities and international capacity limited by check-in processing. GHIAL has also submitted that baggage make-up positions and kerbside operations are critical pressure points. GHIAL has further stated that targeted operational and infrastructure interventions, such as upgrades to the BHS/BMA systems, reconfiguration of check-in facilities, expansion of domestic security screening capacity, and enhancements to baggage reclaim flexibility, may improve operational performance up to 37 MPPA only. Any incremental increase in annual traffic beyond 37 MPPA and up to 40 MPPA can be achieved only through spreading of peaks.

7.2.6. GHIAL has submitted that the proposed improvements in the existing terminal building includes the following:

- MLCP (Multi Level Car Park)
- Addition of 9 stands equivalent to Code C on eastern side and 3 equivalent Code C on western side
- BHS-BMA Upgrade and Transfer Baggage Storage Management
- Improvement of Departure & Arrival Entry & Exit NAKA
- Conversion of Stand 53 to Code E / MARS Stand with associated works
- Conversion from Self Bag Drops (“SBDs”) to Assisted Bag Drops (“ABDs”) / check-in island reconfiguration
- Conversion of 8 Swing PESC and associated civil works
- Addition of one machine in PESC area for D-to-D transfer
- Other miscellaneous works

7.2.7. GHIAL has further submitted that the above improvements are expected to enhance the capacity of various passenger processing facilities in the existing terminal building as follows:

Table 155: List of improvements to enhance the capacity of various passenger processing facilities in the existing terminal building

Particulars	Existing Capacity in Peak Hour	Capacity after Proposed Improvements in Peak Hour
Domestic Check-in Capacity	4,430	4,747

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Particulars	Existing Capacity in Peak Hour	Capacity after Proposed Improvements in Peak Hour
International Check-in Capacity	1,165	1,292
Domestic Security Lane Capacity	3,420	3,800
Domestic Reclaim Capacity	3,080	3,500
International Emigration Capacity	1,787	2,172
International Immigration Capacity	1,779	2,179

7.2.8. Based on above, the final current and post enhancement capacity of the Terminal, as submitted by GHIAL, is summarized in table below:

Table 156: Terminal capacity post enhancement works in Southern Precinct

Terminal	Passenger Handling Capacity before Enhancement Works (Mn)	Enhancement (Mn)	Passenger Handling Capacity after Enhancement Works (Mn)
Southern Precinct Terminal	34	6	40
Total Handling Capacity	34	6	40

Table 157: Terminal capacity post development of Northern Precinct

Terminal	Passenger Handling Capacity before Northern Precinct (Mn)	Northern Precinct Addition (Mn)	Passenger Handling Capacity after Northern Precinct (Mn)
Southern Precinct Terminal	40	-	40
Northern Precinct Terminal	-	20	20
Total Handling Capacity	40	20	60

7.2.9. GHIAL has submitted the capital expenditure plan for the Fourth Control Period comprising capacity enhancement works in the Southern Precinct, development of the Northern Precinct, Airport Connectivity and Transport systems and General Capex. The overall capex plan submitted by GHIAL for the Fourth Control Period is as follows:

Table 158: Overall Capex Plan submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

S. No.	Particulars	Cost submitted by GHIAL in MYTP (Excluding IDC)	Capitalization Year
A	Capacity Enhancement to Southern Precinct	427.00	FY 2028 and FY 2029
B	Northern Runway & associated airside works	4,460.80	30-Sep-2029
C	Northern Passenger Terminal Building	6,780.54	30-Sep-2029
D	Airport Connectivity and Transport Systems	1,014.60	30-Sep-2029
E	General Capex	1,302.26	Yearly Capitalization
Total		13,985.20	

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7.2.10. Further, GHIAL has proposed to capitalize in FY 2027 the capital expenditure amounting to **Rs. 168.50 Crores**, which was deferred from the Third Control Period.

7.2.11. GHIAL has submitted that all the project costs are projected to be funded through **70% debt and 30% equity**.

Capacity Enhancement to Southern Precinct (Existing terminal)

7.2.12. GHIAL has submitted that the existing Southern Precinct has scope for enhancement of capacity to cater to the immediate requirements of the airport. The proposed capacity enhancement works are expected to increase the passenger processing capacity of RGIA from **34 MPPA to 40 MPPA** on the terminal side.

7.2.13. The scope enhancement projects proposed by GHIAL for the Southern Precinct during the Fourth Control Period are shown below:

Table 159: Capacity Enhancement projects proposed for Southern Precinct

(Rs. In crores)

S. No.	Nature of Work	Project	Expected Cost
A1	Car Park	MLCP (Multi Level Car Park)	219.20
A2	Airside Works	Addition of 9 stands equivalent to Code C on eastern side and 3 equivalent Code C on western side	137.62
A3	Terminal Side	BHS-BMA Upgrade and Transfer Baggage Storage Management	24.82
A4	Terminal Side	Improvement of Departure & Arrival Entry & Exit NAKA	13.01
A5	Airside Works	Conversion of Stand 53 to Code E / MARS Stand with associated works	12.81
A6	Terminal Side	Conversion from SBD to ABD / check-in island reconfiguration	6.02
A7	Terminal Side	Conversion of 8 Swing PESC and associated civil works	5.98
A8	Terminal Side	Addition of one machine in PESC area for D-to-D transfer	4.66
A9	Terminal Side	Other miscellaneous works	3.15
Total			427.00

Northern Runway & Associated Airside Works

7.2.14. GHIAL has submitted that the development of the Northern Precinct is required to cater to the increasing passenger and aircraft traffic at RGIA. The proposed development includes airside works comprising runway, taxiway, aprons, navigational aids and elevated cross taxiway. GHIAL has submitted that the proposed new runway would be towards the northern side of the existing runway, and the northern precinct would require earthworks, site grading and development of airside connectivity between the northern and southern airfield precincts.

7.2.15. The capex cost submitted by GHIAL towards Northern Runway and associated airside works is as follows:

Table 160: Capex Costs towards Northern Runway and associated airside works

Activity	Unit	Qty	Rate (INR)	Cost (Rs Crores)
Runway, Taxiway and Apron	Sqm	13,23,644	12,936	1712.29
Elevated Taxiway	Sqm	1,53,000	46,435	710.45
Airside Ancillary Building	Sqm	12,000	80,966	97.16
Perimeter Wall	M	14,500	25,776	37.38
Earth Works	M3	1,10,00,000	827	909.54
External Utilities				194.44

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Taxiway as emergency runway	Sqm	83,600	12,936	108.15
GSE Building				28.02
Airside Roads	KMS	45	1,84,94,279	83.22
GSE Parking	Sqm	25,000	12,936	32.34
Sub-total: Hard Costs				3912.99
Preliminaries & Other Cost	2%			78.26
Permits, Insurance etc.	2%			78.26
Design & PMC	5%			195.65
Contingencies	5%			195.65
Sub-total: Soft Costs				547.82
Total Cost				4460.80

7.2.16. The phasing of the capex cost towards Northern Runway and associated airside works submitted by GHIAL is as follows:

Table 161: Phasing of Capex Costs towards Northern Runway and associated airside works

(Rs. In crores)

Capex Phasing	FY 27	FY 28	FY 29	FY 30
Opening Works in Progress (A)	-	1,073.42	2,333.23	3,801.65
Works during the year (B)	1,073.42	1,260.81	1,467.42	659.15
Commission of Assets (C)	-	-	-	4,460.80
Closing Works in Progress (A+B-C)	1,073.42	2,334.23	3,801.65	-

Northern Precinct Development- Landside Works

7.2.17. GHIAL has submitted that the proposed Northern Precinct Development- Landside Works would be developed towards the northern side of the existing terminal building and would be integrated with the overall airport development plan. The proposed terminal building is planned with a built-up area of around **2,25,000 sqm** and is designed to handle **20 MPPA**. GHIAL has further submitted that the Northern Passenger Terminal Building would be connected with the Southern Precinct and would provide integrated domestic and international passenger processing capability, with a modular design to enable future expansion beyond 20 MPPA.

7.2.18. GHIAL has submitted that the proposed Northern Precinct Development- Landside Works would include provision for 4 entry gates, 112 check-in counters, 16 ATRS lanes, 19 fixed link bridges, 7 bus gates, 8 baggage claim belts and 30 immigration counters. GHIAL has also submitted that the terminal would include provision for retail, food and beverage, duty free, lounges and office areas, wherein the shell and core would be developed by GHIAL and the fit-outs would be undertaken by the respective concessionaires.

7.2.19. The capex cost submitted by GHIAL towards the Northern Passenger Terminal Building is as follows:

Table 162: Capex Costs towards Northern Precinct Development- Landside Works

Activity	Unit	Qty	Rate (INR)	Cost (Rs. Cr)
Terminal Building	Sqm	2,25,000	2,12,915	4,790.59
CNS ATM Building	Sqm	4,400	80,966	35.62
Landside Ancillary Buildings	Sqm	3,000	80,966	24.29
Landside Roads	Sqm	28,455	5,284	15.04
Dual Elevated Ramp	Sqm	25,000	46,435	116.09
Landscaping				67.40
Car Parking Area	Sqm	1,00,000	9,545	95.45

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Activity	Unit	Qty	Rate (INR)	Cost (Rs. Cr)
IT Systems & Telecommunication				635.33
Operational Equipment				63.34
External Utilities				194.44
Sub-total: Hard Costs				6,037.59
Preliminaries & Other Cost	2%			106.14
Permits, Insurance etc.	2%			106.14
Design & PMC	5%			265.34
Contingencies	5%			265.34
Sub-total: Soft Costs				742.95
Total Cost				6780.54

7.2.20. GHIAL has submitted that the Northern Passenger Terminal Building works are proposed to be initiated from January 2027, and the project is proposed to be capitalised by September 2029 in order to cater to the increased demand at RGIA. The phasing of capex cost towards Northern Passenger Terminal Building is as follows:

Table 163: Phasing of Capex Costs towards Northern Precinct Development- Landside Works

(Rs. In crores)

Capex Phasing	FY 27	FY 28	FY 29	FY 30
Opening Works in Progress (A)	-	480.95	2,855.78	5,427.70
Addition (B)	480.95	2,374.84	2,571.92	1,352.85
Commission of Assets (C)	-	-	-	6,780.54
Closing Works in Progress (A+B-C)	480.95	2,855.78	5,427.70	-

Airport Connectivity and Transport Systems

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

7.2.22. The capex cost submitted by GHIAL towards the Airport Connectivity and Transport Systems is as follows:

Table 164: Capital Expenditure for Airport Connectivity and Transport Systems submitted by GHIAL

(Rs. In crores)

Activity	Capex submitted by GHIAL
Flyover on east-west road (Main Access Road)	77.00
Underpass on east-west road (Main Access Road)	58.00
Underpass on Main Access Road near Eastern ECT	211.00
Underpass on Main Access Road near Western ECT	223.00
Underpass along East-West Road (4L+4L)	181.00
Underpass Extension along East-West Road	81.00
North-South Road	44.00
18m Road (2+2)	15.00
Sub-total: Hard Cost	890.00
Soft Costs	124.60
Total Cost	1,014.60

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7.2.23. The phasing of capex costs towards Airport Connectivity and Transport Systems submitted by GHIAL is as follows:

Table 165: Phasing of Capex Costs towards Airport Connectivity and Transport Systems

(Rs. In crores)

Capex Phasing	FY 29	FY 30
Opening Works in Progress (A)	-	675.16
Works during the year (B)	675.16	339.44
Commission of Assets (C)	-	1,014.60
Closing Works in Progress (A+B-C)	675.16	-

7.2.24. GHIAL has submitted that while airport metro had been proposed in the Third MYTP application, there is currently no visibility on the project DPR, project timelines, expected start date and expected end date. Accordingly, GHIAL has not proposed any costs pertaining to metro connectivity in the current MYTP application and has stated that it would approach the Authority once the details are crystallised.

General Capex for the Fourth Control Period

7.2.25. GHIAL has submitted General / Operations Capex for the Fourth Control Period under the head General Maintenance Capital Expenditure.

7.2.26. GHIAL has submitted that the major allocations proposed by GHIAL include Rs. 391.8 Crores towards Security and Vigilance, Rs. 389.5 Crores towards Project, Engineering & Maintenance, Rs. 197.0 Crores towards IT infrastructure, and Rs. 131.5 Crores towards Strategic Initiatives. Further, GHIAL has submitted Rs. 94.8 Crores towards Terminal Operations, Rs. 53.4 Crores towards Landscape Development, and Rs. 44.2 Crores towards Airport Rescue and Fire Fighting.

7.2.27. The year-wise General Capex proposed by GHIAL is as follows:

Table 166: General Capex proposed by GHIAL for the Fourth Control Period

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
General Maintenance Capital Expenditure	552.91	268.01	142.42	175.11	163.81	1,302.26

7.3. Authority's examination regarding Capex for the Fourth Control Period

7.3.1. The Authority has examined the capital expenditure proposed by GHIAL in its MYTP for the Fourth Control Period with reference to the traffic projections, capacity requirements, project scope, implementation schedule, cost estimates, procurement status, asset classification and regulatory principles applicable for determination of aeronautical tariff. For the purpose of detailed evaluation, the proposed capital expenditure has been categorised under the following broad heads in line with the submission made by GHIAL:

- (A) Capacity Enhancements to the Southern Precinct
- (B) Northern Runway & Associated Airside Works
- (C) Northern Precinct Development- Landside Works
- (D) Airport Connectivity and Transport
- (E) General Capex

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- 7.3.2. While examining the capital expenditure proposed by GHIAL for the Fourth Control Period, the Authority has taken into consideration the traffic projections submitted by GHIAL, the capacity available at the existing Southern Precinct, the revised capacity assessment of the existing terminal building, and the requirement for development of additional airport infrastructure over the Fourth Control Period.
- 7.3.3. The Authority notes that GHIAL had initially submitted that the existing airport infrastructure, even after the capacity augmentation undertaken during the Third Control Period, would require further enhancement to cater to the projected traffic growth at RGIA. GHIAL had proposed that the enhancement of the Southern Precinct would increase the terminal capacity from 34 MPPA to 47 MPPA, and that the proposed development of the Northern Precinct would add another 20 MPPA, thereby increasing the total terminal capacity to 67 MPPA.
- 7.3.4. Subsequently, GHIAL, based on Jacob's study on "Terminal 1 Capacity Assessment", bearing Report No. GHIAL-JAC-P-MPL-V-PDR-004 dated 28.02.2026, has made a revised submission that the Terminal 1 can maintain stable operational performance up to approximately 37 MPPA (pending implementation of long-term terminal development initiatives) which through peak spreading and process improvements can achieve a maximum capacity of **40 MPPA**.
- 7.3.5. The Authority notes GHIAL's submission that the Jacob's study assessment is based on all key passenger processing systems considering existing infrastructure, BCAS requirement and operational parameters currently in use at the airport. The Authority further notes from the submission of GHIAL that Terminal 1 is approaching its practical operating limits, with domestic capacity primarily constrained by baggage reclaim facilities and international capacity limited by check-in processing. The Authority further notes that baggage make-up positions and kerbside operations have also been identified as critical pressure points.
- 7.3.6. The Authority notes that the targeted operational and infrastructure interventions proposed by GHIAL, including upgrades to the BHS/BMA systems, reconfiguration of check-in facilities, expansion of domestic security screening capacity, enhancement of baggage reclaim flexibility, conversion from Self Bag Drops to Assisted Bag Drops, conversion of swing PESCOs, addition of one machine in the PESC area for domestic-to-domestic transfer, and other miscellaneous works, are expected to improve the operational performance of Terminal 1 up to 37 MPPA. Any incremental increase in annual traffic beyond 37 MPPA and up to 40 MPPA would be achievable primarily through effective spreading of peak traffic.
- 7.3.7. Accordingly, the Authority proposes to consider 40 MPPA as the capacity that can be achieved through the proposed Southern Precinct enhancement. However, the Authority further expects GHIAL to maintain the required service standards at the airport after carrying out the aforesaid modification/upgradation at Terminal 1.

Capex Evaluation through an Independent Capex Consultant

- 7.3.8. The Authority has engaged M/s RITES Limited as an Independent Consultant to carry out an independent technical and cost evaluation of the capital expenditure proposed by GHIAL for the Fourth Control Period. M/s RITES Limited has reviewed the submissions made by GHIAL, including the Multi Year Tariff Proposal, project cost plans, design basis reports, concept notes, tender documents, purchase orders / contract documents, bills of quantities, traffic studies, and other supporting documents submitted by GHIAL. M/s RITES Limited as part of its capital expenditure evaluation and assessment, has submitted the Capex Evaluation Report as enclosed as Appendix 1 to this Consultation Paper.

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7.3.9. The Authority notes that M/s RITES Limited has undertaken the assessment of the proposed capital expenditure taking into consideration the following broad approach:

- Review of traffic projections submitted by GHIAL and assessment of passenger growth, aircraft movements, peak-hour demand and capacity requirements
- Review of the necessity of each project proposed by GHIAL including whether the project is required during the Fourth Control Period or can be deferred to a subsequent control period;
- Assessment of the project scope with reference to recognized national and international standards and planning norms, including applicable ICAO, IATA, IMG, AAI, DGCA CAR, BCAS and other relevant norms
- Review of Bill of Quantities (“BOQ”), cost plans and cost estimates submitted by GHIAL
- Review of purchase orders / contracts already awarded by GHIAL and assessment of competitiveness of procurement, wherever such documents were made available;
- Review of cost escalation / indexation, taxes, soft costs;
- Assessment of admissible and prudent cost for each project, based on necessity, scope, quantities, rates, phasing and implementation status.

7.3.5. The Authority has considered the observations and recommendations of M/s RITES Limited while examining the necessity, reasonableness and prudence of the proposed capital expenditure. The Capex study report prepared by M/s RITES Limited, covers the scope of work, cost estimates, phasing, capitalisation schedule and technical parameters of the projects proposed by GHIAL for the Fourth Control Period. The justifications submitted by GHIAL were evaluated against the projected traffic requirement, capacity assessment, proposed scope, prevailing cost benchmarks and applicable AERA principles. The observations and recommendations of Capex consultant have been duly considered by the Authority while finalizing its assessment of Capex for the Fourth Control Period.

Airport User Consultation Committee (“AUCC”)

7.3.6. The Authority notes that GHIAL conducted the Airport Users Consultative Committee meeting for the capital expenditure projects proposed for the Fourth Control Period for RGIA, Hyderabad. The invitation for the AUCC meeting was sent to around 100 stakeholders on 21.05.2025, including representatives from airlines, airline associations, government and regulatory authorities, cargo users, fuel suppliers, ground handlers, passenger associations, trade bodies and other airport users. The AUCC meeting was held on 11.06.2025 at Novotel, Hyderabad and was attended by various stakeholder including representatives from IATA, FIA, Airline Operators, Cargo and Fuel Farm Operators, ACAAI, APAO etc.

7.3.7. As per the minutes of the AUCC meeting held on 11.06.2025, the Authority observes that GHIAL broadly discussed the following with the stakeholders:

- (A) Proposed capital expenditure projects for the Fourth Control Period;
- (B) Existing airport capacity, traffic projections and the need for capacity augmentation;
- (C) Capacity enhancement strategy for the Southern Precinct, including process improvements and infrastructure initiatives;

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- (D) Development of the Northern Precinct, including the first phase terminal development planned for 20 MPPA, new runway, elevated cross taxiway and associated infrastructure;
- (E) Airport connectivity and transport infrastructure projects;
- (F) General capex proposed for the Fourth Control Period; and
- (G) Proposed capital expenditure estimates for the Fourth Control Period.

- 7.3.8. The Authority notes that GHIAL presented the performance of RGIA during the Third Control Period and the outlook for the Fourth Control Period. GHIAL highlighted that RGIA handled around 29.4 million passengers in FY 2024-25 and presented the growth trajectory of the airport, including increase in annual passenger traffic from around 6.2 million passengers in FY 2008-09 to 29.4 million passengers in FY 2024-25. GHIAL also presented the traffic forecasts up to FY 2034-35 and the need for expansion in order to maintain service quality standards and cater to projected demand.
- 7.3.9. The Authority further notes that stakeholders raised observations on traffic projections, phasing of capital expenditure in line with demand, requirement and timing of the Northern Precinct, airport connectivity, metro contribution, cargo road connectivity, walking distance and passenger facilitation, D-D transfer facilities, gate flexibility, inter-terminal connectivity, baggage connectivity, Minimum Connection Time (“MCT”), and frequency of stakeholder consultations.
- 7.3.10. With respect to traffic projections and phasing of capex, the Authority notes that IATA raised concerns that the passenger traffic forecast appeared aggressive and that infrastructure should be provided progressively as demand is realized. GHIAL responded that the traffic forecast prepared by CAPA was based on a balanced and methodological approach, incorporating demand-side and supply-side factors, historical trends, econometric analysis, airline network strategies and industry outlook. GHIAL also stated that actual traffic at RGIA had exceeded the estimates considered during the Third Control Period and that the proposed expansion strategy is systematic and trigger-based.
- 7.3.11. With respect to Southern Precinct capacity enhancement and passenger facilitation, the Authority notes that stakeholders raised concerns regarding walking distances, availability of buggies, D-D transfer facilities and use of existing interim facilities. GHIAL responded that additional travellers had already been planned and procured, buggies were available for senior citizens and passengers with reduced mobility, and one additional ATRS machine was being deployed in the D-D transfer area. GHIAL also clarified that the IIDT and IDAT facilities had been allocated for other operational requirements such as ceremonial lounge, security screening and general aviation operations.
- 7.3.12. With respect to the Northern Precinct development, the Authority notes that stakeholders raised issues regarding seamless connectivity between the existing and proposed terminal, baggage connectivity, MCT and inclusion of cargo terminal, fuel farm and other related facilities. GHIAL submitted that connectivity strategies between the terminals would be aligned to maintain MCT and that detailed considerations would be addressed during the master planning phase with stakeholder inputs. GHIAL further clarified that cargo terminal, fuel farm and APM have not been included in the current expansion plan and would be addressed as and when required.
- 7.3.13. With respect to airport connectivity and transport projects, the Authority notes that stakeholders sought clarification on GHIAL’s financial contribution to the metro project and dedicated cargo road connectivity.

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GHIAL clarified that the cost of the proposed airport metro project is not reflected in the Fourth Control Period filing and that the same would be revisited once the project formally commences from the Government side. GHIAL also stated that the Government of Telangana is planning expansion of the road leading to Pedda Golconda outside the airport area, intended to serve as a cargo corridor, and that an independent access road for the Cargo Terminal is also under consideration as part of the overall master plan.

7.3.14. The Authority further notes that stakeholders sought clarification regarding the variance in capital expenditure figures between the Project Information File and the AUCC presentation. GHIAL clarified that the Project Information File provided the break-up between FY 2025-26 and the Fourth Control Period, while the AUCC presentation presented combined figures for FY 2025-26 to FY 2030-31, and that both documents reflected the same overall total.

7.3.15. The Authority shall examine the proposed capital expenditure after considering project necessity, stakeholder comments, GHIAL’s responses, cost reasonableness, implementation phasing, asset allocation and tariff impact as part of the present tariff determination exercise.

Bifurcation of Capex for the Fourth Control Period

7.3.16. GHIAL has submitted the capitalization schedule for the projects as follows:

Table 167: Capitalization schedule proposed by GHIAL for the Fourth Control Period

(Rs. In crores)

S. No	Category	Particulars	Total Capex submitted by GHIAL	Capitalization year/ date
A1	Capacity Enhancements to Southern Precinct	MLCP (Multi Level Car Park)	219.20	FY 30
A2		Addition of 9 Stands (Equivalent to Code C) on eastern side and 3 Equivalent code C on western side	137.62	FY 27 and FY 28
A3		BHS-BMA Upgrade and Transfer Baggage Storage Management	24.82	FY 27 and FY 28
A4		Improvement of Departure & Arrival Entry & Exit NAKA	13.01	FY 28
A5		Conversion of Stand 53 to Code E/MARS Stand with Associated Works (Taxiways and Taxi lanes)	12.81	FY 27 and FY 28
A6		Conversion from SBD to ABD (check-in island reconfiguration)	6.02	FY 27 and FY 28
A7		Conversion of 8 Swing PESC (16 Domestic, 8 Swing, 5 International) and Civil Work (Partitions and DOM Movement)	5.98	FY 27 and FY 28
A8		Addition of One Machine in PESC Area for D-to-D Transfer	4.66	FY 27 and FY 28
A9		Other Miscellaneous	3.15	FY 27 and FY 28
			Total Cost	427.00
B1	Northern Runway & Associated Airside Works	Runway, Taxiway and Apron	1,712.29	30-Sep-2029
B2		Elevated Taxiway	710.45	
B3		Airside Ancillary Building	97.16	

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S. No	Category	Particulars	Total Capex submitted by GHIAL	Capitalization year/ date
B4		Perimeter Wall	37.38	
B5		Earth Works	909.54	
B6		External Utilities	194.44	
B7		Taxiway as emergency runway	108.15	
B8		GSE Building	28.02	
B9		Airside Roads	83.22	
B10		GSE Parking	32.34	
		Total Cost	3,912.99	
C1	Northern Precinct Development- Landside Works	Terminal Building	4,790.59	30-Sep-2029
C2		CNS ATM Building	35.62	
C3		Landside Ancillary Buildings	24.29	
C4		Landside Roads	15.04	
C5		Dual Elevated Ramp	116.09	
C6		Landscaping	67.40	
C7		Car parking area	95.45	
C8		IT Systems & Telecommunication	635.33	
C9		Operational equipment	63.34	
C10		External Utilities	194.44	
	Total Cost	6,037.59		
D1	Airport Connectivity and Transport	Flyover (E-W on MAR 4L+4L) – Length: 700 m	77.00	30-Sep-2029
D2		Under Pass on E-W (2L+2L) – Length: 800 m	58.00	
D3		Under pass on MAR (4L+4L) Eastern ECT– Length: 1000 m	211.00	
D4		Under Pass on MAR (4L+4L) Western ECT– Length: 900 m	223.00	
D5		Under pass along East-West Road (4L+4L) – Length: 2400 m	181.00	
D6		Under Pass Ext. along East-West Road (3L+3L) – Length: 750m	81.00	
D7		North-South Road (3L+3L) – Length: 3500m	44.00	
D8		18m Road (2+2) – Length: 3100m	15.00	
	Total Hard Costs	890.00		
E1	General Capital Expenditure	Terminal Operations	94.84	FY 27 to FY 31
E2		Security and Vigilance	391.78	
E3		Project, Engineering & Maintenance	389.51	
E4		Strategic Initiatives	131.54	
E5		Landscape	53.41	
E6		IT	197.00	
E7		ARFF	44.17	
	Total	1302.26		
F	Capital Expenditure deferred from TCP		168.50	FY 27

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S. No	Category	Particulars	Total Capex submitted by GHIAL	Capitalization year/ date
G1	Soft Costs	Design & PMC, Preliminaries & Other cost, Insurance, Contingencies etc.	1,415.37	
G2	Interest During Construction	IDC	1,292.40	
	Total Capex		15,446.11	
	Aeronautical Capex		14,304.20	

7.3.17. In the subsequent sections and paragraphs, the Authority has examined each of the above categories of capital expenditure projects in detail.

(A) Capacity Enhancements to Southern Precinct (Existing Terminal)

7.3.18. The Authority notes that the existing Southern Precinct of RGIA has scope for limited capacity enhancement to cater to the immediate traffic requirement of the airport. As per the revised Terminal 1 Capacity Assessment, the proposed improvements in the existing terminal and associated facilities would enhance the passenger processing capacity of the Southern Precinct from **34 MPPA to 40 MPPA** on the terminal side.

7.3.19. The Authority through M/s RITES Limited has examined the scope, technical justification and cost reasonableness of the capacity enhancement works proposed for the Southern Precinct. The works examined include enhancement of car parking capacity, addition of aircraft stands, baggage make-up area improvements, improvement of entry/exit NAKA, conversion of stands to Code E/MARS configuration, check-in island reconfiguration, swing PESC conversion and addition of one machine in the domestic-to-domestic transfer PESC area.

A1. Multi-Level Car Park (MLCP)

7.3.20. The Authority notes that the existing car parking facility at RGIA has around **2,600 parking slots**, with average occupancy of around 100% during peak hours and 75% during normal hours. Considering the increase in design peak hour passenger traffic from **4,585 passengers to 5,092 passengers** post improvement in the Southern Precinct, the Authority is of the view that augmentation of car parking capacity is required to avoid congestion and improve passenger convenience.

7.3.21. M/s RITES Limited has assessed the cost of additional car parking capacity based on the benchmark unit cost for multi-level car parking.

7.3.22. The Authority notes that the cost proposed by GHIAL towards the MLCP is Rs. 219 Crores. The Authority, through M/s PWC, the tariff consultant, has assessed the nature of capital expenditure pertaining to Multi Level Car Parking, and notes that the mentioned capital expenditure is non aeronautical in nature and accordingly, the Authority proposes not to consider this capital expenditure for the purpose of tariff determination.

A2. Addition of Aircraft Stands in Southern Precinct

7.3.23. The Authority notes that additional aircraft stands are required to support the enhanced terminal processing capacity and the airside operational requirement of the Southern Precinct. M/s RITES Limited has assessed

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the apron stand requirement for the Southern Precinct considering passenger traffic of **40 MPPA** and total ATMs of **2,50,000**, being the maximum capacity of the runway at the Southern Precinct.

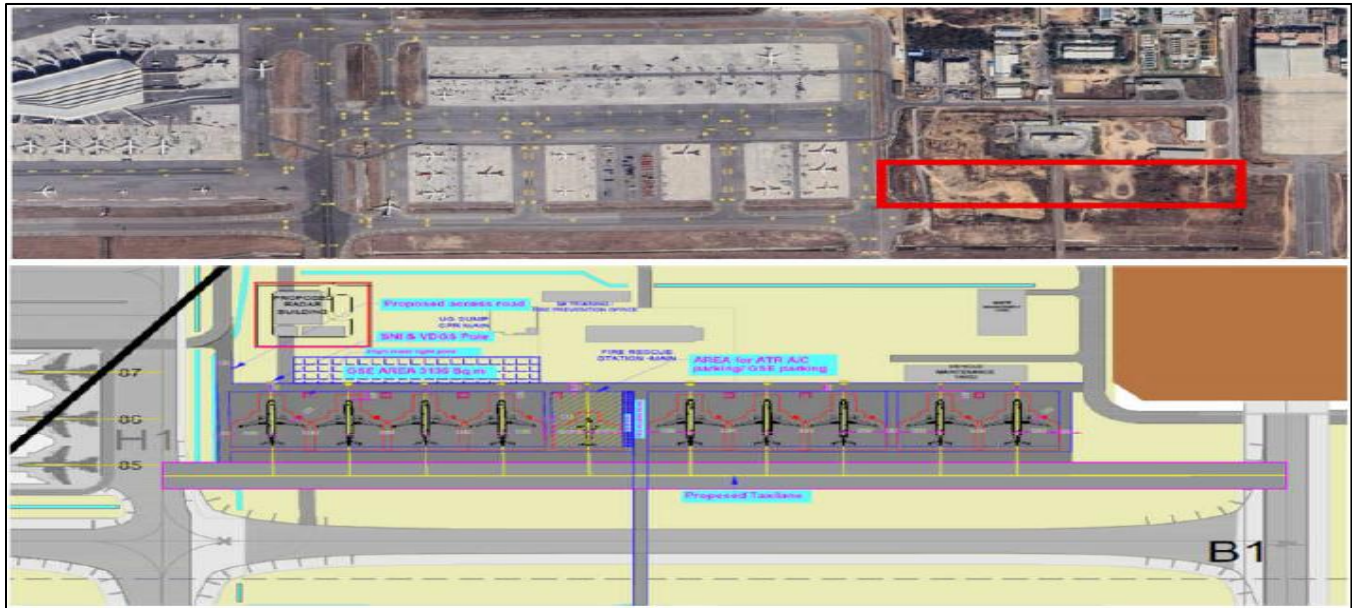


Figure 2: Proposed New Aircraft Stand Area at the Southern Precinct — Aerial View (Top) and Detailed Layout Plan (Bottom)

Table 168: Apron Stand Requirement assessed for Southern Precinct

Particulars	Value
Passenger Traffic considered	40 MPPA
Total ATMs considered	2,50,000
Domestic ATMs	2,13,448
International ATMs	36,551
Average Peak Hour ATM	33
Domestic Turnaround Time	60 minutes
International Turnaround Time	120 minutes
Domestic ATM in Peak Hour	29
International ATM in Peak Hour	4
Utilisation Factor	0.60
Stand Demand	64
Night Parking Demand as per Third Control Period	84
Total Stand Requirement	148

7.3.24. M/s RITES Limited has noted that the present development at the Southern Precinct has a stand capacity of 101 stands. The addition of 12 stands and conversion of one Code C stand to Code E/MARS configuration would increase the stand capacity to 114 stands. Since the assessed stand requirement is 148 stands, the Authority notes that the proposed airside augmentation is justified from an operational requirement perspective.

7.3.25. For cost assessment, M/s RITES Limited has derived the rate for airside pavement works based on the rate approved in the Third Control Period and after applying WPI-based escalation. The rate calculation is shown below:

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Table 169: Rate Calculation for Airside Pavements

S. No.	Particulars	Value	Unit
1	Unit Rate as per Third Control Period	10,517.12	Rs. / sqm
2	WPI based inflation for FY 2024 and FY 2025	3.58	%
3	WPI based inflation for FY 2026	0.90	%
4	WPI based inflation for FY 2027	4.70	%
5	WPI based inflation for FY 2028 and FY 2029	3.60	%
6	Unit Rate for FY 2025	11,283.62	Rs. / sqm
7	Unit Rate for FY 2026	11,385.18	Rs. / sqm
8	Unit Rate for FY 2027 to FY 2029	12,793.99	Rs. / sqm
9	Unit Rate considered for Fourth Control Period	12,793.99	Rs. / sqm

7.3.26. Based on the above rate assessed for the proposed additional pavement area of **87,560 sqm**, M/s RITES Limited has assessed the cost of additional aircraft stands as follows:

Table 170: Cost Assessment for Addition of Aircraft Stands

Particulars	Value
Additional pavement area (A)	87,560 sqm
Rate considered based on ratio of Pavement work in TCP (B)	Rs. 12,793.99 / sqm
Cost assessed (C=A*B)	Rs. 112.02 Cr
Cost proposed to be considered by the Authority	Rs. 112.02 Cr

7.3.27. Accordingly, the Authority proposes to consider **Rs. 112.02 Crores** towards addition of aircraft stands in the Southern Precinct, against the cost submitted by GHIAL of **Rs. 138 Crores**.

A3. BHS-BMA Upgrade and Transfer Baggage Storage Management

7.3.28. The Authority notes that expansion of the Baggage Make-Up Area (“BMA”) is required to support the increase in terminal capacity from 34 MPPA to 37 MPPA. M/s RITES Limited has assessed that around **4,100 sqm** of additional BMA area is required, comprising domestic and international side expansion adjacent to the existing BMA.

7.3.29. The unit rate considered for BMA expansion works out to **Rs. 60,976 per sqm**, which is lower than the CPWD PAR 2025 rate of **Rs. 78,491 per sqm** for comparable building works as evaluated by M/s RITES Limited and the cost is found to be reasonable. The assessment is shown below:

Table 171: Cost Assessment for BHS-BMA Upgrade and Transfer Baggage Storage Management

Particulars	Value
Additional BMA area (A)	4,100 sqm
Unit rate based on submitted cost (B)	Rs. 60,976 / sqm
CPWD PAR 2025 benchmark rate	Rs. 78,491 / sqm
Cost assessed C=(A*B)	Rs. 25.00 Cr
Cost proposed to be considered (in line with GHIAL submission)	Rs. 24.82 Cr

7.3.30. The Authority notes that the cost proposed by GHIAL towards the BHS-BMA Upgrade and Transfer Baggage Storage Management is Rs. 24.82 Crores. The Authority has assessed the reasonableness of the proposed cost with reference to the additional BMA area of 4,100 sqm and the unit rate derived from the cost submitted by GHIAL, which works out to Rs. 60,976 per sqm. The Authority notes that the said unit rate is lower than the applicable CPWD PAR 2025 benchmark rate of Rs. 78,491 per sqm. Accordingly, the Authority is of the view that the cost proposed by GHIAL is reasonable and proposes to consider Rs.

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24.82 Crores, towards the BHS-BMA Upgrade and Transfer Baggage Storage Management for the Fourth Control Period.

A4. Improvement of Departure and Arrival Entry / Exit NAKA

7.3.31. The Authority notes that realignment of vehicle parking and circulation patterns, along with improvement of departure and arrival entry/exit NAKA, is required to cater to the additional passenger processing capacity in the Southern Precinct. The work includes entry and exit control infrastructure and associated security systems to ensure safe and efficient vehicle movement.

7.3.32. M/s RITES Limited has assessed the cost based on the CPWD DSR 2023 rates for departure and arrival kerbs and road improvement. The total lane length considered is **7.2 km**, and the rate considered is **Rs. 1.81 Crores per km**.

Table 172: Cost Assessment for Departure and Arrival Entry / Exit NAKA

Particulars	Value
Departure kerb lane length (A)	3.6 km
Arrival kerb lane length (B)	3.6 km
Total lane length (C)	7.2 km
Cost assessed based on CPWD DSR 2023 (D)	Rs. 1.81 Cr / km
Cost assessed by M/s RITES Limited (E=C*D)	Rs. 13.03 Cr
Cost proposed to be considered by the Authority	Rs. 13.00 Cr

7.3.33. Since the cost assessed by M/s RITES Limited is broadly in line with the cost of the proposed works, the Authority proposes to consider **Rs. 13.00 Crores** towards improvement of departure and arrival entry/exit NAKA as against the cost proposed by GHIAL of Rs. 13.00 Crores.

A5. Conversion of Stand 53 to Code E / MARS Stand with Associated Works

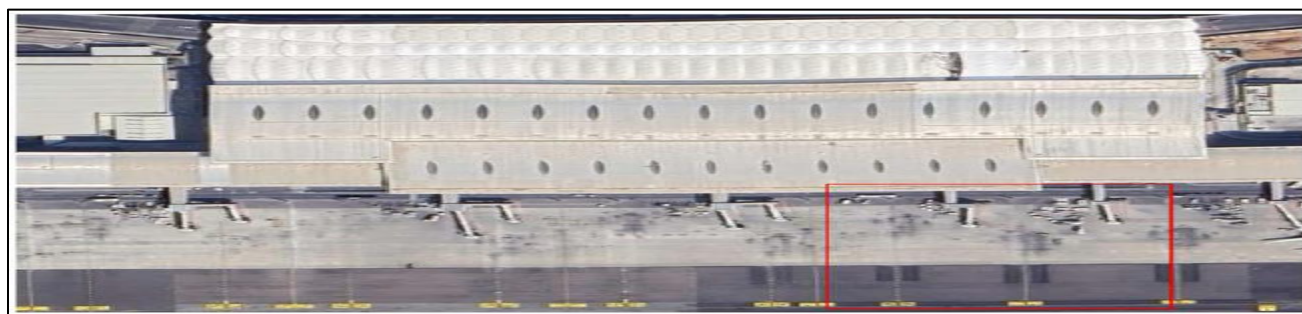


Figure 3: Aerial View of Proposed Upgradation of Stand 52 and Stand 53 to Code E / MARS Configuration with Associated Taxiway Works

7.3.34. The Authority notes that conversion of Stand 53 to Code E/MARS configuration, along with associated taxiway and taxilane works, is required to provide operational flexibility for handling larger aircraft and MARS operations. M/s RITES Limited has assessed the cost based on the completed pavement area required by the Airport Operator during the Third Control Period taking into consideration the WPI indexation till FY 29 which is 12793.99/ sqm.

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Table 173: Cost Assessment for Conversion of Stand 53 to Code E / MARS Stand

Particulars	Value
Additional pavement area (A)	10,898 sqm
Normative airside pavement rate (B)	Rs. 12,793.99 / sqm
Cost assessed by M/s RITES Limited (C=A*B)	Rs. 13.94 Cr
Cost proposed to be considered by the Authority	Rs. 12.81 Cr

7.3.35. Since the cost considered by GHIAL is within the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 12.81 Crores** towards conversion of Stand 53 to Code E/MARS Stand with associated works which is in line with GHIAL’s submission.

A6. Conversion from SBD to ABD / Check-in Island Reconfiguration

7.3.36. The Authority notes that conversion of existing Self Bag Drop (“SBD”) units into Assisted Bag Drop (“ABD”) counters is intended to increase processing flexibility and reduce congestion at check-in areas. M/s RITES Limited has assessed the requirement with reference to the planning area required for ABD counters as per IATA ADRM norms.

Table 174: Planning Area considered for ABD Counters

Component	Typical Requirement
Counter frontage per position	4.5 m to 6 m
Counter depth including staff and equipment	2.5 m to 3 m
Passenger processing / queue area	1.2 sqm to 1.5 sqm per passenger
Total planning area per assisted counter	20 sqm to 35 sqm per counter

7.3.37. M/s RITES Limited has considered the capitalised terminal building rate approved in the Third Control Period and escalated the same up to FY 2026. The cost assessment is shown below:

Table 175: Cost Assessment for Conversion from SBD to ABD

Particulars	Value
Number of ABD counters considered (A)	15
Planning area considered per counter (B)	35 sqm
Total area considered (C)	525 sqm
Rate of terminal building after WPI escalation (D)	Rs. 1,53,871.53 / sqm
Cost assessed by M/s RITES Limited (D=C*D)	Rs. 8.07 Cr
Cost proposed to be considered by the Authority	Rs. 6.00 Cr

7.3.38. Since the cost proposed by GHIAL is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 6.00 Crores** towards conversion from SBD to ABD / check-in island reconfiguration as the same is found to be reasonable as against the cost proposed by GHIAL of **Rs. 6.02 Crores**.

A7. Conversion of Swing PESC and Associated Civil Works

7.3.39. The Authority notes that the proposed conversion of additional gates into swing gates is intended to enhance operational flexibility between domestic and international passenger processing areas. The project involves reconfiguration of the existing cabin baggage screening machines and Automated Tray Retrieval System (“ATRS”), which are presently arranged in a curved layout, into a parallel configuration to optimise the utilisation of terminal space and accommodate additional swing gate operations. The Authority further

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notes that relocation and realignment of these systems would increase the available circulation area in the processor area, thereby improving passenger flow and reducing congestion.

- 7.3.40. Upon completion of the proposed works, the overall gate configuration is expected to increase from 24 gates to 29 gates, comprising 5 international gates, 16 domestic gates and 8 swing gates. The Authority is of the view that the proposed works would provide greater flexibility to support both domestic and international operations, improve operational efficiency, enable better utilisation of terminal space and provide adaptability to demand fluctuations. The proposed works are also expected to support future passenger growth by making the existing terminal infrastructure more responsive to changing traffic requirements. M/s RITES Limited has assessed the cost as follows:

Table 176: Planning Area considered for Swing Gate Conversion

Configuration	Typical Area Requirement
Small swing segregation gate	20 sqm to 40 sqm
Medium dual-direction swing gate	40 sqm to 80 sqm
Large international / domestic swing zone	80 sqm to 150 sqm or above

- 7.3.41. Considering large domestic / international swing zone requirements, M/s RITES Limited has considered an area of **400 sqm** for conversion of five gates to swing gates. The cost has been assessed using the terminal building rate capitalized in Third Control Period and duly escalated up to FY 2026.

Table 177: Cost Assessment for Conversion of Swing PESC and Associated Civil Works

Particulars	Value
Area considered (A)	400 sqm
Normative terminal building rate after WPI escalation (B)	Rs. 1,55,941.38 / sqm
Cost assessed by M/s RITES Limited (C=A*B)	Rs. 6.23 Cr
Cost proposed to be considered by the Authority	Rs. 5.98 Cr

- 7.3.42. Since the cost proposed by GHIAL is broadly in line with the cost assessed by M/s RITES Limited, the Authority proposes to **consider Rs. 5.98 Crores** towards conversion of Swing PESC and associated civil works.

A8. Addition of One Machine in PESC Area for D-to-D Transfer

- 7.3.43. The Authority notes that the addition of one machine in the Domestic-to-Domestic transfer PESC area is proposed to support the projected domestic transfer passenger load and reduce processing time. M/s RITES Limited has examined the requirement and noted that although detailed cost break-up was not available, the cost is reasonable based on prevailing market rates of in-line XBIS / ATRS machines and associated civil works in the market.

- 7.3.44. Accordingly, the Authority proposes to consider **Rs. 4.66 Crores** towards addition of one machine in the PESC area for D-to-D transfer which is in line with GHIAL's submission.

A9. Other Miscellaneous Works

- 7.3.45. The Authority notes that an amount of **Rs. 3.00 Crores** was included towards miscellaneous works under Southern Precinct enhancement. However, M/s RITES Limited has observed that no details or supporting justification have been provided for the same.

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7.3.46. In the absence of project details, scope, cost basis and supporting justification, the Authority proposes not to consider the said amount.

Summary of Capex proposed to be considered for Southern Precinct Enhancement

7.3.47. Based on the above examination, the Authority proposes to consider **Rs. 398.28 Crores** towards Southern Precinct Enhancement works for the Fourth Control Period, as against the total cost of Rs. 427.00 Crores examined under this head. The item-wise cost proposed to be considered by the Authority is provided below:

Table 178: Capex for Capacity Enhancements to the Southern Precinct proposed to be considered by the Authority

(Rs. In crores)

Activity	Cost submitted by GHIAL	Cost proposed to be considered by the Authority
MLCP (Multi-Level Car Park)	219.20	219.20
Addition of 9 stands equivalent to Code C on eastern side and 3 equivalent Code C stands on western side	137.62	112.02
BHS-BMA Upgrade and Transfer Baggage Storage Management	24.82	24.82
Improvement of Departure and Arrival Entry / Exit NAKA	13.01	13.00
Conversion of Stand 53 to Code E / MARS Stand with associated works	12.81	12.81
Conversion from SBD to ABD / check-in island reconfiguration	6.02	6.00
Conversion of 8 Swing PESC and associated civil works	5.98	5.98
Addition of one machine in PESC area for D-to-D transfer	4.66	4.66
Other Miscellaneous Works	3.15	0.00
Total	427.00	398.29

7.3.48. The Authority proposes to consider the cost of **Rs. 398.29 Crores** towards Southern Precinct Enhancement works for the Fourth Control Period, subject to actual capitalisation and asset allocation at the time of true-up.

(B) Northern Runway and associated Airside works

7.3.49. The Authority through M/s RITES Limited has examined the cost proposed towards Northern Runway and associated airside works for the Fourth Control Period. The examination has been carried out with reference to the scope of work, quantities considered, detailed rate analysis, and WPI-based escalation. M/s RITES Limited has evaluated the proposed capex using both the actual rate approach and detailed rate approach, depending upon the nature of the item.

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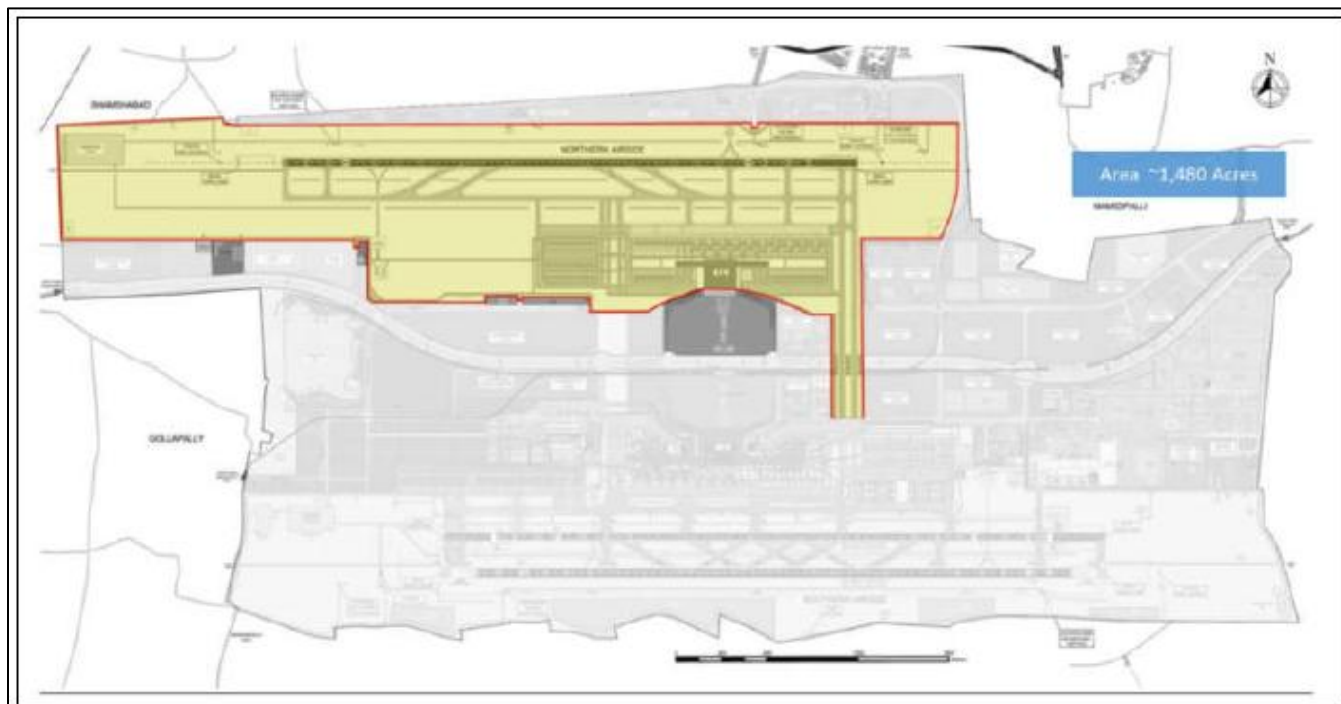


Figure 4: Master Plan Layout Showing the Northern Precinct Area Earmarked for Development of Northern Runway and Associated Airside Works (~1,480 Acres)

7.3.50. Under the actual rate approach, M/s RITES Limited has considered the rates approved by the Authority for similar works in the Third Control Period and escalated the same using Wholesale Price Index (“WPI”). Under the detailed rate approach, M/s RITES Limited has worked out item-wise rates based on relevant benchmarks such as CPWD DSR, CPWD PAR, MoRTH cost analysis, available master plan details and Google Earth data, wherever applicable.

B1. Runway, Taxiway and Apron

7.3.51. For runway, taxiway and apron works, M/s RITES Limited has adopted the actual rate approved in the Third Control Period for airside pavements and escalated the same using WPI-based inflation. The rate adopted by M/s RITES Limited is shown below:

Table 179: Rate Assessment for Runway, Taxiway and Apron

Particulars	Amount / Rate
Basic rate as per Third Control Period Tariff Order (A)	Rs. 10,517.12 per sqm
Add: WPI based escalation up to FY 2025 (B)	Rs. 766.50 per sqm
Add: WPI based escalation for FY 2026 (C)	Rs. 101.55 per sqm
Add: WPI based escalation for FY 2027 to FY 2029 (D)	Rs. 1,408.81 per sqm
Total normative rate considered(E=A+B+C+D)	Rs. 12,793.99 per sqm

7.3.52. Based on the above actual rate and the area of **13,23,644 sqm**, M/s RITES Limited has assessed the cost for runway, taxiway and apron works as follows:

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Table 180: Cost Assessment for Runway, Taxiway and Apron

Particulars	Value
Area considered (A)	13,23,644 sqm
Rate considered (B)	Rs. 12,793.99 per sqm
Cost assessed by M/s RITES Limited (C=A*B)	Rs. 1,693.47 Cr

7.3.53. Accordingly, the Authority proposes to consider **Rs. 1,693.47 Crores** towards runway, taxiway and apron works as against **Rs. 1,712.29 Crores** submitted by GHIAL.

B2. Elevated Taxiway

7.3.54. For the elevated taxiway, M/s RITES Limited has assessed the capital expenditure based on the MoRTH project cost sheet. The unit rate considered by M/s RITES Limited for elevated taxiway works is **Rs. 46,400 per sqm**.

Table 181: Cost Assessment for Elevated Taxiway

Particulars	Value
Area considered (A)	1,53,000 sqm
Unit rate considered (B)	Rs. 46,400 per sqm
Cost assessed by M/s RITES Limited (C=A*B)	Rs. 709.92 Cr

7.3.55. The Authority proposes to consider **Rs. 709.92 Crores** towards elevated taxiway works as against **Rs. 710.45 Crores** submitted by GHIAL.

B3. Airside Ancillary Building

7.3.56. For airside ancillary building, M/s RITES Limited has assessed the cost based on CPWD PAR 2025. The unit rate considered by M/s RITES Limited is **Rs. 76,855.63 per sqm**.

Table 182: Cost Assessment for Airside Ancillary Building

Particulars	Value
Area considered (A)	12,000 sqm
Unit rate considered (B)	Rs. 76,855.63 per sqm
Cost assessed by M/s RITES Limited (C=A*B)	Rs. 92.23 Cr

7.3.57. The Authority proposes to consider **Rs. 92.23 Crores** towards airside ancillary building as against **Rs. 97 Crores** submitted by GHIAL against **Rs. 97.16 Crores** as submitted by GHIAL.

B4. Perimeter Wall

7.3.58. For perimeter wall, M/s RITES Limited has carried out a detailed estimate based on CPWD DSR 2023. The quantities were assessed using the master plan and Google Earth data, and the rates were escalated up to the construction period using WPI-based inflation.

Table 183: Perimeter Wall Estimate

Particulars	Value
Length considered (A)	14,500 m
Rate considered (B)	Rs. 26,175.41 per m
Cost assessed by M/s RITES Limited (C=A*B)	Rs. 37.95 Cr
Cost proposed to be considered by the Authority	Rs. 37.00 Cr

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7.3.59. The Authority notes that the cost proposed by GHIAL towards the perimeter wall is Rs. 37.00 Crores. The Authority, through M/s RITES Limited, has assessed the reasonableness of the proposed cost based on a detailed estimate prepared with reference to CPWD DSR 2023. Since the cost proposed by GHIAL is within the cost assessed by M/s RITES Limited and the cost is found to be reasonable, the Authority proposes to consider Rs. 37.00 Crores towards perimeter wall for the Fourth Control Period against Rs. 37.38 Crores as submitted by GHIAL.

B5. Earthworks

7.3.60. M/s RITES Limited has assessed the quantity of earthworks based on available Google Earth data, master plan inputs and existing runway threshold levels. The calculation of earthwork quantity is summarised below:

Table 184: Earthwork Quantity Assessment

S. No.	Particulars	Value
1	Existing Threshold 09R	600.76 m
2	Existing Threshold 27R	617.52 m
3	Distance between existing runway and new runway	2,150 m
4	Maximum permissible threshold level at 09 end on new runway	600.76 m
5	Maximum permissible threshold level at 27 end on new runway	617.52 m
6	Average gradation level	609.14 m
7	Earthwork volume in cut worked out from Google Earth OGLs	1,00,07,715.92 cum
8	Earthwork volume in fill worked out from Google Earth OGLs	1,21,20,376.41 cum
9	Average cut and fill volume considered	1.105 crore cum

7.3.61. M/s RITES Limited has considered earthwork quantity of **1.10 crore cum** for cost assessment. M/s RITES Limited has assessed the rate based on CPWD DSR 2023, escalated using WPI-based inflation. The rate considered by M/s RITES Limited is **Rs. 677.14 per cum**.

Table 185: Cost Assessment for Earthworks

Particulars	Value
Quantity considered (A)	1,10,00,000 cum
Rate considered (B)	Rs. 677.14 per cum
Cost assessed by M/s RITES Limited (C=A*B)	Rs. 744.85 Cr

7.3.62. Accordingly, the Authority proposes to consider **Rs. 744.85 Crores** towards earthworks against **Rs. 909.54 Crores** as submitted by GHIAL.

B6. External Utilities

7.3.63. For external utilities, M/s RITES Limited has considered the EPC contract details of Bhogapuram Airport as the benchmark and escalated the rate using WPI-based inflation. The total cost assessed for external utilities was split equally between terminal area and airside area, in line with the approach adopted for allocation of such common utility works.

Table 186: Cost Assessment for External Utilities

Particulars	Value
Basic benchmark rate (A)	Rs. 55,840 per sqm
Add: WPI based escalation for FY 2027 to FY 2030 (B)	Rs. 7,008.41 per sqm
Rate considered for evaluation (C)	Rs. 62,848 per sqm

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Particulars	Value
Total cost assessed for external utilities (D)	Rs. 408.51 Cr
Share considered for airside area (E) (50% of D)	Rs. 204.26 Cr
Hard cost for airside external utilities (F)	Rs. 179.17 Cr*
Cost proposed to be considered by the Authority	Rs. 179.17 Cr

*204.26 is divided by the 1.14 to arrive at the amount excluding GST for airside external utilities

7.3.64. Accordingly, the Authority proposes to consider **Rs. 179.17 Crores** towards External Utilities against **Rs. 194.44 Crores** as submitted by GHIAL

B7. Taxiway as Emergency Runway

7.3.65. For taxiway as emergency runway, M/s RITES Limited has adopted the rate approved in the Third Control Period for airside pavements and escalated the same using WPI-based inflation.

Table 187: Cost Assessment for Taxiway as Emergency Runway

Particulars	Value
Area considered	83,600 sqm
Rate considered	Rs. 12,793.99 per sqm
Cost assessed by M/s RITES Limited	Rs. 106.96 Cr

7.3.66. Accordingly, the Authority proposes to consider **Rs. 106.96 Crores** towards taxiway as emergency runway against Rs. 108.15 Crores as submitted by GHIAL.

B8. GSE Building

7.3.67. For GSE building, M/s RITES Limited has assessed the cost based on CPWD PAR 2025. The cost assessment is summarised below:

Table 188: Cost Assessment for GSE Building

Particulars	Value
Area considered	3,741 sqm
Unit rate considered	Rs. 76,855.63 per sqm
Cost assessed by M/s RITES Limited	Rs. 28.75 Cr
Cost proposed to be considered by the Authority	Rs. 28.00 Cr

7.3.68. Since the cost considered is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 28.00 Crores** towards GSE building as against **Rs. 28.02 Crores** submitted by GHIAL.

B9. Airside Roads

7.3.69. For airside roads, M/s RITES Limited has carried out a detailed estimate based on CPWD DSR 2023. The quantities have been assessed using master plan details and Google Earth data, and the rates have been escalated to the construction year using WPI-based inflation.

Table 189: Cost Assessment for Airside Roads

Particulars	Value
Lane length considered	45 lane-km
Rate considered	Rs. 1,81,56,151.58 per lane-km
Cost assessed by M/s RITES Limited	Rs. 81.70 Cr

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7.3.70. Accordingly, the Authority proposes to consider **Rs. 81.70 Crores** towards airside roads as against **Rs. 83.22 Crores** submitted by GHIAL.

B10. GSE Parking

7.3.71. For GSE parking, M/s RITES Limited has adopted the airside pavement rate approved in the Third Control Period and escalated the same using WPI-based inflation.

Table 190: Cost Assessment for GSE Parking

Particulars	Value
Area considered (A)	25,000 sqm
Rate considered (B)	Rs. 12,793.99 per sqm
Cost assessed by M/s RITES Limited C=A*B	Rs. 31.98 Cr
Cost proposed to be considered by the Authority (in line with GHIAL submission)	Rs. 31.98 Cr

7.3.72. Since the cost proposed by GHIAL is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 31.98 Crores** towards GSE parking against Rs. 32.34 Crores as submitted by GHIAL.

Soft Costs

7.3.73. For soft cost components, M/s RITES Limited has considered the rates broadly in line with the approach adopted for finalisation of capex for the Third Control Period. The soft cost components comprise preliminaries and other costs, permits and insurance, design and PMC, and contingencies.

7.3.74. The Authority, upon review of GHIAL's submission, explanations and relevant supporting documents, has the following views with respect to the soft cost proposed by GHIAL for the Fourth Control Period:

- The Authority notes that GHIAL has proposed soft cost at **14%** of the project cost. The Authority observes that in the case of other PPP airports such as BIAL, DIAL, etc., similar costs such as Preliminaries, Design, Project Management Consultancy, Insurance, Permits and other related soft costs have generally been considered in the range of **8% to 11%** of the project cost. Accordingly, the Authority is of the view that the soft cost of **14%** claimed by GHIAL is on the higher side and requires moderation.
- The Authority also notes that certain capex items proposed by GHIAL relate to airside and operational works, including pavement works, stand conversion and other infrastructure augmentation. For such works, PMC and related soft cost requirements are generally lower and are normally observed to be in the range of **1% to 3%**, depending upon the nature and complexity of the work.
- The Authority further observes that GHIAL has proposed soft cost on an overall basis across capex items, including works such as procurement of equipment, IT systems, security systems, vehicles, plant and machinery, and other bought-out / SITC items. The Authority is of the view that applying a uniform soft cost percentage on all such items may result in overstatement of the eligible cost, particularly where the scope already includes installation, commissioning and vendor-related support.

7.3.75. Accordingly, considering the nature of the capex proposed by GHIAL, the mix of civil works, bought-out items and SITC contracts, the benchmark observed in other PPP airports, and the need to avoid loading of excessive soft costs on all capex items, the Authority proposes to restrict the allowable soft cost to 10% of

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the aeronautical capex of the projects allowed by the Authority for the Fourth Control Period, as against 14% claimed by GHIAL. The amount towards soft cost shall accordingly be computed on the aeronautical portion of the capex approved by the Authority and considered for inclusion in the Regulatory Asset Base, subject to actual capitalization, reconciliation with audited financial statements / Fixed Asset Register and prudence check.

Table 191: Soft Costs assessed by M/s RITES Limited for Northern Runway and Associated Airside Works
(Rs. In crores)

Particulars	Amount
Hard Costs	3705.28
Soft Costs (10%)	370.53

7.3.76. Based on the above analysis, the Authority proposes to consider **Rs. 4,075.81 Crores** towards Northern Runway and associated airside works for the Fourth Control Period. The item-wise cost proposed to be considered by the Authority is shown below:

Table 192: Capex for Northern Runway and Associated Airside Works proposed by the Authority
(Rs. In crores)

Activity	Cost submitted by GHIAL	Cost proposed by the Authority
Runway, Taxiway and Apron	1712.29	1693.47
Elevated Taxiway	710.45	709.92
Airside Ancillary Building	97.16	92.23
Perimeter Wall	37.38	37.00
Earth Works	909.54	744.85
External Utilities	194.44	179.17
Taxiway as Emergency Runway	108.15	106.96
GSE Building	28.02	28.00
Airside Roads	83.22	81.70
GSE Parking	32.34	31.98
Sub-total: Hard Costs	3912.99	3705.28
Soft Costs	547.82	370.53
Total Cost excluding IDC	4460.80	4075.81

7.3.77. Accordingly, the Authority proposes to consider **Rs. 4,075.81 Crores** towards Northern Runway and associated airside works for the Fourth Control Period, subject to actual capitalisation and asset allocation at the time of true-up.

(C) Northern Precinct development – Landside Works

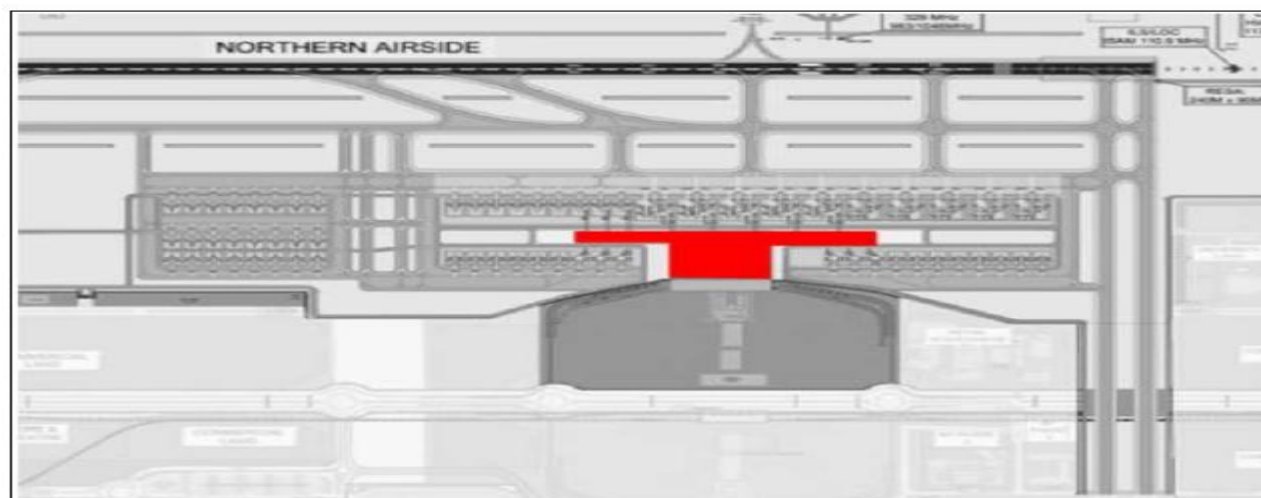


Figure 5: Conceptual View of the Proposed Northern Passenger Terminal Building (NPTB) — 2,25,000 sqm

C1. Terminal Building

7.3.78. The Authority has examined GHIAL’s proposal for development of the New Northern Passenger Terminal Building of 2,25,000 sqm with a design capacity of 20 MPPA, along with capacity enhancement works at the existing Southern Terminal. The Authority notes that the Southern Terminal capacity enhancement is proposed to be achieved through targeted operational and infrastructure interventions such as BHS/BMA upgrades, check-in reconfiguration, expansion of domestic security screening areas and baggage reclaim improvements, without any material addition to the existing terminal floor area. With these interventions, the Southern Terminal capacity is expected to increase from 34 MPPA to 40 MPPA, and together with the proposed NPTB, the combined terminal capacity at RGIA is expected to increase to around 60 MPPA.

7.3.79. The Authority has assessed the proposed terminal sizing with reference to projected traffic growth, peak-hour passenger demand, IMG/IATA planning norms and comparable airport benchmarks. For the purpose of assessment, the Authority has considered a Peak Hour Passenger (“PHP”) factor of 0.03% for the combined terminal system, which results in a combined PHP of 18,000 passengers for 60 MPPA capacity. The Authority notes that the combined terminal area of 6,04,370 sqm results in an area provision of around 33.58 sqm/PHP, which is within reasonable bounds when compared with applicable planning norms and benchmarks for integrated terminals.

Table 193: Peak Hour Passenger Assessment for Hyderabad Terminals

Particulars	South Terminal	South Terminal in Fourth Control Period	NPTB Phase 1	Combined Terminals in Fourth Control Period
Annual Design Capacity	34 MPPA	40 MPPA*	20 MPPA	60 MPPA
PHP at 0.03% of annual capacity	10,200	12,000	6,000	18,000
PHP at 0.035% as considered by RITES for NPTB	-	-	7,000	-
Terminal Area existing / proposed	3,79,370 sqm	3,79,370 sqm	2,25,000 sqm	6,04,370 sqm

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Area per PHP at 0.03%	37.19 sqm/PHP	31.61 sqm/PHP	37.50 sqm/PHP	33.58 sqm/PHP
Area per PHP as per RITES at 0.035% for NPTB	-	-	32.14 sqm/PHP	-

7.3.80. The Authority further notes that both the existing Southern Terminal and the proposed NPTB are integrated terminals handling domestic and international traffic with swing capability. Accordingly, integrated terminal norms are relevant for assessing the reasonableness of terminal area. The area per PHP norms considered by the Authority are set out below:

Table 194: Area per PHP Norms considered for Terminal Planning

Standard	Domestic Terminal	International Terminal	Integrated Terminal
IMG	20 sqm/PHP	27.5 sqm/PHP	25 sqm/PHP
IATA	25 sqm/PHP	35 sqm/PHP	~30 sqm/PHP

7.3.81. The Authority notes that M/s RITES Limited has examined the proposed NPTB area of 2,25,000 sqm. RITES has assessed the NPTB using the IATA ADRM peak-hour factor of 0.035%, resulting in PHP of 7,000 passengers and area provision of 32.14 sqm/PHP. M/s RITES Limited has observed that the proposed NPTB area is in line with applicable norms and comparable airport benchmarks and has not recommended any reduction in the proposed area. The Authority also notes that the Southern Terminal enhancement works have been reviewed by RITES and no reduction in the proposed scope has been recommended.

Table 195: Summary of Area Considered for Hyderabad Terminals

Particulars	Value
Combined Terminal Capacity in Fourth Control Period	60 MPPA
Combined PHP at 0.03%	18,000
Existing Southern Terminal area unchanged	3,79,370 sqm
Proposed NPTB Phase 1 area	2,25,000 sqm
Combined Terminal area	6,04,370 sqm
Combined Area per PHP	33.58 sqm/PHP
RITES-assessed NPTB Area per PHP at 0.035%	32.14 sqm/PHP

7.3.82. Accordingly, based on the assessment of PHP, terminal area norms, comparable airport benchmarks and the findings of RITES, the Authority proposes to consider the NPTB area of 2,25,000 sqm for 20 MPPA capacity as proposed by GHIAL for the purpose of cost assessment.

7.3.83. For the proposed Northern Passenger Terminal Building, M/s RITES Limited has considered the approved rate of terminal building works determined during the Second Control Period and escalated the same using WPI-based inflation up to the expected year of capitalisation. The Authority notes that the proposed Northern Passenger Terminal Building is planned with an area of 2,25,000 sqm and is intended to provide additional passenger handling capacity in the Northern Precinct.

7.3.84. The rate assessment carried out by M/s RITES Limited for the Terminal Building is shown below:

Table 196: Rate Assessment for Northern Passenger Terminal Building

Particulars	WPI	Amount / Rate	Cumulative Rate
Basic rate for Terminal Building determined up to FY 2020-21		Rs. 1,29,813.96 per sqm	Rs. 1,29,813.96 per sqm
Add: WPI based escalation up to FY 2021-22	7.14%	Rs. 9,268.72 per sqm	Rs. 1,39,082.68 per sqm

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Particulars	WPI	Amount / Rate	Cumulative Rate
Add: WPI based escalation up to FY 2022-23	9.40%	Rs. 13,073.77 per sqm	Rs. 1,52,156.45 per sqm
Add: WPI based escalation up to FY 2023-24	- 0.72%	Rs. (1,095.53) per sqm	Rs. 1,51,060.92 per sqm
Add: WPI based escalation up to FY 2024-25	2.31%	Rs. 3,489.51 per sqm	Rs. 1,54,550.43 per sqm
Add: WPI based escalation up to FY 2025-26	0.90%	Rs. 1,390.95 per sqm	Rs. 1,55,941.38 per sqm
Add: WPI based escalation up to FY 2026-27	4.70%	Rs. 7,329.25 per sqm	Rs. 1,63,270.63 per sqm
Add: WPI based escalation up to FY 2027-28	3.60%	Rs. 5,877.74 per sqm	Rs. 1,69,148.37 per sqm
Add: WPI based escalation up to FY 2028-29	3.60%	Rs. 6,089.34 per sqm	Rs. 1,75,237.71 per sqm
Add: WPI based escalation up to FY 2029-30	3.60%	Rs. 6,308.56 per sqm	Rs. 1,81,546.27 per sqm
Rate considered as on FY30		Rs. 1,81,546.27 per sqm	

7.3.85. The Authority notes that FY 2021-22 was an exceptional year due to the COVID-19 pandemic, wherein the inflation rate was significantly impacted by volatility in commodity prices and supply-side disruptions. Accordingly, M/s RITES Limited has rationalized the inflation for FY 2021-22 by considering the average of inflation for FY 2020-21 and FY 2021-22, in order to smoothen the abnormal impact of the pandemic period.

7.3.86. The Authority further notes that, as per the revised capacity assessment, the traffic demand is expected to exceed the enhanced capacity of the existing Southern Precinct during the Fourth Control Period. Accordingly, the Northern Passenger Terminal Building has been considered for capitalisation in FY 2029-30, aligned with the expected project completion timeline.

Table 197: Cost Assessment for Northern Passenger Terminal Building

Particulars	Value
Area considered	2,25,000 sqm
Normative rate considered	Rs. 1,81,546.27 per sqm
Cost assessed by M/s RITES Limited	Rs. 4,084.79 Cr

7.3.87. Accordingly, the Authority proposes to consider **Rs. 4,084.79 Crores** towards the Northern Passenger Terminal Building as against **Rs. 4,790.59 Crores** submitted by GHIAL.

C2. CNS ATM Building

7.3.88. For the CNS ATM Building, M/s RITES Limited has assessed the cost based on CPWD PAR 2025, duly escalated based on Cost Index and WPI indices.

Table 198: Cost Assessment for CNS ATM Building

Particulars	Value
Area considered	4,400 sqm
Unit rate considered	Rs. 76,855.63 per sqm
Cost assessed by M/s RITES Limited	Rs. 33.82 Cr

7.3.89. Accordingly, the Authority proposes to consider **Rs. 33.82 Crores** towards CNS ATM Building against **Rs. 35.62 Crores** as submitted by GHIAL.

C3. Landside Ancillary Buildings

7.3.90. For landside ancillary buildings, M/s RITES Limited has assessed the cost based on CPWD PAR 2025 (Rs. 76,855.63 per sqm) for 3,000 sqm. Accordingly, the Authority proposes to consider **Rs. 23.06 Crores** towards landside ancillary buildings as against **Rs. 24.29 Crores** submitted by GHIAL.

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C4. Landside Roads

7.3.91. For landside roads, M/s RITES Limited has carried out a detailed estimate based on CPWD DSR 2023. The quantities have been assessed using the master plan and Google Earth data, and the rates have been escalated up to the construction period using WPI-based inflation.

Table 199: Cost Assessment for Landside Roads

Particulars	Value
Area considered	28,455 sqm
Rate considered	Rs. 5,187.47 per sqm
Cost assessed by M/s RITES Limited	Rs. 14.76 Cr

7.3.92. Accordingly, the Authority proposes to consider **Rs. 14.76 Crores** towards landside roads as against **Rs. 15.04 Crores** submitted by GHIAL.

C5. Dual Elevated Ramp

7.3.93. For the Dual Elevated Ramp, M/s RITES Limited has assessed the cost based on MoRTH project cost sheets.

Table 200: Cost Assessment for Dual Elevated Ramp

Particulars	Value
Area considered	25,000 sqm
Unit rate considered	Rs. 46,400 per sqm
Cost assessed by M/s RITES Limited	Rs. 116.00 Cr

7.3.94. Accordingly, the Authority proposes to consider **Rs. 116.00 Crores** towards the Dual Elevated Ramp as against **Rs. 116.09 Crores** submitted by GHIAL.

C6. Landscaping

7.3.95. For landscaping works, M/s RITES Limited has evaluated the cost based on similar work executed at Bhogapuram Airport. Accordingly, the cost assessed for the Landscaping was arrived at Rs. 69.11 Crores. The cost considered by GHIAL is well within the cost assessed by M/s RITES Limited, hence the Authority proposes to consider **Rs. 67.00 Crores** towards landscaping in line with GHIAL's submission.

C7. Car Parking Area

7.3.96. The cost for the surface car parking has been assessed by M/s RITES Limited based on CPWD DSR 2023. M/s RITES Limited has considered an area of **1,00,000 sqm** and a rate of **Rs. 9,410.87 per sqm**, based on which the cost works out to **Rs. 94.11 Crores**. Accordingly, the Authority proposes to consider **Rs. 94.11 Crores** towards car parking area as against **Rs. 95.45 Crores** submitted by GHIAL.

C8. IT Systems and Telecommunication

7.3.97. For IT Systems and Telecommunication works, M/s RITES Limited has examined the cost based on market rates and reworked the cost based on WPI-based inflation indices. The cost assessed by M/s RITES Limited works out to Rs. 635.34 Crores. Since the cost proposed by GHIAL is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 635.00 Crores** towards IT Systems and Telecommunication as against 635.33 Crores submitted by GHIAL.

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C9. Operational Equipment

7.3.98. For operational equipment, M/s RITES Limited has examined the supporting details and found the cost to be reasonable. The cost assessed by M/s RITES Limited works out to **Rs. 88.60 Crores**. Since the cost proposed by GHIAL is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 63.00 Crores** towards operational equipment in line with the submission made by GHIAL.

C10. External Utilities

7.3.99. For external utilities, M/s RITES Limited has considered comparable EPC contract rates for airport utility works and escalated the same using WPI-based inflation. The total cost assessed for external utilities has been split equally between terminal / landside area and airside area, including soft cost components.

Table 201: Cost Assessment for External Utilities

Particulars	Value
Basic benchmark rate	Rs. 55,840 per sqm
Add: WPI based escalation for FY 2027 to FY 2030	Rs. 7,008.41 per sqm
Rate considered for evaluation	Rs. 62,848 per sqm
Total cost assessed for external utilities	Rs. 408.51 Cr
Share considered for landside / terminal area	Rs. 204.26 Cr
Hard cost for landside / terminal external utilities	Rs. 179.17 Cr
Cost proposed to be considered by the Authority	Rs. 179.17 Cr

7.3.100. Accordingly, the Authority proposes to consider **Rs. 179.17 Crores** towards external utilities attributable to the Northern Passenger Terminal Building and associated landside works against Rs. 194.44 Crores as submitted by GHIAL.

Soft Costs

7.3.101. The Authority, upon review of GHIAL's submission, explanations and relevant supporting documents, has the following views with respect to the soft cost proposed by GHIAL for the Fourth Control Period:

- The Authority notes that GHIAL has proposed soft cost at **14%** of the project cost. The Authority observes that in the case of other PPP airports such as BIAL, DIAL, etc., similar costs such as Preliminaries, Design, Project Management Consultancy, Insurance, Permits and other related soft costs have generally been considered in the range of **8% to 11%** of the project cost. Accordingly, the Authority is of the view that the soft cost of **14%** claimed by GHIAL is on the higher side and requires moderation.
- The Authority also notes that certain capex items proposed by GHIAL relate to airside and operational works, including pavement works, stand conversion and other infrastructure augmentation. For such works, PMC and related soft cost requirements are generally lower and are normally observed to be in the range of **1% to 3%**, depending upon the nature and complexity of the work.
- The Authority further observes that GHIAL has proposed soft cost on an overall basis across capex items, including works such as procurement of equipment, IT systems, security systems, vehicles, plant and machinery, and other bought-out / SITC items. The Authority is of the view that applying a uniform soft cost percentage on all such items may result in overstatement of the eligible cost, particularly where the scope already includes installation, commissioning and vendor-related support.

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7.3.102. Accordingly, considering the nature of the capex proposed by GHIAL, the mix of civil works, bought-out items and SITC contracts, the benchmark observed in other PPP airports, and the need to avoid loading of excessive soft costs on all capex items, the Authority proposes to restrict the allowable soft cost to **10% of the aeronautical capex of the projects allowed by the Authority for the Fourth Control Period**, as against **14% claimed by GHIAL**. The amount towards soft cost shall accordingly be computed on the aeronautical portion of the capex approved by the Authority and considered for inclusion in the Regulatory Asset Base, subject to actual capitalization, reconciliation with audited financial statements / Fixed Asset Register and prudence check.

Table 202: Soft Costs assessed by M/s RITES Limited for Northern Passenger Terminal Building

(Rs. In crores)

Particulars	Amount
Sub-total: Hard Costs	5,310.71
Cost considered for calculation of soft cost (excluding cost pertaining to Car Parking and IT systems)	4,581.60
Soft Costs (10%)	458.16

7.3.103. Accordingly, the Authority proposes to consider **Rs. 5,768.87 Crores** towards the Northern Passenger Terminal Building and associated landside works for the Fourth Control Period, subject to actual capitalisation and asset allocation at the time of true-up. The item-wise cost proposed to be considered by the Authority is shown below:

Table 203: Capex for Northern Precinct Development- Landside Works proposed by the Authority

(Rs. In crores)

Activity	Cost submitted by GHIAL	Cost proposed to be considered by the Authority
Terminal Building	4,790.59	4,084.79
CNS ATM Building	35.62	33.82
Landside Ancillary Buildings	24.29	23.06
Landside Roads	15.04	14.76
Dual Elevated Ramp	116.09	116.00
Landscaping	67.40	67.00
Car Parking Area	95.45	94.11
IT Systems and Telecommunication	635.33	635.00
Operational Equipment	63.34	63.00
External Utilities	194.44	179.17
Sub-total: Hard Costs	6,037.59	5,310.71
Soft Costs	742.95	458.16
Total Cost	6,780.54	5,768.87

(D) Capex towards Airport Connectivity and Transport for RGI Airport

D1. Flyover on East-West Road (Main Access Road)

7.3.104. For the flyover on the east-west road forming part of the Main Access Road, the Authority through M/s RITES Limited, has assessed the cost based on project cost analysis as per MoRTH. M/s RITES Limited has considered a unit rate of Rs. 46,400 per sqm and an area of 19,600 sqm, based on which the cost works out to Rs. 90.94 Crores. Since the cost proposed by GHIAL under this item is lower than the cost assessed

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by M/s RITES Limited, the Authority proposes to consider **Rs. 77.00 Crores** towards flyover on east-west road.

D2. Underpass on East-West Road (Main Access Road)

7.3.105. For the underpass on east-west road forming part of the Main Access Road, the Authority through M/s RITES Limited, has assessed the cost based on project cost analysis as per MoRTH. M/s RITES Limited has considered a unit rate of **Rs. 78,898.73 per sqm** and an area of **11,200 sqm**, based on which the cost works out to **Rs. 88.37 Crores**. Since the cost proposed by GHIAL is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 58.00 Crores** towards underpass on east-west road.

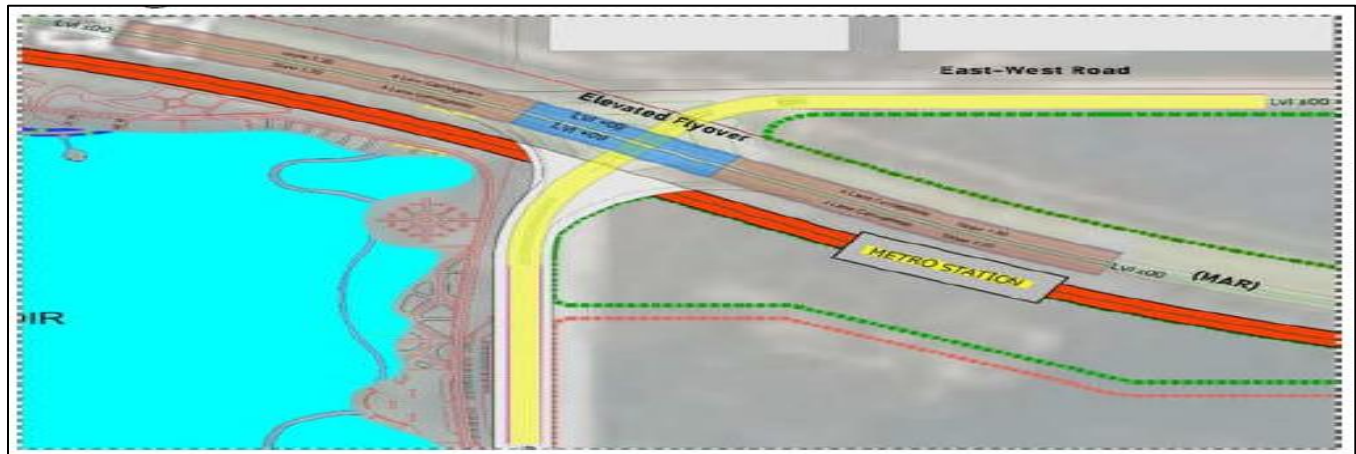


Figure 6: Proposed Layout of Elevated Flyover and Underpass along the East-West Road and Main Access Road (MAR)

D3. Underpass on Main Access Road near Eastern ECT

7.3.106. For the underpass on Main Access Road near Eastern ECT, the Authority through M/s RITES Limited, has assessed the cost based on project cost analysis as per MoRTH. M/s RITES Limited has considered a unit rate of **Rs. 78,898.73 per sqm** and an area of **28,000 sqm**, based on which the cost works out to **Rs. 220.92 Crores**. Since the cost proposed by GHIAL is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 211.00 Crores** towards underpass on Main Access Road near Eastern ECT.

D4. Underpass on Main Access Road near Western ECT

7.3.107. For the underpass on Main Access Road near Western ECT, the Authority through M/s RITES Limited, has assessed the cost based on project cost analysis as per MoRTH. M/s RITES Limited has considered a unit rate of **Rs. 78,898.73 per sqm** and an area of **25,200 sqm**, based on which the cost works out to **Rs. 198.82 Crores**. Accordingly, the Authority proposes to consider **Rs. 198.82 Crores** towards underpass on Main Access Road near Western ECT as against **Rs. 223.00 Crores** submitted by GHIAL.

D5. Underpass along East-West Road (4L+4L)

7.3.108. For the underpass along the east-west road (4L+4L), M/s RITES Limited has assessed the cost based on project cost analysis as per MoRTH. M/s RITES Limited has considered a unit rate of **Rs. 78,898.73 per sqm** and an area of **67,200 sqm**, based on which the cost works out to **Rs. 530.20 Crores**. Since the cost

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proposed under this item is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 181.00 Crores** towards underpass along east-west road (4L+4L).

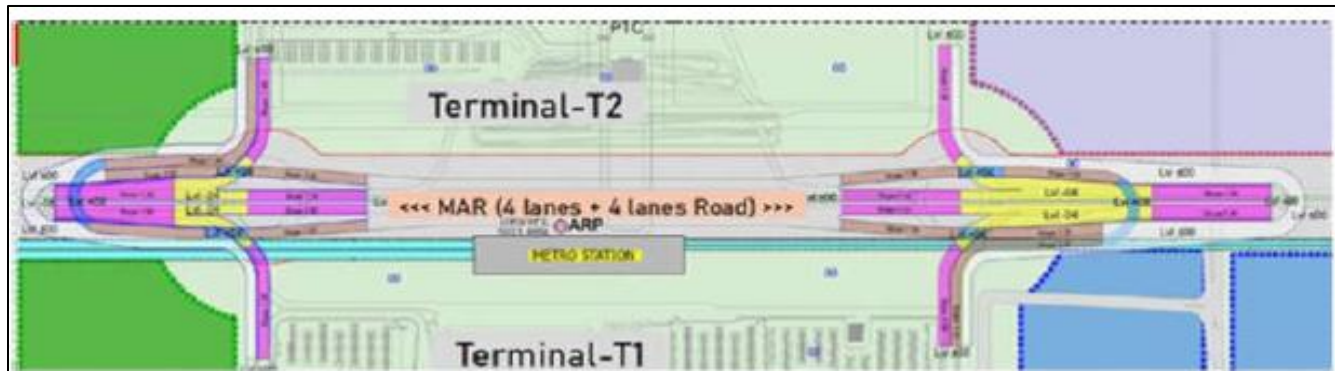


Figure 7: Proposed Layout of Main Access Road (MAR) Underpass (4 + 4 Lanes) Connecting Terminal T1 and Terminal T2

D6. Underpass Extension along East-West Road

7.3.109. For the underpass extension along the east-west road, M/s RITES Limited has assessed the cost based on project cost analysis as per MoRTH. M/s RITES Limited has considered a unit rate of **Rs. 78,898.73 per sqm** and an area of **15,750 sqm**, based on which the cost works out to **Rs. 124.27 Crores**. Since the cost proposed under this item is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider **Rs. 81.00 Crores** towards underpass extension along east-west road.

D7. North-South Road

7.3.110. For the North-South Road, M/s RITES Limited has assessed the cost based on CPWD DSR rates. M/s RITES Limited has considered a rate of **Rs. 1,81,56,151.58 per km** and a quantity of **21 km**, based on which the cost works out to **Rs. 38.13 Crores**. Accordingly, the Authority proposes to consider **Rs. 38.13 Crores** towards North-South Road as against **Rs. 44 Crores** submitted by GHIAL.

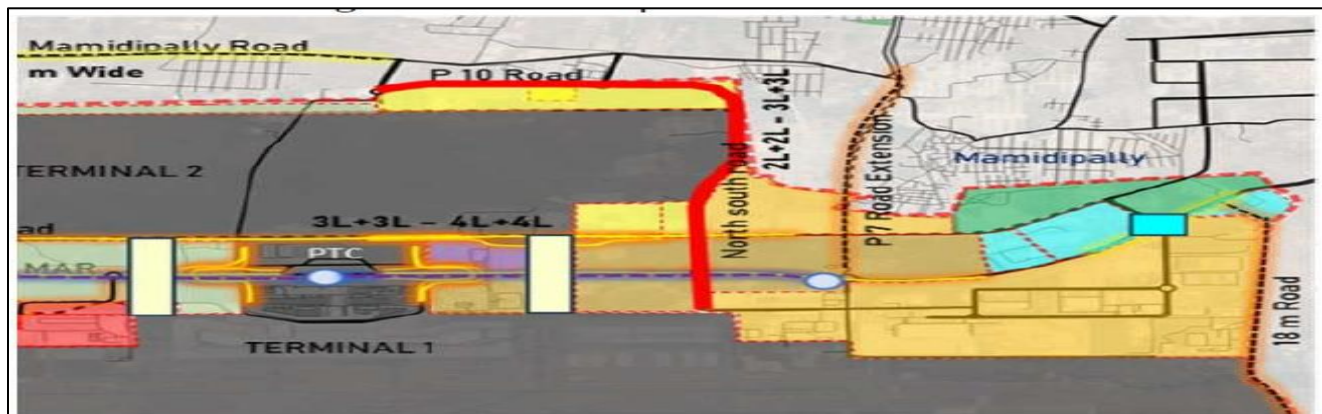


Figure 8: Proposed Layout of Widening of the North-South (N-S) Road Connecting Terminal 1, Terminal 2, and Mamidipally Road

D8. 18m Road (2+2)

7.3.111. For the 18m Road (2+2), M/s RITES Limited has assessed the cost based on CPWD DSR rates. M/s RITES Limited has considered a rate of Rs. 1,81,56,151.58 per lane-km and a quantity of 12.40 km, based on which the cost works out to Rs. 22.51 Crores. Since the cost proposed under this item is lower than the cost assessed by M/s RITES Limited, the Authority proposes to consider Rs. 15.00 Crores towards 18m Road (2+2).



Figure 9: Proposed Alignment of 18m Wide Road (2+2 Lanes) along the South-East Side Connecting East-West Road and Golf Course Road

Soft Costs

7.3.112. For the soft cost components, M/s RITES Limited has considered the rates broadly in line with the approach adopted for capex assessment, comprising preliminaries and other costs, permits and insurance, design and PMC, and contingencies. The soft costs have been considered as a percentage of the hard costs.

7.3.113. The Authority, upon review of GHIAL's submission, explanations and relevant supporting documents, has the following views with respect to the soft cost proposed by GHIAL for the Fourth Control Period:

- The Authority notes that GHIAL has proposed soft cost at **14%** of the project cost. The Authority observes that in the case of other PPP airports such as BIAL, DIAL, etc., similar costs such as Preliminaries, Design, Project Management Consultancy, Insurance, Permits and other related soft costs have generally been considered in the range of **8% to 11%** of the project cost. Accordingly, the Authority is of the view that the soft cost of **14%** claimed by GHIAL is on the higher side and requires moderation.
- The Authority also notes that certain capex items proposed by GHIAL relate to airside and operational works, including pavement works, stand conversion and other infrastructure augmentation. For such

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works, PMC and related soft cost requirements are generally lower and are normally observed to be in the range of **1% to 3%**, depending upon the nature and complexity of the work.

- The Authority further observes that GHIAL has proposed soft cost on an overall basis across capex items, including works such as procurement of equipment, IT systems, security systems, vehicles, plant and machinery, and other bought-out / SITC items. The Authority is of the view that applying a uniform soft cost percentage on all such items may result in overstatement of the eligible cost, particularly where the scope already includes installation, commissioning and vendor-related support.

7.3.114. Accordingly, considering the nature of the capex proposed by GHIAL, the mix of civil works, bought-out items and SITC contracts, the benchmark observed in other PPP airports, and the need to avoid loading of excessive soft costs on all capex items, the Authority proposes to restrict the allowable soft cost to **10% of the aeronautical capex of the projects allowed by the Authority for the Fourth Control Period**, as against **14% claimed by GHIAL**. The amount towards soft cost shall accordingly be computed on the aeronautical portion of the capex approved by the Authority and considered for inclusion in the Regulatory Asset Base, subject to actual capitalization, reconciliation with audited financial statements / Fixed Asset Register and prudence check.

Table 204: Soft Costs assessed by M/s RITES Limited for Airport Connectivity and Transport Systems

(Rs. In crores)

Particulars	Amount
Sub-total: Hard Cost	859.95
Soft Costs	86.00

7.3.115. Accordingly, the Authority proposes to consider **Rs. 945.95 Crores** towards Airport Connectivity and Transport Systems for the Fourth Control Period, subject to actual capitalisation and asset allocation at the time of true-up. The item-wise cost proposed to be considered by the Authority is shown below:

Table 205: Cost Estimate of Airport Connectivity and Transport Systems for the Fourth Control Period

(Rs. In crores)

Activity	Cost submitted by GHIAL	Cost proposed to be considered by the Authority
Flyover on east-west road (Main Access Road)	77.00	77.00
Underpass on east-west road (Main Access Road)	58.00	58.00
Underpass on Main Access Road near Eastern ECT	211.00	211.00
Underpass on Main Access Road near Western ECT	223.00	198.82
Underpass along East-West Road (4L+4L)	181.00	181.00
Underpass Extension along East-West Road	81.00	81.00
North-South Road	44.00	38.13
18m Road (2+2)	15.00	15.00
Sub-total: Hard Cost	890.00	859.95
Soft Costs	124.60	86.00
Total Cost excluding IDC	1,014.60	945.95

(E) General Capex

7.3.116. The Authority notes that GHIAL has proposed a total General Capital Expenditure of **Rs. 1,302.3 Crores** for the Fourth Control Period. The proposed capex is spread across various departments to support airport

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operations, infrastructure augmentation, maintenance requirements, security, and technology-related initiatives.

- 7.3.117. The Authority observes that the major allocations proposed by GHIAL include Rs. 391.8 Crores towards Security and Vigilance, Rs. 389.5 Crores towards Project, Engineering & Maintenance, Rs. 197.0 Crores towards IT infrastructure, and Rs. 131.5 Crores towards Strategic Initiatives. Further, GHIAL has proposed Rs. 94.8 Crores towards Terminal Operations, Rs. 53.4 Crores towards Landscape Development, and Rs. 44.2 Crores towards Airport Rescue and Fire Fighting.
- 7.3.118. The Authority notes that GHIAL has proposed total General Maintenance CAPEX of Rs. 1,302 Crores for the Fourth Control Period. The Authority further notes that the General Maintenance CAPEX approved by AERA, vide Tariff Order for the Third Control Period, was Rs. 1,527.74 Crores.
- 7.3.119. Since the General Maintenance Capex proposed by GHIAL for the Fourth Control Period is broadly in line with, and lower than, the General Maintenance Capex approved for the Third Control Period, the Authority finds the same to be reasonable. Accordingly, the Authority proposes to consider General Maintenance Capex of Rs. 1,302 Crores for the Fourth Control Period.

Table 206: General Capex proposed to be considered for the Fourth Control Period

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
General Maintenance Capital Expenditure	552.91	268.01	142.42	175.11	163.81	1302.26

(F) Capital Expenditure deferred from Third Control Period to Fourth Control Period

- 7.3.120. The Authority notes that capital expenditure amounting to Rs. 168.50 Crores, comprising assets which remained under CWIP and carry-forward items as on 31.03.2026, was not considered for capitalization during the Third Control Period, since the same had not been capitalized / put to use during FY 2026.
- 7.3.121. GHIAL has submitted that the said deferred capital expenditure is proposed to be capitalized in FY 2027, i.e., during the Fourth Control Period. The Authority notes that the deferred amount primarily relates to residual works of the expansion project, including terminal expansion, apron and taxiway works, road infrastructure, ICT cost, enabling works and related soft costs, which form part of the overall expansion capital expenditure.
- 7.3.122. The Authority is of the view that since the amount of Rs. 168.50 Crores was deferred from the Third Control Period only on account of non-capitalization as on 31.03.2026, and not on account of prudence disallowance, the same may be considered in the Fourth Control Period upon actual capitalization by GHIAL.
- 7.3.123. Accordingly, the Authority proposes to allow the deferred capex of Rs. 168.50 Crores (from Third Control Period) in the Fourth Control Period, subject to GHIAL capitalizing the assets in FY 2027, submission of requisite supporting documents, and reconciliation with the audited financial statements / fixed asset register.

Interest During Construction

- 7.3.124. The Authority has examined the IDC submitted by GHIAL for the capital projects proposed during the Fourth Control Period. GHIAL has submitted the IDC computation based on the proposed debt drawdown, utilisation of debt for eligible capital expenditure, assumed cost of debt and the capitalisation schedule of

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the projects. The Authority notes that GHIAL has considered interest cost at 10.00% on the average debt utilised for the project during the construction period.

7.3.125. The Authority has examined the methodology adopted by GHIAL for computation of IDC and finds the same to be reasonable. However, since the Authority has proposed certain adjustments to the capital cost based on the examination of project scope, quantities, applicable benchmarks and reasonableness of costs, the IDC has also been recomputed on a proportionate basis corresponding to the capital cost proposed to be considered by the Authority. Accordingly, IDC has been allowed only to the extent attributable to the eligible capital cost proposed to be considered for the Fourth Control Period.

IDC pertaining to Northern Runway and associated airside works

7.3.126. The debt utilisation and IDC computation submitted by GHIAL is shown in the table below:

Table 207: Debt Utilisation and IDC submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Opening Debt	-	790.94	1,803.21	3,074.28	-	
Drawdown during the year	790.94	1,012.27	1,271.07	615.12	-	3,689.40
Capitalised Debt	-	-	-	3,689.40	-	3,689.40
Closing Debt	790.94	1,803.21	3,074.28	-	-	
Average Debt	395.47	1,297.08	2,438.75	1,537.14	-	
Interest Cost considered	10.00%	10.00%	10.00%	10.00%	-	
IDC submitted by GHIAL	39.55	129.71	243.87	153.71	-	566.84

7.3.127. Based on the capital cost proposed to be considered by the Authority, the IDC has been recomputed proportionately. The IDC submitted by GHIAL and the IDC proposed to be considered by the Authority are shown in the table below:

Table 208: IDC submitted by GHIAL for Northern Runway and associated airside works and the IDC proposed to be considered by the Authority for Northern Runway and associated works

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
IDC submitted by GHIAL	39.55	129.71	243.87	153.71	-	566.84
IDC proposed to be considered by the Authority	31.47	123.28	231.62	146.81	-	533.18

7.3.128. After considering the adjustments in the capital cost of Northern Runway and associated airside works and the aeronautical allocation of the capital expenditure proposed to be considered, the Authority proposes to consider IDC of **Rs. 533.18 Crores** for the Fourth Control Period on a proportionate basis corresponding to the reduction in capital cost proposed to be considered by the Authority.

IDC for Northern Passenger Terminal Building

7.3.129. The debt utilisation and IDC computation submitted by GHIAL for Northern Passenger Terminal Building is shown in the table below:

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Table 209: Debt Utilisation and IDC submitted by GHIAL for Northern Passenger Terminal Building

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Opening Debt	-	354.38	2,141.56	4,262.09	-	
Drawdown during the year	354.38	1,787.18	2,120.52	1,160.10	-	5,422.18
Capitalised Debt	-	-	-	5,422.18	-	5,422.18
Closing Debt	354.38	2,141.56	4,262.09	-	-	
Average Debt	177.19	1,247.97	3,201.83	2,131.04	-	
Interest Cost considered	10.00%	10.00%	10.00%	10.00%	-	
IDC submitted by GHIAL	17.72	124.80	320.18	213.10	-	675.80

7.3.130. Based on the capital cost proposed to be considered by the Authority, the IDC has been recomputed proportionately. The IDC submitted by GHIAL and the IDC proposed to be considered by the Authority are shown in the table below:

Table 210: IDC submitted by GHIAL for Northern Passenger Terminal Building and the IDC proposed to be considered by the Authority

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
IDC submitted by GHIAL	17.72	124.80	320.18	213.10	-	675.80
IDC proposed to be considered by the Authority	14.81	105.82	273.39	182.27	-	576.29

7.3.131. After considering the adjustments in the capital cost of Northern Passenger Terminal Building and the aeronautical allocation of the capital expenditure proposed to be considered, the Authority proposes to consider IDC of **Rs. 576.29 Crores** for the Fourth Control Period on a proportionate basis corresponding to the reduction in capital cost proposed to be considered by the Authority.

Airport Connectivity and Transport Systems

7.3.132. The debt utilisation and IDC computation submitted by GHIAL for Airport Connectivity and Transport Systems is shown in the table below:

Table 211: Debt Utilisation and IDC submitted by GHIAL for Airport Connectivity and Transport Systems

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Opening Debt	-	-	-	497.49	-	
Drawdown during the year	-	-	497.49	262.48	-	759.97
Capitalised Debt	-	-	-	759.97	-	759.97
Closing Debt	-	-	497.49	-	-	
Average Debt	-	-	248.74	248.74	-	
Interest Cost considered	10.00%	10.00%	10.00%	10.00%	-	
IDC submitted by GHIAL	-	-	24.87	24.87	-	49.75

7.3.133. Based on the capital cost proposed to be considered by the Authority, the IDC has been recomputed proportionately. The IDC submitted by GHIAL and the IDC proposed to be considered by the Authority are shown in the table below:

Table 212: IDC proposed to be considered by the Authority for Airport Connectivity and Transport Systems

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
IDC submitted by GHIAL	-	-	24.87	24.87	-	49.75

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IDC proposed to be considered by the Authority	-	-	23.19	23.19	-	46.38
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7.3.134. After considering the adjustments in the capital cost of Airport Connectivity and Transport Systems and the aeronautical allocation of the capital expenditure proposed to be considered, the Authority proposes to consider IDC of **Rs. 46.38 Crores** for the Fourth Control Period on a proportionate basis corresponding to the reduction in capital cost proposed to be considered by the Authority.

Table 213: Summary of IDC proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

Project	IDC submitted by GHIAL	IDC proposed to be considered by the Authority
Northern Runway and Associated Airside Works	566.84	533.18
Northern Passenger Terminal Building	675.80	576.29
Airport Connectivity and Transport Systems	49.75	46.38
Total	1,292.39	1,155.85

7.3.135. Accordingly, the Authority has proposed to consider the following Capital Expenditure (including soft cost and IDC):

Table 214: Capital Expenditure (including soft costs and IDC) proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

S. No	Category	Particulars	Total Capex submitted by GHIAL	Total Capex proposed to be considered by the Authority
A1	Capacity Enhancements to Southern Precinct	MLCP (Multi Level Car Park)	219.20	219.20*
A2		Addition of 9 Stands (Equivalent to Code C) on eastern side and 3 Equivalent code C on western side	137.62	112.02
A3		BHS-BMA Upgrade and Transfer Baggage Storage Management	24.82	24.82
A4		Improvement of Departure & Arrival Entry & Exit NAKA	13.01	13.00
A5		Conversion of Stand 53 to Code E/MARS Stand with Associated Works (Taxiways and Taxi lanes)	12.81	12.81
A6		Conversion from SBD to ABD (check-in island reconfiguration)	6.02	6.00
A7		Conversion of 8 Swing PESC (16 Domestic, 8 Swing, 5 International) and Civil Work (Partitions and DOM Movement)	5.98	5.98
A8		Addition of One Machine in PESC Area for D-to-D Transfer	4.66	4.66
A9		Other Miscellaneous	3.15	0.00
			Total Cost	427.00
B1		Runway, Taxiway and Apron	1,712.29	1,693.47

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S. No	Category	Particulars	Total Capex submitted by GHIAL	Total Capex proposed to be considered by the Authority
B2	Northern Runway & Associated Airside Works	Elevated Taxiway	710.45	709.92
B3		Airside Ancillary Building	97.16	92.23
B4		Perimeter Wall	37.38	37.00
B5		Earth Works	909.54	744.85
B6		External Utilities	194.44	179.17
B7		Taxiway as emergency runway	108.15	106.96
B8		GSE Building	28.02	28.00
B9		Airside Roads	83.22	81.70
B10		GSE Parking	32.34	31.98
		Soft Costs	547.82	370.53
		IDC	566.84	533.18
		Total Cost	5,027.65	4,608.99
C1		Northern Precinct Development- Landside Works	Terminal Building	4,790.59
C2	CNS ATM Building		35.62	33.82
C3	Landside Ancillary Buildings		24.29	23.06
C4	Landside Roads		15.04	14.76
C5	Dual Elevated Ramp		116.09	116.00
C6	Landscaping		67.40	67.00
C7	Car parking area		95.45	94.11#
C8	IT Systems & Telecommunication		635.33	635.00
C9	Operational equipment		63.34	63.00
C10	External Utilities		194.44	179.17
	Soft Costs		742.95	458.16
	IDC	675.80	576.29	
	Total Cost	7,456.35	6,345.16	
D1	Airport Connectivity and Transport	Flyover (E-W on MAR 4L+4L) – Length: 700 m	77.00	77.00
D2		Under Pass on E-W (2L+2L) – Length: 800 m	58.00	58.00
D3		Under pass on MAR (4L+4L) Eastern ECT– Length: 1000 m	211.00	211.00
D4		Under Pass on MAR (4L+4L) Western ECT– Length: 900 m	223.00	198.82
D5		Under pass along East-West Road (4L+4L) – Length: 2400 m	181.00	181.00
D6		Under Pass Ext. along East-West Road (3L+3L) – Length: 750m	81.00	81.00
D7		North-South Road (3L+3L) – Length: 3500m	44.00	38.13
D8		18m Road (2+2) – Length: 3100m	15.00	15.00
		Soft Costs	124.60	86.00
		IDC	49.75	46.38
	Total Cost	1,064.35	992.33	
E1	General Capital Expenditure	Terminal Operations	94.84	94.84
E2		Security and Vigilance	391.78	391.78

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S. No	Category	Particulars	Total Capex submitted by GHIAL	Total Capex proposed to be considered by the Authority
E3		Project, Engineering & Maintenance	389.51	389.51
E4		Strategic Initiatives	131.54	131.54
E5		Landscape	53.41	53.41
E6		IT	197.00	197.00
E7		ARFF	44.17	44.17
		Total Cost	1302.26	1302.26
	Capital Expenditure carry forwarded from TCP	Total	168.50	168.50
	Total Capex		15,446.11	13,815.53

*Considered as Non-Aeronautical Asset (ref. Table 215)

Considered as Non-Aeronautical Asset (ref. Table 217)

7.3.136. The Authority proposes to reduce 1% of the uncapitalized project cost from the ARR / target revenue as re-adjustment in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule. It is further proposed that if the delay in completion of the project is beyond the timeline given in the capitalization schedule, due to any reason beyond the control of GHIAL or its contracting agency and is properly justified, the same would be considered by the Authority while truing up the actual cost at the time of determination of tariff for the next Control Period. The re-adjustment in the ARR/ Target Revenue is to protect the interest of the stakeholders who are paying for services provided by GHIAL and is also encouragement for GHIAL to commission/ capitalize the proposed assets as per the approved CAPEX plan/schedule.

Asset Allocation for the Fourth Control Period

GHIAL's submission regarding Asset Allocation for the Fourth Control Period

7.3.137. GHIAL has submitted the classification of capital expenditure proposed for the Fourth Control Period into aeronautical, non-aeronautical and common categories. GHIAL has further submitted the aeronautical allocation of capex for each of the project components proposed during the Fourth Control Period.

7.3.138. As per GHIAL's submission, the aeronautical portion has been computed based on the nature and usage of the respective assets. Further, the soft costs have been allocated in line with the aeronautical proportion of the underlying hard costs. The project-wise aeronautical allocation of capex as submitted by GHIAL is provided in the tables below:

Table 215: Aeronautical Capex for Capacity Enhancements to Southern Precinct submitted by GHIAL

(Rs. In crores)

Particulars	Classification submitted by GHIAL	Capex submitted by GHIAL	Aeronautical capex submitted by GHIAL
MLCP (Multi Level Car Park)	Non Aero	219.20	0.00
Addition of 9 Stands (Equivalent to Code C) on eastern side and 3 Equivalent code C on western side	Aero	137.62	137.62

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Particulars	Classification submitted by GHIAL	Capex submitted by GHIAL	Aeronautical capex submitted by GHIAL
BHS-BMA Upgrade and Transfer Baggage Storage Management	Aero	24.82	24.82
Improvement of Departure & Arrival Entry & Exit NAKA	Aero	13.01	13.01
Conversion of Stand 53 to Code E/MARS Stand with Associated Works (Taxiways and Taxi lanes)	Aero	12.81	12.81
Conversion from SBD to ABD (check-in island reconfiguration)	Aero	6.02	6.02
Conversion of 8 Swing PESC (16 Domestic, 8 Swing, 5 International) and Civil Work (Partitions and DOM Movement)	Aero	5.98	5.98
Addition of One Machine in PESC Area for D-to-D Transfer	Aero	4.66	4.66
Other Miscellaneous	Aero	3.15	3.15
Total Cost		427.00	208.08

7.3.139. Based on the above classification, GHIAL has submitted total capex of Rs. 427.00 Crores towards Southern Precinct Enhancement. Out of the same, Rs. 208.08 Crores has been submitted as aeronautical capex for the Fourth Control Period. The balance amount primarily pertains to MLCP, which has been classified as non-aeronautical by GHIAL.

Table 216: Aeronautical Capex for Northern Runway & Associated Airside Works submitted by GHIAL

(Rs. In crores)

Activity	Classification submitted by GHIAL	Capex submitted by GHIAL	Aeronautical capex submitted by GHIAL
Runway, Taxiway and Apron	Aero	1,712.29	1,712.29
Elevated Taxiway	Aero	710.45	710.45
Airside Ancillary Building	Aero	97.16	97.16
Perimeter Wall	Aero	37.38	37.38
Earth Works	Aero	909.54	909.54
External Utilities	Common	194.44	-
Taxiway as emergency runway	Aero	108.15	108.15
GSE Building	Aero	28.02	28.02
Airside Roads	Aero	83.22	83.22
GSE Parking	Aero	32.34	32.34
Sub-total: Hard Costs		3,912.99	3,718.55
Preliminaries & Other cost		78.26	74.37
Permits, Insurance etc.		78.26	74.37
Design & PMC		195.65	185.93
Contingencies		195.65	185.93
Sub-total: Soft Costs		547.82	520.60
Total Cost excluding IDC		4,460.80	4,239.14

7.3.140. Based on the above classification, GHIAL has submitted total capex of Rs. 4,460.80 Crores towards Northern Runway and associated airside works, of which Rs. 4,239.14 Crores has been submitted as aeronautical capex for the Fourth Control Period.

Table 217: Aeronautical Capex for Northern Precinct Development- Landside Works submitted by GHIAL

(Rs. In crores)

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Activity	Classification submitted by GHIAL	Capex submitted by GHIAL	Aeronautical capex submitted by GHIAL
Terminal Building	Common	4,790.59	4,328.97
CNS ATM Building	Aero	35.62	35.62
Landside Ancillary Buildings	Aero	24.29	24.29
Landside Roads	Aero	15.04	15.04
Dual Elevated Ramp	Aero	116.09	116.09
Landscaping	Aero	67.40	67.40
Car parking area	Non-Aero	95.45	-
IT Systems & Telecommunication	Common	635.33	574.11
Operational equipment	Aero	63.34	63.34
External Utilities	Aero	194.44	194.44
Sub-total: Hard Costs		6,037.59	5,419.30
Preliminaries & Other cost		106.14	95.27
Permits, Insurance etc.		106.14	95.27
Design & PMC		265.34	238.17
Contingencies		265.34	238.17
Sub-total: Soft Costs		742.95	666.87
Total Cost excluding IDC		6,780.54	6,086.17

7.3.141. Based on the above classification, GHIAL has submitted total capex of Rs. 6,780.54 Crores towards Northern Precinct Development- Landside Works, of which Rs. 6,086.17 Crores has been submitted as aeronautical capex for the Fourth Control Period.

Table 218: Aeronautical Capex for Airport Connectivity and Transport submitted by GHIAL

(Rs. In crores)

Activity	Classification submitted by GHIAL	Capex submitted by GHIAL	Aeronautical capex submitted by GHIAL
Flyover (E-W on MAR 4L+4L) – Length: 700 m	Aero	77.00	77.00
Under Pass on E-W (2L+2L) – Length: 800 m	Aero	58.00	58.00
Under pass on MAR (4L+4L) Eastern ECT – Length: 1000 m	Aero	211.00	211.00
Under Pass on MAR (4L+4L) Western ECT – Length: 900 m	Aero	223.00	223.00
Under pass along East-West Road (4L+4L) – Length: 2400 m	Aero	181.00	181.00
Under Pass Ext. along East-West Road (3L+3L) – Length: 750 m	Aero	81.00	81.00
North-South Road (3L+3L) – Length: 3500 m	Aero	44.00	44.00
18m Road (2+2) – Length: 3100 m	Aero	15.00	15.00
Sub-total: Hard Costs		890.00	890.00
Preliminaries & Other cost		17.80	17.80
Permits, Insurance etc.		17.80	17.80
Design & PMC		44.50	44.50
Contingencies		44.50	44.50
Sub-total: Soft Costs		124.60	124.60
Total Cost excluding IDC		1,014.60	1,014.60

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- 7.3.142. Based on the above classification, GHIAL has submitted total capex of Rs. 1,014.60 Crores towards Airport Connectivity and Transport Systems, and the entire amount of Rs. 1,014.60 Crores has been submitted as aeronautical capex for the Fourth Control Period.
- 7.3.143. GHIAL has submitted total General Capex of Rs. 1,302.26 Crores for the Fourth Control Period. The General Capex proposed by GHIAL includes capex towards Terminal Operations, Security and Vigilance, Project, Engineering & Maintenance, Strategic Initiatives, Landscape, IT and ARFF. GHIAL has further classified the General Capex into aeronautical, non-aeronautical, common and non-aeronautical CGF categories. As per GHIAL's classification, out of the total General Capex of Rs. 1,302.26 Crores, Rs. 961.50 Crores has been classified as aeronautical, Rs. 69.60 Crores as non-aeronautical, Rs. 213.07 Crores as common and Rs. 58.10 Crores as non-aeronautical CGF.
- 7.3.144. Based on the above, GHIAL has submitted total General Capex of Rs. 1,302.26 Crores for the Fourth Control Period, of which Rs. 961.50 Crores has been classified as aeronautical capex. The common capex has been separately identified by GHIAL for allocation between aeronautical and non-aeronautical components.

Authority's examination regarding Asset Allocation for the Fourth Control Period

- 7.3.145. The Authority has examined the classification of total capital expenditure proposed by GHIAL for the Fourth Control Period into aeronautical and non-aeronautical components. The Authority notes that GHIAL has classified certain assets differently from the asset classification principles adopted by AERA for regulatory tariff determination. Accordingly, the Authority has reclassified such assets in line with the AERA principles. Further, the soft costs have been apportioned in line with the aeronautical proportion of the underlying hard costs. The Authority has computed the aeronautical capex separately for each of the capital expenditure heads proposed for the Fourth Control Period.
- 7.3.146. For the purpose of determination of RAB, the Authority proposed to apportion the common assets related to passenger terminal into Aero and Non-Aero assets utilising the Terminal Area Ratio of 84.6% (Aero) and 15.4% (Non Aero). Whereas, the common assets pertaining to functions other than the terminal building are proposed to be apportioned utilising the average Gross Fixed Asset ratio for the Third Control Period i.e. 89.56% (Aero) and 10.44% (Non Aero).
- 7.3.147. The project-wise analysis of asset allocation, along with the rationale for changes in classification proposed by the Authority, is provided below:

Table 219: Reclassification of capital expenditure pertaining to Capacity Enhancements to the Southern Precinct

Activity	Classification as submitted by GHIAL	Classification proposed to be considered by the Authority
MLCP (Multi-Level Car Park)	Non-Aero	Non Aero
Addition of 9 stands equivalent to Code C on eastern side and 3 equivalent Code C stands on western side	Aero	Aero
BHS-BMA Upgrade and Transfer Baggage Storage Management	Aero	Aero
Improvement of Departure & Arrival Entry & Exit NAKA	Aero	Common

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Activity	Classification as submitted by GHIAL	Classification proposed to be considered by the Authority
Conversion of Stand 53 to Code E/MARS Stand with associated works	Aero	Aero
Conversion from SBD to ABD /check-in island reconfiguration	Aero	Aero
Conversion of 8 Swing PESC and associated civil works	Aero	Aero
Addition of one machine in PESC area for D-to-D transfer	Aero	Aero
Other Miscellaneous	Aero	Common

7.3.148. The rationale for the reclassification of asset allocation proposed by the Authority is set out below:

- Improvement of Departure & Arrival Entry & Exit NAKA: The assets shall jointly be used by all terminal visitors like passengers, visitors and the staff of airport & airport concessionaires. Hence, the Authority proposes to classify the same as common, to be allocated in the ratio of Terminal Area Ratio.
- Other Miscellaneous: The exact nature and usage of the assets under this head have not been separately identified. Since such assets may be used jointly by passengers, visitors and staff of airport & airport concessionaires, the Authority proposes to classify the same as common, to be allocated in the ratio of Terminal Area Ratio.

Table 220: Reclassification of capital expenditure pertaining to Northern Runway & Associated Airside Works

Activity	Classification submitted by GHIAL	Classification proposed to be considered by the Authority
Runway, Taxiway and Apron	Aero	Aero
Elevated Taxiway	Aero	Aero
Airside Ancillary Building	Aero	Aero
Perimeter Wall	Aero	Aero
Earth Works	Aero	Aero
External Utilities	Aero	Common
Taxiway as Emergency Runway	Aero	Aero
GSE Building	Non-Aero	Aero
Airside Roads	Aero	Aero
GSE Parking	Non-Aero	Aero

7.3.149. The rationale for the reclassification of asset allocation proposed by the Authority is set out below:

- External Utilities: External infrastructure such as DG sets, UPS, substations, power distribution boards, LT switchboards and HT cables serve both aeronautical and common airport assets. Accordingly, these assets are required to be bifurcated based on their usage for appropriate allocation.
- GSE Building: Assets pertaining to ground handling are to be considered Aero.
- GSE Parking: Assets pertaining to Ground handling are to be considered Aero.

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Table 221: Reclassification of capital expenditure pertaining to Northern Precinct Development- Landside Works

Activity	Classification submitted by GHIAL	Classification proposed to be considered by the Authority
Terminal Building	Common	Common
CNS ATM Building	Aero	Aero
Landside Ancillary Buildings	Aero	Common
Landside Roads	Aero	Common
Dual Elevated Ramp	Aero	Aero
Landscaping	Aero	Common
Car Parking Area	Non-Aero	Non-Aero
IT Systems & Telecommunication	Common	Common
Operational Equipment	Aero	Aero
External Utilities	Aero	Common

7.3.150. The rationale for the reclassification of asset allocation proposed by the Authority is set out below:

- Landside Ancillary Buildings, Landscaping and Landside Roads: The Authority notes that landside connectivity infrastructure is used by aeronautical passengers, users of non-aeronautical commercial facilities, airport employees and the general public. Accordingly, the Authority proposes to classify such assets as common assets.
- External Utilities: External infrastructure such as DG sets, UPS, substations, power distribution boards, LT switchboards and HT cables serve both aeronautical and common airport assets. Accordingly, these assets are required to be bifurcated based on their usage for appropriate allocation.

Table 222: Reclassification of capital expenditure pertaining to Airport Connectivity and Transport Systems

Activity	Classification submitted by GHIAL	Classification proposed to be considered by the Authority
Flyover (E-W on MAR 4L+4L) – Length: 700 m	Aero	Common
Underpass on E-W (2L+2L) – Length: 800 m	Aero	Common
Underpass on MAR (4L+4L) Eastern ECT – Length: 1000 m	Aero	Common
Underpass on MAR (4L+4L) Western ECT – Length: 900 m	Aero	Common
Underpass along East-West Road (4L+4L) – Length: 2400 m	Aero	Common
Underpass Extension along East-West Road (3L+3L) – Length: 750 m	Aero	Common
North-South Road (3L+3L) – Length: 3500 m	Aero	Common
18m Road (2+2) – Length: 3100 m	Aero	Common

7.3.151. The Authority notes that the assets are expected to be used jointly by passengers, visitors, airport staff and staff of airport concessionaires. Accordingly, the Authority proposes to classify the same as common assets, to be allocated between aeronautical and non-aeronautical components in the Terminal Area Ratio.

7.3.152. The elements forming part of General Capex have also been examined from the perspective of their nature, end-use and beneficiary profile. The Authority observed that certain assets proposed under General Capex are not exclusively used for aeronautical activities and are expected to serve multiple user groups, including passengers, visitors, airport employees, concessionaires and users of non-aeronautical commercial facilities. Accordingly, such assets have been reclassified, wherever required, based on the

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above observations and in line with the asset allocation principles adopted by AERA for regulatory tariff determination.

7.3.153. Further, for the capital expenditure deferred from the Third Control Period to the Fourth Control Period, the Authority has considered the aeronautical allocation in the same proportion as proposed to be considered during the Third Control Period. The Authority notes that these items were originally part of the capital expenditure proposed for the Third Control Period and their asset classification and aeronautical allocation had already been examined in the context of the Third Control Period tariff determination.

7.3.154. Accordingly, the project-wise aeronautical allocation of capex proposed to be considered by the Authority is provided in the tables below:

Table 223: Aeronautical Capex proposed to be considered for Capacity Enhancements to the Southern Precinct

(Rs. In crores)

Activity	Aeronautical Allocation proposed to be considered by the Authority	Cost proposed to be considered	Aeronautical Capex proposed to be considered
MLCP (Multi-Level Car Park)	0%	219.00	0.00
Addition of 9 stands equivalent to Code C on eastern side and 3 equivalent Code C stands on western side	100%	112.02	112.02
BHS-BMA Upgrade and Transfer Baggage Storage Management	100%	24.82	24.82
Improvement of Departure & Arrival Entry & Exit NAKA	84.6%	13.00	11.00
Conversion of Stand 53 to Code E/MARS Stand with associated works	100%	12.81	12.81
Conversion from SBD to ABD / check-in island reconfiguration	100%	6.00	6.00
Conversion of 8 Swing PESC and associated civil works	100%	5.98	5.98
Addition of one machine in PESC area for D-to-D transfer	100%	4.66	4.66
Other Miscellaneous	84.6%	-	0.00
Total Cost		398.29	177.29

7.3.155. Based on the above classification, the Authority proposes to consider total capex of **Rs. 398.29 Crores** towards Southern Precinct Enhancement, of which **Rs. 177.29 Crores** is proposed to be considered as aeronautical capex for the Fourth Control Period.

Table 224: Aeronautical Capex proposed to be considered for Northern Runway and Associated Airside Works

(Rs. In crores)

Activity	Aeronautical Allocation proposed to be considered by the Authority	Capex proposed to be considered	Aeronautical capex proposed to be considered
Runway, Taxiway and Apron	100%	1693.47	1693.47

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Activity	Aeronautical Allocation proposed to be considered by the Authority	Capex proposed to be considered	Aeronautical capex proposed to be considered
Elevated Taxiway	100%	709.92	709.92
Airside Ancillary Building	100%	92.23	92.23
Perimeter Wall	100%	37.00	37.00
Earth Works	100%	744.85	744.85
External Utilities	89.56%	179.17	160.47
Taxiway as Emergency Runway	100%	106.96	106.96
GSE Building	100%	28.00	28.00
Airside Roads	100%	81.70	81.70
GSE Parking	100%	31.98	31.98
Sub-total: Hard Costs		3705.28	3686.58
Soft Costs		370.53	368.66
Total Cost (excluding IDC)		4,075.81	4,055.23
IDC proposed to be considered		533.18	530.26
Total Capex including IDC		4,608.99	4,585.49

7.3.156. Based on the above classification, the Authority proposes to consider total capex of **Rs. 4,608.99 Crores** towards Northern Runway and associated airside works, of which **Rs. 4,585.49 Crores** is proposed to be considered as aeronautical capex for the Fourth Control Period.

Table 225: Aeronautical Capex proposed to be considered for Northern Precinct Development- Landside Works

(Rs. In crores)

Activity	Aeronautical Allocation proposed to be considered by the Authority	Capex proposed to be considered	Aeronautical capex proposed to be considered
Terminal Building	84.6%	4,084.79	3,455.73
CNS ATM Building	100%	33.82	33.82
Landside Ancillary Buildings	84.6%	23.06	19.51
Landside Roads	89.56%	14.76	13.22
Dual Elevated Ramp	100%	116.00	116.00
Landscaping	84.6%	67.00	56.68
Car Parking Area	0.00%	94.11	-
IT Systems & Telecommunication	84.6%	635.00	537.21
Operational Equipment	100%	63.00	63.00
External Utilities	89.56%	179.17	160.47
Sub-total: Hard Costs		5,310.71	4,455.64
Soft Costs		458.16	391.84
Total Cost excluding IDC		5,768.87	4,847.48
IDC proposed to be considered		576.29	480.97
Total Capex including IDC		6,345.16	5,328.45

7.3.157. Based on the above classification, the Authority proposes to consider total capex of **Rs. 6,345.16 Crores** towards Northern Passenger Terminal Building and associated landside works, of which **Rs. 5,328.45 Crores** is proposed to be considered as aeronautical capex for the Fourth Control Period.

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Table 226: Aeronautical Capex proposed to be considered for Airport Connectivity and Transport Systems

(Rs. In crores)

Activity	Aeronautical Allocation proposed to be considered by the Authority	Capex proposed to be considered	Aeronautical capex proposed to be considered
Flyover (E-W on MAR 4L+4L) – Length: 700 m	84.6%	77.00	65.14
Underpass on E-W (2L+2L) – Length: 800 m	84.6%	58.00	49.07
Underpass on MAR (4L+4L) Eastern ECT – Length: 1000 m	84.6%	211.00	178.51
Underpass on MAR (4L+4L) Western ECT – Length: 900 m	84.6%	198.82	168.20
Underpass along East-West Road (4L+4L) – Length: 2400 m	84.6%	181.00	153.13
Underpass Extension along East-West Road (3L+3L) – Length: 750 m	84.6%	81.00	68.53
North-South Road (3L+3L) – Length: 3500 m	84.6%	38.13	32.26
18m Road (2+2) – Length: 3100 m	84.6%	15.00	12.69
Sub-total: Hard Costs		859.95	727.52
Soft Costs		86.00	72.75
Total Cost excluding IDC		945.95	800.27
IDC proposed to be considered		46.38	39.24
Total Capex including IDC		992.33	839.51

7.3.158. Based on the above classification, the Authority proposes to consider total capex of **Rs. 992.33 Crores** towards Airport Connectivity and Transport Systems, and the amount of **Rs. 839.51 Crores** is proposed to be considered as aeronautical capex for the Fourth Control Period.

Table 227: General Capex and Aeronautical Capitalisation proposed for the Fourth Control Period

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Total General Capex	552.91	268.01	142.42	175.11	163.81	1302.26
Aeronautical Capex	490.88	238.62	130.87	162.19	157.91	1180.47

7.3.159. Accordingly, the Authority proposes to consider total General Capex of Rs. 1302.26 Crores for the Fourth Control Period, of which Rs. 1,180.47 Crores is proposed to be considered as aeronautical portion for the purpose of computation of RAB.

7.3.160. Based on the nature of the respective projects and the final asset classification proposed by the Authority, the aeronautical portion of General Capex has been computed. The Authority has examined each item of General Capex with reference to its intended use, beneficiary profile and relevance to aeronautical operations.

7.3.161. Further, pertaining to Capital Expenditure deferred from Third Control Period, The Authority notes that the capital expenditure amounting to Rs. 168.50 Crores, which was deferred from the Third Control Period, has been proposed by GHIAL for capitalization in FY 2027, during the Fourth Control Period.

7.3.162. Based on the nature of the assets and the aeronautical allocation submitted by GHIAL, the Authority notes that out of the total deferred capital expenditure of Rs. 168.50 Crores, an amount of Rs. 146.93 Crores

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pertains to aeronautical assets / aeronautical portion of the assets, which was arrived by taking into account the aeronautical allocation proposed to be considered in the Third Control Period.

- 7.3.163. Accordingly, the Authority proposes to consider Rs. 146.93 Crores as aeronautical capital expenditure in the Fourth Control Period, subject to actual capitalization in FY 2027, reconciliation with the audited financial statements / Fixed Asset Register, and prudence check by the Authority. The balance amount of Rs. 18.08 Crores shall not be considered as aeronautical capital expenditure for the purpose of determination of the aeronautical Regulatory Asset Base.
- 7.3.164. The Authority also noted that GHIAL would be eligible to claim GST ITC on procurement of certain movable items. GHIAL is advised to share the estimated GST Input Tax Credit as part of Stakeholders' comments so that the same could be factored in the Tariff Order. If no such information is received from GHIAL, Input Tax Credit will be estimated by the Authority and necessary adjustments will be made in the Tariff Order.
- 7.3.165. The Authority expects that GHIAL would properly account for such credits in its submissions in accordance with Chapter V of The Central Goods And Services Tax Act, 2017 at the time of true up of the RAB for the Fourth Control Period, while determining tariff for the Fifth Control Period. The Authority may examine the accounting of input tax credits and make necessary adjustments in this regard at the time of determination of tariffs for the next Control Period.
- 7.3.166. Accordingly, the summary of the total aeronautical capital expenditure proposed to be considered by the Authority are as follows:

Table 228: Summary of Aeronautical Capex proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

S. No	Category	Particulars	Aeronautical Capex proposed to be considered by the Authority	Capitalization year/ date
A1	Capacity Enhancements to Southern Precinct	MLCP (Multi Level Car Park)	0.00	-
A2		Addition of 9 Stands (Equivalent to Code C) on eastern side and 3 Equivalent code C on western side	112.02	FY 27 and FY 28
A3		BHS-BMA Upgrade and Transfer Baggage Storage Management	24.82	FY 27 and FY 28
A4		Improvement of Departure & Arrival Entry & Exit NAKA	11.00	FY 28
A5		Conversion of Stand 53 to Code E/MARS Stand with Associated Works (Taxiways and Taxi lanes)	12.81	FY 27 and FY 28
A6		Conversion from SBD to ABD (check-in island reconfiguration)	6.00	FY 27 and FY 28
A7		Conversion of 8 Swing PESC (16 Domestic, 8 Swing, 5 International) and Civil Work (Partitions and DOM Movement)	5.98	FY 27 and FY 28
A8		Addition of One Machine in PESC Area for D-to-D Transfer	4.66	FY 27 and FY 28

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR
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S. No	Category	Particulars	Aeronautical Capex proposed to be considered by the Authority	Capitalization year/ date
A9		Other Miscellaneous	0.00	FY 27 and FY 28
		Total Cost	177.29	
B1	Northern Runway & Associated Airside Works	Runway, Taxiway and Apron	1693.47	30-Sep-2029
B2		Elevated Taxiway	709.92	
B3		Airside Ancillary Building	92.23	
B4		Perimeter Wall	37.00	
B5		Earth Works	744.85	
B6		External Utilities	160.47	
B7		Taxiway as emergency runway	106.96	
B8		GSE Building	28.00	
B9		Airside Roads	81.70	
B10		GSE Parking	31.98	
		Total Hard Cost	3686.58	
		Soft Costs	368.66	
		Total Cost (excluding IDC)	4,075.81	
		IDC proposed to be considered	530.26	
	Total Aeronautical Capex including IDC	4,585.49		
C1	Northern Precinct Development- Landside Works	Terminal Building	3,455.73	30-Sep-2029
C2		CNS ATM Building	33.82	
C3		Landside Ancillary Buildings	19.51	
C4		Landside Roads	13.22	
C5		Dual Elevated Ramp	116.00	
C6		Landscaping	56.68	
C7		Car parking area	-	
C8		IT Systems & Telecommunication	537.21	
C9		Operational equipment	63.00	
C10		External Utilities	160.47	
		Total Cost	4,455.64	
		Soft Costs	391.84	
		Total Cost excluding IDC	4,847.48	
		Proportion of IDC proposed to be considered	480.97	
	Total Aeronautical Capex including IDC	5,328.45		
D1	Airport Connectivity and Transport	Flyover (E-W on MAR 4L+4L) – Length: 700 m	65.14	30-Sep-2029
D2		Under Pass on E-W (2L+2L) – Length: 800 m	49.07	
D3		Under pass on MAR (4L+4L) Eastern ECT– Length: 1000 m	178.51	
D4		Under Pass on MAR (4L+4L) Western ECT– Length: 900 m	168.20	
D5		Under pass along East-West Road (4L+4L) – Length: 2400 m	153.13	

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR
THE FOURTH CONTROL PERIOD

S. No	Category	Particulars	Aeronautical Capex proposed to be considered by the Authority	Capitalization year/ date
D6		Under Pass Ext. along East-West Road (3L+3L) – Length: 750m	68.53	
D7		North-South Road (3L+3L) – Length: 3500m	32.26	
D8		18m Road (2+2) – Length: 3100m	12.69	
		Total Hard Costs	727.52	
		Soft Costs	72.75	
		Total Cost excluding IDC	800.27	
		IDC proposed to be considered	39.24	
		Total Aeronautical Capex including IDC	839.51	
E	General Capital Expenditure	Aeronautical General Capex	1,180.47	FY 27 to FY 31
F	Capital Expenditure deferred from TCP		146.93	FY 27
	Total Capex		12,258.13	

7.3.167. Accordingly, the summary of the total capital expenditure (including soft cost and IDC) submitted by GHIAL, the capital expenditure proposed to be considered by the Authority, and the corresponding aeronautical additions to RAB is provided below:

Table 229: Summary of Capex proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

Particulars	Total Capex submitted by GHIAL	Total Aeronautical Capex submitted by GHIAL	Total Capex proposed to be considered by the Authority	Aeronautical additions
Northern Runway & Associated Airside Works	5,027.65	4,948.04	4,608.99	4585.49
Northern Precinct Development-Landside Works	7,456.35	6,789.73	6345.16	5328.45
Airport Connectivity and Transport Systems	1,064.35	1064.35	992.33	839.51
Capacity Enhancements to the Southern Precinct	427.00	208.08	398.29	177.29
General Capital Expenditure	1,302.26	1,147.07	1,302.26	1,180.47
Deferred Capital Expenditure from Third Control Period	168.50	146.93	168.50	146.93
Total	15,446.11	14,304.20	13,815.53	12,258.13

7.3.168. Further, the year-wise aeronautical capitalisation / additions proposed to be considered by the Authority for the Fourth Control Period are provided below:

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR
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Table 230: Year-wise Aeronautical Capitalisation / Additions proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

Particulars	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
Aeronautical Additions	720.96	332.76	130.87	10915.64	157.91	12258.13

Depreciation for the Fourth Control Period

7.4. GHIAL's submission regarding Depreciation for the Fourth Control Period

7.4.1. For the assets proposed to be capitalised during the Fourth Control Period, GHIAL has submitted that depreciation has been computed based on the applicable depreciation rates considered by the Authority in the previous control periods, having regard to the nature and useful life of the respective asset categories. GHIAL has further submitted that the weighted average rate of depreciation works out to 5.63%, taking into consideration the weights pertaining to Gross Book Value of the relevant asset categories as on 31.03.2025. The depreciation submitted by GHIAL for the Fourth Control Period is provided in the table below:

Table 231: Depreciation submitted by GHIAL for the Fourth Control Period as per MYTP

(Rs. In crores)

FY ending March	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Depreciation	485	508	513	861	1,202	3,569
ADFG Adjustment	5	5	4	0	0	14
Total Depreciation	480	503	509	861	1,202	3,555

7.5. Authority's examination regarding Depreciation for the Fourth Control Period

7.5.1. The Authority notes that GHIAL has computed depreciation for the Fourth Control Period based on the weighted average rate of depreciation derived with reference to the projected Gross Block for FY 2025-26. GHIAL has considered the weighted average rate of depreciation at 5.65% for computing depreciation on the assets proposed to be capitalised during the Fourth Control Period.

7.5.2. The Authority has examined the depreciation computation submitted by GHIAL with reference to the Fixed Asset Register and the actual asset class-wise data submitted by GHIAL. Based on such examination, the Authority has recomputed the weighted average rate of depreciation, which works out to 5.75%. The Authority notes that the useful life considered by GHIAL for various asset classes is broadly in line with the useful life considered by the Authority. The asset class-wise useful life considered by GHIAL and proposed to be considered by the Authority is shown in the table below:

Table 232: Useful Life considered for Depreciation

Asset Class	Useful Life considered by GHIAL (Years)	Useful Life proposed to be considered by the Authority (Years)
Buildings	30	30
Building on Freehold Land	30	30
Lease Hold Improvements	30	30
Electrical Installation	10	10
Roads other than RCC	10	10
Runways, Taxiways and Apron	30	30
Plant and Machinery	15	15

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR
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Asset Class	Useful Life considered by GHIAL (Years)	Useful Life proposed to be considered by the Authority (Years)
Office Equipment	5	5
IT Systems	3	3
Furniture & Fittings	7	7
Vehicles	8	8
Intangible Assets (Others)	6	6

7.5.3. Based on the above useful life and the weighted average rate of depreciation recomputed by the Authority, the depreciation for the Fourth Control Period has been worked out. Further, the Authority has adjusted the depreciation on account of ADFG assets in line with the treatment adopted in the previous Control Periods. Accordingly, the depreciation proposed to be considered by the Authority after ADFG adjustment is provided below:

Table 233: Depreciation proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Depreciation	446.72	476.99	490.32	807.72	1125.90	3,347.64
ADFG Adjustment	5.12	4.57	4.19	0.00	-	13.88
Depreciation proposed to be considered by the Authority	441.60	472.43	486.12	807.72	1125.90	3,333.76

7.5.4. The rationalization of Rs. 221.24 Crores in depreciation is mainly on account of disallowance/rationalization in total capital expenditure proposed in the Fourth Control Period.

7.5.5. Accordingly, the Authority proposes to consider depreciation of Rs. 3,333.76 Crores for the Fourth Control Period after ADFG adjustment as against Rs. 3,555 Crores submitted by GHIAL.

Regulatory Asset Base for the Fourth Control Period

7.6. GHIAL's submission regarding Regulatory Asset Base (RAB) for the Fourth Control Period

7.6.1. GHIAL has submitted the resultant RAB and Depreciation for the Fourth Control Period after considering opening RAB, additions, deletions and depreciation. The RAB and Depreciation submitted by GHIAL for the Fourth Control Period are shown below:

Table 234: Regulatory Asset Base and Depreciation proposed by GHIAL for the Fourth Control Period

(Rs. In crores)

Particulars	Ref	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Opening RAB	A	6,480	6,554	6,399	6,020	17,887	
Capital Additions	B	554	347	129	12,728	161	13,919
Deletions/ Disposal	C	-	-	-	-	-	0
Depreciation, including ADFG adjustment	D	480	503	509	861	1,202	3,555
Closing RAB (E = A + B - C - D)	E	6,554	6,399	6,020	17,887	16,846	
Average RAB for Tariff Determination (F = (A + E) / 2)	F	6,517	6,476	6,209	11,953	17,366	

CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR
THE FOURTH CONTROL PERIOD

7.7. Authority's examination regarding RAB for the Fourth Control Period

7.7.1. The Authority has carefully examined the capital expenditure, asset allocation and depreciation. Considering the above, the RAB for the Fourth Control Period as considered by the Authority is shown below:

Table 235: Regulatory Asset Base proposed to be considered by the Authority for the Fourth Control Period
(Rs. In crores)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Opening RAB (A)	6284.15*	6563.51	6423.85	6068.59	16176.51	
Capital Additions (B) (Ref. Table 230)	720.96	332.76	130.87	10915.64	157.91	12258.13
Depreciation (inc ADFE adj) (C) (Ref. Table 233)	441.60	472.43	486.12	807.72	1125.90	3333.76
Deletions / Disposal (D)	0.00	0.00	0.00	0.00	0.00	0.00
Closing RAB (E=A+B-C-D)	6563.51	6423.85	6068.59	16176.51	15208.53	
Avg RAB for Tariff Determination (F=(A+E)/2)	6423.83	6493.68	6246.22	11122.55	15692.52	

* Refer Table 54

7.8. Authority's proposals regarding Capex, Depreciation and RAB for the Fourth Control Period

Based on the materials before it and its analysis, the Authority proposes the following with regards to CAPEX, depreciation, and RAB for the Fourth Control Period.

- 7.8.1. To consider the aeronautical additions for the Fourth Control Period in accordance with Table 230.
- 7.8.2. To true up the aeronautical additions based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for next control period.
- 7.8.3. To consider the aeronautical depreciation for the Fourth Control Period in accordance with Table 233.
- 7.8.4. To true up the depreciation based on the actual asset additions and actual date of capitalization during the tariff determination of the next Control Period
- 7.8.5. To consider the Regulatory Asset Base for the Fourth Control Period in accordance with Table 235.
- 7.8.6. To True up the RAB based on actuals at the time of tariff determination for the next Control Period.
- 7.8.7. To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule, as mentioned in para 7.3.136. The same will be examined during true up of the Fourth Control Period, at the time of determination of tariff for the next Control Period.
- 7.8.8. To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the next Control Period.

8 WEIGHTED AVERAGE COST OF CAPITAL (WACC) FOR THE FOURTH CONTROL PERIOD

8.1. GHIAL's submissions regarding WACC for the Fourth Control Period

Cost of Equity

8.1.1. GHIAL in the MYTP for the Fourth Control Period has considered **15.17%** as Cost of Equity. The Cost of Equity proposed by GHIAL is consistent with the Cost of Equity approved by the Authority for the Third Control Period based on the IIM Bangalore study. GHIAL proposes to consider the same Cost of Equity for the Fourth Control Period.

Cost of Debt

8.1.2. GHIAL has projected the Cost of Debt based on the outflows of the existing loans as on March 31, 2025 at the original drawdown foreign currency rate.

8.1.3. In addition to the existing loans, GHIAL proposes to avail fresh loans to meet capital projects i.e., construction of Northern Precinct and airport connectivity projects proposed to be carried out in the Fourth Control Period. GHIAL has submitted that the total debt proposed to be raised for these projects is **Rs. 9,872 Crores** at a Cost of Debt of **10% p.a.** for a tenure of 10 years with an amortisation structure where repayments start at the end of the fifth year.

8.1.4. GHIAL has submitted that the proposed Cost of Debt of 10% for new debt has been considered taking into account project execution risks on account of global uncertainties such as political instability, regulatory approvals and fragile economic conditions, which may be considered by financial institutions as key risk factors while pricing the credit spread.

8.1.5. The details of debt movement and effective cost of debt as submitted by GHIAL for the Fourth Control Period are shown in the table below:

Table 236: Details of Debt Outstanding along with Cost of Debt submitted by GHIAL for the Fourth Control Period as per MYTP

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31
Opening Debt	6,899.24	7,981.56	10,718.01	14,358.34	16,079.79
Addition	1,145.32	4,946.74	3,889.08	2,037.70	-
Repayment	-	2,147.28	248.75	316.25	316.25
IFL Repayment	63.00	63.00	-	-	-
Closing Debt	7,981.56	10,718.01	14,358.34	16,079.79	15,763.54
Interest Cost	680.91	902.59	1,225.42	1,498.53	1,572.82
Average Principal	7,440.40	9,349.79	12,538.18	15,219.06	15,921.66
Effective Cost of Debt	9.15%	9.65%	9.77%	9.85%	9.88%
Weighted Average Cost of Debt for Fourth Control Period					9.72%

WEIGHTED AVERAGE COST OF CAPITAL (WACC) FOR THE FOURTH CONTROL PERIOD

Gearing Ratio

8.1.6. GHIAL has considered a gearing ratio of 48:52, i.e., 48% debt and 52% equity, for computation of the Weighted Average Cost of Capital for the Fourth Control Period.

Weighted Average Cost of Capital / FRoR

8.1.7. Considering the above, GHIAL has arrived at FRoR / WACC of **12.56%**, the details of which are shown in the following table:

Table 237: WACC / FRoR submitted by GHIAL for the Fourth Control Period as per MYTP

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

8.2. Authority's examination regarding WACC for the Fourth Control Period

Cost of Equity

8.2.1. The Authority notes that GHIAL has considered Cost of Equity of **15.17%** for the Fourth Control Period. The Authority further noted that the Cost of Equity considered by GHIAL is consistent with the Cost of Equity approved by the Authority for the Third Control Period based on the IIM Bangalore study.

8.2.2. The Authority proposes to continue to adopt the Cost of Equity of **15.17%** for the Fourth Control Period. The Authority also proposes to continue with the notional debt-equity ratio of **48%:52%** as considered for the Third Control Period.

Cost of Debt

8.2.3. The Authority notes the submission made by GHIAL with regards to Cost of Debt. GHIAL has projected the Cost of Debt based on the outflows of the existing loans as on March 31, 2025 at the original drawdown foreign currency rate. GHIAL has also considered additional debt proposed to be raised for capital projects including construction of Northern Precinct and airport connectivity projects during the Fourth Control Period.

8.2.4. The Authority notes that GHIAL has proposed to raise additional debt of **Rs. 9,872 Crores** for the capital projects during the Fourth Control Period at an interest rate of **10% p.a.** for a tenure of 10 years, with repayment starting at the end of the fifth year. The Authority further noted GHIAL's submission that the proposed cost of debt has been considered keeping in view project execution risks, regulatory approvals, global uncertainties and prevailing economic conditions.

8.2.5. The Authority notes that the weighted average Cost of Debt as assessed by GHIAL for the Fourth Control Period is **9.72%**. The year-wise effective cost of debt ranges from **9.15%** in FY 2026-27 to **9.88%** in FY 2030-31. The Authority observed that the weighted average Cost of Debt of 9.72% is reflective of the existing debt portfolio as well as the proposed new debt for the capital projects during the Fourth Control Period.

WEIGHTED AVERAGE COST OF CAPITAL (WACC) FOR THE FOURTH CONTROL PERIOD

8.2.6. The Authority is of the view that the Cost of Debt proposed by GHIAL is reasonable considering the nature and scale of capital projects proposed during the Fourth Control Period, including development of the Northern Precinct and airport connectivity projects. The Authority also notes that the proposed debt for new capital projects has been considered at 10% p.a., while the overall weighted average Cost of Debt for the Control Period works out to **9.72%**.

8.2.7. The Authority has examined the weighted average cost of debt submitted by GHIAL for the Fourth Control Period. GHIAL has submitted a weighted average cost of debt of 9.72%. The Authority notes that GHIAL has a credit rating of AA+, and accordingly, a benchmark of SBI MCLR plus 100 basis points appears reasonable for assessing the cost of debt. The Authority further notes that the submitted weighted average cost of debt is broadly in line with the prevailing benchmark lending rates, being around the SBI MCLR as on 1 April 2026 plus 100 basis points. Accordingly, the Authority is of the view that the weighted average cost of debt of 9.72% submitted by GHIAL appears reasonable and proposes to consider the same for the purpose of tariff determination for the Fourth Control Period.

Gearing Ratio

8.2.8. The Authority notes that GHIAL has considered a gearing ratio of 48:52, i.e., 48% debt and 52% equity, for computation of the Weighted Average Cost of Capital for the Fourth Control Period and accordingly, the same has been considered for the computation of FroR.

WACC / FRoR for the Fourth Control Period

8.2.9. Based on the above, the Authority proposes to consider the WACC / FRoR as **12.56%** for the Fourth Control Period based on Cost of Equity of **15.17%**, Cost of Debt of **9.72%** and notional debt-equity ratio of **48%:52%**, as follows:

Table 238: WACC / FRoR proposed to be considered by the Authority for the Fourth Control Period

Particulars	Cost of Funds	Gearing	Effective Rate
Equity	15.17%	52.00%	7.89%
Debt	9.72%	48.00%	4.67%
WACC / FroR			12.56%

8.2.10. The Authority notes that since the debt-equity mix has been considered based on notional gearing of 48%:52%, the Authority proposes to not true up the debt-equity ratio based on actual gearing during the tariff determination for the next Control Period.

8.2.11. The Authority further proposes to true up the Cost of Debt for the Fourth Control Period based on actuals at the time of tariff determination for the Fifth Control Period, subject to reasonableness and efficiency.

8.3. Authority’s proposals regarding WACC for the Fourth Control Period

Based on the material before it and its examination, the Authority proposes the following regarding WACC / FRoR for the Fourth Control Period:

8.3.1. To consider Cost of Equity, Cost of Debt, notional debt-equity ratio and WACC / FRoR for the Fourth Control Period as per **Table 238**.

8.3.2. To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR plus 100 bps (whichever is lower) at the time of tariff determination for the Fifth Control Period.

9 INFLATION FOR THE FOURTH CONTROL PERIOD

9.1 GHIAL's submission regarding Inflation for the Fourth Control Period

- 9.1.1 GHIAL in the MYTP for the Fourth Control Period, has considered an inflation rate of 4.2% from FY 2027 onwards for the purpose of estimating Aeronautical O&M expenses for the Fourth Control Period.
- 9.1.2 The inflation rate adopted by GHIAL is based on the Reserve Bank of India's (RBI) *Survey of Professional Forecasters on Macroeconomic Indicators – Results of the 94th Round*, conducted in May 2025.
- 9.1.3 Specifically, GHIAL has considered mean of the Inflation rate based on CPI Combined: Headline i.e. 4.2%, as per the said RBI survey.

Table 239: Inflation submitted by GHIAL for the Fourth Control Period

Financial Year	CPI Combined: Headline	Source
FY 2027 onwards	Mean as 4.2%	RBI Professional Forecaster Survey 94 th round

9.2 Authority's examination regarding Inflation for the Fourth Control Period

- 9.2.1 The Authority has examined the submission made by GHIAL with respect to the inflation rate proposed for the Fourth Control Period.
- 9.2.2 The Authority proposes to consider mean of the forecasted Inflation based on WPI: All commodities as per the *Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 99*, which projects the inflation at 4.7% for FY 2027 and 3.6% for FY 2028.
- 9.2.3 Further, the Authority assumes that the inflation rate would remain stable and constant from FY2027- 2028 till FY2030-31. Accordingly, the following table presents the inflation rates proposed to be considered by the Authority for the Fourth Control Period.

Table 240: Inflation rates proposed to be considered by the Authority for the Fourth Control Period

FY ending March	FY27	FY28	FY29	FY30	FY31
WPI Inflation	4.7%	3.6%	3.6%	3.6%	3.6%

9.3 Authority's proposal regarding Inflation for the Fourth Control Period

Based on the material before it and its examination, the Authority proposes the following with respect to Inflation for the Fourth Control Period:

- 9.3.1 To consider the inflation rates for the Fourth Control Period as per **Table 240**.

10 AERONAUTICAL OPERATION & MAINTENANCE (O&M) EXPENSES FOR THE FOURTH CONTROL PERIOD

10.1 GHIAL’s submission regarding O&M Expenses for the Fourth Control Period

10.1.1 GHIAL has projected O&M Expenses for the Fourth Control Period based on the following assumptions in their MYTP:

- **Base Year:** Projected figures of FY26, the last year of the Third Control Period, has been considered as the base year for forecasting expenses for the Fourth Control Period, with applicable growth percentages applied thereon.
- **Inflationary Increase:** GHIAL has applied an inflationary increase to certain expense heads. A CPI inflation rate of 4.2% has been considered for the Fourth Control Period, based on the results of the 94th Round of the Survey of Professional Forecasters on Macroeconomic Indicators by the RBI.
- **Impact of Northern Precinct Expansion:** Following the expansion of the Southern Precinct, the commissioning of assets for the northern precinct would entail incremental cost, an additional increase of 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over 2 year i.e., FY 2030 and FY 2031. The increased terminal area is expected to result in higher expenses on account of Repairs & Maintenance, Housekeeping, Manpower Hire Charges, and Security to manage the expanded operational area. Additionally, the increased passenger handling capacity is expected to drive an increase in Manpower and Administrative & General expenses.

Table 241: Calculation of increase in Terminal Area

Particulars	FY26	FY27	FY28	FY29	FY30	FY31
Terminal Area (sqm)	382,394	382,394	382,394	382,394	607,394	607,394
Terminal Area Increase	-	-	-	-	58.84%	
2/3 rd of Terminal area Increase	-	-	-	-	39.23%	

10.1.2 The summary of the key growth/ escalation factors considered by GHIAL for projecting O&M expenses for the Fourth Control Period is set out in the table below:

Table 242: Key Growth/ Escalation Factors considered by GHIAL for projecting O&M

FY ending March	FY27	FY28	FY29	FY30	FY31
Inflation: CPI	4.2%	4.2%	4.2%	4.2%	4.2%
Terminal Area Increase Factor	-	-	-	19.61%	19.61%
Manpower Growth Factor	-	-	19.61%	19.61%	-

10.1.3 The category-wise estimation, growth assumptions and rationale submitted by GHIAL for Operating Expenses for the Fourth Control Period are summarized below:

Table 243: GHIAL's estimation, rationale and growth assumptions on O&M Expense for the Fourth Control Period

AERONAUTICAL OPERATION & MAINTENANCE (O&M) EXPENSES FOR THE FOURTH CONTROL PERIOD

S No	Expense Head	Growth Factor considered by GHIAL	Basis of Projection as per GHIAL
1	Manpower	Real Growth: 8% Inflation: 4.2% One-time increase of 19.61% each in FY29 and FY30	<ul style="list-style-type: none"> Based on various research, the market trend shows a minimum increment of 9% to 10% is required and considered accordingly. As Airport is a specialised industry 8% as the increase based on the attritions is considered. Manpower head count increase of 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over 2 year i.e., FY2029 and FY2030 to cater to new development at Northern Precinct.
2	Utility	Inflation: 4.2% One-time increase of 19.61% each in FY30 and FY31	<ul style="list-style-type: none"> As the commissioning of assets at the Northern Precinct will entail incremental costs, GHIAL has further projected an additional increase of 39.23% (i.e., two-thirds of the terminal area expansion), spread equally over FY 2030 and FY 2031.
3	Rent	YoY: 5%	<ul style="list-style-type: none"> The lease rent paid to the Government of Telangana, along with other rental expenses, is projected to increase contractually by 5% year-on-year
4	Rates & Taxes	Inflation: 4.2% One-time increase of 19.61% each in FY30 and FY31	<ul style="list-style-type: none"> Projected to increase year-on-year based on inflation rate of 4.2% with further projected increase due to terminal area by 39.23% i.e., 2/3rd of the increase in terminal area, spread equally over FY 2030 and FY 2031.
5	Professional & Consultancy, Recruitment Charges, Printing & Stationery, Travelling & Conveyance, Communication Cost, Advertisement & Sales Promotions, Corporate Cost, Security Cost, Other admin expenses	Real Growth: 8% Inflation: 4.2% One-time increase of 19.61% each in FY30 and FY31	<ul style="list-style-type: none"> The overall expenditure of the Company from FY 2018-19 (pre-COVID period) through FY 2024-25 (post-expansion period) reflects a compounded annual growth rate (CAGR) of approximately 12.44%, which represents a normalized growth trajectory across phases of disruption, recovery, and capacity expansion. The adoption of an 8% real growth assumption reflects a conservative and balanced approach, factoring in expected operational efficiencies, improved capacity utilization post expansion, and disciplined cost management practices. Capacity augmentation results in a step-up in fixed and semi-variable costs, hence a one-time increase of 19.61% each in FY30 and FY31 is considered.
6	Director's Sitting Fee	Inflation: 4.2%	<ul style="list-style-type: none"> Projected to increase year-on-year based on an inflation rate of 4.2%.

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S No	Expense Head	Growth Factor considered by GHIAL	Basis of Projection as per GHIAL
6	Forex Fluctuations	Real Growth: 8% Inflation: 4.2%	<p>Forex fluctuation will account in the books in the following scenarios</p> <ul style="list-style-type: none"> Forex currency given to employees for foreign travel – The difference between the forex rate movement at the time of giving foreign currency to employees an encashment of foreign currency returned by the employees. Any foreign creditors for supply of material or services are to be restated as on the balance sheet date. Hence the forex rate movement at the time of accounting the invoice and the repayment will be considered as forex movement. Keeping in view of the forex fluctuations, major capex spent and the manpower increase in the CP4 period, GHIAL has considered 8% as real growth in forex fluctuations.
7	Payment to Auditors	Real Growth: 8% Inflation: 4.2%	<ul style="list-style-type: none"> In line with other expenses projected at a growth rate of 8%, this expenses have also been estimated to increase accordingly.
8	Repair & Maintenance:	1.5% of asset additions Inflation: 4.2% One-time increase of 19.61% each in FY30 and FY31	<ul style="list-style-type: none"> GHIAL has initiated phased equipment replacements due to end-of-life cycles and BCAS compliance. Accordingly, repairs and maintenance expenses are projected at 1.5% of gross block additions, with inflation adjustments for FY2026 and FY2027–FY2029. With the Northern Precinct, new runway, and elevated cross taxiway developments, equipment under AMC/CMC will increase. Therefore, expenses are expected to rise proportionally to a 39.23% terminal area expansion (two-thirds of total growth), spread evenly over FY2030 and FY2031, plus a 4.2% inflationary increase.
9	House Keeping expenses and Consumables	Real Growth: 8% Inflation: 4.2% One-time increase of 19.61% each in FY30 and FY31	<ul style="list-style-type: none"> Housekeeping expenditure comprises contracted costs (agreement and term contracts) and other material-related costs. The majority of these expenses are manpower-related, projected to grow with inflation at 4.2% during the 4th Control Period, alongside a real growth rate of 8%. Additionally, due to the operationalization of the Northern Precinct, an extra increase of 39.23% (two-thirds of the terminal area expansion) is anticipated, spread evenly over FY2030 and FY2031
10	Insurance:	YoY: 10% One-time increase of 19.61% each in FY30 and FY31	<ul style="list-style-type: none"> A year-on-year premium escalation of 10% has been factored throughout the 4th Control Period. With the Northern Precinct project expected to be completed by mid-FY2030, a proportionate increase in insurance expenses is accounted for in FY2030, with the full-year impact reflected in FY2031, alongside the annual 10% increase.

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S No	Expense Head	Growth Factor considered by GHIAL	Basis of Projection as per GHIAL
11	Manpower Hire Charges	Real Growth: 8% Inflation: 4.2% One-time increase of 19.61% each in FY29 and FY30	<ul style="list-style-type: none"> After the completion of the Northern Precinct, GHIAL's operational area will expand significantly. Consequently, costs are projected to grow annually by 4.2% inflation and 8% real growth, with an additional one-time increase of 39.23% (representing two-thirds of the terminal area expansion) spread evenly over FY2029 and FY2030 to accommodate the new developments.
12	Security Expenses, Stores & Spares and Other Operating Expenses	Real Growth: 8% Inflation: 4.2% One-time increase of 19.61% each in FY30 and FY31	<ul style="list-style-type: none"> Following the completion of the expansion project, GHIAL will incur higher expenses for security, stores and spares, and other operating costs. These expenses are projected to increase annually by inflation and a real growth rate of 8% from FY2026 onwards, along with a one-time increase of 39.23% (equivalent to two-thirds of the terminal area expansion) distributed evenly over FY2030 and FY2031.

10.1.4 Based on the above, the Total O&M expenses submitted by GHIAL for the Fourth Control Period are shown in the table below:

Table 244: Total O&M expenses submitted by GHIAL for the Fourth Control Period

(Rs in Crores)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Staff cost	255.24	287.24	386.64	520.45	585.70	2,035.27
Administration & general expense	315.47	372.31	430.38	576.33	743.50	2,437.99
Electricity & Water charge	65.29	68.03	70.89	88.36	110.13	402.70
Operating expense	536.16	705.25	810.54	1,012.56	1,206.02	4,270.53
Concession Fee	216.87	245.96	281.75	313.09	348.90	1,406.57
Total	1,389.03	1,678.79	1,980.20	2,510.78	2,994.25	10,553.06

10.1.5 GHIAL has also submitted the basis of allocation of O&M between Aeronautical and Non-Aeronautical expense as per the table below:

Table 245: Ratio considered by GHIAL to apportion the common expenses for the Fourth Control Period

Particulars - Common Expenses	Ratio used	FY27	FY28	FY29	FY30	FY31
Payroll Related Expenses	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Advertisement & Business Promotion	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Rent	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%

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Particulars - Common Expenses	Ratio used	FY27	FY28	FY29	FY30	FY31
Rates and Taxes	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Security Charges	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Legal and Professional Charges	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Corporate Cost allocation	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
General Administrative Expenses	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Communication Costs	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Office Maintenance	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Asset Written off	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Printing and Stationery	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Recruitment Charges	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Travelling and Conveyance	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Directors Sitting Fees	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
CSR Expenses	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Donations and Contributions to Electoral Fund	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Forex fluctuation (gain)/loss / Hedge Break Cost	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Payment to Auditors	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Other Admin Expenses	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Provision for bad and doubtful debts	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Bad debts	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Bank Charges	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Electricity & Water charges	Aero	100%	100%	100%	100%	100%
Insurance	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%

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Particulars - Common Expenses	Ratio used	FY27	FY28	FY29	FY30	FY31
Repairs & Maintenance	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Stores and Spares	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Housekeeping Expenses	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Operating & Maintenance Expenses	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Manpower Outsourcing	GFA Ratio	86.92%	87.08%	87.12%	89.37%	89.43%
Strategic, Management and Technical Service Fee	Aero-Non Aero Expense Ratio	88.63%	88.67%	88.76%	88.43%	87.65%
Digitalisation Expense	Aero	100%	100%	100%	100%	100%
CGF	Non-Aero	0%	0%	0%	0%	0%

10.1.6 Accordingly, the Aeronautical Portion of various expenses (recategorized in line with previous Tariff Order) for the Fourth Control Period using above allocation principles and ratio as submitted by GHIAL is given below:

Table 246: Aeronautical O&M Expenses submitted by GHIAL for the Fourth Control Period

(Rs in Crores)

Expense	FY27	FY28	FY29	FY30	FY31	Total
Staff Cost	217.5	245.08	330.02	452.58	509.54	1754.72
Rates & Taxes (incl. Property Tax)	8.73	9.11	9.5	12.13	15.13	54.6
Community development	1.31	19.01	39.02	63.04	66.71	189.1
Bank Charges	12.27	15.62	14.26	14.62	14.63	71.4
Forex Fluctuations	0.37	0.42	0.47	0.53	0.59	2.38
Security Cost	22.69	25.58	28.8	39.73	53.51	170.31
Repairs and Maintenance	142.17	153.65	162.17	203.42	253.57	914.99
Stores & Spares	17.69	19.91	22.4	30.19	40.64	130.83
Insurance Cost	17.65	20.5	23.65	35.81	49.83	147.44
Land Lease Rent to GoT	16.37	17.2	18.07	19.26	20.23	91.13
Manpower Outsourcing (Technical Service) Expenses	117.54	132.34	178.17	241.68	272.03	941.77
Housekeeping Cost	43.87	49.38	55.57	75.03	101.01	324.86
General Admin Cost:						
Advertisement & Business Promotion	23.67	26.64	30	40.31	54.04	174.66
Professional & Consultancy Charges	52.29	58.86	66.3	88.95	118.8	385.2
Corporate Cost allocation	69.08	77.77	87.61	117.5	156.77	508.74
Communication Costs	2.32	2.61	2.94	4.05	5.46	17.39
Printing and Stationery	0.73	0.83	0.93	1.28	1.72	5.49
Recruitment Charges	6.71	7.56	8.51	11.42	15.24	49.44

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Expense	FY27	FY28	FY29	FY30	FY31	Total
Travelling and Conveyance	53.04	59.72	67.26	90.24	120.48	390.74
Directors Sitting Fees	0.18	0.19	0.19	0.2	0.21	0.97
Payment to Auditors	0.9	1.01	1.14	1.28	1.43	5.75
Other Admin Expenses	5.71	6.44	7.25	9.95	13.4	42.75
Collection Charges	6.02	6.57	7.27	7.79	8.4	36.05
Operating Expenses	5.69	6.4	7.21	9.69	12.99	41.98
Utility Expense	65.29	68.03	70.89	88.36	110.13	402.7
Concession Fee	176.07	201.33	232.58	259.81	290.27	1160.06
Digitization Expense	52.00	52.00	52.00	52.00	52.00	260.00
Strategic, Management and Technical Service Fee	81.73	192.29	218.3	249.16	274.43	1015.92
Total	1219.59	1476.05	1742.48	2220.01	2633.19	9291.37

10.2 Authority's examination regarding Aeronautical Operation and Maintenance (O&M) Expenses for the Fourth Control Period

10.2.1 The Authority has carefully examined GHIAL's submissions related to Operation and Maintenance (O&M) Expenses for the Fourth Control Period taking into account the tariff setting principles to ensure that only the efficient, justified and reasonable expenses are allowed.

10.2.2 The Authority has reviewed the O&M Expenses and proposes to adopt the following broad methodology for determining the Operating Expenses for the Fourth Control Period:

(i) **Base year:** The Authority proposes to adopt the actual aeronautical expenditure of FY 2025-26 (as per Table 135) as the base year for forecasting expenses for the Fourth Control Period.

(ii) **Inflationary increase:** The Authority proposes to adopt WPI inflation rate for the Fourth Control Period based on the results of 99th round of professional forecasters on macroeconomic indicators by RBI as the standard escalator across most O&M expenses, except in the case of:

- Employee costs, where an inflationary rate of 6% Y-o-Y has been considered;
- R&M cost on new asset additions, which is forecasted using the phased percentage-of-CAPEX methodology linked to asset gross block; and

(iii) **Terminal Area increase factor:** GHIAL's adoption of the Terminal Area Increase Factor of 39.23% (as stated in Table 241) to be applied in equal proportion over FY 2029-30 and FY 2030-31, observes that the literal application of the said proposal, a step-up of 19.61% in FY 2029-30 followed by a further step-up of 19.61% in FY 2030-31 (over the FY 2029-30 base), would result in a compounded aggregate increase of ~43%, which exceeds the intended two-thirds of the terminal area expansion (i.e., 39.23%). The Authority hence proposes to consider terminal area increase factor of 18.01% in FY2030 and FY2031.

(iv) **Manpower Growth Factor:** The Authority notes that GHIAL considered increase in manpower by the factor of 39.23% (equivalent to two-thirds of the terminal area expansion) distributed evenly over FY2029 and FY2030. The Authority further notes, that the capitalisation of the Northern Precinct Terminal Building is scheduled to occur in the latter half of FY 2029-30, and the corresponding

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operational requirement for additional manpower would, accordingly, arise from FY 2029-30 onwards. Accordingly, the Authority proposes to moderate the Manpower Growth Factor to 18.01% in FY 2029-30 and 18.01% in FY 2030-31, which on a compounded basis, yields an aggregate increase of approximately 39.23% corresponding to the two-thirds of the terminal area expansion factor adopted by GHIAL.

(v) **Concession Fee**, which is computed at 4% of the forecasted aeronautical revenue

10.2.3 The summary of the key growth/ escalation factors proposed to be considered by the Authority for projecting O&M expenses for the Fourth Control Period is as follows:

Table 247: Key Growth/Escalation Factors proposed to be considered by the Authority for the Fourth Control Period

FY ending March	FY27	FY28	FY29	FY30	FY31
Inflation: WPI	4.7%	3.6%	3.6%	3.6%	3.6%
Terminal Area Increase Factor	-	-	-	18.01%	18.01%
Manpower Growth Factor	-	-	-	18.01%	18.01%

10.2.4 As part of the tariff determination exercise for the Fourth Control Period, the Authority, has applied rationalized growth/escalation factors to the aeronautical expense heads for projection of aeronautical O&M for the Fourth Control Period.

10.2.5 The Authority proposes not to consider expenses viz. Assets written off, CSR, Donation & Contribution to Electoral Fund, Provision for Bad Debts/Doubtful advance, Bad Debts for arriving at Aeronautical Operating Expenditure for projecting the expense for the Fourth Control Period

10.2.6 The Authority has examined GHIAL’s submission regarding Aeronautical O&M for the Fourth Control Period and has presented its examination in the subsequent paragraphs:

Manpower Expense:

10.2.7 The manpower expenses submitted by GHIAL for the Fourth Control Period is as follows:

Table 248: Aeronautical Manpower Expenses submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Staff Cost	217.50	245.08	330.02	452.58	509.54	1754.72

10.2.8 The Authority has examined GHIAL's submission in respect of the Manpower Expenses for the Fourth Control Period, and notes that GHIAL has adopted the projected costs for FY26 as the base, with the said base being escalated by applying

(a) a real year-on-year growth rate of 8% per annum, in addition to

(b) an inflation rate of 4.2% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Manpower Growth Factor of 19.61% in FY29 and 19.61% in FY30, on account of the headcount addition associated with the Northern Precinct expansion.

10.2.9 The Authority has assessed the historical Compound Annual Growth Rate (CAGR) of the Manpower expenses incurred by GHIAL during the Third Control Period (i.e., FY22 to FY26) and observes that the said expenses grew at a CAGR of ~11.4% during the Third Control Period. The Authority further observes

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that the said growth rate is largely attributable to the increase in manpower headcount consequent to the terminal expansion undertaken during the Third Control Period (i.e., the commissioning of the 34 MPPA terminal expansion).

10.2.10 The Authority further takes note of the manpower count submitted by GHIAL for the Fourth Control Period as per the table below:

Table 249: Manpower Count and Expense per Employee as submitted by GHIAL

(Rs. In crores)

Manpower Count at the closing of FY	FY27	FY28	FY29	FY30	FY31
Aero Manpower (A)	367	367	494	648	664
Common Manpower (B)	518	518	645	792	857
GFA Ratio (C)	86.92%	87.08%	87.12%	89.37%	89.43%
Total Aero Manpower (D=A+B*C)	817	818	1,056	1,356	1,431
Total Aeronautical Manpower Cost (E) (in Crores)	217.50	245.08	330.02	452.58	509.54
Expense per Employee (E/D) (in Crores)	0.27	0.30	0.31	0.33	0.36

10.2.11 The Authority notes that the manpower count and the corresponding manpower expenses submitted by GHIAL in the Multi-Year Tariff Proposal were premised on the projected FY 2025-26 base figures, the said projections being framed at the time of submission of the Tariff Proposal. The Authority observes that the actual FY 2025-26 manpower count, as subsequently furnished by GHIAL vide its submission dated 02.05.2026, is now available on record. Consistent with the regulatory principle that forward-looking projections ought to be anchored to the most recent and verifiable empirical data, the Authority accordingly proposes to adopt the actual FY 2025-26 manpower count as the base for projecting the Salaries and Wages over the Fourth Control Period, in lieu of the projected base figure originally submitted.

10.2.12 The Authority observes that Rajiv Gandhi International Airport, Hyderabad ("RGIA"), having been operational since 2008, is a mature airport with established operational systems, processes, and manpower deployment frameworks. The Authority is of the considered view that, in the case of an airport at this stage of operational maturity, the Airport Operator ought to have, in the ordinary course, implemented adequate measures to ensure operational efficiency, particularly in respect of manpower deployment, allocation, and productivity.

10.2.13 The Authority further observes that GHIAL has, in the Multi-Year Tariff Proposal, projected substantial investments in technology and digitalisation initiatives during the Fourth Control Period, inter alia, on account of automation, digital workflows, and process re-engineering. The Authority is of the considered view that the progressive implementation of the said technology investments ought to yield commensurate efficiency gains in manpower deployment, and consequently, GHIAL ought to be in a position to moderate the growth trajectory of its manpower costs over the Fourth Control Period. Allowing an escalation in Salaries and Wages materially above the prevailing rate of inflation, in the face of the said technology-

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driven efficiency potential, would result in airport users bearing a cost that is neither reflective of the optimisation expected from a mature airport nor consistent with the principle of economic efficiency.

10.2.14 Having regard to (i) the operational maturity of RGIA; (ii) the substantial technology investments envisaged during the Fourth Control Period; and (iii) the historical trend of Salaries and Wages, the Authority proposes to:

(a) escalate the Salaries and Wages at a growth rate of 6% per annum, the said rate being marginally above the prevailing rate of inflation, so as to allow for a reasonable real-term escalation while preserving the efficiency imperative; and

(b) consider a manpower growth factor of 18.01% in FY 2029-30 and a further 18.01% in FY 2030-31, on account of the augmentation in operational requirements consequent upon the commissioning of the expanded terminal capacity.

10.2.15 Based on the foregoing, the Authority accordingly proposes the Manpower Count and Manpower expense as per the table below:

Table 250: Manpower Count and Manpower expense proposed by the Authority for the Fourth Control Period
(Rs. In crores)

Manpower Count & Expense	FY27	FY28	FY29	FY30	FY31	Total
Total Aero Manpower (A)	783	783	783	924	1,090	
Increase %	0%	0%	0%	18.01%	18.01%	
Expense per Employee (in Crores) (B)	0.20	0.21	0.22	0.23	0.25	
Increase %	6%	6%	6%	6%	6%	
Aeronautical Manpower Expenses (C=B*A)	154.79	164.08	173.93	217.57	272.15	982.52

Rates & Taxes

10.2.16 The Authority has examined GHIAL's submission in respect of the Rates and Taxes for the Fourth Control Period, and notes that GHIAL has projected the said expense by escalating the FY 2025-26 base figure at the CPI inflation rate of 4.2% per annum, supplemented by a one-time Terminal Area Increase Factor of 39.23% to be applied in equal proportion over FY30 and FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion.

10.2.17 On this basis, GHIAL has requested the Authority to consider the Rates & Taxes as per the table below:

Table 251: Aeronautical Rates & Taxes Expenses submitted by GHIAL for the Fourth Control Period
(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Rates & Taxes Expenses submitted by GHIAL	8.73	9.11	9.50	12.13	15.13	54.60

10.2.18 The Authority, on the basis of its analysis of the historical Rates and Taxes expenses incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, on account of the inherent nature of the underlying components, comprising principally property

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tax, the quanta of which are determined by the relevant governmental authorities and are subject to periodic and discretionary revisions.

10.2.19 The Authority is of the view that, given the highly variable nature of Rates and Taxes expenses, projection on the basis of historical CAGR would not yield a reliable estimate. The Authority is, accordingly, of the considered view that escalation at the prevailing rate of inflation, supplemented by the Terminal Area Increase Factor (to capture the impact of the Northern Precinct expansion on property-related taxes), constitutes a reasonable and methodologically sound basis for the projection of Rates and Taxes expenses for the Fourth Control Period.

10.2.20 The Authority hence proposes to project Rates & Taxes at inflation on rationalized FY26 base figure along with the moderated terminal area increase factor of 18.01% each in FY30 and FY31 on account of the increase in terminal area consequent to the Northern Precinct expansion.

10.2.21 Based on the foregoing, the Aeronautical portion of Rates & Taxes proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 252: Aeronautical Rates & Taxes Expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Rates & Taxes Expenses	7.58	7.85	8.14	9.95	12.16	45.69
<i>Increase %</i>	<i>4.7%</i>	<i>3.60%</i>	<i>3.60%</i>	<i>22.26%</i>	<i>22.26%</i>	

Bank Charges

10.2.22 The Aeronautical Bank charges as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 253: Aeronautical Bank Charges as submitted by GHIAL in the MYTP for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Bank Charges submitted by GHIAL	12.27	15.62	14.26	14.62	14.63	71.40

10.2.23 The Authority analysed GHIAL's submission regarding Bank Charges i.e. amortization of upfront fee incurred towards loans for Expansion Capex in the Fourth Control Period and notes that total Bank Charges have been projected by GHIAL, cumulatively, to be Rs. 81.14 Cr over the five years in the Fourth Control Period. The break-up of the Bank Charges submitted by GHIAL is as follows:

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Table 254: Break-up of the Bank Charges submitted by GHIAL

(Rs. In crores)

Particulars (Rs Cr)	FY27	FY28	FY29	FY30	FY31	Total
Bond 1	4.91	2.81	0.00	0.00	0.00	7.72
Bond 3	0.00	0.00	0.00	0.00	0.00	0
NCD 1	1.12	1.12	1.12	1.12	1.12	5.6
NCD 2	0.62	0.62	0.62	0.62	0.62	3.1
NCD 3	0.43	0.43	0.43	0.43	0.43	2.15
Refinancing	2.09	2.09	2.09	2.09	2.09	10.45
Refinancing	0.00	0.96	2.23	2.23	2.23	7.65
Expansion Loan	4.93	9.89	9.87	9.87	9.87	44.43
Total	14.12	17.94	16.37	16.37	16.37	81.17

10.2.24 The Authority is of the view that given the adjustments proposed by the Authority in the Project Cost for Expansion Capex in the Fourth Control Period, similar adjustment was to be considered for the Bank Charges as the Debt requirement to fund the Project Cost reduces proportionately.

10.2.25 The adjustment factor proposed to be considered by the Authority for adjustment of Bank Charges proportionate to the adjustments proposed to be considered by the Authority for Expansion Capex is provided below:

Table 255: Adjustment Factor for Bank Charges proposed to be considered by the Authority

Particulars (Rs Cr)	Capex Submitted by GHIAL (A)	Capex Proposed by the Authority (B)	Adjustment Factor (B/A)
Total Capital Expenditure for 4 th CP	15,446.11	13,815.53	89.44%

10.2.26 The Authority proposes to proportionately adjust the Bank Charges pertaining to Proposed Debt based on adjustment factor pertaining to Expansion Capex in the Fourth Control Period (i.e. 89.44%). The adjusted Bank Charges are provided below:

Table 256: Aeronautical Bank Charges proposed to be considered by the Authority

Particulars (Rs Cr)	FY27	FY28	FY29	FY30	FY31
Total Bank Charges as per GHIAL's Submission	14.12	17.94	16.36	16.36	16.36
Adjusted Factor (as per Table 255)	89.44%				
Total Adjusted Bank Charges as per Authority's Analysis (A)	12.63	16.05	14.63	14.63	14.63
Aeronautical Bank Charges as per Authority (GFA Ratio*A)	11.31	14.37	13.10	13.10	13.10

10.2.27 Based on the foregoing, Aeronautical Bank charges proposed to be considered by the Authority as per the table below:

Table 257: Aeronautical Bank charges as proposed to be considered by the Authority

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Bank Charges	11.31	14.37	13.10	13.10	13.10	65.00

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Forex Fluctuations

10.2.28 The forex fluctuations as submitted by GHIAL in the MYTP for the Fourth Control Period are provided in the table below:

Table 258: Aeronautical Forex fluctuations as submitted by GHIAL in the MYTP for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Forex fluctuations submitted by GHIAL	0.37	0.42	0.47	0.53	0.59	2.38

10.2.29 The Authority has examined GHIAL's submission in respect of the Foreign Exchange Fluctuation Cost (hereinafter, "Forex Fluctuations") for the Fourth Control Period, and notes that GHIAL has projected the said cost by escalating the projected FY26 base figure at:

- (a) a real year-on-year growth rate of 8% per annum, in addition to
- (b) an inflation rate of 4.2% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum.

10.2.30 The Authority observes that the Forex Fluctuations during the Third Control Period have exhibited highly variable behavior, with the said cost recording negative values (i.e., foreign exchange gains) in certain years and positive values (i.e., foreign exchange losses) in others. The Authority is of the view that the said variability is inherent to the nature of the underlying item namely, the mark-to-market revaluation of foreign currency-denominated obligations which is driven by exogenous currency movements rather than by airport operations.

10.2.31 The Authority observes that GHIAL has projected costs on account of foreign exchange fluctuations for the Fourth Control Period arising from the timing differential between the date of incurrence of the underlying expense/liability and the date of its actual realisation or settlement. The Authority, however, notes that GHIAL has not furnished a detailed breakup of the said projection, including the underlying transactions, the currency exposure profile, the assumed exchange rates, and the basis of estimation. Accordingly, the Authority proposes not to consider the said cost at this stage for the purpose of computation of the Aggregate Revenue Requirement (ARR) for the Fourth Control Period, and the same shall be trued up at the time of tariff determination for the Fifth Control Period, on the basis of the actual forex losses incurred during the Fourth Control Period, supported by appropriate documentation and prudence justification.

Security Charges

10.2.32 The Authority analysed GHIAL's submission regarding security expenses for the Fourth Control Period and noted that GHIAL has considered costs for FY 2026 as the base for projecting the expenses for the Fourth Control Period. GHIAL has considered annual growth rate of 8% p.a. along with an inflation rate of 4.2% p.a. i.e. an effective growth rate of 12.53% p.a. In addition to this, GHIAL has considered terminal

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area increase factor of 19.61% in FY30 and 19.61% in FY31 respectively. On this basis, GHIAL has requested the Authority to consider the Security Expenses as per the table below:

Table 259: Aeronautical Security Expenses submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Security Expenses submitted by GHIAL	22.69	25.58	28.80	39.73	53.51	170.31

10.2.33 The Authority has analysed the historical growth rates pertaining to the security expense and observes that the same have been highly inconsistent over the relevant period. The Authority further notes that there is a decline in security expenses in FY26 as compared to FY25, and that no discernible trend could be established on the basis of the past growth rates.

10.2.34 The Authority further notes that security expense head is primarily driven by the increase in security-related requirements, particularly towards engagement of outsourced security personnel and the expense is largely manpower-driven in nature.

10.2.35 The Authority notes that these security personnel are planned for deployment in terminal building as well as landside access, kerbside, common circulation areas, administrative offices, etc.

10.2.36 In view of the foregoing, and consistent with the approach adopted by the Authority in past tariff determinations, the Authority proposes to escalate the Security expenses over the Fourth Control Period at the rate of 6% on rationalized FY26 base figure, marginally higher than the inflation. Further, the Authority proposes to apply an adjusted terminal area expansion factor of 18.01% in FY30 and 18.01% in FY31, so as to align with the commissioning of the Northern Precinct Terminal.

10.2.37 The Aeronautical Security Expense proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 260: Aeronautical Security Expense proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Security Expenses	18.38	19.48	20.65	25.83	32.31	116.65
<i>Increase %</i>	<i>6.0%</i>	<i>6.0%</i>	<i>6.0%</i>	<i>25.1%</i>	<i>25.1%</i>	

Repairs & Maintenance

10.2.38 The Authority analysed GHIAL’s submission regarding Repairs and Maintenance expenses (Building, Plant & Machinery, IT and Others) which have been projected considering 1.5% of asset additions, inflation rate of 4.6% p.a., along with terminal area expansion factor of 19.63 % and 19.63 % in FY30 and FY31 respectively. On this basis, GHIAL has requested the Authority to consider the R&M as per the table below:

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Table 261: R&M Expense submitted by GHIAL for the Fourth Control Period

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical R&M Expenses submitted by GHIAL	142.17	153.65	162.17	203.42	253.57	914.99

10.2.39 The Authority has analysed the historical growth rates pertaining to the R&M expense and observes that the same have been highly inconsistent over the relevant period. The Authority further notes that there is a decline in R&M expenses in FY26 in comparison to the previous year, and that no discernible trend could be established on the basis of the past growth rates.

10.2.40 Having regard to the foregoing examination, and consistent with the approach adopted by the Authority in past tariff determinations (including the Tariff Order(s) for the Third Control Period), the Authority proposes to project the Aeronautical Repairs and Maintenance Expenses for the Fourth Control Period on the following basis:

- a. **Base Component:** The Repairs and Maintenance Expenses for the FY26 base year, escalated at the inflation rates set out at **Table 240** of this Consultation Paper
- b. **Incremental Component on New Asset Additions:** An additional allowance equivalent to 0.5% of the value of the asset additions capitalized during each year of the Fourth Control Period, to address the incremental Repairs and Maintenance expenditure attributable to the said additions.

10.2.41 The Aeronautical Repair & Maintenance Expense proposed by the Authority for the Fourth Control Period is as per the table below:

Table 262: R&M Expense proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY26	FY27	FY28	FY29	FY30	FY31	Total (FY27-FY31)
Asset Addition (A)		720.96	332.76	130.87	10915.64	157.91	
Incremental Component on new asset addition (B= A*0.5%)		3.60	1.66	0.65	54.58	0.79	61.29
Base Component (C)		113.37	122.39	128.40	133.65	190.93	
Inflation (D)		4.7%	3.6%	3.6%	3.6%	3.6%	
Total Aeronautical R&M Expenses E=B+C*(1+D)	113.37	122.31	128.37	133.65	193.04	200.78	778.14
Increase %		7.9%	4.96%	4.11%	44.44%	4.01%	

Stores & Spares (Consumables)

10.2.42 The Authority has examined GHIAL's submission in respect of the Stores and Spares Expenses for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at:

- (a) an inflation rate of 4.2% per annum, in addition to
- (b) a real year-on-year growth rate of 8% per annum,

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resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has requested the Authority to consider the Consumables expense as per the table below:

Table 263: Aeronautical Stores & Spares (Consumables) submitted by GHIAL for the Fourth Control Period
(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Stores & Spares (Consumables) submitted by GHIAL	17.69	19.91	22.40	30.19	40.64	130.83

10.2.43 The Authority, on the basis of its analysis of the historical Stores and Spares Expenses incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY25 and FY26.

10.2.44 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Stores and Spares Expenses, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.45 The Authority hence proposes to consider escalation at inflation rate on rationalized FY26 base figure along with consideration of moderated terminal area expansion factor of 18.01% and 18.01% in FY30 and FY31 respectively for projecting Stores & Spares expenses.

10.2.46 The Aeronautical Stores & Spares (Consumables) Expense proposed by the Authority for the Fourth Control Period is as per the table below:

Table 264: Aeronautical Stores & Spares (Consumables) Expense proposed by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Stores & Spares (Consumables)	13.75	14.25	14.76	18.05	22.06	82.87
Increase %	4.7%	3.6%	3.6%	22.3%	22.3%	

Insurance

10.2.47 The Authority has examined GHIAL's submission in respect of the insurance expenses for the Fourth Control Period, and notes that GHIAL has projected the key insurance policies for the airport including Large Risk Policy (Property Damage & Business Interruption (BI)), AOL/3rd Party Liability Policy, Terrorism Policy and Cyber Security Policy by escalating the projected FY26 base figure at 10%. On this basis, GHIAL has submitted the insurance expense as per the table below:

Table 265: Aeronautical Insurance Expense submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Insurance submitted by GHIAL	17.65	20.50	23.65	35.81	49.83	147.44

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10.2.48 GHIAL has computed premium on Large Risk Policy based on the closing Gross Block and gross revenue during the policy period. The premiums on other insurance policies are escalated at 10% p.a.

10.2.49 The Authority undertook an analysis of the historical trend of insurance premium expenditure actually incurred by GHIAL during the Third Control Period. The Authority observed that the insurance premium has registered a Compounded Annual Growth Rate (CAGR) of 13.8% during the period FY22 to FY26, as derived from the audited/actual figures submitted by GHIAL.

10.2.50 Upon comparing the proposed escalation of 10% per annum with the historical CAGR of 11.8% (FY22-FY25), the Authority observes that the escalation sought by GHIAL for the Fourth Control Period is lower than the actual growth trend witnessed during the Third Control Period. The proposed rate is therefore conservative in nature and does not result in any over-projection of costs to be recovered from airport users.

10.2.51 The Authority notes that the said growth in premium is broadly attributable to the expansion in the insured asset base of the airport consequent to the ongoing capacity augmentation and capital expenditure program and finds the escalation of 10% p.a. on premiums for other insurance policies is reasonable.

10.2.52 The Aeronautical Insurance Expense proposed by the Authority for the Fourth Control Period is as per the table below:

Table 266: Aeronautical Insurance Expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Insurance Expense	8.95	9.85	10.84	11.92	13.11	54.67
<i>Increase %</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>	<i>10.0%</i>	

Land Lease Rent

10.2.53 The Authority has examined GHIAL's submission in respect of the Rent Expenses for the Fourth Control Period, and notes that GHIAL has projected the said expenses, comprising principally the lease rent payable to the Government of Telangana, by applying a contractual escalation of 5% on a year-on-year basis, consistent with the contractual provisions governing the said rentals. On this basis, GHIAL has submitted the Rent expense as per the table below:

Table 267: Aeronautical Land Lease Rent Expenses submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Land Lease Rent Expenses submitted by GHIAL	16.37	17.20	18.07	19.26	20.23	91.13

10.2.54 The Authority notes that as per the Land Lease Agreement, GHIAL is liable to pay Rent towards the leased at 5% yearly escalation to the Government of Telangana and is of the view that GHIAL's projection of Aeronautical Land Lease Rent Expenses based on contractual rate is reasonable and accordingly proposes to consider GHIAL's submission.

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10.2.55 The Aeronautical Land Lease Rent expenses proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 268: Aeronautical Land Lease Rent Expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Land Lease Rent Expenses	16.53	17.36	18.22	19.13	20.09	91.33
<i>Increase %</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>	<i>5.0%</i>	

Manpower Hire Charges

10.2.56 The Authority has examined GHIAL's submission in respect of the Manpower Hire Charges for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at:

- (a) an inflation rate of 4.2% per annum, in addition to
- (b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Manpower Growth Factor of 19.61% in FY29 and 19.61% in FY30, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Manpower Hire Charges as per the table below:

Table 269: Aeronautical Manpower Hire Charges submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Manpower Hire Charges submitted by GHIAL	117.54	132.34	178.17	241.68	272.03	941.77

10.2.57 The Authority, on the basis of its analysis of the historical Manpower Hire Charges incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY23.

10.2.58 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Manpower Hire Charges, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.59 The Authority notes that this expense pertains to manpower deputation and outsourced manpower services deployed for operational and project-related requirements. The key components include manpower deputation for general Capex activities, E&M support services for landscaping works in landside and airside areas, manpower deployment for landside building operations, and manpower supply for baggage handling and other operational support functions.

10.2.60 In view of the foregoing, and consistent with the approach adopted by the Authority in past tariff determinations, the Authority proposes to escalate the Manpower Hire charges over the Fourth Control Period at the rate of 6% on rationalized FY26 base figure, marginally higher than the inflation. Further, the

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Authority proposes to apply an adjusted terminal area expansion factor of 18.01% in FY30 and 18.01% in FY31, so as to align with the commissioning of the Northern Precinct Terminal.

10.2.61 The Aeronautical Manpower Hire Charges proposed by the Authority for the Fourth Control Period is as per the table below:

Table 270: Aeronautical Manpower Hire Charges proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Manpower Hire Charges	92.39	97.93	103.81	129.85	162.44	586.42
Increase %	6.0%	6.0%	6.0%	25.1%	25.1%	

Housekeeping Expenses

10.2.62 The Authority has examined GHIAL's submission in respect of the Housekeeping Expenses for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY 2025-26 base figure at:

- (a) an inflation rate of 4.2% per annum, in addition to
- (b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Housekeeping expense as per the table below:

Table 271: Aeronautical Housekeeping expense submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Housekeeping Charges submitted by GHIAL	43.87	49.38	55.57	75.03	101.01	324.86

10.2.63 The Authority, on the basis of its analysis of the historical Housekeeping Expenses incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable on account of full annualized impact of the housekeeping contract for the expanded terminal is reflecting in FY26 and a one-time deep cleaning activity undertaken (amounting Rs 9 Crores) during FY26 across the old terminal areas to align hygiene and service standards with the newly expanded facilities.

10.2.64 The Authority observes that the said one-time deep cleaning expenditure is, by its very nature, non-recurring and non-representative of the steady-state housekeeping cost profile reasonably expected to obtain over the Fourth Control Period. Accordingly, the inclusion of the said one-time cost in the FY 2025-26 base figure

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would result in an artificially elevated base, which, when subjected to compounding escalation over the Fourth Control Period, would yield an unwarranted build-up of Housekeeping Expenses.

10.2.65 The Authority accordingly proposes to revise the FY 2025-26 base figure by excluding the one-time deep cleaning expenditure for projection of Housekeeping cost for the Fourth Control Period.

10.2.66 Having regard to the foregoing examination, and consistent with the approach adopted by the Authority in past tariff determinations (including the Tariff Order(s) for the Third Control Period), the Authority proposes escalation at inflation rate on rationalized FY26 base figure, along with the moderated terminal area increase factor of 18.01% in FY30 and 18.01% in FY31 for projection of Housekeeping Expense for the Fourth Control Period.

10.2.67 The Aeronautical Housekeeping Expenses proposed by the Authority for the Fourth Control Period is as per the table below:

Table 272: Aeronautical Housekeeping Charges proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Housekeeping Charges	44.85	46.46	48.14	58.85	71.95	270.25
<i>Increase %</i>	<i>-13.5%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>22.3%</i>	<i>22.3%</i>	

Admin and General Expenses:

10.2.68 The Admin and General Expenses comprise of Professional and Consultancy Expenses, Recruitment Charges, Printing and Stationery, Travelling and Conveyance, Communication Costs, Director’s Sitting Fee, Advertising and Sales Promotion, Corporate Cost Allocation, Payment to Auditors and Other Admin Expenses.

10.2.69 Authority’s Examination of the expenses under Admin & General Expenses are in the subsequent paragraphs.

Advertisement & Business Promotions

10.2.70 The Authority has examined GHIAL's submission in respect of the Advertisement & Business Promotions Expenses for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at:

- (a) an inflation rate of 4.2% per annum, in addition to
- (b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Advertisement & Business Promotion expense as per the table below:

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Table 273: Aeronautical Advertisement & Business promotion submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Advertisement & Business promotion submitted by GHIAL	23.67	26.64	30.00	40.31	54.04	174.66

10.2.71 The Authority, on the basis of its analysis of the historical Advertisement & Business Promotions expense incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY26.

10.2.72 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Advertisement & Business Promotions expense, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical precedent.

10.2.73 The Authority notes that RGIA is a mature airport operating in a large metropolitan, technology-oriented, and commercially developed environment, having already established its brand identity, passenger engagement framework, and commercial ecosystem during the preceding Control Periods. In such a steady-state operational context, Advertising & Business Promotion expenses are recurring in nature and are not driven by the expansion of the airport's operations, and are not, therefore, expected to escalate in proportion to traffic growth or terminal area augmentation. Accordingly, the Authority is of the considered view that the prevailing rate of inflation constitutes the most appropriate escalation factor for projection of the said expenses for the Fourth Control Period, being consistent with the maturity profile of the airport.

10.2.74 The Authority, pursuant to the classification and apportionment framework adopted for True up of Advertisement & Business promotion expenses for the Third Control Period, has projected the Advertisement and Business Promotion expenses for the Fourth Control Period by escalating the rationalized FY26 figure at inflation rate.

10.2.75 The Aeronautical Advertisement & Business promotion expenses to be considered by the Authority for the Fourth Control Period is as follows:

Table 274: Aeronautical Advertisement & Business Promotion Expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Advertisement & Business promotion	8.66	8.97	9.29	9.63	9.97	46.52
<i>Increase %</i>	<i>4.7%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	

Professional & Consultancy Charges

10.2.76 The Authority has examined GHIAL's submission in respect of the Professional & Consultancy Charges for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at:

- (a) an inflation rate of 4.2% per annum, in addition to
- (b) a real year-on-year growth rate of 8% per annum,

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resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Advertisement & Business Promotion expense as per the table below:

Table 275: Aeronautical Professional and Consultancy expenses submitted by GHIAL for the Fourth Control Period

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Professional and Consultancy expenses submitted by GHIAL	52.29	58.86	66.30	88.95	118.80	385.20

(Rs. In crores)

10.2.77 The Authority, on the basis of its analysis of the historical Professional & Consultancy Charges incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY24 and FY26.

10.2.78 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Professional & Consultancy Charges, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.79 The Authority is further of the considered view that the Professional & Consultancy Charges do not bear a direct or proportionate correlation with the increase in the terminal area at the Airport. The said position is borne out by the historical experience during the Third Control Period itself, wherein the said expense head, in fact, registered a decrease in FY 2023-24, being the year of capitalisation of the 34 MPPA terminal expansion, notwithstanding the substantial augmentation in the terminal area in the said year.

10.2.80 The Authority has examined the details of Legal costs incurred by GHIAL during the Third Control Period. The Authority is of the view that such legal consultancy expenses are not critical or necessary for the Aeronautical Operations of the Airport and are, by their nature, expenses incurred towards legal cases / proceedings with other stakeholders. Such expenses do not add value to the services offered to airport users and, therefore, ought not to form part of the Aeronautical cost base for tariff determination.

10.2.81 The Authority has also noted that even in the concession agreements executed by the Government of India for recent airports, legal expenses are excluded from the Operating Expenses considered as pass-through for the purpose of tariff determination. Accordingly, the Authority proposes to exclude the legal expenses incurred by GHIAL from the base year expenditure considered for projecting Professional and Consultancy / Consultancy and Legal costs for the Fourth Control Period.

10.2.82 The Authority hence proposes to exclude legal expenses of Rs. 1.71 Crores incurred by GHIAL in FY 2025-26 from the rationalized base year and escalate the balance Professional & Consultancy costs year-on-year by inflation.

10.2.83 Based on the foregoing, the Aeronautical Professional & Consultancy Charges expenses proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 276: Aeronautical Professional and Consultancy expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

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FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Professional and Consultancy expenses	33.44	34.64	35.89	37.18	38.52	179.68
Increase %	-0.6%	3.6%	3.6%	3.6%	3.6%	

Corporate Cost Allocation

10.2.84 The Authority has examined GHIAL's submission in respect of the Corporate Cost Allocation for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the FY26 base figure at:

(a) an inflation rate of 4.2% per annum, in addition to

(b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Corporate Cost Allocation as per the table below:

Table 277: Aeronautical Corporate Cost submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Corporate Cost submitted by GHIAL	69.08	77.77	87.61	117.50	156.77	508.74

10.2.85 The Authority notes that the Corporate Cost arises from shared corporate functions performed by GAL (the holding company) through Centers of Excellence for the multi-airport group, with proportionate allocation to RGIA on a shared services basis.

10.2.86 The Authority further notes GHIAL's submission that the allocated costs are largely composed of group-level employee costs, consultancy services, capability-building initiatives, and business promotion expenditure, all of which are headquarter-centric in nature and do not have a direct link/connection with the level of airport operation or the extent of terminal area of the airport.

10.2.87 The Authority, on the basis of its analysis of the historical Corporate Cost Allocation incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY23.

10.2.88 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Corporate Cost Allocation, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.89 The Authority notes that GHIAL has adjusted the Corporate Cost Allocation to factor in the increase in the passenger terminal area consequent to the ongoing capacity expansion at the airport. The Authority, however, is of the considered view that the Corporate Cost Allocation is predominantly driven by the employee cost at the corporate/headquarter level, which does not bear a direct connection with the increase in the terminal building area. Accordingly, the Authority does not propose to escalate the said allocation on the basis of terminal area expansion, and instead proposes to project the same at an annual escalation of 6% on rationalized FY26 base figure, in line with the methodology discussed in the foregoing paragraphs.

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Further detailed working and basis of allocation of corporate cost needs to be submitted by GHIAL to assess the reasonableness and efficiency of corporate cost allocation by GHIAL for True up during the tariff determination of the Fifth Control Period.

10.2.90 Based on the foregoing, the Aeronautical Corporate Cost Allocation expenses proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 278: Corporate Cost submitted by GHIAL and proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Corporate Cost	76.07	80.63	85.47	90.60	96.03	428.79
Increase %	6.0%	6.0%	6.0%	6.0%	6.0%	

Communication Cost

10.2.91 The Authority has examined GHIAL's submission in respect of the Communication Cost for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at:

(a) an inflation rate of 4.2% per annum, in addition to

(b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Communication Cost as per the table below:

Table 279: Aeronautical Communication Cost submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Communication Cost submitted by GHIAL	2.32	2.61	2.94	4.05	5.46	17.39

10.2.92 The Authority notes that Communication costs include the Leased Line Charges/VPN for GHIAL administration purposes across RGI airport, mobile expenses for operating staff. These costs are non-recoverable from any concessionaires.

10.2.93 The Authority, on the basis of its analysis of the historical Communication Cost incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY24.

10.2.94 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Communication Cost, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.95 The Authority is further of the considered view that the Communication Cost do not bear a direct or proportionate correlation with the increase in the terminal area at the Airport. The said position is borne out

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by the historical experience during the Third Control Period itself, wherein the said expense head, in fact, registered a decrease in FY 2023-24, being the year of capitalisation of the 34 MPPA terminal expansion, notwithstanding the substantial augmentation in the terminal area in the said year.

10.2.96 Having regard to the foregoing examination, and consistent with the approach adopted by the Authority in past tariff determinations (including the Tariff Order(s) for the Third Control Period), the Authority proposes escalation at inflation rate on rationalized FY26 base figure, for projection of Communication Cost for the Fourth Control Period.

10.2.97 The Aeronautical Communication Cost proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 280: Communication Cost proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Communication Cost	2.03	2.11	2.18	2.26	2.34	10.92
<i>Increase %</i>	<i>4.7%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	

Printing & Stationery

10.2.98 The Authority has examined GHIAL's submission in respect of the Printing & Stationery Expense for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at:

(a) an inflation rate of 4.2% per annum, in addition to

(b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Aeronautical Printing & Stationery expense as per the table below:

Table 281: Aeronautical Printing and Stationery expenses submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Printing and Stationery expenses submitted by GHIAL	0.73	0.83	0.93	1.28	1.72	5.49

10.2.99 The Authority, on the basis of its analysis of the historical Printing & Stationery Expense incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY25.

10.2.100 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Printing & Stationery Expense, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.101 The Authority further observes that GHIAL, in its Tariff Proposal, has placed on record its intent to undertake comprehensive digitalisation and automation of airport operational processes during the Fourth

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Control Period. The Authority is of the view that the progressive implementation of such digital initiatives ought to result in a commensurate and tangible reduction in the consumption of physical printing and stationery materials across the airport's operational and administrative functions.

10.2.102 Having regard to the foregoing examination, and consistent with the approach adopted by the Authority in past tariff determinations (including the Tariff Order(s) for the Third Control Period), the Authority proposes escalation at inflation rate on rationalized FY26 base figure, for projection of Printing & Stationery Expense for the Fourth Control Period.

10.2.103 The Aeronautical Printing & Stationery Expense proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 282: Printing & Stationery Cost proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Printing and Stationery expenses	0.66	0.68	0.71	0.73	0.76	3.54
<i>Increase %</i>	<i>4.7%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	

Recruitment Charges

10.2.104 The Authority has examined GHIAL's submission in respect of the Recruitment Charges for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at:

(a) an inflation rate of 4.2% per annum, in addition to

(b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Manpower Growth Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Aeronautical Recruitment charges as per the table below:

Table 283: Aeronautical recruitment Charges submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Recruitment expenses submitted by GHIAL	6.71	7.56	8.51	11.42	15.24	49.44

10.2.105 The Authority notes GHIAL pays the recruiting agency a minimum of 2 months' salary (up to 6 months' salary, based on the category of the employees) of the newly joined employee based on the agreed CTC and has assumed these costs to increase in line with the manpower growth.

10.2.106 The Authority, on the basis of its analysis of the historical Recruitment Charges incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY26.

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10.2.107 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Recruitment Charges, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.108 Having regard to the foregoing examination, and consistent with the approach adopted by the Authority in past tariff determinations (including the Tariff Order(s) for the Third Control Period), the Authority proposes escalation at inflation rate on rationalized FY26 base figure, along with moderated Manpower Growth Factor of 18.01% in FY30 and 18.01% in FY31 for projection of Recruitment Charges for the Fourth Control Period.

10.2.109 The Aeronautical Recruitment Charges proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 284: Aeronautical Recruitment expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Recruitment expenses	4.71	4.88	5.05	6.18	7.55	28.36
<i>Increase %</i>	<i>4.7%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>22.3%</i>	<i>22.3%</i>	

Travelling & Conveyance

10.2.110 The Authority has examined GHIAL's submission in respect of the Travelling & Conveyance Expense for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at:

- (a) an inflation rate of 4.2% per annum, in addition to
- (b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis GHIAL has submitted the Travelling & Conveyance expense as per the table below:

Table 285: Aeronautical Travelling & Conveyance expenses submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Travelling & Conveyance expenses submitted by GHIAL	53.04	59.72	67.26	90.24	120.48	390.74

10.2.111 The Authority, on the basis of its analysis of the historical Travelling & Conveyance Expense incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY26.

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10.2.112 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Travelling & Conveyance Expense, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.113 Having regard to the foregoing examination, and consistent with the approach adopted by the Authority in past tariff determinations (including the Tariff Order(s) for the Third Control Period), the Authority proposes escalation at inflation rate on rationalized FY26 base figure for projection of Travelling & Conveyance Expense for the Fourth Control Period.

10.2.114 The Aeronautical Travelling & Conveyance Expense proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 286: Travelling & Conveyance expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Travelling & Conveyance expenses	25.01	25.91	26.85	27.81	28.81	134.40
<i>Increase %</i>	<i>4.7%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	

Directors Sitting Fees

10.2.115 The Authority has examined GHIAL's submission in respect of the Directors' Sitting Fee Expenses for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at the CPI inflation rate of 4.2% per annum, without applying any real growth factor or other escalation. On this basis, GHIAL has submitted the Directors Sitting Fee as per the table below:

Table 287: Aeronautical Directors Sitting Fee submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Directors Sitting Fee submitted by GHIAL	0.18	0.19	0.19	0.20	0.21	0.97

10.2.116 The Authority is of the view that GHIAL's submission of projecting the Directors Sitting Fee with inflation as escalation rate is justifiable and hence proposes to project the Aeronautical Directors' Sitting Fee Expenses for the Fourth Control Period by escalating the rationalized FY26 base figure only at the inflation rate.

Table 288: Directors Sitting Fee proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Directors Sitting Fee	0.20	0.21	0.22	0.23	0.23	1.09
<i>Increase %</i>	<i>4.7%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	<i>3.6%</i>	

Payment to Auditors

10.2.117 The Authority has examined GHIAL's submission in respect of the Payment to Auditors for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26

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base figure at the CPI inflation rate of 4.2% per annum, along with real growth factor of 8%. On this basis, GHIAL has submitted the Payment to Auditor expense as per the table below:

Table 289: Aeronautical Payment to Auditor submitted by GHIAL for the Fourth Control Period

(Rs. In Crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Payment to Auditor	0.90	1.01	1.14	1.28	1.43	5.75

10.2.118 The Authority, on the basis of its analysis of the historical Payment to Auditors incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY24.

10.2.119 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Payment to Auditors, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.120 Having regard to the foregoing examination, and consistent with the approach adopted by the Authority in past tariff determinations (including the Tariff Order(s) for the Third Control Period), the Authority proposes escalation at inflation rate on rationalized FY26 figure for projection of Payment to Auditors Expense for the Fourth Control Period.

Table 290: Payment to Auditor Fee proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Payment to Auditor	1.17	1.22	1.26	1.30	1.35	6.30
<i>Increase %</i>	4.7%	3.6%	3.6%	3.6%	3.6%	

10.2.121 The Aeronautical Payment to Auditors Expenses proposed for consideration by the Authority for the Fourth Control Period are marginally higher than GHIAL's submission, owing to the higher actual base figure for FY26 used in projecting the said expenses.

Other Admin Expenses

10.2.122 The Authority has examined GHIAL's submission in respect of the Other Admin Expenses for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the projected FY26 base figure at:

(a) an inflation rate of 4.2% per annum, in addition to

(b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted Other Admin Expense as per the table below:

Table 291: Aeronautical Other Admin Expense submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

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FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Other Admin Expense submitted by GHIAL	5.71	6.44	7.25	9.95	13.40	42.75

10.2.123 The Authority notes that the expenses classified by GHIAL under the head "Other Administrative Expenses" comprise the following components:

- Membership fees paid to professional bodies such as CAPA (Centre for Aviation), CFO Next, APAO (Association of Private Airport Operators), CEO Next, and similar industry/professional forums;
- Subscription charges for books, periodicals, and professional publications; and
- Meeting and seminar expenses incurred for internal team meetings and related engagements.

10.2.124 The Authority, on the basis of its analysis of the historical Other Admin Expenses incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in certain years.

10.2.125 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Other Admin Expenses, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.126 The Authority, in the absence of a detailed sub-component-wise break-up of the expenses booked under this head and the consequent inability to undertake a granular prudence and efficiency assessment, proposes to project the expense for the Fourth Control Period by adopting 50% of the rationalized FY26 base as the starting point, with annual escalation at the prevailing inflation rate.

10.2.127 Having regard to the foregoing examination, the Aeronautical Other Admin Expenses proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 292: Other Admin Expense proposed to be considered by the Authority for the Fourth Control Period
(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Other Admin Expense	3.08	3.19	3.30	3.42	3.54	16.53
Increase %	-47.7%	3.6%	3.6%	3.6%	3.6%	

CSR Expenses

10.2.128 The Authority notes GHIAL’s submissions regarding Corporate Social Responsibility (CSR) expenses which has been considered at the rate of 2% of the average PAT for the preceding three years.

10.2.129 The Authority took cognizance of the statutory provisions of the Companies Act, 2013 towards allowance of CSR expenses and the extract of the same has been provided below:

- i. Section 135 (1) of Companies Act, 2013 states that ‘Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one shall be an independent director.’ Further section 135(5) states that ‘The Board of every company referred in section 135(1), shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during

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the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility'.

10.2.130 In this regard, the Authority is of the view that the CSR is a mandatory Social Responsibility of the Company (as per Section 135(1) of Companies Act). As the CSR expenditure is to be incurred by Companies out of their net profits, it is to be regarded as an element of appropriation of Net Profits and not as a part of their Operating Expenditure. Therefore, CSR expenses could not be construed as a passthrough expenditure of the companies, otherwise, it would defeat the very purpose of the social responsibility entrusted on the companies.

10.2.131 Further, Section 37(1) of Income Tax Act also disallows CSR expenses, as these are not considered expenses incurred wholly and exclusively for the purpose of business of the entity.

10.2.132 The Authority proposes not to consider CSR expenses as part of Aeronautical O&M expenses for the Fourth Control Period.

Operating Expenses:

10.2.133 The Authority has examined GHIAL's submission in respect of the Other Operating Expenses for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the FY26 base figure at:

(a) an inflation rate of 4.2% per annum, in addition to

(b) a real year-on-year growth rate of 8% per annum,

resulting in a combined effective annual escalation of approximately 12.53% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Operating Expenses as per the table below:

Table 293: Aeronautical Operating Expenses submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Operating Expenses	5.69	6.40	7.21	9.69	12.99	41.98

10.2.134 The Authority notes that operating expenses relate to day-to-day operational support services provided by various operators, including the GA Terminal Operator and Car Park Operator.

10.2.135 The Authority, on the basis of its analysis of the historical Other Operating Expenses incurred by GHIAL during the Third Control Period, observes that the year-on-year growth rates of the said expense were highly variable, with the said expenses recording negative growth in FY23.

10.2.136 The Authority is of the view that, given the highly variable and bidirectional nature of the year-on-year movements in Other Operating Expenses, the application of a real growth rate of 8% per annum to the said expense is not supported by the historical experience.

10.2.137 Having regard to the foregoing examination, and consistent with the approach adopted by the Authority in past tariff determinations (including the Tariff Order(s) for the Third Control Period), the Authority

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proposes escalation at inflation rate on rationalized FY26 figure for projection of Other Operating Expenses for the Fourth Control Period.

10.2.138 The Aeronautical Other Operating Expenses proposed to be considered by the Authority for the Fourth Control Period is as follows:

Table 294: Operating Expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Operating Expense	2.98	3.09	3.20	3.32	3.44	16.03
<i>Increase %</i>	4.7%	3.6%	3.6%	3.6%	3.6%	

Collection Charges

10.2.139 The Authority has examined GHIAL's submission regarding Collection Charges for the Fourth Control Period wherein the expenses are escalated at the passenger growth rate.

Table 295: Aeronautical Collection Charges submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Collection Charges submitted by GHIAL	6.57	7.38	8.38	9.00	9.67	41.00

10.2.140 The Authority is of the view that GHIAL's submission of projecting the Collection Charges with PAX growth as escalation factor is justifiable and hence proposes to project the Collection Charges for the Fourth Control Period by escalating the FY26 base figure only at the PAX growth rate for the Fourth Control Period.

Table 296: Collection Charges proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Collection Charges	6.79	7.63	8.65	9.30	9.99	42.36
<i>Increase %</i>	14.7%	12.4%	13.4%	7.5%	7.4%	

10.2.141 The Aeronautical collection charges proposed by the Authority are higher than those submitted by GHIAL, the said variation is attributable to the application of the FY 2026-27 passenger growth rate to the actual FY 2025-26 passenger base, as against the application of the said growth rate to the projected FY 2025-26 passenger base as adopted by GHIAL in its Multi-Year Tariff Proposal.

Utility Expense

10.2.142 The Authority has examined GHIAL's submission in respect of the Utility Expenses for the Fourth Control Period, and notes that GHIAL has projected the said expenses by escalating the FY26 base figure at an inflation rate of 4.2% per annum. In addition, GHIAL has proposed a one-time Terminal Area Increase Factor of 19.61% in FY30 and 19.61% in FY31, on account of the increase in terminal area consequent to the Northern Precinct expansion. On this basis, GHIAL has submitted the Utility Expenses as per the table below:

Table 297: Utility Expenses submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

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FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Utility Expense	65.29	68.03	70.89	88.36	110.13	402.7

10.2.143 The Authority has examined the methodology adopted by GHIAL for projecting the Utility Expenses over the Fourth Control Period. GHIAL has proposed to escalate the said expenses considering two principal drivers, namely:

- (i) the prevailing rate of inflation, to account for the year-on-year increase in tariffs of utilities such as power, water, and other allied services; and
- (ii) the expansion in the Terminal Area of RGIA consequent to the ongoing capacity augmentation, which results in a corresponding increase in the consumption of utilities (lighting, HVAC, water, etc.).

10.2.144 The Authority further notes that Utility Expenses reflected in the said table represent the net expenses borne by GHIAL after recovery of the proportionate utility charges from concessionaires, commercial occupants, and other third-party users of the airport infrastructure.

10.2.145 The Authority further notes that the percentage of utility cost recovery from concessionaires has registered a noticeable improvement during FY26 as compared to the preceding year. Electricity recovery has increased to 55.32% in FY26 from 48.14% from the previous year and water recovery has increased to 33.62% in FY26 from 27.09% in FY25.

10.2.146 The Authority, considering the improving trajectory of utility cost recovery from concessionaires, proposes to project the recovery percentages for the Fourth Control Period at the FY26 actual levels of 55.32% (electricity) and 33.62% (water) as the minimum baseline, with the expectation that GHIAL shall progressively enhance the said recoveries through improved metering, billing, and contractual enforcement.

10.2.147 The Authority notes that linking utility expenses to the Terminal Area is a rational and technically sound basis, inasmuch as utility consumption at an airport terminal is directly correlated with the built-up area being operated, maintained, illuminated, and air-conditioned. The use of inflation as a secondary escalator further captures the price-side movement, independent of the volume/area-side movement.

10.2.148 In view of the foregoing, the Authority finds the growth rate considered by the Operator to be justifiable and reasonable. Accordingly, the Authority proposes to project the Utility Expenses for the Fourth Control Period in the following manner:

- (i) Base Year: Actual Utility Expense incurred in FY26 shall be taken as the base.
- (ii) Escalation – Price Component: The base figure shall be escalated annually by the prevailing inflation rate over the Control Period.
- (iii) Escalation – Volume/Area Component: In addition to the inflation-linked escalation, a moderated Terminal Area increase factor of 18.01% shall be applied in FY30 and again in FY31, to capture the step-up in utility consumption arising from the commissioning of the expanded terminal facilities.

10.2.149 The Authority has taken note of the detailed breakup of utility expense for FY26 and has projected the electricity and water consumption as per the table below:

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Table 298: Utility expense projection at Unit level for the Fourth Control Period

Particulars		FY27	FY28	FY29	FY30	FY31	Total
Electricity	Units						
Units Generated -DG Set (A)	Kwh	51,381	53,227	55,144	67,418	82,430	
Units Generated - Solar (B)	Kwh	11,520,535	11,934,364	12,364,286	15,116,248	18,482,056	
Units Purchased (C)	Kwh	175,455,307	181,757,832	188,305,456	230,217,251	281,477,791	
Energy Recovered (D)	Kwh	103,471,264	107,188,052	111,049,382	135,766,026	165,995,906	
Net Energy Consumption (E=A+B+C-D)	Kwh	83,555,960	86,557,371	89,675,504	109,634,890	134,046,370	
Total Power Charges (Net)	Rs Cr	47.82	49.53	51.32	62.74	76.71	288.12
Water	Units						
Rainwater (A)	KL	154,701	160,258	166,031	202,985	248,182	
Water Drawn from Borewell (B)	KL	0	0	0	0	0	
Water Recycled through STP (C)	KL	398,485	412,799	427,670	522,857	639,278	
Water Recycled through STP – Landscaping (D)	KL	126,073	130,602	135,306	165,422	202,255	
Water Drawn from Borewell – Landscaping (E)	KL	270,754	280,480	290,584	355,260	434,363	
Water Purchased (F)	KL	840,395	870,583	901,945	1,102,694	1,348,222	
Water Recovered (G)	KL	601,963	623,586	646,050	789,844	965,712	
Net Water Consumption (H=A+B+C+D+E+F-G)	KL	1,188,446	1,231,136	1,275,486	1,559,376	1,906,589	
Total Water Charges	Rs Cr	2.29	2.38	2.46	3.01	3.68	13.82

10.2.150 Based on the above, Utility expense proposed to be considered by the Authority for the Fourth Control Period is as per the table below:

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Table 299: Utility expense proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Utility Expense	50.11	51.91	53.78	65.75	80.39	301.94
Increase %	4.7%	3.6%	3.6%	22.3%	22.3%	

CGF Expense

10.2.151 The Authority notes that GHIAL, in its Multi-Year Tariff Proposal (MYTP) for the Fourth Control Period, has treated Cargo, Ground Handling and Fuel Farm (CGF) Services as Non-Aeronautical in nature, and has not submitted the operating expenses pertaining to CGF operations for the purpose of computation of the Aggregate Revenue Requirement (ARR).

10.2.152 The Authority notes that the expenditure submitted by GHIAL under the head Cargo, Ground Handling and Fuel Farm (CGF) primarily pertains to expenses relating to the Fuel Farm facility. The Authority observes that, in respect of Cargo and Ground Handling activities, dedicated concessionaires have been appointed, who are responsible for undertaking the related capital expenditure as well as operating and maintenance expenditure for the respective facilities/services. Accordingly, the operating expenses of the Airport Operator under the CGF head are not materially attributable to Cargo and Ground Handling activities. However, the Fuel Farm facility is operated by the Airport Operator itself, and the related operating and maintenance expenses, including manpower, utilities, repair and maintenance, consumables, safety compliance and other operational costs, are therefore incurred by GHIAL. Hence, the Authority has considered the expenditure under the CGF head as being primarily related to Fuel Farm operations.

10.2.153 The Authority further observes that fuel offtake at an airport is closely linked to the level of aircraft operations and therefore has a correlation with growth in Air Traffic Movements (ATMs). As the number of ATMs increases, the scale of fueling operations also increases, resulting in higher operational requirements in terms of manpower deployment, equipment usage, utilities, repairs and maintenance, safety checks, quality control, consumables and other related O&M activities. Accordingly, the Authority is of the view that ATM growth is an appropriate driver for estimating the escalation in O&M expenses relating to Fuel Farm operations. Therefore, for the purpose of projecting CGF/Fuel Farm expenses for the Fourth Control Period, the Authority proposes to allow cost escalation over FY 2025-26 actuals based on the year-on-year growth rate in ATMs.

10.2.154 Based on the foregoing, and rationalization of the expense heads and their CGF component, the Authority proposes to consider the said expenses as per the table below:

Table 300: CGF Expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
CGF Cost	27.15	30.43	34.19	36.32	38.58	166.66

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Digitization Expenses

- 10.2.155 The Authority took note of GHIAL’s submission regarding Digitization expenses in the MYTP for the Fourth Control Period wherein starting in FY27, Rs. 40 Cr has been projected for each year.
- 10.2.156 GHIAL vide email dated 22.02.2025, submitted the revised year wise breakup of the digitalization cost as per the table below:

Table 301: Revised year wise breakup of the digitalization cost as submitted by GHIAL

(Rs. In crores)

Particulars (Rs Cr)	FY27	FY28	FY29	FY30	FY31	Total
Digitization Cost	52	52	52	52	52	260

- 10.2.157 The Authority, in the course of its examination of the operating expenditure projections submitted by GHIAL for the Fourth Control Period, observed that a new line item under the head "Digitization Expenses" has been introduced commencing from FY27, with no corresponding expenditure reflected in the preceding years of the Third Control Period. In view of the materiality of the said projection and the absence of any historical baseline, the Authority sought clarification from GHIAL on the rationale, scope, and justification for the said expenditure.
- 10.2.158 In response, GHIAL submitted that the Digitization Expenses are envisaged to be incurred from FY27 onwards, and are driven by planned investments in advanced technology platforms, automation, and digital infrastructure. The stated objectives of the said expenditure, as submitted by the Operator, include:
- (i) Improvement in operational efficiency;
 - (ii) Enhancement of passenger experience;
 - (iii) Modernization of airport processes;
 - (iv) Process optimization across functions; and
 - (v) Compliance with global best practices in airport operations.
- 10.2.159 GHIAL has further submitted that these cost escalations are aligned with the airport's long-term strategic objectives of positioning RGIA as a technologically advanced and globally benchmarked airport.
- 10.2.160 The Authority, while taking note of the broad strategic intent articulated by GHIAL, observed that the submission was generic in nature and lacked the requisite granularity to enable a meaningful regulatory assessment. Accordingly, the Authority sought from GHIAL a detailed activity-wise breakdown of the proposed Digitization Expenses, including the specific initiatives, the underlying cost build-up, and the expected outcomes.
- 10.2.161 In response to the said requisition, GHIAL submitted that the projected expenditure of Rs. 260 crore for the Fourth Control Period has been arrived at on the basis of benchmarking with comparable Indian airports handling passenger traffic in the range of 35-50 MPPA. Specifically, GHIAL has cited the following references:
- (i) MIAL: proposed allocation of approximately Rs. 149.10 crore for ICT modernization in the Fourth Control Period;
 - (ii) BIAL: proposed allocation of approximately Rs. 263.54 crore for modernization initiatives in the Third Control Period.
- 10.2.162 GHIAL has submitted that, in light of the comparable passenger traffic profile and the planned modernization initiatives at RGIA, a provision of Rs. 260 crore is reasonable. GHIAL has further informed

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the Authority that an independent consultant has been engaged to identify the key priority initiatives under this head, and that the activity-wise details would be furnished to the Authority in due course.

10.2.163 GHIAL via email dated 22.03.2026, shared the indicative use cases that would be developed over the next five years as part of the airport digital platform.

Table 302: Indicative use cases submitted by GHIAL for the Fourth Control Period as part of the Digitization Cost

S. No.	Use Case/Feature Name	Description
1	Intelligent Lost and Found Management System	A digital lost and found system that uses AI powered image recognition and automated form filling to streamline the logging, categorization, tracking, and retrieval of lost items across the terminal. Passengers report lost items through a self-service interface, and the system automatically matches reported items against recovered inventory using visual and descriptive attributes, reducing manual effort and accelerating resolution times. Every item is tracked through a complete digital audit trail from recovery to return, with role-based access control ensuring secure handling and chain of custody. Real-time status updates keep passengers informed without requiring repeated visits to help desks or phone calls.
2	Prebooking and Reservation of check-in slots	A passenger facing system that allows travelers to pre book processing slots for check-in, security screening, and immigration before they arrive at the airport. By scheduling when passengers present themselves at each checkpoint, it distributes demand evenly across time windows and prevents the unpredictable surges that cause peak hour bottlenecks. The system uses real time operational data to dynamically adjust available slots and sends contextual notifications guiding passengers on when to proceed to their next touchpoint.
3	NextGen Pax Experience Hub	A single, multilingual, multiplatform digital interface that keeps passengers informed and oriented from the moment they leave for the airport through to boarding. Before arrival, it delivers live flight status, terminal and gate assignments, and real time travel estimates. At the airport, it provides step by step navigation across check-in, security, immigration, and boarding with continuous updates on queues, gate changes, and boarding timelines. It consolidates fragmented information sources into one intelligent layer available via mobile, web, and in terminal touchpoints, replacing static signage and manual help desks with accessible, real time, always on passenger information.
4	AI-Powered Digital Concierge	A generative AI powered assistant accessible via mobile app, chat, voice, and in terminal kiosks that provides real time, multilingual passenger support across the entire airport journey. It handles flight queries, gate information, wayfinding, immigration guidance, transport connectivity, and disruption updates through natural conversation, reducing dependency on physical help desks and manual staff intervention. Built with speech recognition, natural language understanding, and support for assistive technologies, it ensures inclusive access for all passengers including non English speakers, elderly travelers, and persons with reduced mobility. The system connects directly to airport operations, flight data, and DigiYatra systems to deliver accurate, contextual responses rather than generic information.

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S. No.	Use Case/Feature Name	Description
5	Passenger Disruption Communication and Recovery System	Passenger Disruption Communication and Recovery System - A passenger facing disruption management system that automatically detects flight delays, cancellations, and irregular operations and delivers real time, personalized recovery options directly to affected travelers. When a disruption occurs, the system pushes immediate notifications with clear, actionable guidance including revised boarding times, gate changes, rebooking options, alternate transport connections, and entitlement information. It uses AI to generate tailored recommendations based on each passenger's itinerary, connection status, and onward travel plans, replacing the current experience of queuing at help desks for information during the most stressful moments of travel. The system integrates with airline... Operations, flight data, and ground transport systems to ensure passengers receive accurate, timely, and consistent information across mobile, web, and in terminal digital touchpoints.
6	PRM Assistance and Accessibility Compliance System	A comprehensive accessibility system that provides persons with reduced mobility, reduced sight, sensory disabilities, and other accessibility needs with 360 degree information on every facility and service point across the airport including gates, baggage drop points, accessible washrooms, ramp locations, elevator access, wheelchair collection points, baby care rooms, sensory rooms, and assisted boarding locations. The system delivers this information through multiple accessible formats including voice guidance, screen readers, high contrast interfaces, haptic feedback, and multilingual support, ensuring every passenger regardless of ability can independently navigate and access the airport. It integrates with autonomous wheelchair units that use path planning, obstacle detection, and collision avoidance to transport passengers safely through the terminal, with real time route optimization and adaptation to congestion or restricted zones. The system ensures consistent, timely PRM assistance without full dependency on manual escorts, which become increasingly difficult to scale during peak periods.
7	Medical Response and Emergency SOS Management System	A real time medical and emergency response system that ensures immediate, coordinated assistance for any medical incident or SOS situation across the airport. It continuously tracks the availability and location of medical staff, first responders, wheelchairs, AEDs, and emergency equipment across terminal, airside, and landside zones, enabling the nearest available resource to be dispatched instantly. Passengers and staff can trigger SOS alerts through multiple channels including mobile apps, in terminal kiosks, and dedicated emergency points, with the system automatically routing the alert to the appropriate medical team with precise location data and estimated response time. It maintains a complete digital audit trail of every incident including response time, actions taken, and outcome, supporting compliance reporting and continuous improvement. The system also monitors medical facility uptime, staff rostering against minimum availability requirements, and equipment readiness to ensure the airport is never caught under-prepared.

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S. No.	Use Case/Feature Name	Description
8	Early Warning System & Prescriptive Passenger Flow Management	A real time intelligence system that uses sensors, biometrics, and digital gates to give the airport operations team continuous visibility into passenger volumes, congestion patterns, and processing performance across all touchpoints. It forecasts demand, recommends staffing levels and lane configurations, and triggers dynamic wayfinding to steer passengers away from congested zones. This is the airport's tool — it sits in the operations centre and space allocation, improving traffic flow across the airport forecourt and multi-level car parks.
9	Real Time Feedback and Service Quality System	Real Time Service Quality Monitoring and Compliance System - A continuous service quality monitoring system that captures real time passenger feedback across multiple channels including in terminal kiosks, digital touchpoints, and mobile interfaces, and uses natural language processing and machine learning to analyze sentiment, detect service degradation, and flag emerging issues before they escalate. It provides operations teams with live dashboards that correlate passenger sentiment with specific touchpoints, time periods, and operational conditions, enabling targeted, timely intervention rather than retrospective analysis. The system directly supports AERA mandated service quality reporting by providing auditable, data driven evidence of performance against defined standards replacing periodic, survey-based measurement with a continuous, intelligent listening layer that gives the airport real time visibility into how it is performing against its service obligations.
10	Operational Communication and Safety Platform	A unified, real time communication platform connecting all operational teams across landside, terminal, and airside through a single interface. It enables instant role-based messaging, digital briefings, safety alerts, and coordinated response protocols, ensuring every stakeholder from ground handling crews to security agencies receives the right information at the right time. Real time alerts and auditable communication trails replace fragmented, informal channels that currently carry safety critical information. The platform ensures operational consistency across shifts, teams, and agencies, supporting faster issue resolution and tighter coordination during both normal operations and disruptions.
11	Role-based Operational Analytics Dashboards	A central intelligence layer for the airport that integrates real time passenger, flight, and asset data with predictive analytics to move the Airport Operations Centre from passive monitoring to active orchestration. It delivers tailored, role-based insights and forecasts to every stakeholder in the ecosystem including airlines, ground handlers, in flight kitchen services, fuel operators, security agencies, and other third party service providers, enabling better alignment of resources, smoother turnarounds, and more efficient use of terminal capacity. By connecting operational signals with passenger journey data, it supports faster recovery from disruptions, consistent service quality, and more reliable operations across landside, terminal, and airside.

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S. No.	Use Case/Feature Name	Description
12	Asset Reliability and Predictive Maintenance System	A predictive maintenance system that uses IoT sensors and AI based technology to create a real time view of the health and performance of critical aeronautical assets including baggage handling systems, aerobridges, flight information display systems, security screening equipment, lifts, escalators, travelators, and boarding gate infrastructure. It detects early signs of wear, predicts failures before they occur, automates maintenance scheduling, and minimizes unplanned downtime that directly impacts flight operations and passenger processing. The system introduces condition based, predictive intervention, extending asset life, reducing emergency repair costs, and ensuring operational continuity across key aero assets. By shifting from calendar based, reactive maintenance to intelligent, condition driven scheduling, the system significantly reduces maintenance opex through fewer emergency callouts, lower spare parts inventory, optimized workforce deployment, and extended asset lifecycles.
13	Transfer Passenger and Misconnection Management System	A comprehensive system that manages the end-to-end journey of every connecting passenger from arrival gate through security re-screening, immigration, and transfer corridors to their onward departure gate. It provides real time wayfinding, digital transfer guidance, and processing status updates to every connecting traveler, ensuring smooth and predictable movement through the transfer process. For passengers at risk of missing their onward flight, the system automatically assesses misconnection risk using real time flight data, passenger itineraries, and checkpoint processing times, then issues dynamic priority clearances and guided routing through the fastest available path. Integrated with access control and security systems, it ensures prioritized processing without compromising security protocols or disrupting the flow of other passengers.
14	Airside Safety and Compliance Monitoring System	An integrated airside safety system that provides continuous, AI powered monitoring across runways, taxiways, and apron areas. It detects foreign object debris using deep learning and high-resolution imaging, enabling real time identification and targeted removal without unnecessary runway closures. Simultaneously, it tracks all vehicle and personnel movement using video analytics and GPS, enforcing lane discipline, speed compliance, and restricted zone access. Automated alerts enable immediate intervention before incidents escalate, and a complete auditable trail supports compliance reporting.
15	Intelligent Security Surveillance and Threat Detection System	An AI powered surveillance layer that continuously analyzes video feeds across the terminal, perimeter, and airside to detect security threats in real time including unattended baggage, unauthorized access attempts, perimeter breaches, crowd anomalies, and suspicious behavioral patterns. The system uses deep learning and computer vision to distinguish genuine threats from routine activity, dramatically reducing false alarms and enabling security teams to focus on actionable incidents rather than monitoring screens manually. Automated alerts with precise location and context are pushed directly to security personnel and the operations centre, enabling faster, more targeted response. The system integrates with existing CCTV infrastructure, upgrading it from a passive recording tool into an active, intelligent detection layer.

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S. No.	Use Case/Feature Name	Description
16	Biometric Staff Access Control and Restricted Area Management System	A multi layered biometric access control system that governs the movement of all airport personnel across restricted zones including airside, terminal secure areas, cargo facilities, and operational corridors. It replaces conventional card and PIN based access with biometric authentication tied to each individual's airport entry permit, ensuring that only verified, authorized personnel can enter designated zones based on their role, clearance level, and time of access. The system maintains a complete digital audit trail of every access event, supports real time revocation of credentials, and integrates with RFID based automated vehicle access control for airside entry points.
17	Smart Facility Management System	An intelligent building management system that uses IoT sensors, AI, and real time analytics to monitor, control, and optimize all facility systems across the terminal including HVAC, lighting, energy consumption, water management, and indoor air quality. It continuously adjusts environmental conditions based on real time occupancy, weather, flight schedules, and terminal zone usage, ensuring passenger comfort while minimizing energy waste. The system provides centralized dashboards for facility teams with predictive alerts on equipment health, consumption anomalies, and maintenance needs, replacing manual monitoring and scheduled adjustments with automated, data driven optimization.
18	Smart Parking and Forecourt Traffic Management	A data driven parking management system that uses predictive analytics and real time monitoring to anticipate parking demand, guide drivers to available or reserved spaces, and enable seamless entry, exit, and payment. It integrates flight schedules, passenger profiles, and mobility patterns to maximize bay utilization, reduce search time, and ease forecourt congestion. Dynamic pricing and automated access control replace manual toll collection and ad hoc management, improving efficiency and user experience.
19	Retail 360	A unified analytics platform that connects transaction data, passenger dwell time, footfall patterns, and behavioral insights across all commercial spaces in the terminal to optimize every square foot of retail, F&B, and service area. It identifies underperforming zones, recommends optimal product and category mixes, and enables data driven leasing, assortment, and marketing decisions. By giving airports and retail partners a shared view of commercial performance, it drives higher revenue per passenger, better tenant utilization, and more targeted promotional strategies.
20	Travel and Lifestyle Rewards Hub	A unified loyalty and rewards platform that enables passengers to earn and redeem points across the airport ecosystem including dining, retail, parking, lounge access, and partner services. It creates a single digital identity for every traveler, connecting transactions across categories and visits into one rewards profile. Tiered benefits, personalized offers, and partner integrations drive repeat engagement, increase spend per passenger and strengthen long term passenger affinity with the airport.

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S. No.	Use Case/Feature Name	Description
21	Omnichannel Commerce and Engagement Suite	A digital marketplace that connects passengers to the full range of airport retail, dining, and services through a seamless online and in terminal experience. Passengers can browse, pre-order, and pay for duty free, F&B, and services before or during their visit, with options for gate delivery, counter collection, or home shipping. It unifies the airport's commercial ecosystem onto one platform, giving retailers and concessionaires direct access to passenger demand while giving travelers convenience and choice.
22	Location Based Personalization and Engagement Platform	A real time location intelligence platform that uses Bluetooth beacons, Wi-Fi signals, and mobile device data to understand where passengers are in the terminal and deliver contextual, personalized content based on their precise location, journey stage, and dwell time. It pushes targeted promotions, dining suggestions, and service recommendations as passengers move through different zones, converting idle dwell time into commercial engagement. For retail and F&B partners, it provides footfall heatmaps, conversion analytics, and proximity triggered marketing capabilities that drive higher spend per passenger.

- 10.2.164 While focusing on this, GHIAL submits that it aims to appoint a strategic digital partner through a competitive bidding process who will be responsible for owning, developing, deploying, maintaining, and operating the digital platform that will enable these use cases.
- 10.2.165 The Authority observes that it is a challenging task to clearly differentiate the costs of Digitization between Aeronautical and Non-Aeronautical services. The Authority notes that GHIAL, in its MYTP submission, had allocated the 100% of the proposed digitalization cost as aeronautical.
- 10.2.166 The Authority is reaching a conclusion that the allocation of the costs must be based on the utility of the service coverage through the digital platform, the nature of revenues generated through the platform and the passenger feedback rather than employing cost drivers alone.
- 10.2.167 For the purposes of Aeronautical Allocation of the Digitization Cost, the Authority proposes to implement a Multi-Criteria Decision Analysis (MCDA) approach to allocate the Costs between Aeronautical and Non-Aeronautical.
- 10.2.168 This MCDA approach employs a list of variables to segregate the costs. Each variable has been assigned a score between 1 to 5, where 1 being the lowest and 5 being the highest. The Aeronautical and Non- Aeronautical Services offered in the App have been grouped into different categories based on the nature / similarity of their functions. Following which, each of the categorizations is assigned a score under each variable based on their function. Each variable and its categorization is detailed below:
- i. Different variables have been assigned and segregated into Aeronautical and Non-Aeronautical Services availed at the Airport using the Digitalization App:
 - a. Necessity (Is it a Necessary Service for an Airport Passenger?)
 - b. Channel Usefulness (Is it an Exclusively Provided Service / Information for an Airport Passenger? And how useful is it for them?)
 - c. Revenue Generating Capacity (Is it a Revenue Generating Service or Not?)

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10.2.169 Each variable has been given a judgmental score between ‘1’ to ‘5’ (‘1’ being the lowest and ‘5’ being the highest).

Table 303: 5-Scale Rating Definitions for Evaluation Criteria

Rating	Necessity	Channel Usefulness	Revenue Generating Capacity
5	Critical	Highly useful	Very High
4	High	Useful	High
3	Moderate	Average	Moderate
2	Low	Limited Use	Low
1	Not necessary	Not Useful	Negligible/None

10.2.170 The use cases have been classified into different categories (Aeronautical, Non-Aeronautical and Common) based on the kind/variety of services they offer and ranked for each of the variables mentioned above.

Table 304: Digitization Cost Allocation – Multi Criteria Decision Analysis Approach – Score card

S. No.	Use Case/Feature Name	Necessity	Channel Usefulness	Revenue Generating Capacity	Total Score	Classification
1	Intelligent Lost and Found Management System	4	4	0	8	Aero
2	Prebooking and Reservation of check-in slots	5	4	3	12	Aero
3	NextGen Pax Experience Hub	4	5	0	9	Aero
4	AI-Powered Digital Concierge	4	5	0	9	Aero
5	Passenger Disruption Communication and Recovery System	5	4	0	9	Aero
6	PRM Assistance and Accessibility Compliance System	5	5	0	10	Aero
7	Medical Response and Emergency SOS Management System	5	5	0	10	Aero
8	Early Warning System & Prescriptive Passenger Flow Management	4	4	0	8	Aero
9	Real Time Feedback and Service Quality System	4	4	0	8	Aero
10	Operational Communication and Safety Platform	4	4	0	8	Aero
11	Role-based Operational Analytics Dashboards	4	4	0	8	Common
12	Asset Reliability and Predictive Maintenance System	4	3	0	7	Common

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S. No.	Use Case/Feature Name	Necessity	Channel Usefulness	Revenue Generating Capacity	Total Score	Classification
13	Transfer Passenger and Misconnection Management System	4	4	0	8	Aero
14	Airside Safety and Compliance Monitoring System	4	5	0	9	Aero
15	Intelligent Security Surveillance and Threat Detection System	4	5	0	9	Common
16	Biometric Staff Access Control and Restricted Area Management System	3	0	0	3	Common
17	Smart Facility Management System	4	4	2	10	Common
18	Smart Parking and Forecourt Traffic Management	4	4	4	12	Non-Aero
19	Retail 360	3	3	4	10	Non-Aero
20	Travel and Lifestyle Rewards Hub	4	4	5	13	Non-Aero
21	Omnichannel Commerce and Engagement Suite	4	4	5	13	Non-Aero
22	Location Based Personalization and Engagement Platform	4	4	3	11	Non-Aero

10.2.171 Using these scores of Aeronautical and Non-Aeronautical, the allocation percentage is identified as below:

Table 305: Digitization Cost Aeronautical Allocation as proposed by the Authority

Total Score's	
Total Aeronautical Score (a)	108
Total Non-Aeronautical Score (b)	59
Total Common Score (c)	37
Total (d) = (a) + (b) + (c)	204
Aeronautical Allocation (%) (e = a/(a+b))	64.67%

10.2.172 Therefore, as seen from the preceding table, the Digitization Cost can be allocated at 64.67% and the Authority is seeking stakeholder response before concluding on this aspect.

10.2.173 Thus, applying this 64.67% only on the proposed Digitization cost payable to the Digital Service Provider, the cost allocable to Aeronautical services is as below:

Table 306: Allocation of Digitization Costs as computed by the Authority

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Digitization Cost submitted by GHIAL (a)	52	52	52	52	52	260

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FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Aeronautical Cost proposed by the Authority (64.67% of a)	33.63	33.63	33.63	33.63	33.63	168.14

10.2.174 The Authority recognises that digital transformation is critical to the next phase of aviation growth, enabling seamless end-to-end passenger services through targeted digital use cases. It acknowledges the importance of emerging technologies in improving operational efficiency, passenger experience, and real-time KPI monitoring. Accordingly, the Authority agrees to accept the related expenditure, subject to prudence checks and supporting documentation, with final true-up to be considered in the next Control Period based on actual costs and demonstrated benefits.

Strategic, Management and Technical Service Fee

10.2.175 The Authority took note of GHIAL’s submission regarding a new expense head, Strategic, Management and Technical Service Fee, proposed for the Fourth Control Period.

10.2.176 The Authority sought clarification from GHIAL on the details and justifications for projection of such expenses for the Fourth Control Period. GHIAL’s responses are as follows:

“GHIAL Board in its meeting dated 23.07.2025, has approved the payment of Strategic, Management and Technical Service Fee from FY26 to all its shareholders including GMR Airports Limited (GAL), Airport Authority of India and Government of Telangana. The Clauses 3.4 and 3.5 of the Shareholders Agreement defines the Role of the Sponsors which lists down the various activities that the Sponsors are to provide. The Clause 5.10 of the Shareholders Agreement provides that all decisions of the Board shall be a simple majority of the Directors present and voting. The Clause 11.3 of the Shareholders Agreement mentions that GHIAL shall provide to each of its investors with a right to consult and advise management of GHIAL on various issues.

Hence the board of GHIAL has now decided to start paying, going forward, a consideration for the services being provided by shareholders to the Company towards its strategic leadership, governance and business sustainability @3% of stand-alone gross revenue from FY 2026 on a quarterly basis.”

10.2.177 The Authority notes that, as per the present shareholding pattern of GHIAL, 26% of the shareholding is held by Government entities, comprising 13% held by AAI on behalf of the Government of India, and 13% held by the Government of Telangana, while the remaining 74% is held by GMR Airports Limited (GAL). GHIAL has referred to certain provisions of the Shareholders’ Agreement and submitted that the Board of GHIAL has decided to make payments to its shareholders towards services stated to be provided by them in relation to strategic leadership, governance and business sustainability. GHIAL has proposed that such consideration would be paid at the rate of 3% of standalone gross revenue, with effect from FY 2025-26, on a quarterly basis.

10.2.178 The Authority has analysed GHIAL’s submission and observes as under:

- i. Clauses 3.4 and 3.5 of the Shareholders’ Agreement set out the roles of the Sponsors and the State Promoters in providing support to GHIAL. The activities listed for the State Promoters primarily relate to the initial support required for commencement of airport operations. The activities listed for the Sponsors also relate to commencement of airport operations and include reference to services to be provided in the ordinary course of business for operation, management and development of the airport and for provision of airport services.

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- ii. The aforesaid clauses are general enabling provisions defining the broad roles and obligations of shareholders in relation to the airport project under the Concession Agreement framework. The Authority does not find any specific provision in the Shareholders’ Agreement which provides for payment of separate consideration to shareholders towards advice, consultation, strategic leadership, governance or business sustainability services.
- iii. The Authority is of the view that Hyderabad Airport was awarded to GAL through a transparent competitive bidding process with a clear mandate of development, construction, operation and maintenance of the airport for the concession period. Further, at the time of evaluation of the bids, GAL was shortlisted considering their ability to develop and manage the airport operations. Considering the Strategic, Management and Technical Service Fee to run the airport operations would defeat the above purpose and will lead to an additional fee being rendered to the shareholders in addition to the return on their invested equity.

10.2.179 The Authority further observes that GHIAL is a separate legal entity having its own senior management, personnel and functional structure for operating, managing and developing the airport. In addition, GHIAL already avails expert services from personnel of group companies and engages consultants/domain experts in various fields in the ordinary course of its business. Therefore, the Authority is of the view that a blanket quarterly payment to shareholders would lead to a risk of overlap between the proposed fees and costs already embedded in GHIAL’s existing expenditure base, including employee costs, administrative expenses, consultancy charges and other management-related expenses and may result in duplication of costs and consequential double recovery from airport users.

10.2.180 Accordingly, the Authority proposes not to consider the payment towards Strategic, Management, and Technical Service Fees to shareholders.

Concession Fee

10.2.181 GHIAL has proposed the following concession fee for the Fourth Control Period

Table 307: Concession Fee submitted by GHIAL

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Concession Fee submitted by GHIAL	176.07	201.33	232.58	259.81	290.27	1,160.06

10.2.182 The Authority has computed the concession fee on the forecasted Aero-Revenues. Accordingly, the concession fee proposed to be considered by the Authority for the Fourth Control Period is given below:

Table 308: Concession Fee proposed to be considered by the Authority

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Projected Aero Revenue (A)	1622.31	2050.42	2619.20	3166.31	3831.85	13290.08
Concession Fee proposed by the Authority (4%*A)	64.89	82.02	104.77	126.65	153.27	531.60

10.2.183 Considering the above, the Aeronautical Operation and Maintenance (O&M) expenses proposed to be considered by the Authority for the Fourth Control Period is seen in the table below:

AERONAUTICAL OPERATION & MAINTENANCE (O&M) EXPENSES FOR THE FOURTH CONTROL PERIOD

Table 309: Aeronautical O&M Expenses proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Staff Cost	154.79	164.08	173.93	217.57	272.15	982.52
Rates & Taxes (incl. Property Tax)	7.58	7.85	8.14	9.95	12.16	45.69
Bank Charges	11.31	14.37	13.10	13.10	13.10	65.00
Security Cost	18.38	19.48	20.65	25.83	32.31	116.65
Repairs and Maintenance	122.31	128.37	133.65	193.04	200.78	778.14
Stores & Spares	13.75	14.25	14.76	18.05	22.06	82.87
Insurance Cost	8.95	9.85	10.84	11.92	13.11	54.67
Land Lease Rent to GoT	16.53	17.36	18.22	19.13	20.09	91.33
Manpower Outsourcing (Technical Service) Expenses	92.39	97.93	103.81	129.85	162.44	586.42
Housekeeping Cost	44.85	46.46	48.14	58.85	71.95	270.25
CGF (Fuel Farm Cost)	27.15	30.43	34.19	36.32	38.58	166.66
Operating Expenses	2.98	3.09	3.20	3.32	3.44	16.03
Collection Charges	6.79	7.63	8.65	9.30	9.99	42.36
General Admin Cost						
• Advertisement & Business Promotion	8.66	8.97	9.29	9.63	9.97	46.52
• Professional & Consultancy Charges	33.44	34.64	35.89	37.18	38.52	179.68
• Corporate Cost allocation	76.07	80.63	85.47	90.60	96.03	428.79
• Communication Costs	2.03	2.11	2.18	2.26	2.34	10.92
• Printing and Stationery	0.66	0.68	0.71	0.73	0.76	3.54
• Recruitment Charges	4.71	4.88	5.05	6.18	7.55	28.36
• Travelling and Conveyance	25.01	25.91	26.85	27.81	28.81	134.40
• Directors Sitting Fees	0.20	0.21	0.22	0.23	0.23	1.09
• Payment to Auditors	1.17	1.22	1.26	1.30	1.35	6.30
• Other Admin Expenses	3.08	3.19	3.30	3.42	3.54	16.53
Utility Expense	50.11	51.91	53.78	65.75	80.39	301.94
Concession Fee	64.89	82.02	104.77	126.65	153.27	531.60
Digitisation Cost	33.63	33.63	33.63	33.63	33.63	168.14
Total	831.42	891.15	953.66	1151.59	1328.58	5156.40

10.2.184 In view of the above, the Authority proposes to consider Aeronautical Operating Expenses of Rs. 5,156.40 Crores as per Table 309 for the Fourth Control Period as against GHIAL's submission of Rs. 9,291.37 Crores (as per Table 246).

10.2.185 The Authority observes a substantial variation between the Operating Expenses submitted by the Airport Operator and those proposed by the Authority for the Fourth Control Period. The said variation is attributable to:

- (a) Adoption of unaudited actuals as the base figure for projection, in preference to the projected base considered by the Operator;
- (b) Rationalisation of specific expense heads, including Manpower Expenses, Bank Charges, Repairs & Maintenance, and General Administrative Expenses; and
- (c) Non-consideration of certain expense items, namely Corporate Social Responsibility (CSR), Donation to Electoral Fund, and Strategic Management & Technical Service Fee.

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10.2.186 Upon examination, the Authority is of the view that the Airport Operator is expected to enhance operational efficiency through optimization of overall Operating Expenses, particularly employee costs and Operations & Maintenance (O&M) expenses, including through leveraging technology and process improvements for cost rationalization.

10.3 Authority's proposals regarding Aeronautical Operation and Maintenance (O&M) Expenses for the Fourth Control Period

Based on the material before it and its examination, the Authority proposes the following with respect to Aeronautical Operation and Maintenance (O&M) Expenses for the Fourth Control Period:

- 10.3.1 To consider Aeronautical O&M Expenses for the Fourth Control Period as per **Table 309**.
- 10.3.2 To true up Aeronautical O&M Expenses for the Fourth Control Period based on actuals at the time of tariff determination for the Fifth Control Period, subject to reasonableness and efficiency.

11 NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

11.1 GHIAL’s submissions regarding Non-Aeronautical Revenue for the Fourth Control Period

11.1.1 GHIAL has forecasted the Non-Aeronautical Revenues for the Fourth Control Period based on the following key growth drivers:

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

11.1.2 The key drivers for different non-aeronautical revenue streams as submitted by GHIAL is given in the below table:

Table 310: Growth Drivers for Non-Aero Revenue projections submitted by GHIAL as per MYTP

ATM Growth linked revenue streams	Passenger Growth linked revenue streams	International Passenger Growth linked revenue streams	Cargo throughput growth linked revenue streams	Others
<ul style="list-style-type: none"> ➤ Fuel Farm revenues ➤ Revenue share from ground handling 	<ul style="list-style-type: none"> ➤ Revenue share from In-flight kitchen ➤ Retail & F&B revenues ➤ Plaza Lounge ➤ Car Parking 	<ul style="list-style-type: none"> ➤ Revenue share from Duty Free ➤ Public Admission Fee ➤ Forex 	<ul style="list-style-type: none"> ➤ Revenue Share from Cargo 	<ul style="list-style-type: none"> ➤ Rental Income ➤ Revenue from Advertisement ➤ Other Miscellaneous income

11.1.3 Further, GHIAL in its submission acknowledged that the revenues from Cargo, Ground Handling & Fuel Farm have been treated as non-aeronautical in nature. Also, the Profit Before Tax (PBT) of non-aeronautical revenues has been considered for cross subsidization purpose by GHIAL.

11.1.4 Projections of the different non-aeronautical revenues streams as per GHIAL’s submission are summarized below:

Table 311: Basis of projection for NAR as adopted by GHIAL for the Fourth Control Period

S No	Revenue Stream	Growth Driver	Basis of Projection
1	Fuel Farm	ATM Growth	GHIAL has considered fuel farm revenues as non-aeronautical in nature and charges fuel infrastructure charge of Rs 1500/KL as per the GHIAL 3rd Control Period order.

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S No	Revenue Stream	Growth Driver	Basis of Projection
2	Ground Handling	ATM Growth	The revenue that accrues to GHIAL from Ground Handling – Registered Parties is directly proportional to the ATMs handled. Hence, GHIAL has considered the revenue growth linked to the overall growth of ATMs.
3	ICT	PAX Growth	GHIAL expects to continue the existing charge of USD 1.25 per UDF billable passenger for the 4th Control Period. GHIAL receives revenue share of 3% on the ICT charges which is projected to increase through passenger growth.
4	In-Flight Kitchen	PAX Growth	GHIAL has considered overall passenger growth for projecting the In-flight Kitchen revenues along with a yearly inflationary increase (CPI at 4.2%). For flight kitchen rentals, GHIAL has considered rental growth of 5% on yearly basis.
5	Food & Beverages, Retail and Lounge income	PAX Growth	GHIAL in its MYTP submission has stated that the performance of F&B, Retail and Lounge concessionaries are directly linked to the passenger growth. Hence, GHIAL has considered the passenger growth rates for projecting the revenue share from the concessionaries for the 4th Control Period
6	Car Parking & Radio Taxi	PAX Growth	GHIAL has projected revenues from Car Park and Radio Taxi based on passenger traffic growth rate during the 4th Control Period.
7	Duty Free	International Passenger Growth	Duty Free operations have been concessioned out for setting up, developing, operating, maintaining, and managing the duty-free outlet at RGI Airport. GHIAL has submitted that Duty Free performance is linked to international passenger growth and has accordingly projected Duty Free revenue using the international passenger growth rate. For Duty Free rentals, GHIAL has applied a yearly contractual rental growth of 5%.
8	Public Admission Fee	International Passenger Growth	GHIAL has considered the projected Public Admission Fee revenue of FY 2026 as the base year, with subsequent years projected on the basis of international passenger growth.
9	Forex	International Passenger Growth	GHIAL has submitted that, due to the increasing adoption of credit cards and the proposed extension of UPI to foreign nationals, no growth is anticipated in Forex revenues. Accordingly, GHIAL has projected Forex revenue to remain constant at FY 2025 levels throughout the Fourth Control Period.
10	Cargo	Cargo Throughput	GHIAL has granted a concession to GMR Air Cargo and Aerospace Engineering Limited (GACAEL). A second cargo operator has also been onboarded, with operations expected to commence during FY 2026 at a revenue share of 26%. GHIAL has assumed the cargo volume to be shared between the two operators in the ratio of 80:20, resulting in a blended revenue share of 19.6%, which has been applied to projected cargo volumes. Further, rental income from the Cargo Terminals has been projected with a contractual increase of 5% per annum during the Fourth Control Period

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S No	Revenue Stream	Growth Driver	Basis of Projection
11	Rental Income	Others	<p>GHIAL has reached its saturation in land & space across the terminal. Thus, GHIAL has considered only contractual increase of 5% for every year. Further increase in rental area in FY 30 & FY 31 is considered on account of Northern Precinct Expansion. The increase has been considered as below:</p> <p>For FY2030, increase in rentals is calculated for 3 months of the entire year. The factor used is 50% of the proportion of increase in Northern precinct terminal area to the total expanded terminal area.</p> <p>For FY2031, increase in rentals is calculated for the entire year. The factor used is 67% (i.e., 2/3rd) of the proportion of increase in Northern precinct terminal area to the total expanded terminal area.</p>
12	Advertisement	Others	<p>GHIAL has concessioned out advertising rights at RGI Airport to Laqshya Hyderabad Airport Media Pvt Ltd (LHAMPL). LHAMPL provides advertising space within the terminal as well as in the broader airport area. GHIAL has noted that the conventional brick-and-mortar advertisement business is increasingly facing competition from digital advertisement, with corporate spending shifting towards digital platforms. Further, in light of the broader economic slowdown and cost rationalization measures by businesses, advertisement and promotion budgets have come under pressure. Considering these factors, GHIAL has projected advertisement revenues for the Fourth Control Period based solely on the overall passenger growth rate.</p>
13	Other Miscellaneous Income	Others	<p>Miscellaneous Income includes revenues from Airport Entry Passes (AEP), IT, permits, airline security, filming and paid porters. As these are ancillary revenues and are not contractual in nature, the revenue under this head is proposed to remain constant at FY2025 levels for the 4th Control Period.</p>

11.1.5 Based on the above approach, GHIAL has projected the Non-Aeronautical Revenue for the Fourth Control Period as per the table below:

Table 312: Non-Aeronautical Revenue submitted by GHIAL for the Fourth Control Period

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Passenger Linked Revenue						
Flight Kitchen- Concession Fee	23.32	26.54	30.61	34.18	38.37	153.03
Flight Kitchen - rentals	1.73	1.82	1.91	2.01	2.11	9.59
Car Park (inc. Radio Taxi)	104.80	114.46	126.67	135.76	146.27	627.96
Retail	101.34	110.68	122.48	131.27	141.43	607.20
Food & Beverages	90.85	99.23	109.81	117.69	126.80	544.39
Advertisement License Fee	102.88	112.36	124.34	133.26	143.58	616.42
Lounge Income	78.59	85.83	94.99	101.80	109.68	470.90

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FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Sub-Total (A)	503.52	550.91	610.82	655.98	708.25	3029.48
International Passenger Revenue:						
Duty Free Concession Fee	159.10	181.82	207.08	233.59	260.11	1041.70
Duty Free Rentals	2.38	2.50	2.62	2.75	2.89	13.14
Public Admission Fee	2.40	2.74	3.12	3.52	3.92	15.71
Sub-Total (B)	163.87	187.06	212.82	239.87	266.92	1070.55
Contract Linked Revenue						
Forex	13.12	13.12	13.12	13.12	13.12	65.60
Miscellaneous income	17.30	17.30	17.30	17.30	17.30	86.49
Land & Space						
Rentals from additional space post-expansion	0.00	0.00	0.00	6.28	35.19	41.47
Others	73.80	77.49	81.36	85.43	89.70	407.79
Sub-Total (C)	104.22	107.91	111.78	122.13	155.31	601.35
Cargo Revenue						
Concession Fee	55.81	61.22	66.83	72.95	79.71	336.53
Cargo Rental income	13.26	13.93	14.62	15.35	16.12	73.28
Sub-Total (D)	69.07	75.15	81.45	88.31	95.83	409.82
Ground Handling Revenue						
Ground Handling	65.08	70.89	77.60	82.44	87.57	383.57
BME Revenue (FEGP / GPU & PCA)	4.44	4.84	5.30	5.63	5.98	26.20
ICT Revenues	4.64	5.06	5.60	6.00	6.47	27.77
Sub-Total (E)	74.16	80.79	88.50	94.07	100.02	437.54
Fuel Farm						
Fuel Farm Revenue	89.96	97.99	107.27	113.96	121.05	530.24
Sub-Total (F)	89.96	97.99	107.27	113.96	121.05	530.24
Total (A to F)	1004.80	1099.81	1212.66	1314.32	1447.38	6078.97

11.2 Authority's examination regarding Non-Aeronautical Revenue for the Fourth Control Period

11.2.1 The Authority analyzed the trend of the Non-Aeronautical Revenues over the past two Control Periods as per AERA principles which is given below:

NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

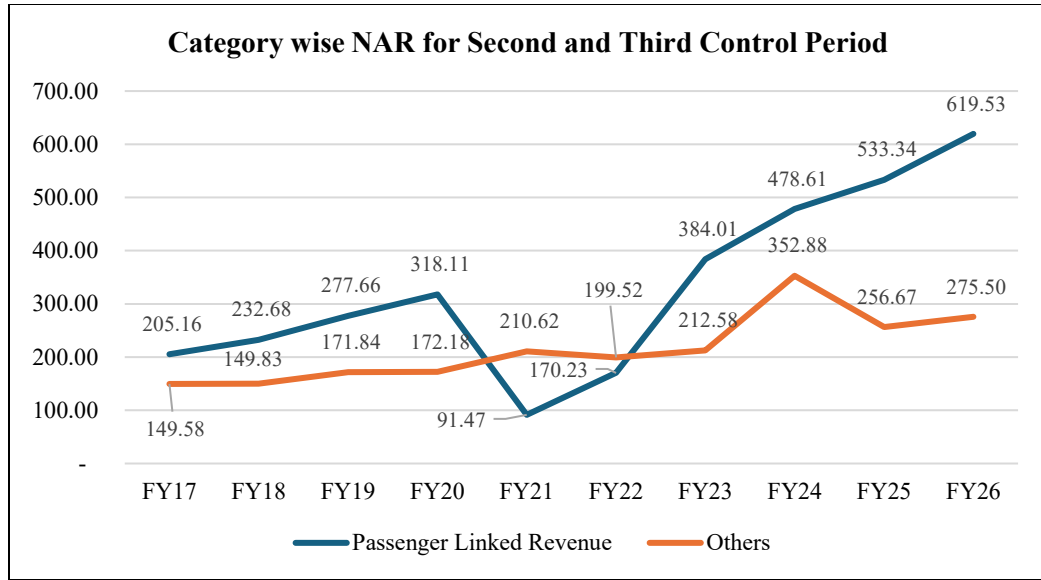


Figure 10: Category wise NAR for Second and Third Control Period

11.2.2 The Authority also compared the actual revenues vis-a-vis revenues projected by GHIAL at the time of tariff determination for the past two Control Periods based on AERA principles which is given below:

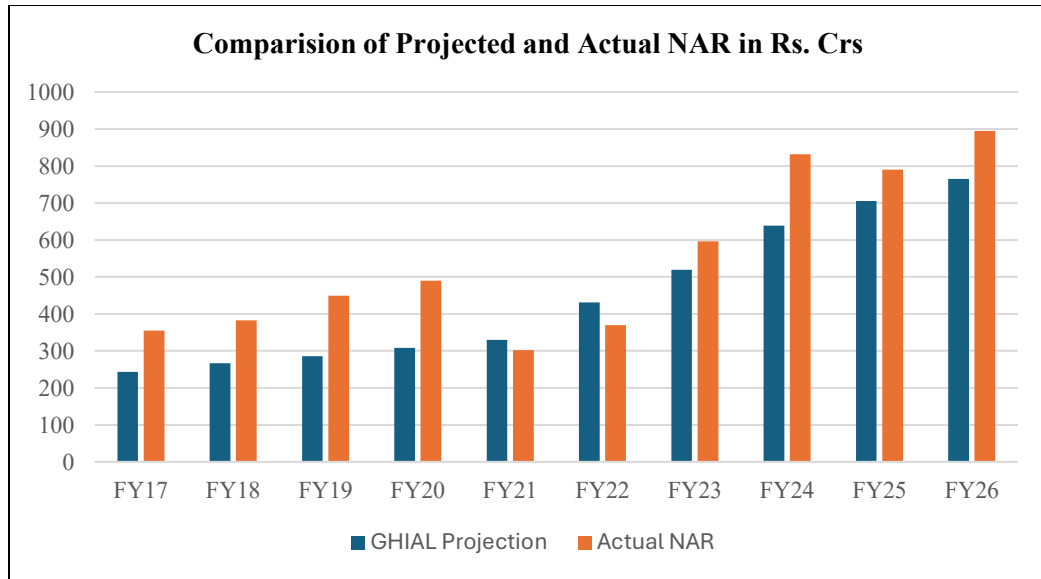


Figure 11: Comparison of Projected and Actual Non-Aeronautical Revenue

11.2.3 The Authority has examined the trend of the actual Non-Aeronautical Revenues (NAR) generated by GHIAL vis-à-vis the corresponding projections submitted by GHIAL in the Multi-Year Tariff Proposal (MYTP), over the period FY 2016-17 to FY 2025-26, viz., encompassing both the Second Control Period and the Third Control Period. The comparative position is depicted in the chart hereinabove.

11.2.4 The Authority notes that the actual NAR has consistently surpassed the corresponding projections submitted by GHIAL in the MYTP across nearly all years of the said period, save for FY 2020-21 and FY 2021-22, where the actuals were broadly in line with, or marginally below the projections, the said deviation being

NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

squarely attributable to the disruption caused by the COVID-19 pandemic and the consequent moderation in passenger throughput and concessionaire activity.

11.2.5 This was then compared to the revenue trends projected by GHIAL (considering revenue heads as per AERA) for the Fourth Control Period, as detailed below:

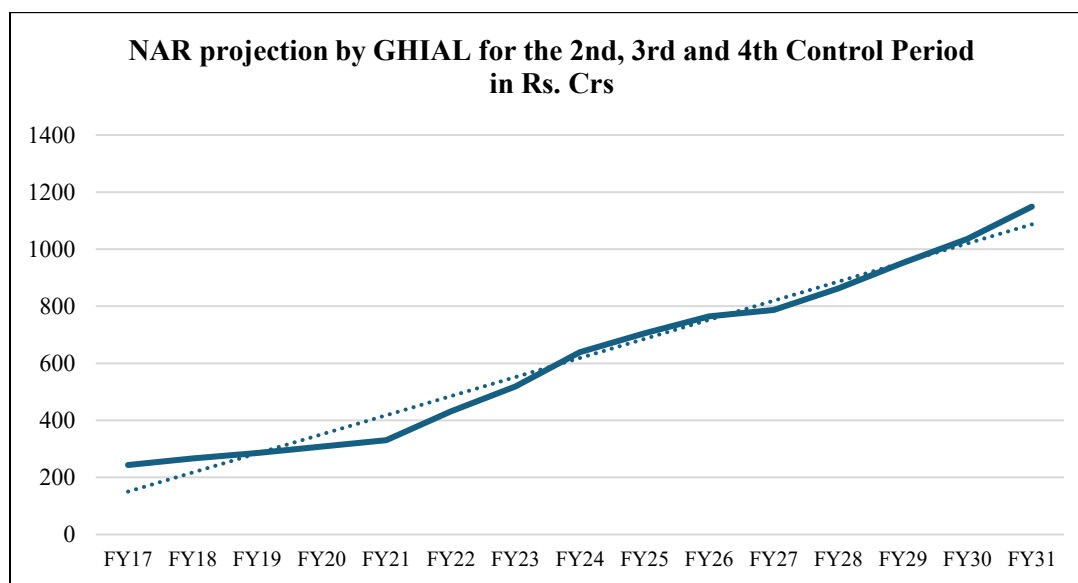


Figure 12: Category wise Non-Aeronautical Revenue for the Second, Third and Fourth Control Period

11.2.6 While optically, the trend of the amounts projected for the Fourth Control Period are in line with the trend in the Second and the Third Control Period, the Authority further delved into detailed analysis taking into consideration the CAGR for each of the two Control Periods. CAGR computed for the Second, Third and the Fourth Control Period (under consideration) as per Authority principles is provided below:

Table 313: CAGR for the Second and the Third Control Periods based on actuals and for the Fourth Control Period based on NAR as proposed by GHIAL

Particulars	CAGR for 2 nd CP	CAGR for 3 rd CP	CAGR for 4 th CP (under consideration)
Passenger Linked Revenue	15.47% (FY17- FY20)	17.28% (FY23-FY26)	9.78%
Other Non-Aeronautical Revenue	4.80% (FY17-FY20)	9.03% (FY23-FY26)	10.87%

11.2.7 The Authority notes that the high CAGR for Third Control Period (FY 23-FY26) was on account of the delayed revenue recovery post Covid.

11.2.8 The Authority notes from the above table that the growth trends in Non-Aeronautical Revenue across the Second Control Period, Third Control Period and the Fourth Control Period projections do not exhibit a uniform or consistent CAGR pattern. While Passenger Linked Revenue has shown relatively higher growth during the Second and Third Control Periods, the CAGR proposed for the Fourth Control Period is comparatively lower. Conversely, Other Non-Aeronautical Revenue reflects a lower CAGR during the

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Second Control Period, an increase during the Third Control Period, and a further increase in the Fourth Control Period projections.

- 11.2.9 In view of the varying growth trends across different components of Non-Aeronautical Revenue, the Authority considers it appropriate to undertake a more granular, head-wise examination of the Non-Aeronautical Revenue proposed by GHIAL for the Fourth Control Period, taking into account the nature of each revenue stream, its linkage with passenger traffic or other operating parameters, historical performance, contractual arrangements, and other relevant business drivers.
- 11.2.10 The Authority after examination of GHIAL's submission of inflation rate for projecting Non-Aeronautical Revenue under certain heads for the Fourth Control Period proposes to consider inflation rate (WPI) (as per Table 240) for the Fourth Control Period as per the "Results of the Survey of Professional Forecasters on Macroeconomic Indicators – Round 99" published by the RBI.
- 11.2.11 A summary of the head wise proposals of the Authority in comparison with the basis of projection as adopted by GHIAL is provided below:

Table 314: Basis of projection for the Non-Aeronautical Revenue as submitted by GHIAL for the Fourth Control Period and as considered by the Authority for the Fourth Control Period

S No	Revenue Stream	Basis of Projection adopted by GHIAL	Basis of projection proposed by the Authority
1	In-Flight Kitchen	GHIAL has considered overall passenger growth for projecting the In-flight Kitchen revenues along with a yearly inflationary increase (CPI at 4.2%). For flight kitchen rentals, GHIAL has considered rental growth of 5% on yearly basis.	GHIAL's projection of In-Flight Kitchen revenue based on passenger growth rate is reasonable and accordingly proposes to consider GHIAL's submission along with a yearly inflation increase for projecting the revenue of In-Flight kitchen for the Fourth Control Period. For flight kitchen rentals, Authority proposes to consider rental growth of 5% on yearly basis.
2	Food & Beverages, Retail and Lounge income	GHIAL in its MYTP submission has stated that the performance of F&B, Retail and Lounge concessionaries are directly linked to the passenger growth. Hence, GHIAL has considered the passenger growth rates for projecting the revenue share from the concessionaries for the 4th Control Period	The Authority proposes to consider inflation and total passenger growth rate as the revenue drivers for projecting the said revenues.
3	Car Parking & Radio Taxi	GHIAL has projected revenues from Car Park and Radio Taxi based on passenger traffic growth rate during the 4th Control Period.	Authority proposes to accept GHIAL submission to link the revenues to total passenger traffic growth rate. The authority also proposes a yearly increase based on inflation for projections for FY27-31.
4	Duty Free	Duty Free operations have been concessioned out for setting up, developing, operating, maintaining, and managing the duty-free outlet at RGI Airport. GHIAL has submitted that Duty Free performance is linked to international	The Authority proposes linking the revenues to international passenger traffic growth rate.

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		<p>passenger growth and has accordingly projected Duty Free revenue using the international passenger growth rate.</p> <p>For Duty Free rentals, GHIAL has applied a yearly contractual rental growth of 5%.</p>	<p>The Authority also proposes a yearly increase based on inflation for projections of Duty Free revenue for the Fourth Control Period.</p>
5	Public Admission Fee	<p>GHIAL has considered the projected Public Admission Fee revenue of FY 2026 as the base year, with subsequent years projected on the basis of international passenger growth.</p>	<p>The Authority proposes to link the revenues to international passenger traffic growth rate along with inflation for projections of Public Admission Fee for the Fourth Control Period.</p>
6	Forex	<p>GHIAL has submitted that, due to the increasing adoption of credit cards and the proposed extension of UPI to foreign nationals, no growth is anticipated in Forex revenues. Accordingly, GHIAL has projected Forex revenue to remain constant at FY 2025 levels throughout the Fourth Control Period.</p>	<p>The Authority appreciates the use of digitization and plastic money. Further, the Authority proposes to consider the inflation rates and international pax growth rates as the drivers for the projection of revenues from forex services for FY27-31.</p>
7	Rental Income	<p>GHIAL has reached its saturation in land & space across the terminal. Thus, GHIAL has considered only contractual increase of 5% for every year. Further increase in rental area in FY 30 & FY 31 is considered on account of Northern Precinct Expansion. The increase has been considered as below:</p> <p>For FY2030, increase in rentals is calculated for 3 months of the entire year. The factor used is 50% of the proportion of increase in Northern precinct terminal area to the total expanded terminal area.</p> <p>For FY2031, increase in rentals is calculated for the entire year. The factor used is 67% (i.e., 2/3rd) of the proportion of increase in Northern precinct terminal area to the total expanded terminal area.</p>	<p>The Authority has examined GHIAL's submission pertaining to rental revenues and proposes to accept HIAL's submission on the same. However, in line with the order no 12/2021-22 and the justifications provided therein, the Authority proposes to treat the incidental income from the New Office Building, Township (in the ratio of critical vs non-critical staff ratio) and Site Office Building as part of non-aeronautical revenues.</p>
8	Advertisement	<p>GHIAL has concessioned out advertising rights at RGI Airport to Laqshya Hyderabad Airport Media Pvt Ltd (LHAMPL). LHAMPL provides advertising space within the terminal as well as in the broader airport area. GHIAL has noted that the conventional brick-and-mortar advertisement business is increasingly facing competition from digital advertisement, with corporate spending shifting towards digital platforms. Further, in light of the broader economic slowdown and cost rationalization</p>	<p>The Authority proposes to consider inflation rates and total passenger growth rate as revenue driver for the purpose of forecasting the said revenues.</p>

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		measures by businesses, advertisement and promotion budgets have come under pressure. Considering these factors, GHIAL has projected advertisement revenues for the Fourth Control Period based solely on the overall passenger growth rate.	
9	Other Miscellaneous Income	Miscellaneous Income includes revenues from Airport Entry Passes (AEP), IT, permits, airline security, filming and paid porters. As these are ancillary revenues and are not contractual in nature, the revenue under this head is proposed to remain constant at FY2025 levels for the 4th Control Period.	The Authority proposes to use the inflation rate as annual escalation rates as the growth driver for all the years.

11.2.12 The Authority further notes that no income has been projected under the head “Other Income (interest and dividend income)” and has examined the same.

Other Income²

11.2.13 The Authority notes that Other Income primarily comprises of Interest Income on Bank deposits and Dividend income.

Interest Income

11.2.14 The Authority has examined the position in relation to the Cash and Bank Balance available with GHIAL for the purpose of determining whether any Excess Cash is available with GHIAL, the income from which would otherwise have been required to be considered as a deduction from the Aggregate Revenue Requirement for the Fourth Control Period. In this regard, the Authority observes that:

- a. the Cash and Bank Balance available with GHIAL as on 31 March 2026, as per the unaudited financial statements of GHIAL, stands at ₹114.05 Crore; and
- b. GHIAL has, in its MYTP submission, proposed Capital Expenditure aggregating to ₹15,377.62 Crore (inclusive of Interest During Construction (IDC)) for the Fourth Control Period.

11.2.15 The Authority is of the considered view that, given the substantial capital expenditure proposed to be undertaken by GHIAL during the Fourth Control Period for which the Cash and Bank Balance available will be required to be deployed (whether towards direct funding of capital expenditure or towards bridging working capital requirements during the construction phase) there would be no Excess Cash available with GHIAL during the Fourth Control Period that could be deployed to generate investment income. Accordingly, the Authority, proposes to True up the actual revenue accrued on account of interest income at the time of tariff determination for the Fifth Control Period.

Dividend Income

² (incl. interest income, dividend income, profit on sale of investments, provisions no longer written back, other non-operating income etc.)

NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

11.2.16 The Authority notes that GHIAL has accounted for dividend income of Rs. 14.57 Crores in its books of accounts for FY 2025-26. Consistent with the approach adopted by the Authority during tariff determination for the Third Control Period, the Authority proposes to consider the actual dividend income for FY 2025-26 as the base for projecting dividend income for the Fourth Control Period. The Authority further proposes that the dividend income considered for the Fourth Control Period.

Revenue from CGF, ICT

11.2.17 The Authority notes that GHIAL has treated revenue from Cargo, Ground Handling, Fuel Farm and ICT services as Non-Aeronautical Revenue. The Authority has examined the matter and is of the view that revenues from Cargo, Ground Handling and Fuel-related services are in the nature of Aeronautical Revenue as per Section 2(a) of the AERA Act, 2008. Further, ICT services, including CUTE, CUSS, BRS and related IT services, are integral to airport operations and facilitate the provision of aeronautical services. Therefore, in line with provisions of AERA Act and the consistent regulatory treatment adopted by the Authority from the First Control Period onwards, the Authority has considered revenues from Cargo, Ground Handling, Fuel Farm and ICT services as Aeronautical Revenue and has excluded the same from the computation of Non-Aeronautical Revenue.

Real Estate Income

11.2.18 As mentioned in Para 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4 and 1.7.5 of this Consultation Paper, with regard to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon'ble TDSAT, the Authority is of the view that presently it needs to continue the tariff determination exercise in line with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court. And accordingly proposes treat revenue from real estate development as non-aeronautical in nature.

11.2.19 Based on the above, the Authority proposes to consider the Non-Aeronautical Revenue for the Fourth Control Period as per the table below:

Table 315: Non-Aeronautical Revenue proposed to be considered by the Authority for the Fourth Control

(Rs. In crores)

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Passenger Linked Revenue						
In-Flight Kitchen	25.3	29.23	34.14	37.86	42.05	168.58
Car Parking & Radio Taxi	106.43	123.81	145.57	161.96	180.41	718.18
Retail	101.01	117.51	138.15	153.72	171.22	681.61
Food & Beverage	101.84	118.47	139.29	154.98	172.63	687.21
Advertisement & Promotions	121.9	141.8	166.72	185.5	206.62	822.54
Lounge	91.59	106.54	125.26	139.38	155.25	618.02
Sub-Total (A)	548.07	637.36	749.13	833.4	928.18	3696.14
International Passenger Revenue:						
Duty Free	182.05	215.04	253.21	297	340.35	1,287.65
Public Admission Fee	1.58	1.87	2.21	2.59	2.97	11.22
Forex	13.09	15.5	18.29	21.49	24.65	93.02
Sub-Total (B)	196.72	232.41	273.71	321.08	367.97	1391.89
Contract Linked Revenue						

NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

FY ending March	FY27	FY28	FY29	FY30	FY31	Total
Rental Income (C)	95.15	99.91	104.91	118.19	160.69	578.86
Others						
Real Estate Revenue	32.96	34.61	36.34	38.15	40.06	182.12
Miscellaneous Income	20.59	21.34	22.10	22.9	23.72	110.66
Vehicle Fuel - Landside	0.44	0.47	0.49	0.51	0.54	2.46
Other Income	14.57	14.57	14.57	14.57	14.57	72.85
Sub-Total (D)	68.56	70.99	73.5	76.13	78.89	368.09
Total (A+B+C+D)	908.51	1,040.67	1,201.24	1,348.81	1,535.74	6,034.97

11.3 Authority's proposals regarding Non-Aeronautical Revenue for the Fourth Control Period

Based on the material before it and its examination, the Authority proposes the following with respect to Non-Aeronautical Revenue for the Fourth Control Period:

- 11.3.1 To consider Non-Aeronautical Revenues for RGIA in accordance with **Table 315**.
- 11.3.2 To True up NAR for the current control period, at the time of determination of tariff for the next control period, subject to the minimum threshold as proposed by the Authority in **Table 315**.

12 AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

12.1 GHIAL's submission regarding Aeronautical Taxes for the Fourth Control Period

12.1.1 GHIAL in the MYTP has computed the building block 'T' towards taxes pertaining to regulated charges for the Fourth Control Period. GHIAL has computed the same based on Aeronautical Revenue, 30% of non-aeronautical revenue, Operation and Maintenance Expenditure, Concession Fee, Aeronautical Depreciation and Aeronautical Interest expenses.

12.1.2 GHIAL has submitted that the Aeronautical Interest expenses have been computed as Approved RAB multiplied by approved / eligible debt gearing and approved cost of debt. GHIAL has further considered accumulated losses while computing the earning on which normal tax is calculated.

12.1.3 The Aeronautical Taxes submitted by GHIAL for the Fourth Control Period are shown in the table below:

Table 316: Aeronautical Taxes submitted by GHIAL for the Fourth Control Period as per MYTP

(Rs. In crores)

Particulars	Ref	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Aeronautical Revenue	(A)	4,402	5,033	5,814	6,495	7,257	28,999
30% of non-aeronautical revenue	(B)	302	330	364	395	435	1,826
Sub-total (C) = (A) + (B)	(C)	4,704	5,363	6,179	6,890	7,691	30,827
Expenditure / Allowances:							
Operation and Maintenance Expenditure	(D)	1,032	1,263	1,498	1,948	2,331	8,072
Concession Fee	(E)	176	201	233	260	290	1,160
Aeronautical Depreciation	(F)	480	503	509	861	1,202	3,555
Aeronautical Interest expenses [^]	(G)	304	302	290	558	811	2,265
Sub-total (H) = (D + E + F + G)	(H)	1,992	2,269	2,529	3,627	4,634	15,051
Earnings pertaining to the Regulated Charges (I) = (C) – (H)	(I)	2,711	3,094	3,650	3,263	3,058	15,776
Accumulated Losses:							
Opening Accumulated Losses	(J)	696	-	-	-	-	
Current year losses	(K)	-	-	-	-	-	-
Current year set-off	(L)	(696)	-	-	-	-	(696)
Closing Accumulated Losses (M) = (J + K – L)	(M)	-	-	-	-	-	
Earning on which normal tax is calculated [Max (I-J), 0]	(N)	2,016	3,094	3,650	3,263	3,058	15,081
Normal Tax Rate	(O)	34.94%	34.94%	34.94%	34.94%	34.94%	
Taxes pertaining to Regulated Charges (P) = (N) × (O)	(P)	704	1,081	1,275	1,140	1,069	5,269

[^]Interest cost is calculated as follows: *Approved RAB × Approved / Eligible Debt Gearing × Approved cost of debt.*

12.2 Authority's examination regarding Aeronautical Taxes for the Fourth Control Period

12.2.1 The Authority observes that GHIAL has considered 30% NAR in the estimation of aeronautical profit before tax (PBT), The fact that a part of NAR is used for cross-subsidization as per the hybrid till mechanism does not change nature of such revenue to aeronautical. Further, the cross subsidization as per the hybrid till mechanism is done to reduce tariff pressure on passenger and incentivize GHIAL to make effective investments in non-aeronautical income generating sources.

12.2.2 The Authority notes that GHIAL has considered opening accumulated losses of Rs. -394.03 Crores in FY 2026-27 and has set off the same against the earnings pertaining to regulated charges in FY 2026-27, while computing the earning on which normal tax is calculated.

AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

- 12.2.3 GHIAL has computed the interest expenses considering that 48% of the average RAB is financed through debt. However, it is observed that, in actuality, 70% of the average RAB has been financed through debt. Accordingly, the interest expenses have been reworked by considering debt financing at 70% of the average RAB.
- 12.2.4 The Authority has relied upon the judgement of Hon'ble Supreme Court dated 11.07.2022 and worked out corporate tax based on regulatory accounts/regulatory building block. The Authority notes that Aeronautical Taxes are to be computed only on earnings pertaining to regulated charges after adjustment of accumulated losses. In case accumulated losses are available, the same are to be set off against the earnings pertaining to regulated charges before computing the tax liability.
- 12.2.5 Based on the above, the Aeronautical Taxes for the Fourth Control Period proposed to be considered by the Authority are shown in the table below:

Table 317: Aeronautical Taxes proposed to be considered by the Authority for the Fourth Control Period

(Rs. In crores)

Particulars	Ref	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Aeronautical Revenue	(A)	1622.31	2050.42	2619.20	3166.31	3831.85	13290.08
Expenditure / Allowances:							
Operation and Maintenance Expenditure	(B)	766.53	809.13	848.90	1024.94	1175.30	4624.80
Concession Fee	(C)	64.89	82.02	104.77	126.65	153.27	531.60
Aeronautical Depreciation	(D)	441.60	472.43	486.12	807.72	1125.90	3333.76
Aeronautical Interest expenses	(E)	411.51	438.81	427.33	766.62	1085.13	3129.40
Sub-total (F) = (B + C + D + E)	(F)	1684.53	1802.38	1867.12	2725.92	3539.60	11619.56
Earnings pertaining to the Regulated Charges (G) = (A) – (F)	(G)	-62.23	248.03	752.08	440.38	292.25	1670.52
Accumulated Losses:							
Opening Accumulated Losses	(H)	392.21	454.44	206.41	0.00	0.00	1053.06
Current year losses	(I)	62.23	0.00	0.00	0.00	0.00	62.23
Current year set-off	(J)	0.00	248.03	206.41	0.00	0.00	454.44
Closing Accumulated Losses (K) = (H + I – J)	(K)	454.44	206.41	0.00	0.00	0.00	660.85
Earning on which normal tax is calculated [Max (G-K), 0]	(L)	0.00	0.00	545.67	440.38	292.25	1278.31
Normal Tax Rate	(M)	34.94%	34.94%	34.94%	34.94%	34.94%	
Taxes pertaining to Regulated Charges (N) = (L) × (M)	(N)	0.00	0.00	190.68	153.89	102.13	446.69

- 12.2.6 In view of the above, the Authority proposes to consider Aeronautical Taxes of Rs. 446.69 Crores for the Fourth Control Period against GHIAL's submission of Rs. 5,269 Crores.

12.3 Authority's proposal regarding Aeronautical Taxes for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following regarding Aeronautical Taxes for the Fourth Control Period:

- 12.3.1 To consider Aeronautical Taxes for the Fourth Control Period as per **Table 317**.
- 12.3.2 To true up the aeronautical tax amount appropriately taking into consideration all relevant facts at the time of tariff determination for the next control period.

13 QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

13.1 GHIAL's submission regarding Quality of Service for the Fourth Control Period

13.1.1 The Authority notes that GHIAL has not made any submission in the MYTP regarding Quality of Service.

13.2 Authority's examination regarding Quality of Service for the Fourth Control Period

13.2.1 Based on the clarifications sought by the Authority regarding Quality of Service, GHIAL submitted Airports Council International (ACI)-Airport Service Quality (ASQ) performance report from 2022 to 2025

13.2.2 The Authority notes that:

- i. As per section 13 (1) (d) of the AERA Act, 2008, the Authority shall “*monitor the set performance standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any Authority authorized by it in this behalf.*”
- ii. As per section 13(1)(a)(ii), the Authority is required to determine the tariff for Aeronautical services taking into consideration “the service provided, its quality and other relevant factors.”

13.2.3 Further the Authority notes that Section 9 of the Concession Agreement for RGI Airport, Hyderabad lays down the performance standards to be followed in respect of the airport. The criteria used to measure the Airport's performance were the IATA Global Airport Monitor service standards set out in Schedule 9, Part 2 or such criteria as may be mutually agreed upon from time to time.

13.2.4 Concession Agreement of GHIAL states as follows:

“...9.2 Monitoring of Performance Standards

9.2.1 Throughout the term of this Agreement the Airport's performance shall be monitored by passenger surveys in accordance with this Article 9. The criteria used to measure the Airport's performance shall be the IATA Global Airport Monitor service standards set out in Schedule 9, Part 2 or such criteria as may be mutually agreed upon from time to time (the "Standards").

9.2.2 HIAL shall participate in IATA surveys and shall ensure that a survey is conducted each year in accordance with IATA's requirements to determine the Airport's performance. The first such survey shall be conducted during the third (3rd) year after Airport Opening.

9.2.3 If three (3) consecutive surveys show that the Airport is consistently rated as lower than IATA rating of three and a half (3.5) (in the current IATA scale of 1 to 5) for the service standards under HIAL's direct control, HIAL will produce an action plan in order to improve the Airport's performance which must be implemented within one (1) year.... “

13.2.5 The Authority also notes the methodology carried out by ACI for arriving at the ASQ ratings for Airports as follows:

- i. ACI ASQ is a quarterly benchmarking programme measuring passenger's satisfaction and experience about an Airport with participation from around 350-400 airports across the world.

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- ii. The passenger experience is measured based on passenger emotions and their impact to arrive at Emotional Score.
- iii. The passenger satisfaction is measured based on various service quality parameters as mentioned below:
 - a. Arrival at the airport (Ease of getting to the Airport, Signage to access terminal and parking facilities)
 - b. Check-in (Ease of finding check-in area, waiting time at check-in, courtesy and helpfulness of staff)
 - c. Security screening (Ease of going through security screening, waiting time at the security screening and courtesy and helpfulness of security screening staff)
 - d. Border/passport control (Waiting time at Border/passport control and courtesy and helpfulness of staff)
 - e. Shopping/dining (Restaurants/bars and value for money, shops and value for money, courtesy and helpfulness of staff)
 - f. Gate areas (Comfort of waiting and availability of seats at gate areas)
 - g. Throughout the airport (Ease of finding way, availability of flight information, walking distance inside terminal, ease of making connection with other flight, courtesy and helpfulness of staff, wi-fi service quality, availability of charging stations, entertainment and leisure options, availability and cleanliness of washrooms/toilets)
 - h. Airport atmosphere (Health, safety, cleanliness and ambience)
- iv. Additional service quality parameters considered by ACI ASQ are ground transportation to/from the airport, availability of baggage carts/trolleys, efficiency of check-in staff and business/executive lounges.
- v. ACI ASQ also evaluates the service quality satisfaction level through three indexes namely Ease of traveling index, Waiting time index and staff index.

13.2.6 The Authority through its independent consultant reviewed the ACI ASQ performance reports of GHIAL for the past three calendar years (i.e. CY 2022 till CY 2025) and noted that GHIAL has achieved Overall Experience and Overall Satisfaction score of 5.00 during the abovementioned period and has met all the parameters mentioned in the report.

13.2.7 The Authority notes the CY-wise ACI ASQ Overall Experience and Overall Satisfaction Scores from CY 2022 till CY 2025 for RGIA as follows:

Table 318: ACI ASQ Score for RGI Airport

Calendar Year	Category	ASQ: Overall Experience	ASQ: Overall Satisfaction	Ranking
Q1 2022	15-25 MPPA	4.95	5	
Q2 2022	15-25 MPPA	4.9	5	
Q3 2022	15-25 MPPA	4.9	5	
Q4 2022	15-25 MPPA	4.97	5	

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Calendar Year	Category	ASQ: Overall Experience	ASQ: Overall Satisfaction	Ranking
Avg. YTD for 2022(Q1 to Q4)	15-25 MPPA	4.93	5	1
Q1 2023	15-25 MPPA	4.97	5	
Q2 2023	15-25 MPPA	4.97	5	
Q3 2023	15-25 MPPA	4.97	5	
Q4 2023	15-25 MPPA	4.96	5	
Avg. YTD for 2023(Q1 to Q4)	15-25 MPPA	4.97	5	1
Q1 2024	15-25 MPPA	4.95	5	
Q2 2024	15-25 MPPA	4.96	5	
Q3 2024	15-25 MPPA	4.97	5	
Q4 2024	15-25 MPPA	4.99	5	
Avg. YTD for 2024(Q1 to Q4)	15-25 MPPA	4.97	5	1
Q1 2025	24-40 MPPA	5	5	
Q2 2025	24-40 MPPA	5	5	
Q3 2025	24-40 MPPA	5	5	
Q4 2025	24-40 MPPA	5	5	
Avg. YTD for 2025(Q1 to Q4)	24-40 MPPA	5	5	1

13.2.8 GHIAL has achieved ACI ASQ rating of 5.00 since CY 2022 as per Table 277 above.

13.2.9 Based on the above, the Authority does not propose any adjustment towards tariff determination for the Fourth Control Period on account of quality of service maintained by the RGI Airport, as GHIAL has been able to consistently maintain ASQ rating of 5.00 which is better than the minimum benchmark stipulated as per the Concession Agreement.

13.2.10 The Authority has also issued Consultation Paper No. 03/2025-26 dated August 18, 2025 on the “*Formulation of Performance Standards for Major Airports relating to Quality and Continuity and reliability of service and related activities*”. The final order will be issued in due course and shall be applicable to GHIAL as and when the same becomes effective and applicable to major airports.

13.3 Authority’s proposal regarding Quality of Service for the Fourth Control Period

Based on the material before it and its examination, the Authority proposes the following with respect to Quality of Service for the Fourth Control Period:

13.3.1 To not consider any adjustment in the Aggregate Revenue Requirement/ Aggregate Revenue Requirement on account of Quality of Service for the Fourth Control Period.

13.3.2 GHIAL should ensure that service quality at Rajiv Gandhi International Airport adheres to the performance standards outlined in the Concession Agreement and shall comply with such performance standards as may be notified pursuant to the final order referred to in paragraph 13.2.10, once the same become applicable to major airports.

14 AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

14.1 GHIAL's submission regarding Aggregate Revenue Requirement for the Fourth Control Period

14.1.1 GHIAL had submitted Aggregate Revenue Requirement (ARR) for the Fourth Control Period based on projected Regulatory building blocks. Thereafter, they have submitted actuals for FY 2025-26 but have not correspondingly revised ARR. The summary of Aggregate Revenue Requirement submitted by GHIAL for the Fourth Control Period in MYTP is as follows:

Table 319: Aggregate Revenue Requirement submitted by GHIAL for the Fourth Control Period

Particulars (INR in Crores)	Ref	FY 27	FY 28	FY 29	FY 30	FY 31	Total
Average Regulatory Asset Bae	(A)	6,517	6,476	6,209	11,953	17,366	
FRoR	(B)	12.56%	12.56%	12.56%	12.56%	12.56%	
Return on RAB (C = A * B)	(C)	818	813	780	1,501	2,181	6,093
Aeronautical Depreciation	(D)	480	503	509	861	1,202	3,555
Operation and Maintenance Expenditure (including concession fee)	(E)	1,208	1,464	1,730	2,208	2,621	9,231
Aeronautical Taxes	(F)	704	1,081	1,275	1,140	1,069	5,270
Sub-total (G = C + D + E + F)	(G)	3,211	3,861	4,294	5,710	7,072	24,148
Less: 30% of non-aeronautical revenue	(H)	302	330	364	395	435	1,826
Aggregate Revenue Requirement (I = G – H)	(I)	2,909	3,531	3,930	5,316	6,637	22,323
(Over) / under recovery of previous control periods as on 31.03.2027	(J)	5,528					5,528
Net Aggregate Revenue Requirement (K = I + J)	(K)	8,437	3,531	3,930	5,316	6,637	27,851
Projected Aero Revenue		4,402	5,033	5,814	6,495	7,257	29,002
PV Factor as on 01.04.2026 (WACC of 12.56%)		0.89	0.79	0.7	0.62	0.55	
Present Value of Net ARR		7,496	2,787	2,756	3,312	3,674	20,025
Present Value of Revenue		3,911	3,973	4,078	4,047	4,017	20,025

14.2 Authority's examination regarding Aggregate Revenue Requirement for the Fourth Control Period

14.2.1 The Authority based on its examination across the regulatory building blocks including true up for the past control periods, has recalculated the Aggregate Revenue Requirement for the Fourth Control Period.

14.2.2 As mentioned in Para 1.6.1, 1.6.2, 1.6.3, 1.7.1, 1.7.2, 1.7.3, 1.7.4 and 1.7.5 of this Consultation Paper, with regard to the issues raised by the Authority in the Civil Appeal against the judgements of the Hon'ble TDSAT, the Authority is of the view that presently it needs to continue the tariff determination exercise in line with the decisions taken in the Tariff Order for the Third Control Period as the matter is sub-judice before the Hon'ble Supreme Court.

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14.2.3 After considering the above and rationalized building blocks, the Authority at the Consultation Stage proposes the following Aggregate Revenue Requirement and Yield Per Pax for the Fourth Control Period:

Table 320: Aggregate Revenue Requirement & YPP proposed to be considered by the Authority for the Fourth Control Period

(Rs. In Crores)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Opening RAB (A)	6284.15	6563.51	6423.85	6068.59	16176.51	
Additions to RAB(B)	720.96	332.76	130.87	10915.64	157.91	12,258.13
Depreciation (C)	441.60	472.43	486.12	807.72	1125.90	3,333.76
Deletions to RAB (D)	0	0	0	0	0	
Closing RAB (E=A+B-C-D)	6563.51	6423.85	6068.59	16176.51	15208.53	
Average Regulatory Asset Base F=(A+E)/2 {Refer Table 235 }	6423.83	6493.68	6246.22	11122.55	15692.52	
WACC (G) {Refer Table 238 }	12.56%	12.56%	12.56%	12.56%	12.56%	
Return on RAB (H=F*G)	806.83	815.61	784.53	1,396.99	1,970.98	5,774.94
Depreciation (I) {Refer Table 233 }	441.60	472.43	486.12	807.72	1,125.90	3,333.76
Operation and Maintenance Expenditure (including concession fee) (J) {Refer Table 309 }	831.42	891.15	953.66	1,151.59	1,328.58	5,156.40
Aeronautical Tax (K) {Refer Table 317 }	-	-	190.68	153.89	102.13	446.69
Gross Aggregate Revenue Requirement (L=H+I+J+K)	2,079.85	2,179.18	2,414.99	3,510.19	4,527.58	14,711.79
Total Non-Aeronautical Revenue {Refer Table 315 }	908.51	1,040.67	1,201.24	1,348.81	1,535.74	6,034.97
Less: 30% of Non-Aeronautical revenue (M)	272.55	312.20	360.37	404.64	460.72	1,810.49
Aggregate Revenue Requirement (N) = L-M	1,807.30	1,866.98	2,054.62	3,105.54	4,066.86	12,901.30
(Over)/Under Recovery of previous CP as on 31.03.2027 {Refer Table 150 } (O)	319.80					319.80
Net Aggregate Revenue Requirement (P = N + O)	2127.10	1866.98	2054.62	3105.54	4066.86	13,221.10
Discounting Factor (Q)	1.00	0.89	0.79	0.70	0.62	
PV of Net ARR as on 31.03.2027 (R=P*Q)	2127.10	1658.65	1621.67	2177.64	2533.51	10,118.57
Sum of PV of Net Aggregate Revenue Requirement (S)						10,118.57
Total Passenger Traffic (MPPA) (T) {Refer Table 154 }						218.30
Yield per Passenger on Total Traffic (Rs.) (S/T)						463.52

14.2.4 The Authority based on its examination has proposed an Aggregate Revenue Requirement of Rs. 13,221.10 Cr (Rs. 10,118.57 Cr. in PV terms) against an Aggregate Revenue Requirement of 27,851 Cr (Rs. 20,025 Cr. in PV terms) as submitted by GHIAL. The major reasons for the variance between GHIAL's submission and Authority's proposals are as below:

AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

- Consideration of Under recovery to be trued up from the Third Control Period of Rs.319.80 Cr against GHIAL's submission of Under recovery of Rs. 5,528.41 Cr for the same period. Difference is mainly due to non consideration of the impact of TDSAT judgement.
- Rationalization of Capital Expenditure and O&M Expenses for the Fourth Control Period by the Authority vis-a-vis the submission made by GHIAL.
- Revision in Non-Aeronautical Revenue for the Fourth Control Period based on realistic growth rates vis a vis the growth rates as considered by GHIAL.

14.3 Incremental ARR Approach on User Pay Principle for identified High-Capex Projects

14.3.1 It can be seen from the above table that in the financial year 2029-30, the capital addition of Northern Passenger Terminal Building of 20 MPPA and related infrastructure with aero capex of Rs. 5,328.45 Crore and Northern Precinct airside works comprising of new Runway, Taxiways, Aprons and other airside related works with capex of Rs. 4,585.49 Crore is taking place together accounting for almost 79% of the overall capital additions for the fourth control period which is significantly impacting the return on RAB & Depreciation. These capital assets are getting capitalised and shall be put to use in 2029-30, whereas their impact is getting applied on the passenger travelling in the 1st year of the Control Period. This is not in consonance with the fundamental principle of Airport Charges that user pays for the facilities and services that are available for use. Further, in this context it is pertinent to mention that: -

- (i) Principles embodied in the International Civil Aviation Organization (ICAO) Policies on Charges for Airports and Air Navigation Services recognize that users should ultimately bear their full and fair share of the costs associated with the provision of airport infrastructure and services. Implicit in this principle is the expectation that charges should bear a reasonable relationship to the facilities and services made available to users. Where users are required to pay enhanced charges significantly in advance of the creation and operationalization of such facilities, concerns may arise regarding inter-generational equity, cost causation, and the alignment between charges and service delivery.
- (ii) The regulatory procedure that allows recovery of return on RAB, depreciation, and associated costs based solely on projected capitalization may not sufficiently incentivize timely execution and commissioning of capital projects. Where tariff recovery is substantially assured irrespective of actual project completion timelines, there may be limited regulatory impetus for ensuring adherence to committed implementation schedules. The Authority has actually observed that, in several past instances, major capital expenditure projects projected for commissioning within a Control Period are subsequently delayed, rescheduled, phased differently, or, in certain instances, not executed at all. Such deviations between projected and actual capitalisation can lead to a mismatch between tariff recovery and asset availability. As a result, airport users may bear charges based on investments that have not yet materialised, while the Airport Operator may receive revenue recovery in advance of the corresponding asset being put into use. Such an outcome may not be consistent with the broader objectives of efficiency, accountability, and performance-based regulation.

14.3.2 In the light of the foregoing considerations, the Authority is of the view that in cases where large and significant capex items are part of the 5 year capex plan and these capex having significant impact on aeronautical tariffs are expected to be commissioned during the latter part of the Control Period, particularly

AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

during the last two years of the Control Period then it is most appropriate that these capex items be put under the ‘user pay principle’ and factored in the regulatory framework from the expected date of its capitalisation in the later part of the Control Period so that the burden of these big ticket capital items is not borne from the beginning of the 5 year Control Period by the passengers & airlines and other airport users even when these capital items are yet to capitalise and made available for users.

- 14.3.3 Accordingly, the Authority proposes to adopt, on a project-specific basis, an **Incremental ARR Approach on user pay principle** for identified high-capex projects. Under this approach, the base ARR and corresponding aeronautical tariffs for a Control Period shall be determined excluding the impact of specified future capital projects. Simultaneously, the Authority for ensuring regulatory certainty and encouraging timely completion of planned capital projects of airport shall determine, ex ante, the incremental ARR and YPP impact of each identified project based on prudently assessed project costs, financing assumptions & scheduling assumptions, and incremental ARR shall be given effect through revised aeronautical tariffs as and when each identified project is capitalised and put to operational use.
- 14.3.4 The Authority considers that such an approach would provide multiple regulatory benefits. First, it would ensure closer alignment between tariff recovery and the actual availability of airport infrastructure and services. Second, it would protect airport users from premature tariff burdens arising from assets that are yet to be commissioned. Third, it would strengthen incentives for timely execution and commissioning of capital projects by linking revenue recovery more directly to project delivery. Fourth, it would reduce the risk of over-recovery associated with delays, deferments, or non-execution of forecast capital expenditure. Finally, it would continue to preserve the Airport Operator's legitimate right to recover prudently incurred investment costs and earn a reasonable return on capital once the relevant assets are brought into service.

14.4 Proposed Methodology

- 14.4.1 The methodology for the incremental ARR Approach on user pay principle for identified high-capex projects shall be as follows:

(a) Identification of Eligible High-Value Capital Expenditure Projects

- 14.4.2 The Authority, based on the facts and circumstances of each case, shall identify the list of eligible projects and their approved capital costs as part of the tariff determination order.

(b) Exclusion of Project-Specific ARR Components for Determination of Base ARR

- 14.4.3 For each project identified under the Incremental ARR Approach, the Authority shall determine the projected Aggregate Revenue Requirement (ARR) attributable to such project. The project-specific ARR may include, inter alia:

- (i) Return on the associated Regulated Asset Base (RAB);
- (ii) Depreciation on the capitalized asset;
- (iii) Any other component considered appropriate by the Authority.

- 14.4.4 The Authority shall calculate the ARR and corresponding Yield Per Passenger (YPP) attributable to each identified project based on the approved project cost, financing assumptions, capitalization schedule, and other regulatory parameters applicable for the relevant Control Period.

- 14.4.5 Thereafter, the ARR and YPP associated with such identified projects shall be excluded from the overall projected ARR for the purpose of determining the Base ARR and Base Yield applicable at the commencement of the Control Period.

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14.4.6 The Base ARR shall therefore represent the revenue requirement associated with existing assets and capital projects that are not subject to the Incremental ARR framework, thereby ensuring that airport users are not required to bear tariff increases in anticipation of infrastructure that is yet to be commissioned and made available for operational use.

(c) Determination of Aeronautical Charges Based on Base ARR

14.4.7 The Authority shall determine the aeronautical tariffs applicable at the commencement of the Control Period based on the approved Base ARR and corresponding Base Yield.

14.4.8 The tariffs determined on this basis shall remain applicable unless and until additional ARR associated with identified high-value capital expenditure projects becomes eligible for recovery in accordance with the mechanism specified by the Authority.

14.4.9 This approach seeks to establish a tariff structure that reflects only those assets and services that are available, or reasonably expected to be available, to users during the relevant tariff period, thereby promoting tariff stability and fairness.

(d) Intimation of Project Completion and Put-to-Use by Airport Operator

14.4.10 For the purpose of operationalizing the Incremental ARR framework, the Airport Operator shall be required to formally intimate the Authority regarding the completion and commencement of operational use of any project identified under this mechanism.

14.4.11 To facilitate orderly regulatory review and implementation, and to bring predictability to the review process, the Authority proposes to establish two reporting windows during each financial year:

Window I: Projects completed and put to use during the period from 1st April to 30th September.

Window II: Projects completed and put to use during the period from 1st October to 31st March.

14.4.12 The Airport Operator shall submit the requisite intimation, together with supporting documentation and certifications as may be prescribed by the Authority, within one month from the closure of the relevant reporting window.

14.4.13 For example, where an identified project is completed and put to use at any time during the period from April 2029 to September 2029, the Airport Operator shall submit the relevant intimation and supporting documents by October 2029.

14.4.14 The Authority may prescribe the format, evidentiary requirements, certification standards, and other procedural requirements necessary for establishing that the relevant asset has been completed, capitalized, and put to operational use.

(e) Determination of Incremental Aeronautical Charges Upon Commissioning

14.4.15 Upon receipt of the Airport Operator's intimation, the Authority shall undertake an examination of the submitted information to verify compliance with the conditions specified under the tariff order and to confirm that the relevant asset has been completed, capitalized, and put to operational use.

14.4.16 Following such examination, the Authority will issue an appropriate order providing for recovery of the pre-approved incremental ARR and corresponding YPP associated with the identified project. The order will also specify the resulting revision in aeronautical tariffs and the effective date from which such revised tariffs shall become applicable.

AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

- 14.4.17 By way of illustration, where an Airport Operator submits an intimation in October 2029 in respect of a project completed and put to use during the April–September 2029 reporting window, the Authority, after completing the necessary evaluation, issue an order enabling the revised aeronautical tariffs to become effective from 1st January 2030.
- 14.4.18 The Authority clarifies that the purpose of this exercise shall be limited to operationalization of the pre-approved incremental ARR framework and verification of commissioning and put-to-use conditions. Accordingly, no re-assessment of project costs, financing assumptions, regulatory building blocks, or other cost parameters shall ordinarily be undertaken at this stage.
- 14.4.19 Any variation between approved and actual project costs, capitalization values, financing costs, operational expenditure, or other relevant parameters shall be examined separately during the True-Up process in accordance with the applicable regulatory framework. The True-Up exercise shall remain the appropriate mechanism for determining the prudence and admissibility of actual costs and for addressing any consequential under-recovery or over-recovery arising from such variations.

Expected Regulatory Outcomes

- 14.4.20 The Authority is of the view that the proposed framework would:
- (a) align tariff recovery more closely with the actual availability of airport infrastructure and services;
 - (b) protect airport users from premature tariff increases relating to assets that are not yet operational;
 - (c) strengthen incentives for timely project execution and commissioning;
 - (d) reduce the likelihood of over-recovery arising from project delays, deferments, or non-execution; and
 - (e) preserve the Airport Operator's entitlement to recover prudently incurred costs and earn a reasonable return on investment upon commencement of service delivery.
- 14.4.21 In the light of the above, for the Rajiv Gandhi International Airport, Hyderabad, the capex items identified for incremental ARR approach on user pay principle are –
- (i) Northern Passenger Terminal Building of 20 MPPA and related infrastructure - Rs. 5,328.45 crore
 - (ii) Airside works for Northern Precinct comprising of new Runway, Taxiway, Aprons and related works with capex of Rs. 4,585.49 Crore
- 14.4.22 These capex items have been identified in view of the fact that they involve substantial capital investment (forming almost 79% of the total Capital additions for the fourth control period) and are expected to be commissioned during fourth year of the control period.

Table 321: Capex (including IDC) proposed to be considered by the Authority on incremental ARR approach
(Rs in Crores)

AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

Particulars	Total Capex proposed by GHIAL	Aero Capex proposed by GHIAL	Total Capex proposed by Authority	Aero Capex proposed by Authority	Capitalisation Date proposed by GHIAL
Northern Runway & Associated Airside Works	5,027.65	4,948.04	4,608.99	4,585.49	Sep 2029
Northern Precinct Development- Landside Works	7,456.35	6,789.73	6,345.16	5,328.45	Sep 2029

14.4.23 Northern Precinct Development- Landside Works -- Impact on ARR

Table 322: Impact on ARR for Northern Precinct Development- Landside Works being allowed on incremental ARR approach on user pay principle

(Rs in Crores)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Average Regulatory Asset Base (A)	0.00	0.00	0.00	2,587.67	5,022.25	
WACC (B) {Refer Table 238}	12.56%	12.56%	12.56%	12.56%	12.56%	
Return on RAB (C=A*B)	0.00	0.00	0.00	325.01	630.79	955.81
Depreciation (E)	0.00	0.00	0.00	153.10	306.21	459.31
Operation and Maintenance Expenditure (including concession fee) (D)	0.00	0.00	0.00	0.00	0.00	0.00
Aeronautical Tax (F)	0.00	0.00	0.00	0.00	0.00	0.00
Gross Aggregate Revenue Requirement (G)=C+D+E+F	0.00	0.00	0.00	478.12	937.00	1,415.12
Less: 30% of Non-Aeronautical revenue (H)	0.00	0.00	0.00	0.00	0.00	0.00
Net Aggregate Revenue Requirement (I)=(G)-(H)	0.00	0.00	0.00	478.12	937.00	1,415.12
Discounting Factor (J)	1.00	0.89	0.79	0.70	0.62	
PV of Net ARR as on 31.03.2027 (I*J)	0.00	0.00	0.00	335.26	583.72	918.98
Sum of PV of Net Aggregate Revenue Requirement (K)						918.98
Total Passenger Traffic (MPPA) (L) {Refer Table 154}						218.30
Yield per Passenger on Total Traffic (Rs.) (K/L)#						42.10

for comparison purpose, YPP has been shown based on total passengers. Charges will be determined appropriately considering the balance collection period.

14.4.24 Two reporting windows shall be established in each Financial Year, namely: (i) April to September, and (ii) October to March. The Airport Operator shall, within thirty (30) days from the closure of each reporting window, submit to AERA details of all capital projects that have been completed and put to use during the relevant reporting window, together with such supporting information and documentation as may be required by AERA.

14.4.25 Upon examination of the submissions and satisfaction regarding the completion and operationalization of the reported projects, AERA shall issue an appropriate Order determining the consequential adjustment,

AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD in the applicable aeronautical charges. In determining such adjustment, AERA shall take into account the cost and balance control period.

14.4.26 Northern Runway & Associated Airside Works – Impact on ARR

Table 323: Impact on ARR for Northern Runway & Associated Airside Works being allowed on incremental ARR approach on user pay principle

(Rs in Crores)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Average Regulatory Asset Base (A)	0.00	0.00	0.00	2,226.87	4,321.98	
WACC (B) {Refer Table 238 }	12.56%	12.56%	12.56%	12.56%	12.56%	0.00
Return on RAB (C=A*B)	0.00	0.00	0.00	279.69	542.84	822.54
Depreciation (D)	0.00	0.00	0.00	131.76	263.51	395.27
Operation and Maintenance Expenditure (including concession fee) (E)	0.00	0.00	0.00	0.00	0.00	0.00
Aeronautical Tax (F)	0.00	0.00	0.00	0.00	0.00	0.00
Gross Aggregate Revenue Requirement (G)=C+D+E+F	0.00	0.00	0.00	411.45	806.35	1,217.80
Less: 30% of non-aeronautical revenue (H)	0.00	0.00	0.00	0.00	0.00	0.00
Net Aggregate Revenue Requirement (I)=(G)-(H)	0.00	0.00	0.00	411.45	806.35	1,217.80
Discounting Factor (J)	1.00	0.89	0.79	0.70	0.62	
PV of Net ARR as on 31.03.2027 (I*J)	0.00	0.00	0.00	288.51	502.33	790.84
Sum of PV of Net Aggregate Revenue Requirement (K)						790.84
Total Passenger Traffic (MPPA) (L) {Refer Table 154}						218.30
Yield per Passenger on Total Traffic (Rs.) (K/L)#						36.23

for comparison purpose, YPP has been shown based on total passengers. Charges will be increased appropriately considering the balance collection period.

14.4.27 Two reporting windows shall be established in each Financial Year, namely: (i) April to September, and (ii) October to March. The Airport Operator shall, within thirty (30) days from the closure of each reporting window, submit to AERA details of aforementioned capital project that have been completed and put to use during the relevant reporting window, together with requisite supporting information and documentation.

14.4.28 Upon examination of the submissions and satisfaction regarding the completion and operationalization of the reported projects, AERA shall issue an appropriate revised Tariff Order for the 4th Control Period determining the consequential additions in the applicable aeronautical charges based on the cost and balance control period.

14.4.29 In the light of above, the Authority proposes to consider a baseline Aggregate Revenue Requirement (ARR) and Yield per Passenger (YPP), as provided in table below, computed by excluding the above identified projects from the Regulatory Asset Base (RAB) for the Fourth Control Period.

AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

Table 324: Base Line ARR & YPP for HIAL for the Fourth Control Period

(Rs in Crores)

Particulars	FY27	FY28	FY29	FY30	FY31	Total
Average Regulatory Asset Base (A)	6,423.83	6,493.68	6,246.22	6,308.01	6,348.29	
WACC (B) {Refer Table 238}	12.56%	12.56%	12.56%	12.56%	12.56%	
Return on RAB (C=A*B)	806.83	815.61	784.53	792.29	797.35	3,996.60
Depreciation (D)	441.60	472.43	486.12	522.86	556.18	2,479.19
Operation and Maintenance Expenditure (including concession fee) (E)	831.42	891.15	953.66	1151.59	1328.58	5,156.40
Aeronautical Tax (F)	0.00	0.00	190.68	153.89	102.13	446.69
Gross Aggregate Revenue Requirement (G)=C+D+E+F	2079.85	2179.18	2414.99	2620.62	2784.22	12,078.87
Total Non-Aeronautical Revenue {Refer Table 315}	908.51	1,040.67	1,201.24	1,348.81	1,535.74	6,034.97
Less: 30% of non-aeronautical revenue (H)	272.55	312.20	360.37	404.64	460.72	1,810.49
Aggregate Revenue Requirement (I) = G-H	1807.30	1866.98	2054.62	2215.98	2323.50	10,268.38
(Over)/Under Recovery of previous CP as on 31.03.2027 (J){Refer Table 150}	319.80					319.80
Net Aggregate Revenue Requirement (K)	2,127.10	1,866.98	2,054.62	2,215.98	2,323.50	10,588.18
Discounting Factor (L)	1.00	0.89	0.79	0.70	0.62	
PV of Net ARR as on 31.03.2027 (K*L)	2,127.10	1,658.65	1,621.67	1,553.86	1,447.46	8,408.75
Sum of PV of Net Aggregate Revenue Requirement (M)						8,408.75
Total Passenger Traffic (MPPA) (N) {Refer Table 154}						218.30
Yield per Passenger on Total Traffic (Rs.) (M/N)						385.17

14.4.30 The Authority notes that it is necessary to have the individual year wise tariff card laying down the different aeronautical charges and the workings for the aeronautical revenues, in order to have a constructive stakeholder discussion and hence GHIAL is directed to submit the detailed annual Tariff proposals in line with the Aggregate Revenue Requirement and Yield arrived at by the Authority in Table 324 within 7 days of issuance of this Consultation Paper.

14.5 Authority's proposal regarding Aggregate Revenue Requirement for the Fourth Control Period

Based on the material before it and its analysis, the Authority proposes the following with regard to Aggregate Revenue Requirement for the Fourth Control Period:

- 14.5.1 To consider the Aggregate Revenue Requirement and YPP for the Fourth Control Period for GHIAL in accordance with Table 324.
- 14.5.2 To direct GHIAL to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholder consultations.

**15 SUMMARY OF THE AUTHORITY'S PROPOSALS PUT FORTH FOR STAKEHOLDERS'
CONSULTATION**

CHAPTER 2: TRUE UP OF PRE CONTROL PERIOD ENTITLEMENT (PCPE)

2.4.1 To consider True Up for the PCPE as per Table 9 of this Consultation Paper in line with the Tariff Order for the Third Control Period.

CHAPTER 3: TRUE UP FOR THE FIRST CONTROL PERIOD

3.4.1 To consider True Up for the First Control Period as per Table 9 of this Consultation Paper in line with the Tariff Order for the Third Control Period.

CHAPTER 4: TRUE UP FOR THE SECOND CONTROL PERIOD

4.4.1 To consider True Up for the Second Control Period as per Table 9.

4.4.2 To retain the over-recovery of Rs. 441.60 Cr as determined during True up for the Second Control Period as part of the tariff determination exercise for the Third Control Period

CHAPTER 5: TRUE UP FOR THE THIRD CONTROL PERIOD

5.11.1 To consider Traffic for true up for the Third Control Period based on Actuals as per Table 11.

5.11.2 To consider Aeronautical Capex for True up of the Third Control Period as per Table 45.

5.11.3 To consider the Aeronautical Depreciation and Regulatory Asset Base (RAB) for true up for the Third Control Period as per Table 54.

5.11.4 To consider the WACC for true up for the Third Control Period as per Table 61.

5.11.5 To consider Aeronautical Operation and Maintenance Expenses for True up for the Third Control Period as per Table 135.

5.11.6 To consider Non-Aeronautical Revenue for true up for the Third Control Period as per Table 140.

5.11.7 To consider Aeronautical Revenues for true up for the Third Control Period as per Table 143.

5.11.8 To consider Aeronautical Taxes as Nil for the Third Control Period as per Table 146

5.11.9 To consider under recovery of Rs. 319.80 Cr (as per Table 150) till the Third Control Period for the tariff determination for the Fourth Control Period.

CHAPTER 6: TRAFFIC PROJECTIONS FOR THE FOURTH CONTROL PERIOD

6.3.1 To consider Traffic projections as per **Table 154** for the Fourth Control Period.

6.3.2 To true up the traffic volume (Passenger, ATM and cargo) on the basis of actual traffic in the Fourth Control Period while determining tariff for the Fifth Control Period.

CHAPTER 7: CAPITAL EXPENDITURE (CAPEX), DEPRECIATION AND REGULATORY ASSET BASE (RAB) FOR THE FOURTH CONTROL PERIOD

7.8.1 To consider the aeronautical additions for the Fourth Control Period in accordance with Table 230.

SUMMARY OF THE AUTHORITY'S PROPOSALS PUT FORTH FOR STAKEHOLDERS'
CONSULTATION

- 7.8.2 To true up the aeronautical additions based on actuals, cost efficiency and reasonableness, at the time of determination of tariff for next control period.
- 7.8.3 To consider the aeronautical depreciation for the Fourth Control Period in accordance with Table 233.
- 7.8.4 To true up the depreciation based on the actual asset additions and actual date of capitalization during the tariff determination of the next Control Period
- 7.8.5 To consider the Regulatory Asset Base for the Fourth Control Period in accordance with Table 235.
- 7.8.6 To True up the RAB based on actuals at the time of tariff determination for the next Control Period.
- 7.8.7 To reduce (adjust) 1% of the uncapitalized project cost from the ARR in case any particular capital project is not completed/ capitalized as per the approved capitalization schedule, as mentioned in para 7.3.136. The same will be examined during true up of the Fourth Control Period, at the time of determination of tariff for the next Control Period.
- 7.8.8 To examine the accounting of input tax credits in accordance with Chapter V of The Central Goods and Services Tax Act, 2017 and make necessary adjustments at the time of determination of tariffs for the next Control Period.

CHAPTER 8: WEIGHTED AVERAGE COST OF CAPITAL (WACC) FOR THE FOURTH CONTROL PERIOD

- 8.3.1. To consider Cost of Equity, Cost of Debt, notional debt-equity ratio and WACC / FRoR for the Fourth Control Period as per **Table 238**.
- 8.3.2. To true up the Cost of Debt for the Fourth Control Period based on actuals (or) SBI average 1-year MCLR plus 100 bps (whichever is lower) at the time of tariff determination for the Fifth Control Period.

CHAPTER 9: INFLATION FOR THE FOURTH CONTROL PERIOD

- 9.3.1 To consider the inflation rates for the Fourth Control Period as per **Table 240**

CHAPTER 10: AERONAUTICAL OPERATION & MAINTENANCE (O&M) EXPENSES FOR THE FOURTH CONTROL PERIOD

- 10.3.1 To consider Aeronautical O&M Expenses for the Fourth Control Period as per Table 309.
- 10.3.2 To true up Aeronautical O&M Expenses for the Fourth Control Period based on actuals at the time of tariff determination for the Fifth Control Period, subject to reasonableness and efficiency.

CHAPTER 11: NON-AERONAUTICAL REVENUE FOR THE FOURTH CONTROL PERIOD

- 11.3.1 To consider Non-Aeronautical Revenues for RGIA in accordance with Table 315.
- 11.3.2 To True up NAR for the current control period, at the time of determination of tariff for the next control period, subject to the minimum threshold as proposed by the Authority in Table **315**.

CHAPTER 12: AERONAUTICAL TAXES FOR THE FOURTH CONTROL PERIOD

- 12.3.1 To consider Aeronautical Taxes for the Fourth Control Period as per Table 317.
- 12.3.2 To true up the aeronautical tax amount appropriately taking into consideration all relevant facts at the time of tariff determination for the next control period.

CHAPTER 13: QUALITY OF SERVICE FOR THE FOURTH CONTROL PERIOD

- 13.3.1. To not consider any adjustment in the Aggregate Revenue Requirement/ Aggregate Revenue Requirement on account of Quality of Service for the Fourth Control Period.
- 13.3.2. GHIAL should ensure that service quality at Rajiv Gandhi International Airport adheres to the performance standards outlined in the Concession Agreement and shall comply with such performance standards as may be notified pursuant to the final order referred to in paragraph 13.2.10, once the same become applicable to major airports.

CHAPTER 14: AGGREGATE REVENUE REQUIREMENT FOR THE FOURTH CONTROL PERIOD

- 14.5.1. To consider the Aggregate Revenue Requirement and YPP for the Fourth Control Period for GHIAL in accordance with **Table 324**.
- 14.5.2. To direct GHIAL to submit the Annual Tariff Proposal (Tariff Rate Card) within 7 days from issue of this Consultation Paper which will be put up for stakeholder consultations.

16 STAKEHOLDERS' CONSULTATION TIMELINE

- 16.1. In accordance with the provision of Section 13(4) of the AERA Act, 2008, the proposals contained in the Chapter 15 – Summary of the Authority's proposals read with the relevant discussion in the other chapters of this Consultation Paper is hereby put forth for Stakeholders' Consultation.
- 16.2. For removal of doubts, it is clarified and explained that the contents of this Consultation Paper may not be construed as any Order or Direction by the 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 decisions fully documented and explained in terms of the provisions of the Act.
- 16.3. The Authority invites written evidence-based feedback, comments and suggestions from stakeholders on the proposals made in this Consultation Paper, latest by 20.07.2026.

**Secretary,
Airports Economic Regulatory Authority of India,
3rd Floor, Udaan Bhawan,
Safdarjung Airport,
New Delhi – 110003**

(Chairperson)

17 **ANNEXURE 1**17.1 **GHIAL's submission on General Capex for the Fourth Control Period****Table 325: Details of General Capex submitted by GHIAL**

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
1	Terminal Operations	4 elevators and void filling	Structural modifications and support works for revised immigration processing requirements, including relocation of lifts, toilets, e-gates and void filling to support expanded BOI counters.	3.1	-	-	-	-	3.1
2	Terminal Operations	Arrival BOI works	Works required to increase immigration counters from the earlier plan to 68 counters, including relocation of services, counters, offices, e-gates, flap gates and BOI/Special Bureau facilities.	13.8	-	-	-	-	13.8
3	Terminal Operations	Counters / Glass works / Project work / Infrastructure Enhancement	Essential glass works, infrastructure enhancement and counter installation works.	-	-	-	4.0	4.0	8.0
4	Terminal Operations	Mass Lift at forecourt	Installation of three elevators in forecourt area to support projected passenger traffic above 40 MPPA and improve passenger movement with baggage trolleys.	5.0	3.0	2.0	-	-	10.0
5	Terminal Operations	Procurement of Baggage Trolleys	Additional baggage trolleys proposed due to passenger	1.4	1.5	1.6	1.7	1.9	8.1

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			growth and upcoming new terminal requirements to improve baggage handling and passenger convenience.						
6	Terminal Operations	Theme Seating at Boarding Gates	Facelift and redevelopment of boarding gate seating areas with improved ambience, utilities, horticulture, charging points and enhanced passenger experience.	10.0	-	-	-	-	10.0
7	Terminal Operations	Others below ₹5 crore	Other sustenance capex under Terminal Operations.	25.3	4.4	6.3	4.4	1.4	41.8
	Terminal Operations Total			58.6	8.9	9.9	10.2	7.2	94.8
8	Security and Vigilance	02 Body Scanners for 01 ATR	Supply, installation, testing and commissioning of two full-body scanners with associated civil, electrical and IT works for ATR security screening.	11.8	-	-	-	-	11.8
9	Security and Vigilance	ASTI for CISF at Complex	Establishment of Advanced Security Training Institute for CISF personnel for advanced aviation security training, threat detection and emergency response.	-	5.6	-	-	-	5.6
10	Security and Vigilance	ATRS Machines for X-BIS / CTX	Procurement of four ATRS machines for PESC area to improve security screening speed, tray	10.0	-	-	-	-	10.0

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			handling and screening efficiency.						
11	Security and Vigilance	Body Scanners for PESC Area	Procurement of body scanners for CTX machines in Terminal PESC area in phased manner as per BCAS requirements.	24.9	24.9	33.2	41.5	41.5	166.0
12	Security and Vigilance	Construction of Dog Kennel for CISF Dog Squad	Construction of dedicated kennels and support facilities for CISF K9 units, including handler training and integration into high-risk airport zones.	-	6.4	-	-	-	6.4
13	Security and Vigilance	CTX Machine for PESC Area	Replacement of existing X-BIS units with CT hand baggage screening machines in a phased manner for BCAS compliance and improved threat detection.	24.0	24.0	24.0	24.0	24.0	120.0
14	Security and Vigilance	ETD Machines	Explosive detection systems and related screening equipment to comply with BCAS requirements and enhance threat detection.	1.6	-	1.6	-	2.6	5.8
15	Security and Vigilance	Expansion of Gate Houses and CCC & LCC	Establishment of Local Command Centre and Command Control Centre with CCTV, communication, IT, electrical, plumbing and utility infrastructure.	5.6	-	-	-	-	5.6
16	Security and Vigilance	Gate House 2 Expansion	Expansion of Gate House 2 and construction of	-	6.4	-	-	-	6.4

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			staff processing building with frisking booths, screening, security offices and supporting facilities.						
17	Security and Vigilance	RDE – Radiological Detection Equipment	Installation of radiological detection equipment at security entry / exit points as mandated by BCAS Circular No. 08/2024.	8.4	-	-	-	-	8.4
18	Security and Vigilance	Others below ₹5 crore	Other sustenance capex under Security and Vigilance.	38.4	3.3	1.7	1.7	0.6	45.8
	Security and Vigilance Total			124.7	70.6	60.5	67.2	68.7	391.8
19	Project, Engineering & Maintenance	Aged Cable Replacement for HT/LT Distribution Network	Replacement of aging HT/LT power cables to improve reliability, reduce joint failures and ensure uninterrupted operations.	-	14.0	-	-	-	14.0
20	Project, Engineering & Maintenance	BIM 3D Modelling / LiDAR Survey	3D LiDAR and photogrammetry survey of existing terminal to integrate old terminal into BIM / digital twin framework.	6.6	-	-	-	-	6.6
21	Project, Engineering & Maintenance	Airfield Pavement Refurbishment at Aircraft Holding Points	Conversion of flexible pavements to rigid pavements at intermediate holding positions to reduce pavement distress.	-	10.0	-	-	-	10.0
22	Project, Engineering & Maintenance	Perimeter Road	Assessment and refurbishment of damaged sections of perimeter road constructed in 2007	-	-	-	-	36.3	36.3

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			to improve safety and pavement life.						
23	Project, Engineering & Maintenance	Power Management System for Existing Power Distribution	SITC of power management system for existing airport power distribution and integration with expanded facility systems.	8.0	-	-	-	-	8.0
24	Project, Engineering & Maintenance	UPS Battery Replacement	Phased replacement of UPS batteries to ensure uninterrupted operations during upstream power failure.	2.0	2.0	2.0	2.0	1.0	9.0
25	Project, Engineering & Maintenance	EV Charging – Substation, North East Apron	Infrastructure to support transition of airside GSE / GSV from fossil fuel to electric vehicles in line with sustainability directives.	10.0	-	-	-	-	10.0
26	Project, Engineering & Maintenance	PCA for 10 Contact Stands	Installation of Pre-Conditioned Air systems at 10 aerobridges to reduce APU use, emissions and noise.	4.9	-	-	-	-	4.9
27	Project, Engineering & Maintenance	Replacement of 18 FEGP Units	Procurement of GPU and PCA units mounted on trolleys for remote stands to reduce APU usage and emissions.	4.8	4.8	-	-	-	9.6
28	Project, Engineering & Maintenance	Recarpeting of PTB Car Park Flexible Pavement	BT recarpeting of ramps, car park and PTC areas due to aging of roads.	-	-	-	5.0	-	5.0
29	Project, Engineering & Maintenance	Refurbishment of Old Ramp – Arrivals & Departures	Structural and surface improvements to arrival and departure ramps to improve safety, accessibility and	-	-	-	4.6	-	4.6

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			passenger experience.						
30	Project, Engineering & Maintenance	Additional Works in New CNS ATM Building	Layout changes, false flooring, HVAC upgrades, service rerouting and electrical infrastructure upgrades for CNS/ATM operations.	7.3	-	-	-	-	7.3
31	Project, Engineering & Maintenance	Alternate Second Radar	Additional PSR/MSSR radar as per AAI policy for high-density traffic airports and future traffic growth.	-	-	-	20.0	-	20.0
32	Project, Engineering & Maintenance	Contingency for Regulatory Mandates & Compliance	Contingency framework for timely implementation of emerging regulatory and compliance requirements.	0.9	1.0	1.0	1.1	0.8	4.8
33	Project, Engineering & Maintenance	Mechanical Runway Sweeper – Replacement	Replacement of two old runway sweepers to ensure uninterrupted runway maintenance and safe flight operations.	3.5	-	-	-	3.5	7.0
34	Project, Engineering & Maintenance	New ILS Building for Main Runway 09R/27L	Site preparation and infrastructure for ILS localizer and glide path systems for main runway.	4.0	-	-	-	1.5	5.5
35	Project, Engineering & Maintenance	RADAR Building Relocation	Relocation and infrastructure for new ASR/MSSR radar system to replace aged radar and remove development constraints.	17.9	-	-	-	-	17.9
36	Project, Engineering & Maintenance	Rubber Removal Machine – Replacement	Procurement of new rubber removal vehicle for	-	7.6	-	-	-	7.6

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			runway friction compliance and readiness for dual-runway operations.						
37	Project, Engineering & Maintenance	Smart VDGS	Implementation of smart visual docking guidance system using 3D LiDAR, cameras and AI to improve aircraft docking safety.	4.2	4.2	-	-	-	8.4
38	Project, Engineering & Maintenance	Integrated Waste Management Enhancement / Expansion	Enhancement of integrated waste management facility with automated waste converters, internal roads and electrical upgrades.	3.0	-	-	-	5.0	8.0
39	Project, Engineering & Maintenance	Landside CCTV Surveillance and Automated Challan System	Deployment of high-resolution 5G-enabled CCTV cameras and automated challan system for landside security and traffic regulation.	6.0	6.0	-	-	-	12.0
40	Project, Engineering & Maintenance	Landside Signages	Directional gantry signage across Main Access Road and East-West Sector Road to improve wayfinding and safety.	2.4	4.0	-	-	-	6.4
41	Project, Engineering & Maintenance	Landside Utilities Trenches	Underground trenching for electrical, communication, drainage and other utilities across landside areas.	3.2	3.8	-	-	-	7.0
42	Project, Engineering & Maintenance	New Central Stores with Scrap Yard	Construction of new central store and scrap yard due to planned demolition of existing facilities under master plan.	-	14.1	-	-	-	14.1

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
43	Project, Engineering & Maintenance	Cargo Village Roads	Development of internal and external cargo village road infrastructure to support logistics, multimodal movement and safety.	12.0	-	-	-	-	12.0
44	Project, Engineering & Maintenance	Others below ₹5 crore	Other sustenance capex under Project, Engineering & Maintenance.	75.2	27.6	4.4	23.5	2.6	133.4
	Project, Engineering & Maintenance Total			175.9	99.0	7.5	56.3	50.8	389.5
45	Strategic Initiatives	Commercial Refresh	Replacement / relocation of non-performing commercial outlets and optimisation of zoning to improve non-aero revenue.	5.0	-	5.0	-	-	10.0
46	Strategic Initiatives	R2 Reservoir Development	Development of recreational zone near water body with food court, land-based activities, bar & lounge, wellness centre and events.	-	10.0	-	-	-	10.0
47	Strategic Initiatives	RLCC Upgradation	Deployment of AI cameras and dashboard for revenue leakage monitoring across retail stores.	4.7	-	0.4	-	-	5.1
48	Strategic Initiatives	Shell & Core Modification for Older Terminal Portion	Development of luxury, F&B, pop-up and aero plaza zones to enhance commercial offerings and passenger experience.	15.0	-	-	-	-	15.0
49	Strategic Initiatives	New Buses for Free Shuttle from PTC to PTB and	Procurement of two shuttle buses and civil works for	2.7	-	-	2.7	2.7	8.1

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
		EV Charger Civil Work	EV charging to improve landside passenger mobility.						
50	Strategic Initiatives	Experience Centre – Physical and Digital Infrastructure	Development of GMR Experience Centre with immersive exhibits, storytelling and digital infrastructure for stakeholder engagement.	10.0	-	-	-	-	10.0
51	Strategic Initiatives	Master Planning and Preliminary Design	Master planning and preliminary engineering for future northern precinct, terminal, runway, airside and utility infrastructure.	30.0	-	-	-	-	30.0
52	Strategic Initiatives	Others below ₹5 crore	Other sustenance capex under Strategic Initiatives.	35.8	5.1	1.0	1.2	0.1	43.3
	Strategic Initiatives Total			103.2	15.1	6.4	3.9	2.8	131.5
53	Landscape	Landscape Development along Expanded Main Access Road	Landscape development along expanded Main Access Road with native greenery and passenger-friendly pathways.	-	20.0	-	-	-	20.0
54	Landscape	Landscape Development at Either Side of Sector Roads	Landscaping along both sides of East-West and North-South sector roads to improve aesthetics and green infrastructure.	-	-	-	-	5.6	5.6
55	Landscape	Others below ₹5 crore	Other sustenance capex under Landscape.	13.5	2.7	2.8	8.6	0.2	27.8
	Landscape Total			13.5	22.7	2.8	8.6	5.9	53.4
56	IT	5G Implementation	Private 5G network implementation for secure, high-speed, low-latency airport	3.0	4.0	4.0	4.0	-	15.0

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			operations using IoT, drones and wireless devices.						
57	IT	All POCs	Proof-of-concept initiatives such as autonomous buggies, wheelchairs, food delivery bots, digital avatars and AR/VR safety training.	0.8	1.0	0.8	0.8	1.6	5.0
58	IT	Baggage Tracking System for Passengers	Real-time passenger baggage tracking system to improve visibility and reduce baggage-related queries.	0.4	4.4	0.4	0.4	0.4	6.0
59	IT	Feedback Kiosks	Design and implementation of smart feedback kiosks across airport zones for real-time passenger feedback.	1.2	1.1	0.4	0.4	2.4	5.5
60	IT	E-Gates for DigiYatra at Boarding Gates	E-gates at boarding gates to support secure self-boarding, passenger reconciliation and reduced manual intervention.	2.5	5.0	6.2	-	-	13.7
61	IT	Enterprise IT Capex	Refresh of servers, storage, networks and infrastructure technology for improved performance, security and continuity.	6.0	6.0	6.0	6.0	6.0	30.0
62	IT	FRS Based SBD, Check-in and CUSS	Facial recognition integration with Self Bag Drop, check-in and CUSS machines under DigiYatra.	2.1	-	3.2	-	0.0	5.3
63	IT	IT Requirements from All Departments	Centralised provisioning of software licences,	2.0	2.0	2.0	2.0	2.0	10.0

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			AV systems and IT resources required by various departments.						
64	IT	Replacement of Old Desktops and Laptops	Replacement of outdated desktops and laptops with new high-performance systems.	5.0	-	-	-	5.0	10.0
65	IT	Replacement of UHF / TETRA Radios for Operations	Replacement of 200 old radios and handheld communication devices to improve operational communication reliability.	1.0	2.2	1.0	1.0	1.5	6.7
66	IT	Replacement of SD VC Equipment with HD VC Equipment	Replacement of old SD video conferencing systems with HD equipment for improved communication.	0.8	1.4	0.4	0.4	2.4	5.4
67	IT	SAP Software Upgradation	Migration from SAP 6.10 to SAP HANA 4.0 for improved speed, scalability, real-time processing and analytics.	1.0	7.0	7.0	8.0	-	23.0
68	IT	Smart Airside	Tracking systems for airside assets and vehicles to improve turnaround, asset utilisation and safety.	3.0	2.6	-	-	-	5.6
69	IT	Smart Wash Rooms	IoT-enabled washroom monitoring for occupancy, supplies, air quality, predictive cleaning and touchless interaction.	3.8	0.4	0.4	0.4	-	5.0
70	IT	Lab / CoE / R&D	Establishment of Centre of Excellence, labs	1.4	1.4	1.4	-	-	4.3

S. No.	Category	Project	Project Description / Justification	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
			and R&D ecosystem for innovation and emerging technology deployment.						
71	IT	Others below ₹5 crore	Other sustenance capex under IT.	13.7	12.7	8.0	5.2	6.9	46.5
	IT Total			47.8	51.1	41.2	28.6	28.2	197.0
72	ARFF	Aircraft Crash Fire Tender – ACFT	Phased replacement of aircraft crash fire tenders procured in 2008 after extended service life to maintain fire protection category.	23.3	-	12.9	-	-	36.2
73	ARFF	Others below ₹5 crore	Other sustenance capex under ARFF.	5.8	0.5	1.2	0.3	0.2	8.0
	ARFF Total			29.1	0.5	14.0	0.3	0.2	44.2
	Grand Total			552.9	268.0	142.4	175.1	163.8	1,302.3

18 **APPENDICES:**

18.1 **Appendix-1 Capex Evaluation Report submitted by M/s RITES Limited for the Fourth Control Period**