MIAL/VPR/14-15/31

17th Sep, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai for second control period (FY 2014-15 to FY 2018- 19)

Ref: AERA letter no. AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-I/6335 dated 28th Aug, 2014
MIAL letter no. MIAL/CEO/68 dated 20th August, 2014
AERA e mail dated 12th September, 2014;
MIAL letter no. MIAL/VPR/14-15/29 dated 12th September, 2014

With reference of the e mail mentioned above, Please find below point-wise response to the clarifications sought by the Authority:-

1. MIAL Response to the point no. 1

As per the Auditors certificate submitted by MIAL vide letter no. MIAL/VPR/14-15/17 dated 25th June 2014, Capital expenditure done by MIAL on BOT projects are considered as Advance for BOT projects and grouped under Current Assets. Hence, amount spent by MIAL on BOT projects is recoverable and not considered as capital expenditure of MIAL. Further, MLCP at T2 and Fuel Hydrant systems assets are part of MIAL's capex and therefore treated accordingly.

2. MIAL Response to the point no. 2

Exchange rate of Rs. 60.50 per USD is based on average of daily exchange rate of Rs./USD for the year 1st April, 2013 to 31st March, 2014, available on Reserve Bank of India website.

Source: http://www.rbi.org.in/scripts/ReferenceRateArchive.aspx

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
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3. MIAL Response to the point no. 3

Revenue received from flight catering concession is Rs. 27.58 crs. for the FY 14. An amount of Rs. 1.71 crs. was received during the year pertaining to previous year in the form of arrears. Therefore, catering concession revenue per embarking passenger is calculated as under:

	FY 14 (Rs. In Crs.)
Total revenue from catering concession	27.58
Arrears received during the year	1.71
Net revenue from catering concession	**25.87**
No. of embarking passenger (In Crs.)	1.61
Revenue per embarking passenger (Rs.)	**16.04**

Based on the above, Rs. 16.04 is used as flight Catering Revenue per Embarking Passenger for the second control period.

4. MIAL Response to the point no. 4

The revenue per embarking international passenger for FY 14 for Retail concession, is considered to increase by inflation in second control period. The revenue per embarking domestic passenger for Retail concessions, at new T2 is considered at the same revenue per embarking international passenger, which is higher than the revenue at T1 in FY 2014-15, on the assumption that retail domestic passengers spending in case of full service airlines shall be at par with the international passengers. It is assumed that the domestic passengers shall be tempted to spend more at new T2 due to more and better options than at existing domestic terminals.
The revenue per embarking domestic passenger for FY 14 for Retail concessions, at T1 is considered to increase by inflation in the second control period. However, revenue at T1 will decrease from FY 16 onwards due to shifting of majority of domestic traffic to T2.

Rs. In Mn

	FY 14	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Total revenue from Retail concession (I+II+III)	**633**	**791**	**1,111**	**1,303**	**1,477**	**1,674**

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Rs. In Mn

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
I. Revenue from International pax (higher of Revenue share (a1) and MAG (a2)) + Additional MAG (a3)		**313**	**514**	**594**	**655**	**722**
Revenue International - T2 (a1)	221	257	289	324	364	409
Minimum Annual Guarantee (a2)	99	183	197	213	231	248
Additional Revenue From Vacant Area in T2 (a3)		56	225	270	291	313
II. Revenue Domestic - T2 (a2)		**-**	**371**	**574**	**665**	**771**
III. Revenue Domestic - T1 (b)	**413**	**478**	**226**	**135**	**157**	**182**
Revenue per Embarking Pax – T2 - International (INR)	43	46	50	54	58	62
Revenue per Embarking Pax – T2 - Domestic (INR)	-	-	50	54	58	62
Revenue per Embarking Pax – T1- Domestic (INR)	38	41	44	47	51	55

Auditor's certificate for projected MAG from Retail concession would be submitted separately.

5. MIAL Response to the point no. 5

Computation of weighted average % of revenue share has been provided by MIAL vide letter no. MIAL/VPR/14-15/29 dated 12th September, 2014.

6. MIAL Response to the point no. 6

Revenue from Forex concessions for international passengers is assumed at total of: i) MAG and ii) estimated revenue based on per passenger revenue share earned by MIAL in Quarter 1 of FY 15. The per passenger revenue share has dropped in the current year due to reduction in number of outlets in new T2 resulting in lower forex sales. Further, MAG from Forex concession has been updated based on auditors certificate along with an increase considered for vacant space.

Expected revenue from concessions given for ATMs is based on auditors certificate enclosed as **Annexure 1.**

Table: Forex concessions - submitted vide letter dated 26th December, 2013

Rs./Mn.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**454**	**473**	**493**	**514**	**536**

Table: Forex concessions – Revised

Rs. In Mn

		FY 15	FY 16	FY 17	FY 18	FY 19
I	**Revenues from ATM concession**					
	Existing terminal (a)	53	37	33	37	42
	Terminal 2 (b) – Based on Auditors certificate enclosed as **Annexure 1**	66	70	74	80	84
	Terminal 2 (c) – MAG expected from vacant areas	-	24	32	32	32
	Growth in revenue	12%	12%	12%	12%	12%
	Subtotal - Revenues from ATM (a+b+c)	**119**	**131**	**140**	**149**	**158**
II	**Revenues from forex concession**					
	Revenue - International (a = i+ii+iii)	**349**	**370**	**395**	**425**	**454**
	Revenue Share - International (i)	52	54	56	58	61
	Monthly Annual Guarantee - International - As per Auditors certificate (ii)	291	307	329	355	381
	Monthly Annual Guarantee - International - Vacant Areas (iii)	7	10	10	11	12
	Revenue share per international passenger (INR)	4.80	4.80	4.80	4.80	4.80
	Revenue - Domestic (b)	**16**	**18**	**19**	**20**	**22**
	Sub-total - Forex Revenue (a+b)	**365**	**388**	**414**	**445**	**476**
I+II	**Foreign Exchange /Bank ATM**	**484**	**519**	**554**	**594**	**634**

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Revenue in 1st Quarter of 2015

	Q1 FY 15 (Actuals)
Foreign Exchange Revenue Total (a+b+d)	89
MAG (a)	72
Revenue Share (b)	14
Total International Pax (c)	2.82
Revenue per International Pax (a+b)/(c)	4.80
Forex Revenue Terminal 1 (d)	3

7. MIAL Response to the point no. 7

Details of revenues from Car park have been given by MIAL vide letter no. MIAL/VPR/14-15/29 dated 12th September, 2014.

8. MIAL Response to the point no. 8

Details of other revenues have been given by MIAL vide letter no. MIAL/VPR/14-15/29 dated 12th September, 2014.

9. MIAL Response to the point no. 9

Details of Terminal building rentals have been given by MIAL vide letter no. MIAL/VPR/14-15/29 dated 12th September, 2014. A sample copy of the agreement each of Land rent and Terminal Building rentals is enclosed as **Annexure 2** and **Annexure 3.**

Also, details of Terminal building rentals for the quarter 1 of FY 15 are as under:

	Revenue (Rs. In Mn)	Area	Per Sqm
Air India- Terminal 1	3	2,491	407
Others- Terminal 1	14	7,106	644
Air India- Terminal 2	7	3,521	664
Others- Terminal 2	54	8,698	2,059
Total	**78**		

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10. MIAL Response to the point no. 10

Details of revenues from Staff canteen have been given by MIAL vide letter no. MIAL/VPR/14-15/29 dated 12th September, 2014.

11. MIAL Response to the point no. 11

MIAL has revised the estimates of Aeronautical and Non Aeronautical area based on auditors certificate, submitted by MIAL to the Authority vide its letter no. MIAL/VPR/14-15/17 dated 25th June 2014. A detailed table showing year wise aeronautical and non aeronautical area is enclosed as **Annexure 4.**

12. MIAL Response to the point no. 12 .

a) Advertising expenses and Administrative expenses

Details of advertisement expenses and administrative expenses have been given by MIAL vide letter no. MIAL/VPR/14-15/29 dated 12th September, 2014.

b) Consumables expenses

Details of consumables expenses have been given by MIAL vide letter no. MIAL/VPR/14-15/29 dated 12th September, 2014.

c) Gardening Contract and expenses

Gardening and Horticulture expenses of FY 14 is expected to increase by 5 year CAGR of Minimum wages under State Government i.e. 13.05%. Further, State Government has increased minimum wages of "Construction or maintenance of roads or building operations" workers by 54% in March 14, which is applicable to workers working under gardening contract. Further, a increase of Rs. 2.5 crs. is considered in FY 15 on account of increase in area under gardening.

d) Financing Charges

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MIAL had earlier considered that financing charges in FY 14 will increase yoy by inflation in the second control period as under:-

Rs. In Mn

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Financing charges	30	32	35	38	41	44

However, there were certain non recurring financing charges in FY 14 and therefore in spite of increase in financing charges for FY 14, we have decided not to change projections for the second control period.

Rs. In Mn

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Financing charges	114	32	35	38	41	44

13. MIAL Response to the point no. 13

Term Loan Repayment and Drawdown schedule from FY 15 – FY 19 is as under:

Rs. In Crs.

Term loan	FY 15	FY 16	FY 17	FY 18	FY 19	Remarks
Opening balance	4,751	4,231	4,231	4,062	3,808	
Add: Drawdown	30					Drawdown of Facility G will be done in FY 15
Less: Repayment	550		169	254	254	Repayment of Short Term loan is to be done in FY 15. Term loan repayment would start in FY 17 (Auditor certificate submitted by MIAL vide its letter no. MIAL/VPR/14-15/15 dated 20th June 2014
Closing balance	**4,231**	**4,231**	**4,062**	**3,808**	**3,554**	
Additional Term loan for existing						

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Rs. In Crs.

Term loan	FY 15	FY 16	FY 17	FY 18	FY 19	Remarks
projects						
Opening balance	700	1,800	1,800	1,737	1,665	
Add: Drawdown	1,100					Drawdown of balance loan i.e. balance of Rs. 1800 crs. loan sanctioned to MIAL, refer letter no. MIAL/CFO/788 dated 5th Aug 2014
Less: Repayment	-		63	72	171	
Closing balance	**1,800**	**1,800**	**1,737**	**1,665**	**1,494**	
Term loan for New Projects						
Opening balance	-	170	599	664	618	
Add: Drawdown	170	429	147	37	39	It is assumed that loan would be availed for 90% of the hard cost of the new projects including tunnel but excluding Metro stations
Less: Repayment	-	-	82	82	82	It is assumed that repayment would start from FY 17
Closing balance	**170**	**599**	**664**	**618**	**575**	

14. MIAL Response to the point no. 14

Term loan for the new projects proposed in second control period is expected to be obtained at 12.5% p.a. Further, interest rate also depends upon the overall leverage of the company and cash flows available from the proposed projects for debt servicing.

15. MIAL Response to the point no. 15

As at 31st March, 2014, MIAL has made equity contribution of only Rs. 1 lakh in Mumbai Aviation Fuel Farm Facility Private Limited (MAFFFPL) pending operations. It may be noted

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. MUMBAI 400 099.

that, MIAL will be required to contribute equity, in proportion to its shareholding in the MAFFFPL (JVC), which is estimated to be about Rs. 10 crs. in FY 15 and Rs. 35 crs. each in FY 16 and FY 17 for construction and operation of new facility at CSIA.

16. MIAL Response to the point no. 16

Auditor's certificate for Additions and depreciation during the year as per Income Tax for the year FY 10-FY 14 is enclosed as **Annexure 5.**

17. MIAL Response to the point no. 17

Auditor's certificate for AAI compensation arrears would be submitted separately.

Authority's other requirement:

In addition to the above clarifications certain clarifications / details sought by the Authority's letters dated 1st May, 2014 and 22nd May, 2014

1. Clarifications numbered from 1 to 57 along with sub-points, in its letter dated 1st May
   - Response Status: MIAL is yet to respond to query number 14

MIAL response – Auditor certificate would be submitted separately.

2. Clarifications numbered from 1 to 9 along with sub-points, in its letter dated 22nd May
   - Response Status: MIAL is yet to respond to queries numbered 4.4 and 8

MIAL response – Details of query 4.4 and 8 have been given by MIAL vide letter no. MIAL/VPR/14-15/29 dated 12th September, 2014.

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

Enclosed : as above

Ann 1

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of minimum annual guarantee for concession of space for Bank ATM during the financial years 2014-15 to 2018-19 as per the contracts for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

We have reviewed the agreements with concessionaries of the Company in connection with certification of minimum annual guarantee for concession of space for Bank ATM during the financial years 2014-15 to 2018-19 as per the contracts and we hereby certify the following:

Minimum annual guarantee for concession of space for Bank ATM — Rs in Million

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Minimum annual guarantee	66	70	74	80	84

Note: Concession agreements with Indusind Bank Ltd., Euronet Services India Pvt. Ltd. and State Bank of India are up to Feb, 2019. Proportionate Minimum Annual Guarantee is considered as the Company is expecting that the agreement will be renewed for the further periods.

Since the procedures performed in connection with certification of certification of minimum annual guarantee for concession of space for Bank ATM during the financial years 2014-15 to 2018-19 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 15th Sept, 2014

403 & 404, Golden Green Apartments, Imum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

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Ann 2

OIC

10th March, 2014

GVK

Mr. Sahil Mehta
Managing Director
Celebinas Airport Services India Pvt Ltd
Celebinas Time office,
Gate No. 6, Near Custom Canteen,
Ground Floor, Behind Parking Area,
Chhatrapati Shivaji Intl Airport,
Mumbai– 400099

Sub: Revision in rates of User Fee for the land and porta cabin given to M/s. Celebinas Airport Services Pvt Ltd at Chhatrapati Shivaji International Airport.

Dear Sir,

Please note that the User Fee, in respect of permission to use the land and porta cabin to M/s. Celebinas Airport Services Pvt Ltd is revised i.e. 1st April 2014, as per the details given below:-

Sr. No.	Land Details		User Fee for the year 2013-2014 (Rs/sq m./year)	Revised User Fee for the year 2014-2015 (Rs/sq. m./year)	Percentage of escalation (%)
	Area (Sq. m.)	Location			
1.	1982	South of Apron- S	4006.53	4307.00	7.5%
2.	1270	Near Gate No. 5	3187.21	3426.25	7.5%

Sr. No.	Porta Cabin Details		User Fee for the year 2013-2014 (Rs/sq m./ month)	Revised User Fee for the year 2014-2015 (Rs/sq. m./month)	Percentage of escalation (%)
	Area (Sq. m.)	Location			
1.	130	Near Gate No. 5	1716.11	1844.81	7.5%

On and from 1st April, 2014 Mumbai International Airport Pvt. Ltd shall be raising invoices based on the above enhanced User Fee.

Thanking you.
For Mumbai International Airport Private Limited

Manish Singh
GM- Land Affairs

CELEBINAS AIRPORT SERVICES (I) PVT. LTD. MUMBAI

3/14

Extract of the agreement Ann 3

SCHEDULE I - LICENCE DETAILS

S.No.	Description of the Licensed Premises			Licence Fee		Specified Purpose	Commencement Date	Term
	Location	Type	Area (in sq. mtrs.)	Rate (in Rs. per sq.mtr. per month)	Total (in Rs. per sq.mtr. per month)			
1	Level 3, Unit. No. E8-3060, Airline Offices, New T2, CSIA	AC	32*	87 (For FY 2013-14)	2784.00 (For FY 2013-14)	Office space	The date on which MIAL hands over the Premises to the Licensee for the purposes set forth in the Office Agreements, as recorded in the Handover Takeover Report signed off between the Parties subsequent to execution hereof	The period from the Commencement Date till March 31, 2018, subject to earlier termination in accordance with the provisions hereof.
				93.53 (For FY 2014-15)	2992.96 (For FY 2014-15)			
				100.54 (For FY 2015-16)	3217.28 (For FY 2015-16)			
				108.08 (For FY 2016-17)	3458.58 (For FY 2016-17)			
				116.19 (For FY 2017-18)	3717.97 (For FY 2017-18)			
2	Level 4, Unit. No. E6-4084, Airline Offices, New T2, CSIA	AC	3.7*	87 (For FY 2013-14)	321.90 (For FY 2013-14)	Office space		
				93.53 (For FY 2014-15)	346.06 (For FY 2014-15)			
				100.54 (For FY 2015-16)	372.00 (For FY 2015-16)			
				108.08 (For FY 2016-17)	399.90 (For FY 2016-17)			
				116.19 (For FY 2017-18)	429.89 (For FY 2017-18)			

***Note : Subject to revision in area, if any, as recorded in the Handover Takeover Report signed off between the Parties, subsequent to execution hereof**

****

For MIAL: _____ For Licensee: _____

Mumbai International Airport Pvt. Ltd. MUMBAI

ETHIOPIAN (MUMBAI) AIRLINES

Ann 5

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ('The Company' / MIAL) having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of Addition to fixed assets [net of deletions / adjustments including assets funded through Airport Development Fee (ADF)] during the year and depreciation for the year as per Income Tax for the financial years 2009-10 to 2013-14 for the purpose of filing for "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

We have reviewed the books of account and tax audit report of the Company in connection with certification of Addition to fixed assets [net of deletions / adjustments including assets funded through Airport Development Fee (ADF)] during the year and depreciation for the year as per Income Tax for the financial years 2009-10 to 2013-14. Based on our review we hereby certify the following:

(₹ in Millions)

Additions (net of deletions) during the Year	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Buildings / Improvements	3,295	4,784	4,543	3,340	36,920
Temporary Erections	2	285	8	7	---
Furniture and Fixtures	70	38	55	48	2,313
Plant and Machinery:					
: General	1,013	392	451	1,148	9,396
: Computers	110	54	311	32	680
Upfront Fee	39	---	---	---	---
Total	4,-529	5,553	5,368	4,575	49,309

Depreciation for the year	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Buildings/Improvements	758	1,179	1,559	1,787	3,508
Temporary Erections	2	173	120	7	---
Furniture and Fixtures	24	27	30	31	144
Plant and Machinery:					
: General	378	428	437	496	1,161
: Computers	164	96	156	154	275
Upfront Fee	168	126	93	71	53
Total	1,494	2,029	2,394	2,546	5,141

Source: FY 09-10 to 12-13 are as per tax audit report and FY 13-14 is subject to tax audit

BRAHMAYYA & CO Chartered Accountants HYDES

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

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Since the procedures performed in connection with certification of Addition to fixed assets [net of deletions / adjustments including assets funded through Airport Development Fee (ADF)] during the year and depreciation for the year as per Income Tax for the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing Standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19.

for Brahmayya & Co.
Firms' Registration No. 000513S
Chartered Accountants

(S Satyanarayana Murthy)
Membership No. 023651
Partner

Place: Hyderabad
Date: 15th Sept, 2014

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4. Assisting the Authority in its drafting of the Order for determination of tariffs / charges by providing assistance on documentation of required analyses.

Scope Exclusions

The Scope of Work will not include:

- Any specific studies that the Authority may require on aspects pertaining to allocation / segregation or determination of efficient assets & costs, determination of cost of equity, determination of useful economic life of assets;
- Traffic forecasting exercise;
- Preparation of Operating Manual for the Financial model / tariff model
- Any financial audit;
- Any tax and accounting review / audit / advice as part of the MYT Proposal review process;
- Provision of legal interpretations / advise that may be required for the purpose of tariff determination;
- Any assistance with respect to multi-year tariff proposals for any other airports;
- Any organizing of meetings / stakeholder consultations / tours, etc.

Deloitte Aviation Team

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- **GUIDe (Government, Utilities, Infrastructure & Development)**
- Financial Services
- Consumer Business
- Technology, Media and Telecommunications
- Manufacturing
- Life Sciences and Healthcare



Deloitte presence in India

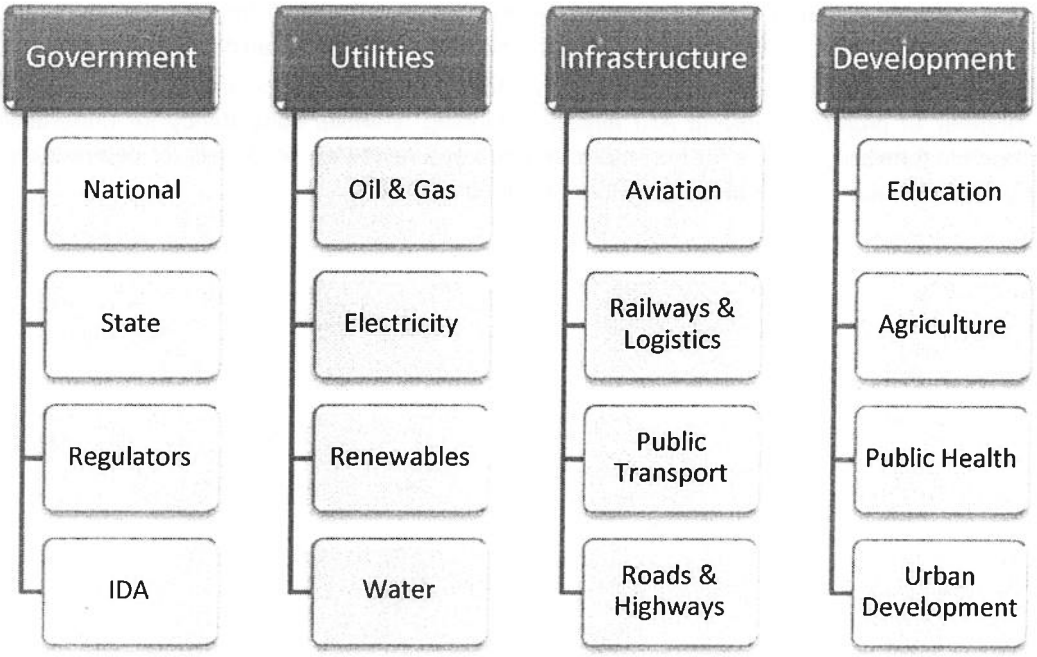
Consulting Firm of Choice in Infrastructure sector in India

The infrastructure consulting practice in Deloitte India is called the Government, Utilities & Infrastructure Development (GUIDe) team and has over 200 professionals providing cross-functional services to the clients in Infrastructure sector. The team serves areas such as railways, aviation, roads, ports, and urban infrastructure; Energy & Resources; and Public Service delivery in provision of social infrastructure, focusing on various key themes like Government Policies, Regulations, Transactions advisory, Governance, Public Private Partnership, Feasibility Studies, etc.

Professionals in GUIDe team include people with decades of experience in industry as well as people with deep functional expertise. Professionals in the Infrastructure sector have specialized in the field of Aviation, Railways, Logistics, Roads, Public Transport and Energy & Resources.

Our experience across all segments of the infrastructure and transportation industries allows us to understand the issues and trends our clients face. Our specialist teams focus on providing multidisciplinary, industry specific solutions to our clients.

Dedicated teams for individual sectors including railways, aviation, power, and others have more than 100 years of experience spread across its professionals. Leaders in these dedicated teams have been working with Government and private clients for more than a decade and are regarded as thought leaders of their respective fields. These leaders have been associated with pioneering engagements across the infrastructure sector including the first PPP transactions in railways, aviation, metro, water sectors. They have also contributed to the key policy initiatives in Indian infrastructure such as establishment of economic regulatory authority in aviation and privatization in public transport.



Leading Consulting Firm in Economic Regulatory space in Indian Aviation

The Deloitte Aviation team is uniquely placed to assist AERA in this assignment having experts and professionals in the team who have, under the earlier comprehensive assignment, assisted AERA in reviewing the landscape of regulatory institutions for infrastructure sectors, and in consideration and development of AERA's regulatory philosophy and approach to economic regulation of Airport Operators and services provided for Cargo Facility, Ground Handling and Supply of Fuel to aircraft at major airports. The professionals have also been involved in identifying the key aspects for structuring of the Authority as well as in practical implementation of the systems and procedures finalized.

The team has significant airport infrastructure and regulatory domain expertise and has worked on several relevant challenging assignments across sectors such as airports, metro, railways, water, etc. and have been involved in tariff determination as well as capacity building for a number of regulatory/ public sector entities. Most importantly, the team has had an extended and successful association with the Authority, assisting the Authority in evaluation of multi-year tariff proposals and submissions from various airports as well as other service providers.

The Team is well-versed with the requirements of successful and timely completion of this assignment - be it in terms of the technical knowledge and expertise required for reviewing tariff proposals from airports and other service providers, or in terms of the content, scope and detail of various deliverables that would be required.

The team brings on board, an unparalleled experience, having:

- Advised the Authority in finalizing its regulatory approach for tariff determination of Airport Operators and Cargo, Ground Handling and Fuel Supply service providers as well as assisting the Authority in drafting the Guidelines;
- Assisted the Authority in undertaking review of proposals and exercises for determination of certain charges like the UDF at certain major airports across the country;
- Undertaken review of Financial Models for tariff determination submitted by (a) IGI Airport, Delhi (b) CSI Airport, Mumbai, (c) Chennai Airport and (d) NSCI Airport, Kolkata and having provided certain associated advisory assistance.
- Having assisted the Authority in review of Financial Models for tariff determination submitted by RGI Airport, Hyderabad and having provided associated advisory assistance

Additionally, the team has also assisted the Airports Authority of India and Ministry of Civil Aviation on a number of projects involving AAI airports including financial consultancy for undertaking techno-economic feasibility studies for non-metro airports and reviewing proposals for determination and levy of User Development Fee at certain other non-metro airports.

Timelines, Reporting Obligations and Fees

Timelines

It is understood that AERA intends to process the MYT Proposal for CSI Airport, Mumbai with consideration of aspects like true-up of regulatory building blocks as determined by the Authority in its previous Tariff Order. Based on previous experience, the review exercise could take a period of 6 to 8 months.

Date of commencement of the engagement will be reckoned from the date of receipt of a formal Work Order against this Proposal or signed copy of this Proposal by an Authorized Official confirming that our Proposal has been accepted.

Reporting Obligations

The assistance required by AERA being of an on-going nature, our written deliverables will be in the nature of brief summary notes of our review and/or analyses work undertaken and will not be in the nature of detailed reports or audit reports or operating manuals. We will particularly mark the version of the Financial Model reviewed by us with a control sign.

Our reporting obligation will be to a designated official at AERA ("Designated AERA Staff") and we shall send all our notes / review observations to such designated official only.

Fees

Based on estimation of efforts required for providing assistance to AERA outlined in the Proposal above, our discounted professional fee for the above scope of work would be as follows:

Provision of assistance for review of Multi-Year Tariff Proposal for CSI Airport, Mumbai:

Activity	Fee (INR) per month
At the end of months 1, 2, 3, 4 and 5 from commencement of review of MYT Proposal of CSI Airport, Mumbai based on reporting of activities undertaken during the period to the Designated AERA Staff	7 lakhs
At the end of each subsequent month after completion of 5th month from commencement of review of MYT Proposal of CSI Airport, Mumbai based on a reporting of activities undertaken during the period to the Designated AERA Staff	6 lakhs

Associated Considerations:

1. Fees would be payable within 21 days of submission of our invoices.
2. Fees are exclusive of Service Tax, which will be charged additionally at actuals at prevailing rates.
3. Payments made after deduction of any TDS or any other impositions, would need issuance of appropriate certificates evidencing such deductions.
4. The above fee does not include any Out-of-Pocket Expenses on travel outside National Capital Region of India (NCR).

General Terms & Conditions

Appendix ___

GENERAL TERMS & CONDITIONS

1. Definitions

1.1. **"Affiliate"** means any entity which is controlling, controlled by, or under common control with, any addressee of the Engagement Letter, Deloitte Touche Tohmatsu India Pvt. Ltd or any Deloitte Entity as may be appropriate.

1.2. **"Business Terms"** means the terms set out in this document.

1.3. **"Claim"** means any claim or proceeding of any nature (whether in contract, tort, breach of statutory duty or otherwise and including, but not limited to, a claim for negligence).

1.4. **"Client"** means Mumbai International Airport (P) Limited

1.5. **"Contract"** means the Engagement Letter and the Business Terms.

1.6. **"Deliverables"** means any deliverables identified in the Engagement Letter to be provided to you in respect of the Services.

1.7. **"DTTIPL"** means Deloitte Touche Tohmatsu India Private Limited

1.8. **"DTTL"** means Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee.

1.9. **"Deloitte Entity"** means a member firm of DTTL (including DTTIPL) (but not DTTL itself) and their respective subsidiaries and Affiliates, their predecessors, successors and assignees, all partners, associate partners, principals, members, owners, directors, employees, and agents of all such entities.

1.10. **"Engagement Letter"** means the engagement letter entered into between Client and DTTIPL and any appendices other than these Business Terms. Provided that in the event that these Business Terms are attached to any proposal submitted by DTTIPL in response to an RFP, then such proposal shall be subject to these Business Terms and any reference to 'Engagement Letter' in these Business Terms shall be deemed to be a reference to such proposal.

1.11. **"Losses"** means any losses, Claims, liabilities, damages, costs or expenses in any way relating to or arising out of the Contract or the Services.

1.12. **"Services"** means the services, Deliverables and work product described in the Engagement Letter.

1.13. **"Subcontractor"** means a third party (other than a Deloitte Entity) to whom DTTIPL subcontracts any of the Services.

2. Contract and Parties

2.1. The Contract constitutes the whole agreement between the Client and DTTIPL in relation to the Services.

2.2. This Contract is between the Client and DTTIPL. DTTIPL may subcontract any Services under this Contract to any other Deloitte Entity or, with the consent of the Client, to any Subcontractor. The Client's relationship is solely with DTTIPL as the entity contracting to provide the Services. Each party is an independent contractor and neither party is, nor shall be considered to be, the other's agent, distributor, partner, fiduciary, joint venturer, co-owner, or representative. DTTIPL remains

1/8

Appendix ___

GENERAL TERMS & CONDITIONS

responsible to the Client for all of the Services under this Contract, including Services performed by any Deloitte Entity or Subcontractor. To the fullest extent possible under applicable law, no Deloitte Entity (except DTTIPL) nor any Subcontractor nor DTTL will have any liability to the Client and the Client will not bring any Claim in any way in respect of or in connection with this Contract against any Deloitte Entity (except DTTIPL), any Subcontractor or DTTL.

2.3. Except as expressly provided herein, no Deloitte Entity has any responsibility for the acts or omissions of DTTL or any other Deloitte Entity. Each Deloitte Entity is a separate and independent legal entity operating under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu" or other related names; and Services are provided by member firms or their Affiliates and not by DTTL. DTTL has no responsibility for the acts or omissions of any Deloitte Entity.

3. Responsibilities of the Client

3.1. The Client is responsible for determining that the scope of the Services is appropriate for its needs.

3.2. The Client shall cooperate with DTTIPL in the performance of the Services, including, without limitation, providing reasonable facilities and timely access to data, information and personnel of the Client. The Client shall be responsible for the performance of its personnel and agents, for the timeliness, accuracy and completeness of all data and information (including all financial information and statements) provided to DTTIPL by or on behalf of the Client and for the implementation of any advice provided as part of the Services. DTTIPL may use and rely on information and data furnished by the Client or others without audit or verification. DTTIPL's performance shall be dependent upon the timely performance of the Client's responsibilities under the Contract and timely decisions and approvals of the Client in connection with the Services. DTTIPL shall be entitled to rely on all decisions and approvals of the Client.

3.3. Except as otherwise provided in the Engagement Letter, the Client shall be solely responsible for, among other things: (A) making all management decisions and performing all management functions; (B) designating one or more individuals who possess suitable skill, knowledge, and/or experience, preferably within senior management to oversee the Services; (C) evaluating the adequacy and results of the Services; (D) accepting responsibility for the results of the Services; and (E) establishing and maintaining internal controls, including, without limitation, monitoring ongoing activities.

3.4. Unless the Engagement Letter specifies other arrangements, the Client agrees that any Deliverables will be deemed accepted by the Client (and the Services, or the relevant part of them complete) within 10 days of their delivery, upon their delivery in their final form or when the Client first makes use of them in its business, whichever comes first.

4. Responsibilities of DTTIPL

4.1. This is a services engagement. DTTIPL warrants that it shall perform the Services in good faith and with due professional care. DTTIPL disclaims all other warranties, either express or implied.

4.2. DTTIPL will use reasonable efforts to supply the Services in accordance with any timetable referred to in the Engagement Letter or otherwise specified by the parties in writing. However, unless both parties specifically agree otherwise in writing, all dates given by DTTIPL or specified by the Client for the Services are intended for planning and estimating purposes only and are not contractually binding.

Appendix ___

GENERAL TERMS & CONDITIONS

4.3. Except as specifically agreed to in writing, DTTIPL shall not provide advice regarding the financial accounting treatment of any transaction arising from the Services and will not assume any responsibility for any financial reporting with respect to the Services.

4.4. Although DTTIPL may need to review sections of draft agreements prepared by the Client's legal advisers, DTTIPL is not qualified to provide legal advice. Accordingly DTTIPL shall have no responsibility to address any legal matters or questions of law.

4.5. In providing the Services, DTTIPL may discuss ideas with the Client orally or show the Client drafts of Deliverables and/or work products. To the extent that the content of such drafts or oral advice is finalized and confirmed to the Client in writing, such writing shall supersede any previous drafts or oral advice. DTTIPL shall not be responsible if the Client or others choose to rely on, act or refrain from acting on the basis of such drafts or oral advice.

5. Payment of Invoices

5.1. DTTIPL's invoices are due and payable by the Client upon presentation. For invoices upon which payment is not received within thirty (30) days of the invoice date, DTTIPL reserves the right to charge 1% per month simple interest. Without limiting its other rights or remedies, DTTIPL shall have the right to suspend or terminate the Services entirely or in part if payment is not received within thirty (30) days of the invoice date. The Client shall be responsible for all taxes and levies, imposed on or in connection with the Services, other than DTTIPL's income and property taxes.

5.2. Any estimate of the fees involved in the Services will be based upon DTTIPL's assessment of the work involved, taking account of any assumptions set out in the Engagement Letter. Unless DTTIPL has agreed otherwise in the Engagement Letter, DTTIPL's fees may be adjusted, for example, if the Services prove more complex or time consuming than expected.

6. Term

6.1. Unless terminated sooner in accordance with its terms, this Contract shall terminate once the Services have been performed.

6.2. This Contract may be terminated by either DTTIPL or the Client at any time, with or without cause, by giving written notice to the other party not less than [thirty (30)] days before the effective date of termination, provided that, in the event of a termination for cause, the breaching party shall have the right to cure the breach within the notice period.

6.3. DTTIPL may terminate this Contract with immediate effect upon written notice to the Client if DTTIPL determines that (a) a governmental, regulatory, or professional entity, or an entity having the force of law, has introduced a new, or modified an existing, law, rule, regulation, interpretation, or decision, the result of which would render DTTIPL's performance of any part of the Contract illegal or otherwise unlawful or in conflict with independence or professional rules, or (b) circumstances change (including, without limitation, changes in ownership of the Client or any of its Affiliates) such that DTTIPL's performance of any part of the Contract would be illegal or otherwise unlawful or in conflict with independence or professional rules.

6.4. Upon termination of the Contract, the Client will compensate DTTIPL under the terms of the Engagement Letter for the Services performed and expenses incurred through the effective date of termination.

Appendix ___

GENERAL TERMS & CONDITIONS

7. Ownership of DTTIPL Property & Work Products

7.1. On payment of all of DTTIPL's fees in connection with this Contract, the Client shall obtain a non-exclusive license to use within its internal business, subject to the other provisions of this Contract, any Deliverables or work product for the purpose for which the Deliverables or work product were supplied. DTTIPL retains all rights in the Deliverables and work product, and in any software, materials, know-how and/or methodologies that DTTIPL may use or develop in connection with this Contract.

8. Limitation on Damages

8.1. Nothing in this Contract shall exclude or restrict or prevent a Claim being brought in respect of:

8.1.1. any liability finally judicially determined to arise primarily from the fraud or bad faith of any Deloitte Entity or any Subcontractor; or

8.1.2. any other liabilities which cannot lawfully be limited or excluded, save to the extent permitted by law.

8.2. The Client agrees that DTTIPL shall not be liable to the Client for any Losses for an aggregate amount in excess of the fees paid by the Client to DTTIPL under the Contract.

8.3. In circumstances where the provisions of clause 2.2 are finally judicially determined to be unenforceable, no Deloitte Entity or Subcontractor shall be liable to the Client for any Losses for an aggregate amount in excess of the fees paid under the Contract.

8.4. In no event shall any Deloitte Entity or Subcontractor be liable for any loss of use, contracts, data, goodwill, revenues or profits (whether or not deemed to constitute direct Losses) or any consequential, special, indirect, incidental, punitive or exemplary loss, damage, or expense relating to this Contract or the Services.

8.5. In circumstances where all or any portion of the provisions of this paragraph 8 are finally judicially determined to be unenforceable, the aggregate liability of DTTIPL and any other Deloitte Entity or Subcontractor for any Loss shall not exceed an amount which is proportional to their relative responsibility for the Loss to which the Claim relates taking into account the contributory negligence (if any) of the claimant and the responsibility and/or liability of any third party.

8.6. DTTIPL will not be liable for Losses arising as a result of the provision of false, misleading or incomplete information or documentation or the withholding or concealment or misrepresentation of information or documentation by any person other than a Deloitte Entity or a Subcontractor.

9. Force Majeure

9.1. Neither party shall be liable for any delays or nonperformance directly or indirectly resulting from circumstances or causes beyond its reasonable control.

10. Limitation on Actions

10.1. No action, regardless of form, relating to this Contract or the Services, may be brought by DTTIPL or the Client more than two years after the cause of action has accrued under applicable law.

11. Confidentiality

11.1. To the extent that, in connection with this Contract, either DTTIPL or the Client (the "receiving party") comes into possession of any information, trade secrets or other proprietary information relating to the other (the "disclosing party") which is designated in writing by the disclosing party as

Appendix ___

GENERAL TERMS & CONDITIONS

'Confidential Information' (the "Confidential Information"), it shall not disclose such Confidential Information to any third party without the disclosing party's consent except to the Client's or DTTIPL's legal advisors solely for the purpose of obtaining legal advice, or as may be required by law, regulation, judicial or administrative process, or to the extent that such Confidential Information (A) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by the receiving party in breach hereof, (B) becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party which the receiving party believes is not prohibited from disclosing such information to it by obligation to the disclosing party, (C) is known by the receiving party prior to its receipt from the disclosing party without any obligation of confidentiality with respect thereto or (D) is developed by the receiving party independently of any disclosures made by the disclosing party to the receiving party of such information. In satisfying its obligations under this Paragraph 11.1 each party shall maintain the other's Confidential Information in confidence using at least the same degree of care as it employs in maintaining in confidence its own Confidential Information, but in no event less than a reasonable degree of care. The obligations imposed by this clause 11.1 shall survive the termination of this Contract for a period of one (1) year.

11.2. **Disclosure by DTTIPL :** The Client also consents to DTTIPL disclosing Confidential Information (i) to any Deloitte Entity and to any Subcontractors that have agreed to be bound by confidentiality obligations similar to those in this paragraph 11 and (ii) to its auditors, insurers or in accordance with applicable professional standards, or in connection with potential litigation.

11.3. In the performance of the Services, any Deloitte Entity or any Subcontractor may communicate or discuss the affairs of the Client with the other advisers of the Client and may do so free from any obligation of confidentiality.

11.4. The Client acknowledges that DTTIPL, in connection with performing the Services, may develop or acquire general knowledge, experience, know-how, skills and ideas that are retained in the memory of its personnel. Notwithstanding anything to the contrary herein, the Client acknowledges and agrees that DTTIPL may use such general knowledge, experience, know-how, skills and ideas.

11.5. Nothing contained herein will prevent or restrict any Deloitte Entity, including DTTIPL, from providing services to other clients (including services which are the same or similar to the Services) even if those other clients' interests are in competition with the Client. To the extent that DTTIPL possesses information obtained under an obligation of confidentiality to another client or other third party, DTTIPL is not obliged to disclose such information to the Client, or use it for the benefit of the Client, however relevant it may be to the Services.

11.6. In addition, the Client acknowledges and agrees that any such information that comes to the attention of DTTIPL in the course of performing this engagement may be considered and used by any Deloitte entity rendering accounting services in the context of responding to its professional obligations as the independent accountants for the Client.

11.7. The Client agrees to reimburse any costs any Deloitte Entity or any Subcontractor may incur in complying with any legal, professional or regulatory disclosure requirement relating to any of the Services imposed in any proceedings or regulatory process not involving any substantive claim or proceeding against any such Deloitte Entity or Subcontractor, provided the Client is notified promptly and, where reasonably or legally possible, prior to disclosure.

Appendix ___

GENERAL TERMS & CONDITIONS

11.8. **Disclosure and use by Client :** Notwithstanding Clause 11.1 above, the Client shall not disclose to any third party the advice, opinions, reports or other work product of DTTIPL provided hereunder without the express written consent of DTTIPL, except (i) where applicable laws, regulations, rules and professional obligations prohibit limitations on disclosure, (ii) in the event that the Client or its affiliates have securities registered with the United States Securities and Exchange Commission and any Deloitte Entity is the auditor of the Client or any of its affiliates, in which case there are no restrictions or limitations on the disclosure of DTTIPL's advice, opinions, reports and other work product provided hereunder, or (iii) to the extent the United States Internal Revenue Code and applicable Internal Revenue Service guidance relating to confidential tax shelters (or comparable law or guidance from other taxing authorities) apply, in which case there are no restrictions or limitations on the disclosure of DTTIPL's advice, opinions, reports and other services. The Client shall use the advice, opinions, reports or other work product of DTTIPL solely for the purposes specified in the engagement letter and, in particular, shall not, without the prior written consent of DTTIPL, use any advice, opinion, report or other work product of DTTIPL in connection with business decisions of any third party or for advertisement purposes. All Services are only intended for the benefit of the Client. The mere receipt of any advice, opinions, reports or other work product by any other persons is not intended to create any duty of care, professional relationship or any present or future liability between those persons and DTTIPL. As a consequence, if copies of any advice, opinions, reports or other work product (or any information derived therefrom) are provided to others under the above exclusions, it is on the basis that DTTIPL owes no duty of care or liability to them, or any other persons who subsequently receive the same.

12. Survival and Interpretation

12.1. Any provisions of the Contract which either expressly or by their nature extend beyond the expiration or termination of this Contract shall survive such expiration or termination, including, without limitation, paragraphs 2 (Contract and Parties), 5 (Payment of Invoices), 7 (Ownership of DTTIPL Property and Work Products), 8 (Limitation on Damages), 10 (Limitation on Actions), 11.8 (Disclosure and use by Client), 12 (Survival and Interpretation), 13 (Assignment), 14 (Indemnification), 19 (Governing Law and Submission to Jurisdiction) and 20 (Entire Agreement).

12.2. If any provision or part of this Contract is found by a court of competent jurisdiction or other competent authority to be unenforceable, such provision or part shall not affect the remainder of the Contract, but such unenforceable provision or part shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein. The provisions of paragraphs 2 (Contract and Parties), 8 (Limitation on Damages), 9 (Force Majeure), 10 (Limitation on Actions), 14 (Indemnification), 19 (Governing Law and Submission to Jurisdiction) and 20 (Entire Agreement) hereof shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise, notwithstanding the failure of the essential purpose of any remedy.

12.3. If there is a conflict between these Business Terms and the Engagement Letter these Business Terms govern.

12.4. No person who is not a party to this Contract other than a Deloitte Entity and DTTL shall be entitled to enforce any of its terms. This Contract can be varied without any third party's consent.

12.5. The headings in this Contract are for convenience only and shall not affect the interpretation of this Contract.

Appendix ___

GENERAL TERMS & CONDITIONS

13. Assignment

13.1. No party may assign or otherwise transfer this Contract without the prior express written consent of the other, except that DTTIPL may assign any of its rights or obligations hereunder to any Deloitte Entity and to any successor to its business. Neither party will directly or indirectly assign or transfer to a third party any Claim against the other party arising out of this Contract.

14. Indemnification

14.1. The Client shall indemnify and hold harmless the Deloitte Entities and DTTL for all Losses incurred in connection with any third party Claim, except to the extent finally judicially determined to have resulted primarily from the fraud or bad faith of such Deloitte Entity or DTTL.

15. Post date events.

15.1. DTTIPL has no responsibility to monitor events occurring after the date of the Services nor to update any Deliverable.

16. Liability

16.1. DTTIPL will not be liable for Losses arising out of the Client's use of DTTIPL's Deliverables or DTTIPL's advice for any purpose other than that set out in the Engagement Letter.

17. Use of name and logos

17.1. DTTIPL and the Client agree that neither shall use the other's name, trademarks, service marks, logos, trade names and/or branding without prior written consent, except that any Deloitte Entity may use the name of the Client and the performance of the Services in marketing and publicity materials, as an indication of its experience, and for internal purposes.

18. Electronic Communications

18.1. Except as instructed otherwise in writing, each party may assume that the other approves of properly addressed fax, email (including email exchanged via Internet media) and voicemail communication of both sensitive and non-sensitive documents and other communications concerning this Contract, as well as other means of communication used or accepted by the other.

18.2. It is recognized that the Internet is inherently insecure and that data can become corrupted, communications are not always delivered promptly (or at all) and that other methods of communication may be appropriate. Electronic communications are also prone to contamination by viruses. Each party will be responsible for protecting its own systems and interests and, to the fullest extent permitted by law, will not be responsible to the other on any basis (whether in contract, statute, tort (such as negligence) or otherwise) for any loss, damage or omission in any way arising from the use of the Internet or from access by any Deloitte Entity to networks, applications, electronic data or other systems of the Client.

19. Governing Law and Submission to Jurisdiction

19.1. This Contract, including all matters relating to it shall be governed by, and construed in accordance with, the laws of the India without giving effect to the choice of law principles thereof.

19.2. Any action or proceeding arising out of or relating to this Contract or the Services shall be brought and maintained exclusively in the courts of India. The parties hereby expressly and irrevocably (i) submit to the exclusive jurisdiction of such courts for the purposes of any such action or proceeding

Appendix ___

GENERAL TERMS & CONDITIONS

and (ii) waive, to the fullest extent permitted by law, any defense of inconvenient forum to the venue and maintenance of such action in any such courts.

20. Entire Agreement, Modification and Effectiveness

20.1. Nothing discussed prior to execution of the Engagement Letter induced, nor forms part of, the Contract unless as specifically set out in this Contract. This Contract supersedes any previous agreement, proposal, understanding or communication, written or oral, relating to its subject matter.

20.2. No variation to the Contract shall be effective unless it is documented in writing and signed by authorized representatives of both parties, provided, however, that the scope of Services set forth in the Engagement Letter may be changed by agreement of the parties in writing, including by e-mail or facsimile. If DTTIPL has already started work (e.g. by gathering information, project planning or giving initial advice) then the Client agrees that this Contract is effective as of the start of such work.

Acceptance:

_____

(Name of the Client)

Signature of the Authorized Signatory : _____

Name of the Authorized Signatory : _____

Title : _____

Date : _____

Authorization:
Deloitte Touche Tohmatsu India Private Limited

Signature of the Authorized Signatory : _____

Name of the Authorized Signatory : _____

Title : _____

Date : _____

8/8

Deloitte.

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AGREEMENT No. XX/2012-13

This AGREEMENT (hereinafter called the "Agreement") is made on the _____ day of the month of _____ , between, on one hand, the Chairperson, Airports Economic Regulatory Authority of India (hereinafter called the "the Authority" which expression shall include their respective successors and permitted assigns, unless the context otherwise requires) and, on the other hand, _____ (hereinafter called the "Consultant" which expression shall include their respective successors and permitted assigns).

WHEREAS

(A) M/s _____ has been appointed to provide advisory assistance to the Authority for 'Review of Financial Models for Determination of Aeronautical charges in respect of _____ (hereinafter called the "Consultancy");

(B) AND WHEREAS Consultant has been explained and has understood the Scope of Services to be rendered and has also put forth the Consideration to be received by the Consultant from the Authority on rendering the services.

(C) AND WHEREAS having discussed various terms, conditions, roles and responsibilities, which shall bind the Parties hereto, the Parties have decided to execute this agreement incorporating all relevant terms and conditions governing this Agreement.

NOW, THEREFORE, the parties hereby agree to as follows:

1 General

1.1 Definitions and Interpretation

The words and expressions beginning with capital letters and defined in this Agreement shall, unless the context otherwise requires, have the meaning hereinafter respectively assigned to them:

(a) "Applicable Laws" means the laws and any other instrument having the forces of law in India as they may be issued and in force from time to time;

(b) "Agreement" means this Agreement, together with all its Annexures;

(c) "Assignment" means the assistance to be provided to the Authority by the consultant as per the Terms of Reference given in Annexure 1;

(d) "Effective Date" means the date on whichthis Agreement comes into force and effect pursuant to Clause 2.1;

(e) "Government" means the Government of India;

(f) " INR, Re. or Rs." means Indian Rupees;

(g) "Personnel" means the proficient personnel and subject experts hired by the Consultant and assigned to the performance of the required Services or any part thereof;

(h) "Party" means the Authority or the Consultant, as the case may be, a "Parties" means both of them;

(i) "Services" means the work required to be performed/ services required to be rendered by the Consultant pursuant to this Agreement, as described in the Terms of Reference hereto as Annexure 1.

(j) "Current Control Period" shall mean the current control period in respect of _____ Airport i.e. the period form 01.04.2014 to 31.03.2019.

1.2 Relation between the Parties

Nothing contained herein shall be construed as establishing a relation of master and servant or of agent and principal as between the Authority and the Consultant. The Consultant shall, subject to this Agreement, have complete control / charge and supervision over Personnel performing the Services and shall be fully responsible for the Services to be performed by them or on their behalf hereunder.

1.3 Rights and Obligations

The mutual rights and obligations of the Authority and the Consultant shall be as set forth in the Agreement; in particular:

(a) the Consultant shall render the Services in accordance with the provisions of thisAgreement; and

(b) the consultant shall honor and fulfil the obligation of 'confidentiality' and conflict of interest as provided in this agreement; and

(c) the payments to the Consultant shall be made as per commitment under the Agreement.

1.4 Governing law and jurisdiction

This Agreement shall be construed and interpreted in accordance with and governed by the laws of India, and the courts at New Delhi alone shall have exclusive jurisdiction over matters arising out of or relating to this Agreement.

1.5 Language

All notices required to be given by one party to the other Party and all other communications, documentation and proceedings which are in any way relevant to this Agreement shall be in writing and in English language.

1.6 Notices

Any notices or other communications to be given by any party to the other party under or in connection with the matters contemplated by this Agreement shall be in writing and shall:

(a) In the case of the Consultant, be given by facsimile and by letter delivered by hand to the address given and marked for attention of the Consultant's Representative set out below in Clause 1.8 or to such other person as the Consultant may from time to time designate by notice to the Authority; provided that notices or other communications to be given to an address outside India may, if they are subsequently confirmed by sending a copy thereof by registered acknowledgement due, air mail or by courier, be sent by facsimile to the address as the Consultant may from time to time designate by notice to the Authority;

(b) In the case of the Authority, be given by facsimile and by letter delivered by hand and be addressed to the Authority with a copy delivered to the Authority's Representative set out below in Clause 1.8 or to such other person as the Authority may from time to time designate by notice to the Consultant; provided that if the Consultant does not have an office in Delhi it may send such notice by facsimile and by registered acknowledgement due, air mail or by courier; and

(c) Any notice or communication by a party to the other party, given in accordance herewith, shall be deemed to have been delivered when in the normal course it is postedand ought to have been delivered.

1.7 Location

The Services shall be performed, delivered at the offices of the Authority or any other place as required by the Authority and at such locations as are incidental thereto, including the offices of the Consultant.

1.8 The Consultant/Authority's authorised representatives shall be as under:,

The Consultant's Representative	*The Authority's Representative*
_____	Secretary,
_____	Airports Economic Regulatory Authority,
	AERA Building,
_____	Safdarjang Airport Administrative Complex,
_____	Safdarjang Airport,
_____	New Delhi-110003
_____	Tel : 01124695040
Phone/ Fax: +_____	Fax: 01124695039

1.9 **Taxes and duties**

Unless otherwise specified in the Agreement, it shall be the obligation of the Consultant to pay all such taxes, duties, fees and other impositions as may be levied under the Applicable Laws and the Authority shall perform its obligations as lawfully imposed on it.

2 COMMENCEMENT, COMPLETION AND TERMINATION OF AGREEMENT

2.1 Effectiveness of Agreement

This Agreement shall be deemed to have come into force and effect on _____ (the **"Effective Date"**) and shall remain in force till completion of the Services by the Consultant as per clause 2.2.

2.2 Term of Agreement

Unless terminated earlier pursuant to Clause 2.7 hereof, the term of agreement is __ months w.e.f. _____. Provided, if the agreement is to be extended beyond __months from commencement of the agreement or if any other additional work is added to the scope mentioned in Annexure 1, additional fee, if any, be payable as per Annexure 2 appended to this agreement.

2.3. Expiration of Agreement

Unless terminated earlier pursuant to Clause 2.7hereof, this Agreement shall expire when the Services have duly been completed and a period of 90 (ninety) days has elapsed and all payments due under this Agreement, have been made.

2.4 Entire Agreement

This Agreement and the Annexes together constitute a complete and exclusive statement of the terms of the agreement between the Parties on the subject hereof, and no amendment or modification hereto shall be valid and effective unless such modification or amendment is specifically agreed to in writing by the Parties and duly executed by persons especially empowered in this behalf by the respective Parties.

2.5 Modification of Agreement

Modification of the terms and conditions of this Agreement, including any modification of the scope of the Services, may be made only by written agreement between the Parties and not otherwise.

2.6 Force Majeure

2.6.1 Definition

(a) For the purpose of this Agreement, "Force Majeure" means an eve. which is beyond the reasonable control of a Party, and which makes a Party's performance of its obligations hereunder impossible or so impractical as reasonably to be considered impossible in the circumstances, and shall be limited to war, riots, civil disorder, earthquake, fire, explosion, storm, flood or other adverse weather conditions, strikes, lockouts or other industrial action (except where such strikes, lockouts or other industrial action are within the power of the

Party invoking Force Majeure to prevent), confiscation or any other action by government agencies.

(b) Without prejudice to the generality of clause (a)above, it is specifically clarified that Force Majeure shall not include (i) any event which is caused by the negligence or intentional action of a Party or such Party's agents or employees, nor (ii) any event which a diligent Party could reasonably have been expected to either (A) take into account at the time of the conclusion of this Agreement and (B) avoid or overcome in the carrying out of its obligations hereunder.

(c) Force Majeure shall not include insufficiency of funds or failures to make any payment required hereunder.

2.6.1.No breach of Agreement

The failure of a Party to fulfil any of its obligations hereunder shall not be considered to be a breach of, or default under, this Agreement insofar as such inability arises from an event of Force Majeure, provided that the Party affected by such an event has taken all reasonable precautions, due care and reasonable alternative measures, all with the objective of carrying out the terms and conditions of this Agreement.

2.6.2 Measures to be taken

(a) A Party affected by an event of Force Majeure shall take all reasonable measures to remove such Party's inability to fulfil its obligations hereunder with a minimum of delay.

(b) A Party affected by an event of Force Majeure shall notify the other Party of such event as soon as possible, and in any event not later than seven (7) days following the occurrences of such event, providing evidence of the nature and cause of such event, and shall similarly give notice of the restoration of normal conditions as soon as possible.

(c) The Parties shall take all reasonable measures to minimize the consequences of any event of Force Majeure.

2.6.3 Extension of time/Termination of Services

Any period within which a Party shall, pursuant to this Agreement, complete any action or task, may be extended for a period equal to the time during which such

Party was unable to perform such action as a result of Force Majeure, to be decided at the sole discretion of the Authority.

Not later than fifteen (15) days after the Consultant has, as a result of any event of Force Majeure etc., becomes incapable to perform a material portion of the Services, the Authority will be at liberty to terminate the Agreement and award the same to another party.

2.6.4 Suspension of Payments

Notwithstanding any other clause of this agreement, the Authority may, by written notice of suspension to the Consultant, suspend all payments to the Consultant hereunder if in the opinion of the Authority the Consultant has been in breach of this Agreement, or has in any manner failed to perform any of its obligations under this Agreement including the carrying out of the Services; provided that such notice of suspension (i) shall state the nature of the breach/ failure, and (ii) shall provide an opportunity to the Consultant to remedy such breach or failure within a period not exceeding five (5) days after receipt by the Consultant of such notice of suspension.

2.7 Termination of Agreement

2.7.1 By the Authority

The Authority may, by not less than fifteen (15) days' written notice of termination to the Consultant, such notice to be given after the occurrence of any of the events specified herein, terminate this Agreement if:

(a) The Consultant fails to remedy any breach hereof or any failure in the performance of its obligations hereunder, as specified in the notice of suspension pursuant to Clause 2.6.4 hereinabove, within five (5) days receipt of such notice of suspension;

(b) the Consultant becomes insolvent or bankrupt or enters into any agreement with its creditors for relief of debt or take advantage of any law for the benefit of debtors or goes into liquidation or receivership whether compulsory or voluntary;

(c) the Consultant fails to comply with any final decision reached as a result of arbitration proceedings pursuant to Clause 7 hereof;

(d) the Consultant submits to the Authority a statement which has a material effect on the rights, obligations or interests of the Authority and which the Consultant has reason to believe is false;

(e) any document, information, data or statement submitted by the Consultant in its Proposals, based on which the Consultant was considered eligible or successful, if found to be false, incorrect or misleading;

(f) as a result of Force Majeure, the Consultant is unable to perform a material portion of the Services for a period of not less than fifteen (15) days;

(g) a situation of conflict of interest as set out in Clause 3.2.3 of this agreement;

(h) the Authority, in its sole discretion and for any reason whatsoever, decides to terminate this Agreement.

Notwithstanding anything contained in this agreement, it is specifically agreed by the parties that on such issuance of notice of termination by the Authority, the Authority will be at liberty to initiate the process for fresh award of the agreement and award the same to any other consultant.

2.7.2 By the Consultant

The Consultant may, by not less than thirty (30) day's written notice to the Authority, such notice to be given after the occurrence of any of the events specified herein, terminate this Agreement if:

(a) the Authority fails to pay any money due to the Consultant pursuant to this Agreement and not being the subject of dispute pursuant to Clause 7 hereof or otherwise, within forty-five (45) days after receiving written notice from the Consultant stating that such payment is overdue;

(b) the Authority is in material breach of its obligations pursuant to this Agreement and has not remedied the same within forty-five (45) days (or such longer period as the Consultant may have subsequently granted in writing) following the receipt by the Authority of the Consultant's notice specifying the particular breach in question, the manner in which such breach has affected the performance of the services of the Consultant

under this Agreement and the action required from the Authority with regard to such breach;

2.7.3 Cessation of rights and obligations

Upon termination of this Agreement pursuant to Clause 2.7 hereof, or upon expiration of this Agreement pursuant to Clause 2.2 hereof, all rights and obligations of the Parties hereunder shall cease, except (i) such rights and obligations as may have accrued on the date of termination or expiration, (ii) the obligations of confidentiality set forth in Clause 3.3 hereof, as relate to the Consultant's Services provided under this Agreement; and (iii) any right or remedy which a Party may have under this Agreement or the Applicable Law.

2.7.4 Cessation of Services

Upon termination of this Agreement by notice of either Party to the ot pursuant to Clauses 2.7.1 or 2.7.2 hereof, the Consultant shall, immediately upon dispatch or receipt of such notice, take all necessary steps to bring the Services to a close in a prompt and orderly manner without causing any detrimental effect to the work/service in question. The Consultant agrees to render all assistance to the Authority/ the New Consultant in this regard. With respect to documents prepared by the Consultant and any materials furnished by the Authority, the Consultant shall proceed as provided by Clause3.7 hereof.

2.7.5 Payment upon Termination

Upon termination of this Agreement pursuant to Clauses 2.7.1 or 2.7.2 here payments due to the Consultant shall be made after adjustment of any amount that may be considered due from the Consultant to the Authority.

2.7.6 Disputes about Events of Termination

If either Party disputes whether an event specified in Clause 2.7.1 or in Clause 2.7.2 hereof has occurred, such Party may, within 30 (thirty) days after receipt of notice of termination from the other Party, refer the matter to arbitration pursuant to Clause 7 hereof, and this Agreement shall not be terminated on account of such event except in accordance with the terms of any, resulting arbitral award. However the provisions of this Clause will not affect the right of the Authority to initiate the process for fresh award of this agreement or to award this Agreement to some other Consultant.

3 OBLIGATIONS OF THE CONSULTANT

3.1 General

3.1.1 Standards of Performance

The Consultant shall perform the Services and carry out obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted professional techniques and practices, and shall observe sound management practices, and employ appropriate and effective methods. The Consultant shall always act and conduct itself in a manner, in respect of any matter relating to this Agreement or to the Services, as a faithful advisor to the Authority, and shall at all times support and safeguard the Authority's interests.

3.1.2 Terms of Reference

The scope of Services to be performed by the Consultant is specified in the Terms of Reference at Annexure 1 of this Agreement.

3.1.3 Applicable Laws

The Consultant shall perform the Services in accordance with the Applicable Laws and shall take all practicable steps to ensure that the Personnel of the Consultant comply with the Applicable Laws.

3.2 Conflict of Interest

3.2.1 The Consultant shall not have a Conflict of Interest, (refer to in Clause 3.2.3) and any breach hereof shall constitute a breach of the Agreement making this agreement liable to termination at the behest of the Authority.

3.2.2 Consultant and Affiliates not to be otherwise interested in the Project – TheConsultant agrees that, during the term of this Agreement and after its termination, the Consultant and any entity affiliated with the Consultant, shall not take up any assignment or render any advice or opinion relating to any challenge of the validity or the legality of any advice or any other work which is related to or has arisen as part of Services under the scope of this Agreement. Any breach of this obligation shall amount to a Conflict of Interest.

3.2.3 Prohibition of conflicting activities

Neither the Consultant nor its Personnel shall engage in any activities relating to challenging the validity or the legality of any advice or any other work which is related to or has arisen as part of Services rendered under the scope of this Agreement. Such restrictions on activities shall subsist for the duration of the current Control Period.

3.3 Confidentiality

The Consultant, and its Personnel shall not, either during the term and two years after the expiration or termination of this Agreement disclose any proprietary information, including but not limited to information relating to reports, data, software or other material, whether written or oral, in electronic or magnetic format, and the contents thereof; and any reports, digests or summaries created or summaries created or derived from any of the foregoing that is provided by the Authority to the Consultant, and its Personnel; any information provided by or relating to the Authority, its technical processes, business affairs or finances or any information relating to the Authority's employees, officers or other professionals or suppliers, customers, or contractors of the Authority; and any other information which the Consultant is under an obligation to keep confidential in relation to the Project, the Services or this Agreement **("Confidential Information"),** without the prior written consent of the Authority.

Notwithstanding the aforesaid, the Consultant and its Personnel may disclose, with prior written approval of the Authority, Confidential Information to the extent that such Confidential Information:

(i) is required to be disclosed by Law or judicial or administrative or arbitral process or by any Governmental Instrumentalities, provided that for any such disclosure, the Consultant and its Personnel shall give the Authority, prompt written notice, and use reasonable efforts to ensure that such disclosure is accorded confidential treatment;

(ii) is provided to the professional advisers, agents, auditors or representatives of the Consultant as is reasonable under the circumstances; provided, however, that the consultant or its Personnel as the case may be, shall require their professional advisers, agents, auditors or its representatives, to undertake in writing to keep such Confidential Information, confidential and shall use its best efforts to ensure compliance with such undertaking.

Subject to the confidentiality obligations above, the Consultant shall be allowed to use this engagement as an experience citation with other clients.

3.4 Liability of the Consultant

It is agreed between the parties that the Consultant shall be liable to the Authority for any and all loss or damage accrued or likely to accrue due to deficiency in Services rendered by it. It shall be no defense for the Consultant to state that such loss incurred or likely to be incurred or damage sustained or likely to be sustained by the Authority was not the direct cause of or proximate to any act or omission by the Consultant.

The Consultant's overall liability under the Agreement shall be capped at ten percent (10%) of the Agreement Value and shall be restricted to direct costs only. The Consultant shall not be, in any event, liable for indirect or consequential losses or damages.

3.5 Reporting obligations

The Consultant shall submit to the Authority the reports and documents specified in the Agreement, in the form and in the number within the time periods set forth therein. The consultant shall for the purpose of fulfilment of its obligations under this agreement be solely and completely under the control of

the Authority and the Authority shall be entitled to execute its control over the consultant in the manner it deems fit and appropriate.

3.6 Documents prepared by the Consultant to be the property of the Authority

3.6.1 All reports and other documents prepared and submitted by the Consultant in performing the Services under this Agreement shall become and remain the property of the Authority, and the Consultant shall, not later than termination or expiration of this Agreement; deliver all such documents to the Authority, together with a detailed inventory thereof. The Consultant may retain a copy of such documents. Restrictions about the future use of these documents shall be as specified in the Agreement.

3.6.2 All reports and other documents prepared and submitted by the Consultant in performing the Services under this Agreement shall become and remain the property of the Authority, and all intellectual property rights in such Consultancy Documents shall vest with the Authority. Any Consultancy Document, of which the ownership or the intellectual property rights do not vest with the Authority under law, shall automatically stand assigned to the Authority as and when such Consultancy Document is created and the Consultant agrees to execute all papers and to perform such other acts as the Authority may deem necessary to secure its rights herein assigned by the Consultant.

3.6.3 The Consultant shall not use these documents for purposes unrelated to this Agreement without the prior written approval of the Authority.

3.7 Any data / information / report furnished by the Authority

Any data/ information / report made available to the Consultant by the Authority shall be the property of the Authority. Upon termination or expiration of this Agreement, the Consultant shall furnish forthwith to the Authority, an inventory of such data/ information / reports and shall dispose of such data/ information / report in accordance with the instructions of the Authority.

The Consultant would be allowed to retain a copy of its working papers to maintain a professional record of its involvement in the engagement and to comply with applicable legal and regulatory requirements. In all cases, the

Consultant shall be responsible for not using such information for purposes unrelated to this Agreement without the prior written approval of the Authority.

3.8 Access to the Consultant's Office and Personnel

The Consultant shall ensure that the Authority, and its officials authorised by the Authority, are provided unrestricted access to the Consultant's Office and to all Personnel during office hours. Such officials shall have the right to inspect the Services in progress, interact with Personnel of the Consultant and verify the records for their satisfaction.

4 OBLIGATIONS OF THE AUTHORITY

4.1 Scope of services

The Authority is responsible for determining the scope of services. The Authority shall further co-operate with the Consultant in performance of services, including but not limited to providing reasonable facilities and timely access to data, information to Consultant.

4.2 Payment

Payment shall be made as set out in clause 4.2.1 below.

4.2.1 In consideration of the services performed by the Consultant under this Agreement, payment shall be made to the Consultant in the manner as under:

(a) All payments shall be made in Indian Rupees

(b) The payments to the Consultant shall be made for its Services as per the Payment Schedule at Annexure 2 of this Agreement.

(c) The payment due to the consultant is to be made within 21 (Twenty one) days after the receipt of bills raised by the Consultant for the stage with necessary particulars (the "Due Date").

(d) The Final payment under this Clause shall be made only after the final Progress Report has been submitted by the Consultant and approved as satisfactory by the Authority. The Services shall be deemed completed and finally accepted by the Authority and the final Progress Report shall be deemed approved by the Authority as satisfactory upon expiry of 60

(sixty) days after receipt of the final Progress Report by the Authority unless the Authority, within such 60 (sixty) day period, gives written notice to the Consultant specifying in detail, the deficiencies in the Services or the final Progress Report. The Consultant shall thereupon promptly make any necessary corrections and/or additions at his own cost and expenses and upon completion of such corrections, the foregoing process shall be repeated.

(e) Any amount which is paid or caused to be paid in excess of the amounts actually payable in accordance with the provisions of the Agreement shall be reimbursed by the Consultantwithin 15 (fifteen) days after receipt by the Consultant of notice thereof. Any such claim for reimbursement must be made within 1 (one) year after receipt of a final report in accordance with Clause 4.2.1(d). Any delay by the Consultant in reimbursement the due date shall attract simple interest @ 10% (ten percent) per annum.

(f) All payments under this Agreement shall be made to the account of the Consultant as may be notified by the Consultant.

5 EXTENSIONS

5.1 Provisions for delay

In the event of delay caused due to reasons beyond the control of the Consultant, Authority may, in its sole discretion, consider granting of appropriate extension of time and fees as per the terms and conditions as per Annexure - ___.

6 FAIRNESS AND GOOD FAITH

6.1 Good Faith

The Parties undertake to act in good faith with respect to each other's rights under this Agreement and to adopt all reasonable measures to ensure the realisation of the objectives of this Agreement.

6.2 Operation of the Agreement

The Parties recognize that it is impractical in this Agreement to provide for every contingency which may arise during the life of the Agreement, and the Parties

hereby agree that it is their intention that this Agreement shall operate fairly as between them, and without detriment to the interest of either of them, and that, if during the term of this Agreement either Party believes that this Agreement is operating unfairly, the Parties will use their best efforts to agree on such action as may be necessary to remove the cause or causes of such unfairness, but failure to agree on any action pursuant to this Clause shall not give rise to a dispute subject to arbitration in accordance with Clause 7 hereof.

7 SETTLEMENT OF DISPUTES

7.1 Amicable settlement

The Parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Agreement or the interpretation thereof.

7.2 Dispute Resolution

7.2.1 Any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Agreement (including its interpretation) between the Parties, and so notified in writing by either Party to the other Party (the "Dispute") shall, in the first instance, be attempted to be resolved amicably in accordance with the conciliation procedure set forth herein.

7.2.2 The Parties agree to use their best efforts for resolving all Disputes arising under or in respect of this Agreement promptly, equitably and in good faith, and further agree to provide each other with reasonable access during normal business hours to all non-privileged records, information and data pertaining to any Dispute.

7.3 Conciliation

In the event of any Dispute between the Parties, either may call upon the Chairperson, Airports Economic Regulatory Authority of India, and the _____ for amicable settlement, and upon such reference, the said persons shall meet no later than 10 (ten) days from the date of reference to discuss and attempt to amicably resolve the Dispute. If such meeting does not take place within the 10 (ten) day period or the Dispute is not

amicably settled with 15 (fifteen) days of the meeting or the Dispute is not resolved as evidenced by the signing of written terms of settlement within 30 (thirty) days of the notice in writing or such longer period as may be mutually agreed by the Parties, either Party may refer the Dispute to arbitration in accordance with the provisions of Clause 7.4.

7.4 Arbitration

(a) In the event of any question, dispute or difference arising under or in connection with (except as to any matters the decision of which is specially provided for by these or the special conditions) the same shall be referred to the sole arbitration of the Chairperson, Airports Economic Regulatory Authority or a person so appointed by him in this regard.

(b) It will be no objection that the arbitrator is a Government Servant or a member/officer of the Authority or that he had to deal with the matters to which the agreement relates or that in the course of his duties as a Government servant/ or a member/officer of the Authority, he has expressed views on all or any of the matters in dispute or difference and the consultant hereby waives the plea of institutional bias. The award of the arbitrator shall be final and binding on the parties to this contract.

(c) In the event of the Arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his award being set aside by the court for any reason, it shall be lawful for the Chairperson, Airports Economic Regulatory Authority to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid.

(d) It is further a term of this contract that no person other than the person appointed in terms of clause (a), above as aforesaid should act as arbitrator and that, if for any reason that is not possible, the matter is not be referred to arbitration at all.

(e) The Consultant agrees that an award may be enforced against the Consultant and their respective assets wherever situated.

(f) All disputes connected to or arising in relation to the above process of arbitration shall be restricted to the courts of New Delhi. This Agreement

and the rights and obligations of the Parties shall remain in full force and effect, pending the Award in any arbitration proceedings hereunder.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed in their respective names as of the day and year first above written.

SIGNED, SEALED AND DELIVERED and on behalf of Consultant:	SIGNED, SEALED AND DELIVERED For For and on behalf of Airports Economic Regulatory Authority of India
_____	_____
Partner----------	

F.No. AERA/20010/MYTP/MIAL/CP-II/2013-14/5542
Airports Economic Regulatory Authority of India
****

AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003.

Dated the 19th March, 2014

To,

Shri Amrit Panduragi,
Executive Director,
Deloitte Touche Tohmatsu India Pvt. Ltd.,
7th Floor, Building No. 10-B,
DLF Cyber City Complex,
DLF City Phase – II,
Gurgaon – 122002
Haryana.

Sub: Proposal for assisting the Authority for determination of aeronautical tariff in respect of CSI Airport, Mumbai for the Second Control Period - reg.

Sir,

I am directed to refer to email dated 05th March, 2014 received from MIAL regarding confirmation that your firm has been identified by MIAL for undertaking the scope of work as laid down by the Authority towards the subject assignment.

2. The Authority had, in its letter dated 21.01.2014 to MIAL, requested the appointment of a suitable consultant at their cost and had also conveyed that the supervision and control over the consultant and the assignment will rest fully with the Authority.

3. MIAL have vide letter dated 05.03.2014 informed this Authority regarding your engagement for the subject assignment. You are kindly requested to enter into an agreement with the Authority to formalize the arrangement as per the draft agreement enclosed herewith.

Yours faithfully

C V Deepak

(C.V. Deepak)
OSD – II
Tel.: 24695043

Encl.: As Above

o/c

AGREEMENT No. XX/2012-13

This AGREEMENT (hereinafter called the "Agreement") is made on the _____ day of the month of _____ , between, on one hand, the Chairperson, Airports Economic Regulatory Authority of India (hereinafter called the "the Authority" which expression shall include their respective successors and permitted assigns, unless the context otherwise requires) and, on the other hand, _____ (hereinafter called the "Consultant" which expression shall include their respective successors and permitted assigns).

WHEREAS

(A) M/s _____ has been appointed to provide advisory assistance to the Authority for 'Review of Financial Models for Determination of Aeronautical charges in respect of _____ (hereinafter called the "Consultancy");

(B) AND WHEREAS Consultant has been explained and has understood the Scope of Services to be rendered and has also put forth the Consideration to be received by the Consultant from the Authority on rendering the services.

(C) AND WHEREAS having discussed various terms, conditions, roles and responsibilities, which shall bind the Parties hereto, the Parties have decided to execute this agreement incorporating all relevant terms and conditions governing this Agreement.

NOW, THEREFORE, the parties hereby agree to as follows:

1 General

1.1 Definitions and Interpretation

The words and expressions beginning with capital letters and defined in this Agreement shall, unless the context otherwise requires, have the meaning hereinafter respectively assigned to them:

(a) "Applicable Laws" means the laws and any other instrument having the forces of law in India as they may be issued and in force from time to time;

(b) "Agreement" means this Agreement, together with all its Annexures;

(c) "Assignment" means the assistance to be provided to the Authority by the consultant as per the Terms of Reference given in Annexure 1;

(d) "Effective Date" means the date on whichthis Agreement comes into force and effect pursuant to Clause 2.1;

(e) "Government" means the Government of India;

(f) " INR, Re. or Rs." means Indian Rupees;

(g) "Personnel" means the proficient personnel and subject experts hired by the Consultant and assigned to the performance of the required Services or any part thereof;

(h) "Party" means the Authority or the Consultant, as the case may be, and "Parties" means both of them;

(i) "Services" means the work required to be performed/ services required to be rendered by the Consultant pursuant to this Agreement, as described in the Terms of Reference hereto as Annexure 1.

(j) "Current Control Period" shall mean the current control period in respect of _____ Airport i.e. the period form 01.04.2014 to 31.03.2019.

1.2 Relation between the Parties

Nothing contained herein shall be construed as establishing a relation of master and servant or of agent and principal as between the Authority and the Consultant. The Consultant shall, subject to this Agreement, have complete control / charge and supervision over Personnel performing the Services and shall be fully responsible for the Services to be performed by them or on their behalf hereunder.

1.3 Rights and Obligations

The mutual rights and obligations of the Authority and the Consultant shall be as set forth in the Agreement; in particular:

(a) the Consultant shall render the Services in accordance with the provisions of thisAgreement; and

(b) the consultant shall honor and fulfil the obligation of 'confidentiality' and conflict of interest as provided in this agreement; and

(c) the payments to the Consultant shall be made as per commitment under the Agreement.

1.4 Governing law and jurisdiction

This Agreement shall be construed and interpreted in accordance with and governed by the laws of India, and the courts at New Delhi alone shall have exclusive jurisdiction over matters arising out of or relating to this Agreement.

1.5 Language

All notices required to be given by one party to the other Party and all other communications, documentation and proceedings which are in any way relevant to this Agreement shall be in writing and in English language.

1.6 Notices

Any notices or other communications to be given by any party to the other party under or in connection with the matters contemplated by this Agreement shall be in writing and shall:

(a) In the case of the Consultant, be given by facsimile and by letter delivered by hand to the address given and marked for attention of the Consultant's Representative set out below in Clause 1.8 or to such other person as the Consultant may from time to time designate by notice to the Authority; provided that notices or other communications to be given to an address outside India may, if they are subsequently confirmed by sending a copy thereof by registered acknowledgement due, air mail or by courier, be sent by facsimile to the address as the Consultant may from time to time designate by notice to the Authority;

(b) In the case of the Authority, be given by facsimile and by letter delivered by hand and be addressed to the Authority with a copy delivered to the Authority's Representative set out below in Clause 1.8 or to such other person as the Authority may from time to time designate by notice to the Consultant; provided that if the Consultant does not have an office in Delhi it may send such notice by facsimile and by registered acknowledgement due, air mail or by courier; and

(c) Any notice or communication by a party to the other party, given in accordance herewith, shall be deemed to have been delivered when in the normal course it is postedand ought to have been delivered.

1.7 Location

The Services shall be performed, delivered at the offices of the Authority or any other place as required by the Authority and at such locations as are incidental thereto, including the offices of the Consultant.

1.8 The Consultant/Authority's authorised representatives shall be as under:,

The Consultant's Representative	*The Authority's Representative*
_____	Secretary,
_____	Airports Economic Regulatory Authority,
	AERA Building,
_____	Safdarjang Airport Administrative Complex,
_____	Safdarjang Airport,
_____	New Delhi-110003
_____	Tel : 01124695040
Phone/ Fax: +_____	Fax: 01124695039

1.9 **Taxes and duties**

Unless otherwise specified in the Agreement, it shall be the obligation of the Consultant to pay all such taxes, duties, fees and other impositions as may be levied under the Applicable Laws and the Authority shall perform its obligations as lawfully imposed on it.

2 COMMENCEMENT, COMPLETION AND TERMINATION OF AGREEMENT

2.1 Effectiveness of Agreement

This Agreement shall be deemed to have come into force and effect on _____ (the **"Effective Date"**) and shall remain in force till completion of the Services by the Consultant as per clause 2.2.

2.2 Term of Agreement

Unless terminated earlier pursuant to Clause 2.7 hereof, the term of agreement is __ months w.e.f. _____. Provided, if the agreement is to be extended beyond __months from commencement of the agreement or if any other additional work is added to the scope mentioned in Annexure 1, additional fee, if any, be payable as per Annexure 2 appended to this agreement.

2.3. Expiration of Agreement

Unless terminated earlier pursuant to Clause 2.7hereof, this Agreement shall expire when the Services have duly been completed and a period of 90 (ninety) days has elapsed and all payments due under this Agreement, have been made.

2.4 Entire Agreement

This Agreement and the Annexes together constitute a complete and exclusive statement of the terms of the agreement between the Parties on the subject hereof, and no amendment or modification hereto shall be valid and effective unless such modification or amendment is specifically agreed to in writing by the Parties and duly executed by persons especially empowered in this behalf by the respective Parties.

2.5 Modification of Agreement

Modification of the terms and conditions of this Agreement, including any modification of the scope of the Services, may be made only by written agreement between the Parties and not otherwise.

2.6 Force Majeure

2.6.1 Definition

(a) For the purpose of this Agreement, "Force Majeure" means an event which is beyond the reasonable control of a Party, and which makes a Party's performance of its obligations hereunder impossible or so impractical as reasonably to be considered impossible in the circumstances, and shall be limited to war, riots, civil disorder, earthquake, fire, explosion, storm, flood or other adverse weather conditions, strikes, lockouts or other industrial action (except where such strikes, lockouts or other industrial action are within the power of the

Party invoking Force Majeure to prevent), confiscation or any other action by government agencies.

(b) Without prejudice to the generality of clause (a)above, it is specifically clarified that Force Majeure shall not include (i) any event which is caused by the negligence or intentional action of a Party or such Party's agents or employees, nor (ii) any event which a diligent Party could reasonably have been expected to either (A) take into account at the time of the conclusion of this Agreement and (B) avoid or overcome in the carrying out of its obligations hereunder.

(c) Force Majeure shall not include insufficiency of funds or failures to make any payment required hereunder.

2.6.1.No breach of Agreement

The failure of a Party to fulfil any of its obligations hereunder shall not be considered to be a breach of, or default under, this Agreement insofar as such inability arises from an event of Force Majeure, provided that the Party affected by such an event has taken all reasonable precautions, due care and reasonable alternative measures, all with the objective of carrying out the terms and conditions of this Agreement.

2.6.2 Measures to be taken

(a) A Party affected by an event of Force Majeure shall take all reasonable measures to remove such Party's inability to fulfil its obligations hereunder with a minimum of delay.

(b) A Party affected by an event of Force Majeure shall notify the other Party of such event as soon as possible, and in any event not later than seven (7) days following the occurrences of such event, providing evidence of the nature and cause of such event, and shall similarly give notice of the restoration of normal conditions as soon as possible.

(c) The Parties shall take all reasonable measures to minimize the consequences of any event of Force Majeure.

2.6.3 Extension of time/Termination of Services

Any period within which a Party shall, pursuant to this Agreement, complete any action or task, may be extended for a period equal to the time during which such

Party was unable to perform such action as a result of Force Majeure, to be decided at the sole discretion of the Authority.

Not later than fifteen (15) days after the Consultant has, as a result of any event of Force Majeure etc., becomes incapable to perform a material portion of the Services, the Authority will be at liberty to terminate the Agreement and award the same to another party.

2.6.4 Suspension of Payments

Notwithstanding any other clause of this agreement, the Authority may, by written notice of suspension to the Consultant, suspend all payments to the Consultant hereunder if in the opinion of the Authority the Consultant has been in breach of this Agreement, or has in any manner failed to perform any of its obligations under this Agreement including the carrying out of the Servi ; provided that such notice of suspension (i) shall state the nature of the breach or failure, and (ii) shall provide an opportunity to the Consultant to remedy such breach or failure within a period not exceeding five (5) days after receipt by the Consultant of such notice of suspension.

2.7 Termination of Agreement

2.7.1 By the Authority

The Authority may, by not less than fifteen (15) days' written notice of termination to the Consultant, such notice to be given after the occurrence of any of the events specified herein, terminate this Agreement if:

(a) The Consultant fails to remedy any breach hereof or any failure in the performance of its obligations hereunder, as specified in the notice of suspension pursuant to Clause 2.6.4 hereinabove, within five (5) days of receipt of such notice of suspension;

(b) the Consultant becomes insolvent or bankrupt or enters into any agreement with its creditors for relief of debt or take advantage of any law for the benefit of debtors or goes into liquidation or receivership whether compulsory or voluntary;

(c) the Consultant fails to comply with any final decision reached as a result of arbitration proceedings pursuant to Clause 7 hereof;

(d) the Consultant submits to the Authority a statement which has a material effect on the rights, obligations or interests of the Authority and which the Consultant has reason to believe is false;

(e) any document, information, data or statement submitted by the Consultant in its Proposals, based on which the Consultant was considered eligible or successful, if found to be false, incorrect or misleading;

(f) as a result of Force Majeure, the Consultant is unable to perform a material portion of the Services for a period of not less than fifteen (15) days;

(g) a situation of conflict of interest as set out in Clause 3.2.3 of this agreement;

(h) the Authority, in its sole discretion and for any reason whatsoever, decides to terminate this Agreement.

Notwithstanding anything contained in this agreement, it is specifically agreed by the parties that on such issuance of notice of termination by the Authority, the Authority will be at liberty to initiate the process for fresh award of the agreement and award the same to any other consultant.

2.7.2 By the Consultant

The Consultant may, by not less than thirty (30) day's written notice to the Authority, such notice to be given after the occurrence of any of the events specified herein, terminate this Agreement if:

(a) the Authority fails to pay any money due to the Consultant pursuant to this Agreement and not being the subject of dispute pursuant to Clause 7 hereof or otherwise, within forty-five (45) days after receiving written notice from the Consultant stating that such payment is overdue;

(b) the Authority is in material breach of its obligations pursuant to this Agreement and has not remedied the same within forty-five (45) days (or such longer period as the Consultant may have subsequently granted in writing) following the receipt by the Authority of the Consultant's notice specifying the particular breach in question, the manner in which such breach has affected the performance of the services of the Consultant

under this Agreement and the action required from the Authority with regard to such breach;

2.7.3 Cessation of rights and obligations

Upon termination of this Agreement pursuant to Clause 2.7 hereof, or upon expiration of this Agreement pursuant to Clause 2.2 hereof, all rights and obligations of the Parties hereunder shall cease, except (i) such rights and obligations as may have accrued on the date of termination or expiration, (ii) the obligations of confidentiality set forth in Clause 3.3 hereof, as relate to the Consultant's Services provided under this Agreement; and (iii) any right or remedy which a Party may have under this Agreement or the Applicable Law.

2.7.4 Cessation of Services

Upon termination of this Agreement by notice of either Party to the other pursuant to Clauses 2.7.1 or 2.7.2 hereof, the Consultant shall, immediately upon dispatch or receipt of such notice, take all necessary steps to bring the Services to a close in a prompt and orderly manner without causing any detrimental effect to the work/service in question. The Consultant agrees to render all assistance to the Authority/ the New Consultant in this regard. With respect to documents prepared by the Consultant and any materials furnished by the Authority, the Consultant shall proceed as provided by Clause3.7 hereof.

2.7.5 Payment upon Termination

Upon termination of this Agreement pursuant to Clauses 2.7.1 or 2.7.2 hereof, payments due to the Consultant shall be made after adjustment of any amount that may be considered due from the Consultant to the Authority.

2.7.6 Disputes about Events of Termination

If either Party disputes whether an event specified in Clause 2.7.1 or in Clause 2.7.2 hereof has occurred, such Party may, within 30 (thirty) days after receipt of notice of termination from the other Party, refer the matter to arbitration pursuant to Clause 7 hereof, and this Agreement shall not be terminated on account of such event except in accordance with the terms of any, resulting arbitral award. However the provisions of this Clause will not affect the right of the Authority to initiate the process for fresh award of this agreement or to award this Agreement to some other Consultant.

3 OBLIGATIONS OF THE CONSULTANT

3.1 General

3.1.1 Standards of Performance

The Consultant shall perform the Services and carry out obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted professional techniques and practices, and shall observe sound management practices, and employ appropriate and effective methods. The Consultant shall always act and conduct itself in a manner, in respect of any matter relating to this Agreement or to the Services, as a faithful advisor to the Authority, and shall at all times support and safeguard the Authority's interests.

3.1.2 Terms of Reference

The scope of Services to be performed by the Consultant is specified in the Terms of Reference at Annexure 1 of this Agreement.

3.1.3 Applicable Laws

The Consultant shall perform the Services in accordance with the Applicable Laws and shall take all practicable steps to ensure that the Personnel of the Consultant comply with the Applicable Laws.

3.2 Conflict of Interest

3.2.1 The Consultant shall not have a Conflict of Interest, (refer to in Clause 3.2.3) and any breach hereof shall constitute a breach of the Agreement making this agreement liable to termination at the behest of the Authority.

3.2.2 Consultant and Affiliates not to be otherwise interested in the Project – TheConsultant agrees that, during the term of this Agreement and after its termination, the Consultant and any entity affiliated with the Consultant, shall not take up any assignment or render any advice or opinion relating to any challenge of the validity or the legality of any advice or any other work which is related to or has arisen as part of Services under the scope of this Agreement. Any breach of this obligation shall amount to a Conflict of Interest.

3.2.3 Prohibition of conflicting activities

Neither the Consultant nor its Personnel shall engage in any activities relating to challenging the validity or the legality of any advice or any other work which is related to or has arisen as part of Services rendered under the scope of this Agreement. Such restrictions on activities shall subsist for the duration of e current Control Period.

3.3 Confidentiality

The Consultant, and its Personnel shall not, either during the term and two years after the expiration or termination of this Agreement disclose any proprietary information, including but not limited to information relating to reports, data, software or other material, whether written or oral, in electronic or magnetic format, and the contents thereof; and any reports, digests or summaries created or summaries created or derived from any of the foregoing that is provided by the Authority to the Consultant, and its Personnel; any information provided by or relating to the Authority, its technical processes, business affairs or finar. s or any information relating to the Authority's employees, officers or other professionals or suppliers, customers, or contractors of the Authority; and any other information which the Consultant is under an obligation to keep confidential in relation to the Project, the Services or this Agreement **("Confidential Information"),** without the prior written consent of the Authority.

Notwithstanding the aforesaid, the Consultant and its Personnel may disclose, with prior written approval of the Authority, Confidential Information to the extent that such Confidential Information:

(i) is required to be disclosed by Law or judicial or administrative or arbitral process or by any Governmental Instrumentalities, provided that for any such disclosure, the Consultant and its Personnel shall give the Authority, prompt written notice, and use reasonable efforts to ensure that such disclosure is accorded confidential treatment;

(ii) is provided to the professional advisers, agents, auditors or representatives of the Consultant as is reasonable under the circumstances; provided, however, that the consultant or its Personnel as the case may be, shall require their professional advisers, agents, auditors or its representatives, to undertake in writing to keep such Confidential Information, confidential and shall use its best efforts to ensure compliance with such undertaking.

Subject to the confidentiality obligations above, the Consultant shall be allowed to use this engagement as an experience citation with other clients.

3.4 Liability of the Consultant

It is agreed between the parties that the Consultant shall be liable to the Authority for any and all loss or damage accrued or likely to accrue due to deficiency in Services rendered by it. It shall be no defense for the Consultant to state that such loss incurred or likely to be incurred or damage sustained or likely to be sustained by the Authority was not the direct cause of or proximate to any act or omission by the Consultant.

The Consultant's overall liability under the Agreement shall be capped at ten percent (10%) of the Agreement Value and shall be restricted to direct costs only. The Consultant shall not be, in any event, liable for indirect or consequential losses or damages.

3.5 Reporting obligations

The Consultant shall submit to the Authority the reports and documents specified in the Agreement, in the form and in the number within the time periods set forth therein. The consultant shall for the purpose of fulfilment of its obligations under this agreement be solely and completely under the control of

the Authority and the Authority shall be entitled to execute its control over the consultant in the manner it deems fit and appropriate.

3.6 Documents prepared by the Consultant to be the property of the Authority

3.6.1 All reports and other documents prepared and submitted by the Consultant in performing the Services under this Agreement shall become and remain the property of the Authority, and the Consultant shall, not later than termination or expiration of this Agreement; deliver all such documents to the Authority, together with a detailed inventory thereof. The Consultant may retain a copy of such documents. Restrictions about the future use of these documents shall be as specified in the Agreement.

3.6.2 All reports and other documents prepared and submitted by the Consultant in performing the Services under this Agreement shall become and remain the property of the Authority, and all intellectual property rights in such Consultancy Documents shall vest with the Authority. Any Consultancy Document, of which the ownership or the intellectual property rights do not vest with the Authority under law, shall automatically stand assigned to the Authority as and when such Consultancy Document is created and the Consultant agrees to execute all papers and to perform such other acts as the Authority may deem necessary to secure its rights herein assigned by the Consultant.

3.6.3 The Consultant shall not use these documents for purposes unrelated to this Agreement without the prior written approval of the Authority.

3.7 Any data / information / report furnished by the Authority

Any data/ information / report made available to the Consultant by the Authority shall be the property of the Authority. Upon termination or expiration of this Agreement, the Consultant shall furnish forthwith to the Authority, an inventory of such data/ information / reports and shall dispose of such data/ information / report in accordance with the instructions of the Authority.

The Consultant would be allowed to retain a copy of its working papers to maintain a professional record of its involvement in the engagement and to comply with applicable legal and regulatory requirements. In all cases, the

Consultant shall be responsible for not using such information for purposes unrelated to this Agreement without the prior written approval of the Authority.

3.8 Access to the Consultant's Office and Personnel

The Consultant shall ensure that the Authority, and its officials authorised by the Authority, are provided unrestricted access to the Consultant's Office and to all Personnel during office hours. Such officials shall have the right to inspect the Services in progress, interact with Personnel of the Consultant and verify the records for their satisfaction.

4 OBLIGATIONS OF THE AUTHORITY

4.1 Scope of services

The Authority is responsible for determining the scope of services. The Authority shall further co-operate with the Consultant in performance of services, including but not limited to providing reasonable facilities and timely access to data, information to Consultant.

4.2 Payment

Payment shall be made as set out in clause 4.2.1 below.

4.2.1 In consideration of the services performed by the Consultant under this Agreement, payment shall be made to the Consultant in the manner as under:

(a) All payments shall be made in Indian Rupees

(b) The payments to the Consultant shall be made for its Services as per the Payment Schedule at Annexure 2 of this Agreement.

(c) The payment due to the consultant is to be made within 21 (Twenty one) days after the receipt of bills raised by the Consultant for the stage with necessary particulars (the "Due Date").

(d) The Final payment under this Clause shall be made only after the final Progress Report has been submitted by the Consultant and approved as satisfactory by the Authority. The Services shall be deemed completed and finally accepted by the Authority and the final Progress Report shall be deemed approved by the Authority as satisfactory upon expiry of 60

(sixty) days after receipt of the final Progress Report by the Authority unless the Authority, within such 60 (sixty) day period, gives written notice to the Consultant specifying in detail, the deficiencies in the Services or the final Progress Report. The Consultant shall thereupon promptly make any necessary corrections and/or additions at his own cost and expenses and upon completion of such corrections, the foregoing process shall be repeated.

(e) Any amount which is paid or caused to be paid in excess of the amounts actually payable in accordance with the provisions of the Agreement shall be reimbursed by the Consultantwithin 15 (fifteen) days after receipt by the Consultant of notice thereof. Any such claim for reimbursement must be made within 1 (one) year after receipt of a final report in accordance with Clause 4.2.1(d). Any delay by the Consultant in reimbursement by the due date shall attract simple interest @ 10% (ten percent) per annum.

(f) All payments under this Agreement shall be made to the account of the Consultant as may be notified by the Consultant.

5 EXTENSIONS

5.1 Provisions for delay

In the event of delay caused due to reasons beyond the control of the Consultant, Authority may, in its sole discretion, consider granting of appropriate extension of time and fees as per the terms and conditions as per Annexure - ___.

6 FAIRNESS AND GOOD FAITH

6.1 Good Faith

The Parties undertake to act in good faith with respect to each other's rights under this Agreement and to adopt all reasonable measures to ensure the realisation of the objectives of this Agreement.

6.2 Operation of the Agreement

The Parties recognize that it is impractical in this Agreement to provide for every contingency which may arise during the life of the Agreement, and the Parties

hereby agree that it is their intention that this Agreement shall operate fairly as between them, and without detriment to the interest of either of them, and that, if during the term of this Agreement either Party believes that this Agreement is operating unfairly, the Parties will use their best efforts to agree on such action as may be necessary to remove the cause or causes of such unfairness, but failure to agree on any action pursuant to this Clause shall not give rise to a dispute subject to arbitration in accordance with Clause 7 hereof.

7 SETTLEMENT OF DISPUTES

7.1 Amicable settlement

The Parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Agreement or the interpretation thereof.

7.2 Dispute Resolution

7.2.1 Any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Agreement (including its interpretation) between the Parties, and so notified in writing by either Party to the other Party (the "Dispute") shall, in the first instance, be attempted to be resolved amicably in accordance with the conciliation procedure set forth herein.

7.2.2 The Parties agree to use their best efforts for resolving all Disputes arising under or in respect of this Agreement promptly, equitably and in good faith, and further agree to provide each other with reasonable access during normal business hours to all non-privileged records, information and data pertaining to any Dispute.

7.3 Conciliation

In the event of any Dispute between the Parties, either may call upon the Chairperson, Airports Economic Regulatory Authority of India, and the _____ for amicable settlement, and upon such reference, the said persons shall meet no later than 10 (ten) days from the date of reference to discuss and attempt to amicably resolve the Dispute. If such meeting does not take place within the 10 (ten) day period or the Dispute is not

amicably settled with 15 (fifteen) days of the meeting or the Dispute is not resolved as evidenced by the signing of written terms of settlement within 30 (thirty) days of the notice in writing or such longer period as may be mutually agreed by the Parties, either Party may refer the Dispute to arbitration in accordance with the provisions of Clause 7.4.

7.4 Arbitration

(a) In the event of any question, dispute or difference arising under or in connection with (except as to any matters the decision of which is specially provided for by these or the special conditions) the same shall be referred to the sole arbitration of the Chairperson, Airports Economic Regulatory Authority or a person so appointed by him in this regard.

(b) It will be no objection that the arbitrator is a Government Servant or a member/officer of the Authority or that he had to deal with the matters to which the agreement relates or that in the course of his duties as a Government servant/ or a member/officer of the Authority, he has expressed views on all or any of the matters in dispute or difference and the consultant hereby waives the plea of institutional bias. The award of the arbitrator shall be final and binding on the parties to this contract.

(c) In the event of the Arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his award being set aside by the court for any reason, it shall be lawful for the Chairperson, Airports Economic Regulatory Authority to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid.

(d) It is further a term of this contract that no person other than the person appointed in terms of clause (a), above as aforesaid should act as arbitrator and that, if for any reason that is not possible, the matter is not be referred to arbitration at all.

(e) The Consultant agrees that an award may be enforced against the Consultant and their respective assets wherever situated.

(f) All disputes connected to or arising in relation to the above process of arbitration shall be restricted to the courts of New Delhi. This Agreement

and the rights and obligations of the Parties shall remain in full force and effect, pending the Award in any arbitration proceedings hereunder.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed in their respective names as of the day and year first above written.

SIGNED, SEALED AND DELIVERED and on behalf of Consultant:	SIGNED, SEALED AND DELIVERED For For and on behalf of Airports Economic Regulatory Authority of India
_____	_____
Partner ----------	

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली–110003
प्राप्त
डायरी नं० 2363
तारीख 21/03/2014

MIAL/CEO/202

19th March, 2014

The Secretary
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi - 110 003

624/Tariff/14
24/03/14

DGM(R)
MGR (DK)
This has been actioned.

Subject: Airport Charges after 31st March, 2014

As you are kindly aware of Authority's tariff order no. 32/2012-13 (File no. AERA/20010/MYTP/MIAL/2011-12-IV) dated 15th January, 2013 for 1st control period stipulates that the rate for 5th tariff year (i.e. 2013-14) would be effective from 1st April, 2013. In view of this we request Authority to allow continuation of existing rates till tariff for 2nd control period is finalised and made effective.

MIAL vide letter No. MIAL/CEO/157 dated 26th December, 2013 has already submitted tariff proposal for 2nd control period which is under consideration of the Authority.

We shall be pleased to provide any further information that the Authority may require in this regard.

Thanking you,

Yours Sincerely,
For Mumbai International Airport Pvt. Ltd.

(R. K Jain)
Chief Executive Officer

24/3
DSD-II

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
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ENERGY
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REALTY
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MIAL/CEO/202

19th March, 2014

The Secretary
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi - 110 003

Sir,

Subject: Airport Charges after 31st March, 2014

As you are kindly aware of Authority's tariff order no. 32/2012-13 (File no. AERA/20010/MYTP/MIAL/2011-12-IV) dated 15th January, 2013 for 1st control period stipulates that the rate for 5th tariff year (i.e. 2013-14) would be effective from 1st April, 2013. In view of this we request Authority to allow continuation of existing rates till tariff for 2nd control period is finalised and made effective.

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Thanking you,

Yours Sincerely,
For Mumbai International Airport Pvt. Ltd.

(R. K. Jain)
Chief Executive Officer

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HOSPITALITY
LIFE SCIENCES

725/सम्पर्क (एयर)
9/4/2014

GVK

MIAL/VPR/2014-15/5
5th April, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Dear Sir,

Sub: Minutes of the Consultation meeting with Airport's stakeholders/ users for major developments at CSIA

Ref: - MIAL's letter, MIAL/VPR/5 dated 8th January, 2014 & MIAL/VPR/8 dated February, 2014

In continuation of our aforesaid letter, we would like to inform the Authority that the Airport users' / stakeholders' consultation meeting was held on 5th March, 2014, 06.00 PM at "The Lalit, Sahar Airport Road, Andheri East, Mumbai", to solicit stakeholders views on the Proposed Projects to be undertaken during the second control period for the modernization and up-gradation of CSIA. Meeting was attended by 36 representatives of 26 stakeholders / users.

The minutes of the abovesaid meeting and the power point presentation on the projects discussed have been sent to the stakeholders and the next meeting shall be convened in the due course.

We are attaching herewith the minutes of the meeting and the power point presentation on the projects for your kind information and shall be pleased to provide any further information that Hon'ble Authority may require in this regard.

Thanking you,
Yours Sincerely,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President - Regulatory

Encl.: as above

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
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CIN-U45203MH2006PTC160164

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Minutes of the Stakeholder's Consultation

Topic	Stakeholder's consultation process for capital expenditure above Rs. 100 Cr. to be incurred by **Mumbai International Airport Private Ltd. (MIAL)** during the Second Control Period i.e. FY 2015 - 2019.
Date	5th March 2014 at 6:00pm
Venue	Forum 1, The Lalit, Sahar Road, Mumbai
List of Participants	Enclosed as Annexure 1

Stakeholders Consultation meeting was convened by MIAL to elicit the views of stakeholders on the proposed projects with capital expenditure of more than Rs.100 crores each to be undertaken by MIAL during the second control period starting from FY 2014-15 and ending on FY 2018-19.

The participants were briefed that in accordance with the provisions of Operation Management and Development Agreement (OMDA) and State Support Agreement (SSA), MIAL is undertaking the stakeholder's consultation process for each and every project costing in excess of Rs 100 crores. Stakeholders were invited vide meeting notice dated 15th February 2014, alongwith which a note on the proposed projects was circulated and it was specified that the Consultation process shall have two stages, mainly:

1. Need identification and options development stage
2. Detailed Project design stage

Participating stakeholders, as per List attached as **Annexure 1**, attended the meeting which included representative of IATA, IMC, VOICE, APAO, CERC, CUTS, AAI, MMRDA, various domestic and international airlines amongst others.

Stakeholders were explained that during the second control period, MIAL has proposed the following four (4) projects, each one costing more than Rs 100 crores:

1. Development and construction of two Metro Stations (Terminal 1 and Terminal 2)
2. Construction of South East Pier
3. Construction of Taxiway "M"
4. Construction of Tunnel under runway 14/32

Thereafter, the stakeholders were taken through a detailed presentation on each of the above projects.

Minutes of the Stakeholder's Consultation

Sr. No.	Particulars	Presented by	Description
1	Introduction – Consultation Protocol	Mr. Vinod Hiran (CFO & Company Secretary)	A brief on the consultation protocol and proposed projects was given.
2.	Project No. 1 - Development of two Metro Stations (Terminal 1 and Terminal 2)	Mr. Charudatta Deshmukh, Director (Urban Planning)	Participants were taken through the details of need for development of the metro connectivity to the airport, traffic growth at Western Express Highway and Master Plan for development of metro rail connectivity for Mumbai. Metro Line 3 alignment, along with location of proposed three Metro Stations within CSIA was explained. MIAL explained that only the cost of two Metro Stations is part of the proposed Project Cost. These are T1 forecourt Metro Station and T2 forecourt Metro Station. Cost of the stations and MIAL's contribution to MMRDA were informed. It was explained that the cost of two Metro Stations to be part of Project Cost is only about 2% of the overall project cost of Metro 3 project. Various benefits of Metro connectivity to the airport were highlighted wherein the reduction in cost and travel time in future for the passengers being the most important one. It was explained that as there is no possibility of expanding WEH in future, there is no other alternative for fast and safe connectivity to CSIA, except Metro 3 line.
3.	Project No. 2 - Construction of South East Pier	Ms. Ashwini Thorat, GM Airport Planning	The need and details of the project were explained to the Stakeholders. Development of Terminal T2 in phases was explained and rationale for earlier construction of the section of South East Pier due to encumbrances in construction of North West Pier was elaborated. Construction of this small section of the Terminal will lead to the conversion of 7 Remote parking stands to Contact stands thereby leading to faster turnaround of aircraft and higher apron capacity. This will also help MIAL to increase the level of service through provision of higher number of Passenger Boarding Bridges to aircraft at New T2 amongst others.
4.	Project No. 3 - Construction of Taxiway "M"	Mr. Prabhat Mahapatra, VP Airside Management	Need for the construction of Taxiway M was explained along with necessary details. As per NATS' recommendation, creation of additional aircraft holding area at the start of main Runway

			27 (i.e. TWY M) over the Mithi River would increase the overall capacity of main Runway. It will also provide flexibility to controllers to change departure sequence at the last minute if required. It would benefit the airlines as well as the airport due to increased runway capacity during departure peaks.
5.	Project No. 4 - Construction of Tunnel beneath runway 14/32	Mr. Prabhat Mahapatra, VP Airside Management	Detailed presentation about the requirement of Tunnel under Runway 14/32 was given. This project envisages construction of a Tunnel road under the airside operational area to connect the T1 and T2 aprons. It was explained in detail that shortfall in capacity of T2 apron vis-a-vis T2 terminal in current conditions, gives rise to requirement of remote parking of aircraft at T1 apron. Thus, creation of an infrastructure to reduce travel times for passengers, baggage and belly cargo transfer between New T2 and T1 apron is necessary. Thus, construction of the said tunnel would lead to faster transfer of passengers and baggage between T2 and T1 apron resulting in quick turnaround of aircraft and enhanced apron capacity by reduction in travel time and distance by around 50%. The tunnel will provide redundancy in the airfield roadway system and will make the transport system more robust and
6.	Project cost and Means of Finance	Mr. Sanjiv Bhargava, VP Regulatory	Details about the estimated cost of all the four (4) projects were given along with proposed means of financing. The various means of finance envisaged for the above projects include Development Fee for metro stations (subject to the approval of the Authority) and combination of debt and equity or internal accruals for other projects.

Minutes of the Stakeholder's Consultation

After completion of presentation, the stakeholders were requested to express their views and suggestions.

Stakeholder Views/Queries/Suggestions:-

1. Development and construction of two Metro Stations (Terminal 1 and Terminal 2)

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Glenn D'couto, Station Superintendent from Kuwait Airways	He enquired about the need for metro station at the Terminal 1, when domestic operations are going to be shifted to new integrated terminal T2 shortly.	Director (Urban Planning), MIAL clarified that, domestic operation for minimum 6 mppa shall continue from Domestic Terminal at Santacruz even after shifting of major part of domestic traffic to T2.
2.	Mr. Vinoop Goel, Regional Head-APCS, IATA	He enquired on the need for agreeing to fund the cost of Metro stations even when there was no legal binding for the same.	Mr. Ramana, Additional Chief, Transport Planning, MMRDA / MMRCL, responded that the phase 3 of the metro Rail project has been approved by the Planning Commission. Further it was highlighted that the project was also fast tracked keeping in mind the need of metro rail for the passengers using the airport. The contribution desired from MIAL is only 2% of the total project cost and has been finalised after due negotiations by MIAL. Without this contribution, MMRDA and MRCL will not be in position to provide connectivity to the airport in near future. It was informed that these two stations would provide connectivity to 70% population of the city. MIAL was appreciated for convincing the authorities for agreeing to operate the Metro till 3.00 am for the benefit of passenger though it is not in line with the standard practice adopted elsewhere in the world. This would virtually made Metro 3 night operations dedicated for CSIA. Mr. Vinoop Goel welcomed the step of MMRDA proposing to run Metro till 3.00 am and mentioned that in other countries such as Japan Metro connectivity was not available in night.

2. Construction of South East Pier (SEP)

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Hemant Sethi, Airport Manager, British Airways, Chairman - AOC	He enquired as to why the stub of South East Pier was not taken up earlier along with the construction of integrated T2 stressing the need to complete the project in time and asked about the possible delays which may lead to increase in project cost.	Director (Urban Planning), MIAL responded that MIAL had envisaged to build North West Pier (NWP) earlier and take South East Pier (SEP) at a later stage. Since, NWP could not be constructed now due to encumbrances as explained in the detailed presentation to the stakeholders, construction of SEP is proposed to provide contact stands required for T2 operations. MIAL had decided to construct the small stub, as construction of the whole pier was not possible due to non availability of land east of Mithi river. It was clarified that all the projects are expected to be completed as per proposed time line and are within MIAL's control except the slum rehabilitation project for Taxiway 'M'.

3. Construction of Taxiway "M"

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Walter Vieira, Chairman Consumer Education and Research Society (CERC)	MIAL was congratulated for the commissioning of the new integrated terminal, T2. He enquired with regards to the time frame for Slum Rehabilitation in case of Taxiway M and whether MIAL is confident on the set time frame.	Director (Urban Planning), MIAL clarified that the time frame envisaged for slum rehabilitation is uncertain therefore during 2nd Control period only cost of slum rehab is included excluding any cost for construction of Taxiway M.
2.	Mr. Amitabh Khosla, Country Director from IATA	It was conveyed that IATA supported the efforts of MIAL for development of the airport. He enquired whether the construction of Taxiway 'M' could be made cost neutral by matching the proposed slum rehabilitation cost and benefits available through TDR.	It was explained by Director Urban Planning , MIAL that availability of TDR was dependent on government policy and any such benefit, if available, shall result in lower cost to that extent.

4. Construction of Tunnel beneath runway 14/32

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Arvind Pradhan , Director General, Indian Merchants Chamber (IMC)	He enquired about the other possible alternatives instead of the construction of Tunnel to connect the airside of T1 and T2 and their feasibility.	Director (Urban Planning), MIAL clarified that MIAL had examined alternatives to connect the airside between T1 and T2. On evaluation of other options, it was observed that construction of tunnel was the best possible option in terms of cost and project timelines. The other alternatives considered were: - (1) Widening of perimeter road and (2) Connecting via a people mover system. In case of all these alternatives, cost is prohibitive and difficult to put any time frame due to various issues involved such as acquisition of private land, slum rehabilitation etc. Therefore, after due deliberations, MIAL has decided on the construction of tunnel, as the most viable and cost effective option.
2.	Mr. Rajat Kumar, Vice President from Indigo	He enquired whether the tunnel is for passenger or vehicular movement.	VP Airside Management, MIAL clarified that it would be used by Ground Service Equipments (GSE) and vehicles carrying passengers, baggage or belly cargo, etc.
3.	Mr. Kamal Kikani, Vice President – Airports, GoAir	MIAL was congratulated for the successful commissioning of the new integrated terminal T2 and effort by MIAL team was appreciated. Enquiry was made about requirement of Tunnel and whether it would lead to congestion for flights departing from T1.	VP Airside Management – MIAL clarified that the tunnel will not lead to any congestion for flight departing from T1. T1A and T1C has twelve (12) parking bays which would be sufficient to cater passengers from these terminals. The remaining remote stands at Terminal 1 will be used for parking of RON (Remote Over Night) flights arriving at T2.
4.	Mr. Vinoop Goel, Regional Head-APCS, IATA	Suggestion was made that there should be a detailed analysis of the options available for the construction of tunnel including the cost benefit	Director (Urban Planning), MIAL clarified the details regarding the options examined by MIAL for the project of tunnel construction. It was also highlighted that MIAL had evaluated all the options and had arrived at the most cost efficient options which could also be

		analysis.	completed in a reasonable timeframe.
5.	Mr. Amitabh Khosla, Country Director from IATA	He also enquired if tunnel was proposed on the recommendation by NATS.	VP Airside Management, MIAL clarified that NATS had conducted runway capacity analysis and not the apron capacity analysis.

5. Others

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Valerian Lobo, General Manager, Jet Airways	He enquired about which airlines were to shift from T1 when domestic operations will start at T2.	VP Airside Management, MIAL clarified that around 70% of the domestic traffic would be shifted to T2 for which details are being worked out, which will be shared with airlines at the appropriate time.
2.	Mr. Kamal Hingorani, Sr. Vice President, Spicejet	He enquired about the possibility of converting terminal T1 as integrated terminal for the low cost carriers.	Director (Urban Planning) - MIAL clarified that there is no possibility of converting T1 into an integrated terminal i.e. with international operations for the low cost carriers and MIAL is still in the process of finalising its plan for the T1 terminal post movement of the domestic operations to T2.
3.	Mr. Vinoop Goel, Regional Head-APCS, IATA	He enquired as to why projects above Rs. 50 Crs. are not considered for the Consultation Process as stated by Airport Economic Regulatory Authority (AERA) guidelines.	Regarding consultation for projects above Rs.50 crore, CFO – MIAL clarified that, MIAL and DIAL are guided by the State Support Agreement (SSA) with regards to the consultation process and the same states that MIAL is obliged to do the Consultation Process only for projects above Rs. 100 Crore(Major Development plan).

CFO and Company Secretary thanked the Stake holders for active participation in the meeting. He also requested the stake holders to send their written comments within 7-8 days so that MIAL would send comprehensive replies to all the queries.

Minutes of the Stakeholder's Consultation

Annexure 1

List of Participants:

Sr. No.	Name of the Participant	Designation	Name of the Organization
A)	**Stakeholders**		
1	Kamal Hingorani	SVP	Spicejet
2	Arvind Pradhan	Director General	Indian Merchants' Chamber
3	Jitender Bhargava	Aviation Expert	VOICE
4	Satyan Nayar	Secretary General	APAO
5	Amitabh Khosla	Country Director	IATA
6	Vinoop Goel	Regional Head - APCS	IATA
7	Walter Vieira	Chairman	CERS
8	Surendra Kanstiya	Fellow	CUTS
9	Anoop Khatry	Associate General Counsel	Indigo
10	Rajat Kumar	Vice President	Indigo
11	Renuka Pereira	Station Manager	Air France
12	Clarissa Coutinho	Duty Officer	Kenya Airways
13	Oscar Cardoz	Airport Manager	Air Mauritius
14	Kesavan Sivanandum	GM - Airports	Spicejet
15	Jayant Dasgupta	GM - ATM	AAI
16	Malcolm J Ghista	Dy Regional Manager	Go Air
17	Jitendra Negi	Dy General Manager	Go Air
18	Hemant Sethi	Airport Manager	BA
19	Morean Dsouza	Manager	Jet Airways
20	Valerian Lobo	General Manager	Jet Airways
21	V.K. Mehra	Station Manager	IranAir
22	Stephen Murzello	Station Manager	Swiss
23	Arun Khanna	Airport Manager	Virgin Atlantic
24	Tekeba Hiselassie	Reg. Dire	Ethiopian Air
25	Priti Solanki	Traffic Officer	Korean Air
26	Joyakesh Podder	General Manager Finance	Go Air
27	Kamal Kikani	VP - Airports	Go Air
28	Usman Wnanwala	CSA	Saudi
29	Adil Khan	CUPV	Saudi
30	Uday Kenkre	Secretary General	Maharashtra Chambers of Commerce, Industry and Agriculture
31	H. Bose	GM - GH	Air India
32	S.K. Vyawahare	General Manager (Engg.)	AAI
33	Arunanshu	Airport Officer	Royal Jordanian

Minutes of the Stakeholder's Consultation

Sr. No.	Name of the Participant	Designation	Name of the Organization
34	Glenn D'couto	Station Superintendent	Kuwait Airways
35	R.B. Umralkar	AGM	Air India
36	R. Ramana	Additional Chief, Transport Planning	MMRDA/ MMRCL
B)	**Representatives from MIAL**		
37	Vinod Hiran	CFO and Company Secretary	
38	Charudatta Deshmukh	Director - Urban Planning	
39	Chandrabhan Manwani	Sr. Vice President	
40	Sanjiv Bhargava	Vice President	
41	Naveen Chawla	Vice President	
42	Prabhat Mahapatra	Vice President	
43	Godavari Joshi	Asst. Vice President	
44	Gyan Prakash	Asst. Vice President	
45	Ashwini Thorat	General Manager	
46	Prasanjit Biswas	Deputy General Manager	
47	Ravindra Dalavi	Deputy General Manager	
48	Santrupta Padhi	Deputy General Manager	
49	Robert Noronha	Asst. General Manager	
50	Milind Sakhalkar	General Manager	
51	Alok Patni	Deputy Manager	

Stakeholder's Consultation

2nd Control Period - FY 15 to FY 19

Chhatrapati Shivaji
INTERNATIONAL AIRPORT
MUMBAI

GVK

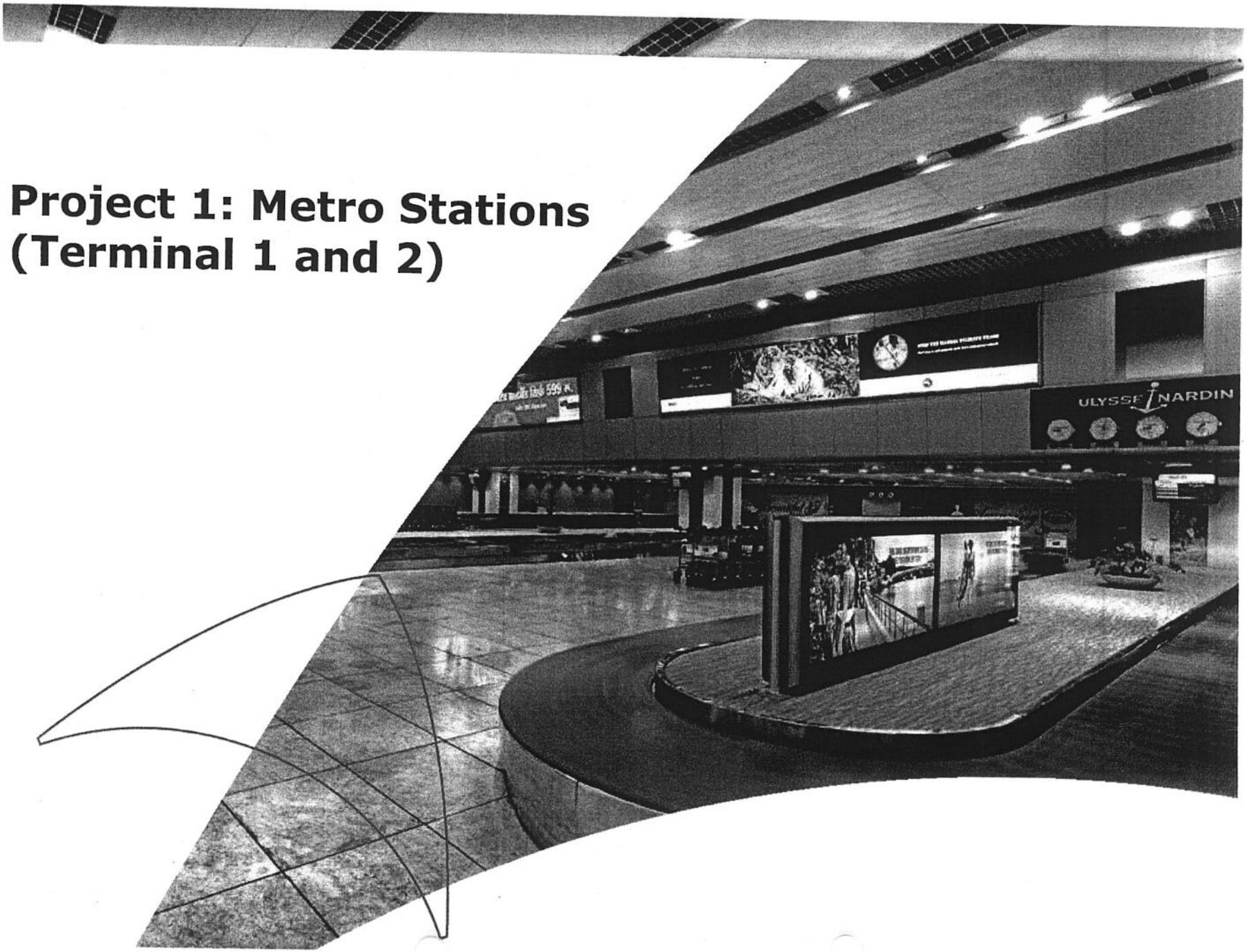
5th March, 2014
Mumbai

Agenda

Projects involving capex in excess of Rs. 100 crores in the 2nd Control Period (FY 15 to FY 19)

- Project 1: Metro Stations-Two (Terminal 1 and Terminal 2)
- Project 2: South East Pier
- Project 3: Taxiway "M"
- Project 4: Tunnel under Runway 14/32

Project 1: Metro Stations (Terminal 1 and 2)



Need for Metro Connectivity to CSIA(1/3)

- Chhatrapati Shivaji International Airport (CSIA) has **constrained connectivity** due to absence of any dedicated rail link and high dependence on the city's road infrastructure.

- Western Express Highway, the principal road link to airport, has **serious capacity issues**, particularly during peak hours.

- Due to the rapid increase of citywide traffic (approx 4.5% YoY) the journey time from South Mumbai to CSIA over the years **will increase from currently 120 mins in peak time to approx 180 mins** over the years.

- Key Issues:
  - Existing transportation system & connectivity is **under extreme pressure** owing to rapid increase in city level traffic volumes.

  - **Several limitations & constraints in augmentation of existing road network** capacity for future traffic volumes.

Need for Metro Connectivity to CSIA (2/3)

- A world class development of the magnitude of CSIA to be sustainable, needs to be complemented by a rail based MRTS link like the Metro, serving CSIA users' travel demands, apart from road connectivity from all major roads of Mumbai city.

- Metro connectivity **will reduce the journey time to approximate 50 mins** from 120 mins (approx reduction of 70 mins considering today's travel time) for an airport passenger travelling from South Mumbai during evening/morning peak. The difference in travel time will increase in the future due to increasing congestion.

- Metro would in turn **reduce the congestion** anticipated at the entry or exit roads to the airport and terminals, in turn providing a better level of service to the passengers who are inaccessible to the metro system.

- All major international airports in the world are served by dedicated Metro and Expressway corridors to provide reliable and time bound connectivity, like Hongkong, Beijing, Bangkok, Heathrow, Delhi, Chennai and Kolkata etc.

Need for Metro Connectivity to CSIA (3/3)

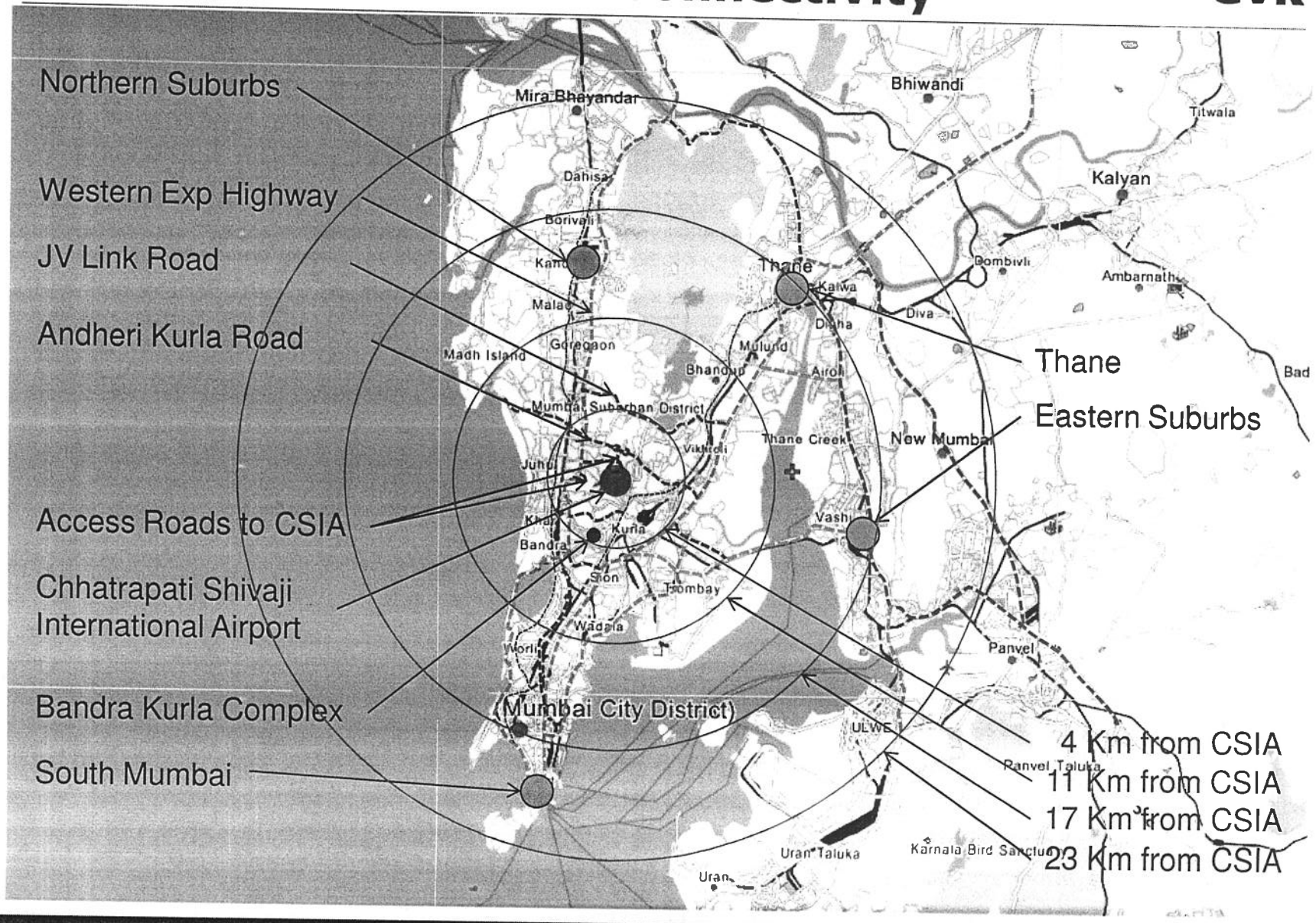
- This will also lead to a proportionate **savings of 30 times in cost of travel** (in an air conditioned fleet cab)* and assurance of a fixed journey time of approx 50 mins for the airport passenger from South Mumbai.

- Two stations within CSIA, one located in the Santacruz Domestic Terminal T1 forecourt and other located in the Sahar International Terminal T2 forecourt shall be directly connected to the Terminals, to provide access to domestic and international passengers & all airport users.

Considering the difference in cost of travel to South Mumbai from CSIA in an air conditioned fleet cab indexed to year 2019 with 7.9% CPI Y-o-Y **(Rs 900) to the cost of travel in a Metro **(Rs 30)** as per the fare structure proposed by MMRDA for a similar journey.*

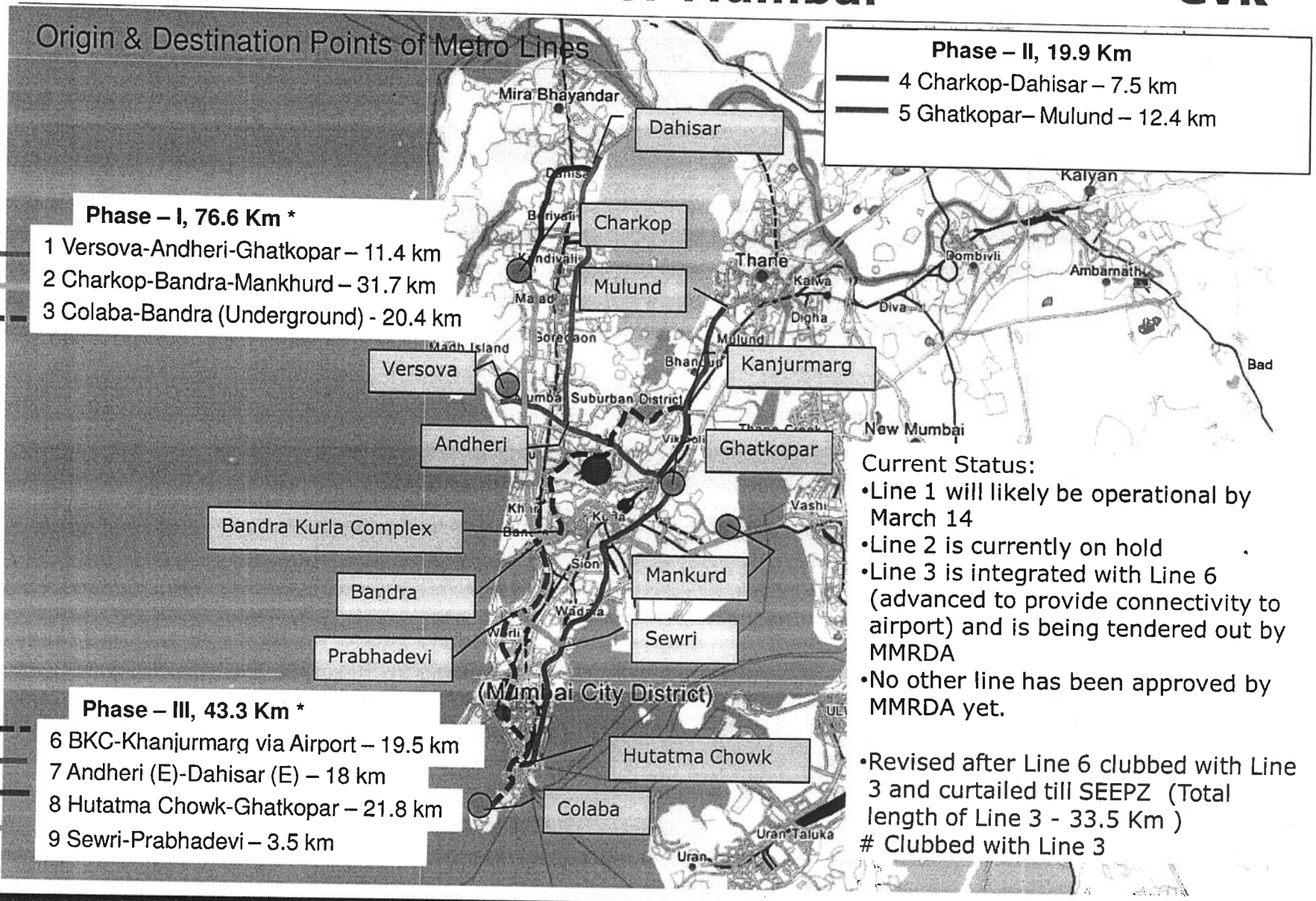
CSIA Location and Connectivity

GVK



Metro Master Plan for Mumbai

GVK



Current Status:

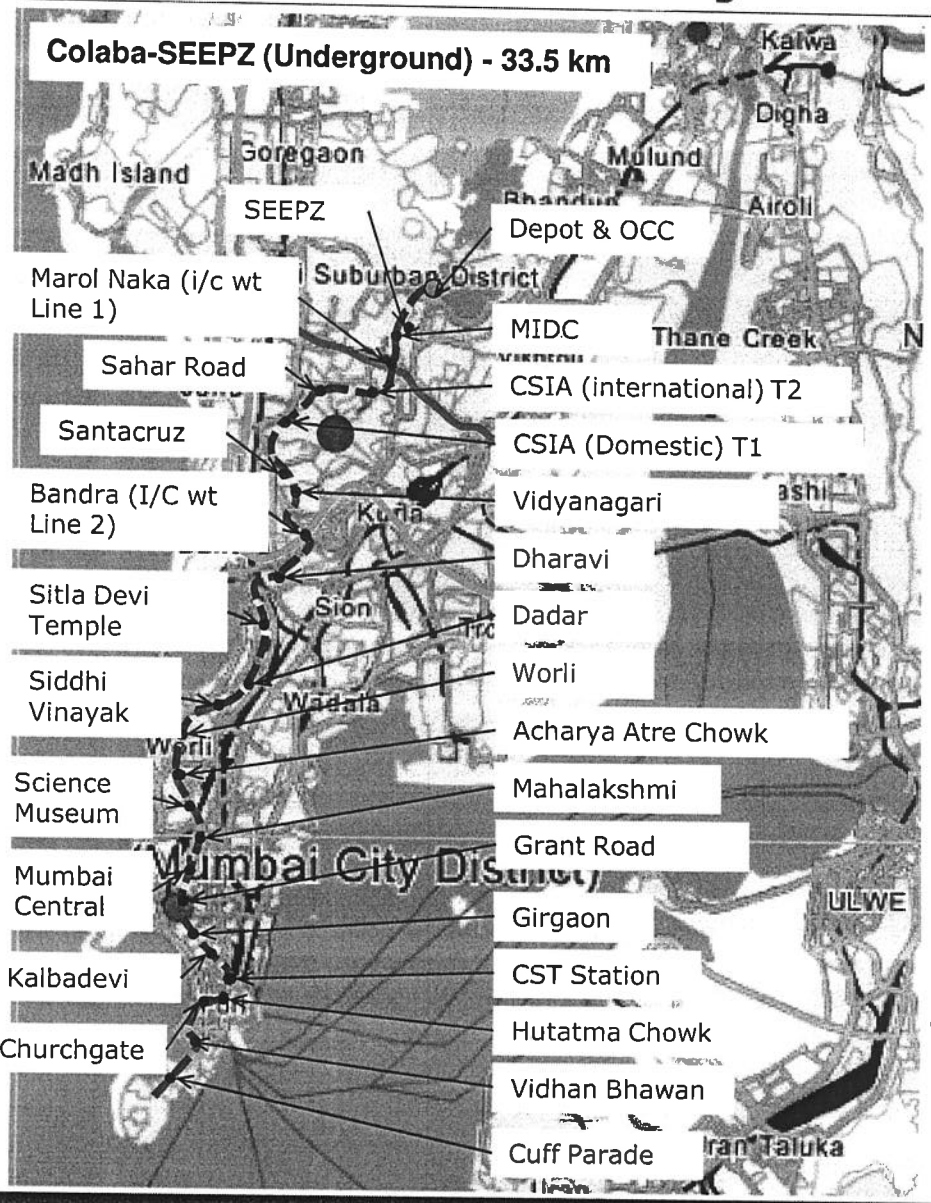
- Line 1 will likely be operational by March 14
- Line 2 is currently on hold
- Line 3 is integrated with Line 6 (advanced to provide connectivity to airport) and is being tendered out by MMRDA
- No other line has been approved by MMRDA yet.

- Revised after Line 6 clubbed with Line 3 and curtailed till SEEPZ (Total length of Line 3 - 33.5 Km)

Clubbed with Line 3

Metro Line 3 Project

GVK

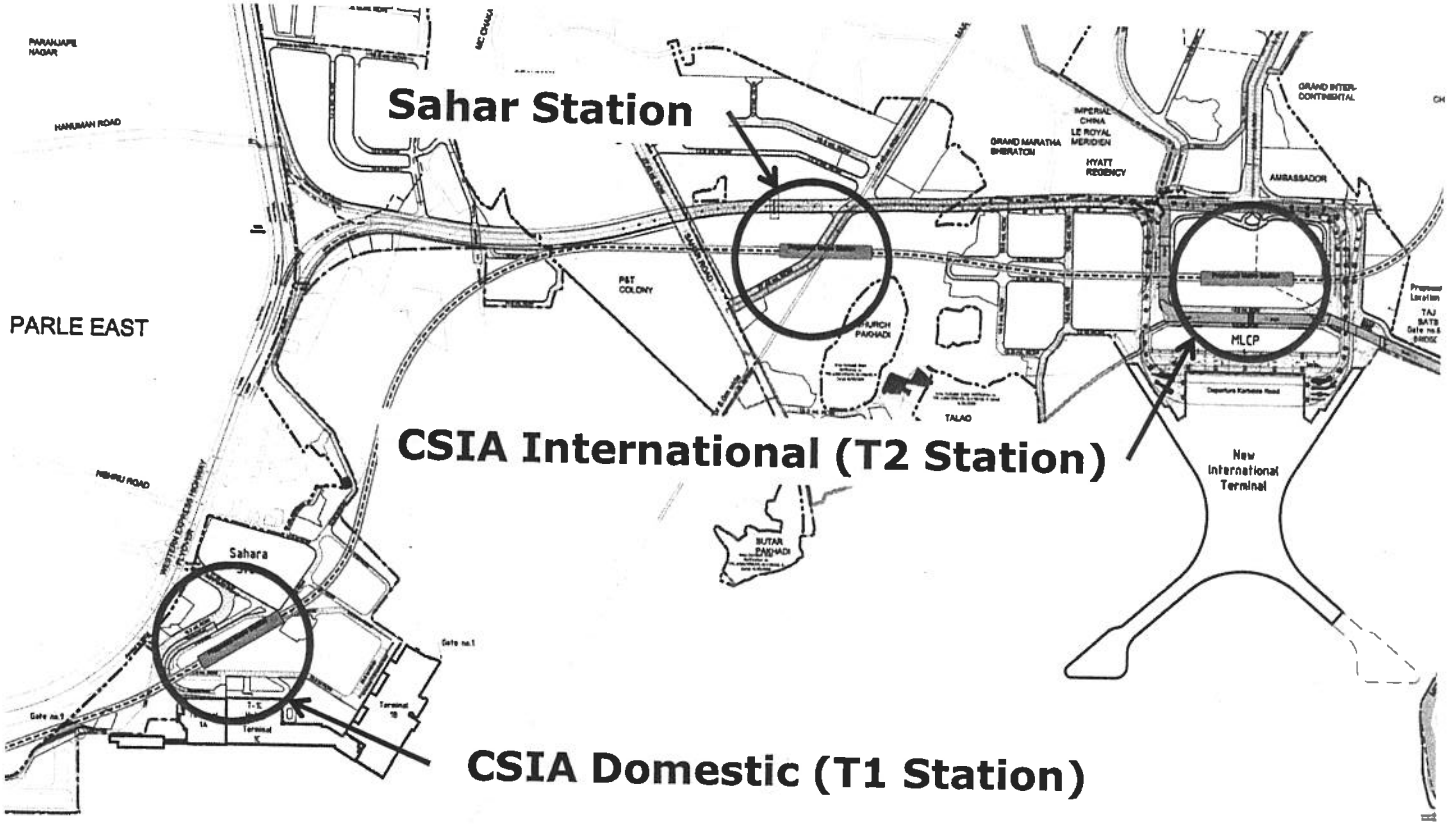


- Metro Line 3 has been envisaged as a complete underground system.
- Length of Proposed Line: **33.5 km** (Colaba to SEEPZ)
- No of stations planned: **26** (including 3 stations within CSIA)
- Total Travel time: approx **60 mins**
- Depth of Stations – **21.5 m** below ground
- Type of station construction – Cut and cover and NATM
- Expected completion: **2019**
- Expected commencement of Construction: **December 2014 (end)**

- Alignment through CSIA - The alignment and the station locations have been finalized after extensive studies by MMRDA/MMRCL regarding:
  - Catchment areas
  - Integration with other mass transit corridors
  - Construction feasibility
  - Airport's connectivity requirements

- The alignment will connect South Mumbai, Central Mumbai, with Suburbs and CSIA.
- Major Traffic Generators - Churchgate, CST, Dadar, BKC, SEEPZ and CSIA.

Metro Line 3 Stations in CSIA



In CSIA

Total Length 4.59 Kms
No. of Stations : 3 (underground)

Station Locations

Location 1: T1 Forecourt
Location 2: Sahar Road
Location 3: T2 Forecourt

Users of Metro Line 3 to CSIA

GVK

Metro Line 3 Project, a true integrator of major traffic generators of the city will immensely benefit the following airport users:

- Airport Passengers
- Meeters and Greeters
- Employees at the airport working with
  - airlines
  - cargo terminal operators
  - ground handling agencies
  - airport operator
  - CISF and other Government agencies
  - retailers and other concessionaires at the airport
- Visitors
- Surrounding areas of CSIA

Need for MIAL's Participation

GVK

- The National Facilitation Committee (NFC), Government of India, in 2009, recommended expeditious implementation of metro link to CSIA, as part of Metro Line 3 Project.

- MMRDA had insisted that CSIA participate in this Project by way of contribution of 20% of the total cost of Rs 24,430 Crores i.e Rs 4,886 Crores for which MIAL did not agree.

- In the NFC meetings, MoUD made it clear that cost of construction of 3 airport stations need to be borne only by MIAL as these are being constructed for airport users.

- It was decided that MIAL shall share cost of 3 stations of which 2 stations are related to Terminal Traffic (i.e. T1 & T2 stations) subjected to concurrence and approval of Statutory Authorities. Cost of 2 stations to be borne by MIAL is approx Rs 518 Crores (excluding cost of Electro-mechanical works of Rs. 118 Crores which is to be paid in 3 years after commissioning of Metro).

- DIAL has also contributed approx Rs. 350 crores for dedicated Metro connectivity to IGI Airport, New Delhi (Cost incurred in Yr 2009-10).

Project Cost

- The Project Cost of Metro Line 3: **Rs 23,136 Crores** (approximate completion cost as per Metro Line 3 funding plan given by MMRDA)

- Approximate civil cost of each station as per DPR prepared by MMRDA
  - **Rs 200 Crores Base cost**, to be indexed plus soft cost such as Interest During Construction and Preoperative Expenses

- MIAL will have to contribute **Rs 518 Crores** for two stations towards Metro connectivity:
  - Cost of construction of the two metro stations within the airport area: Rs 400 Crores (Rs. 200 crores each for metro station) plus Rs. 118 crs. taking into consideration inflation
  - Plus soft cost
- **Central Cabinet** approved Project on **27th June 2013**
- **JICA Loan Agreement** on JICA funding signed on **17th Sep 2013**
- **State Cabinet** approved Project on **26th Feb 2014**

Benefits to Stakeholders

- Help the airport passengers, employees and airport users immensely by reducing the travel time, ensuring that the lower loads on the roads leading to the terminals.

Benefits will be in terms of:

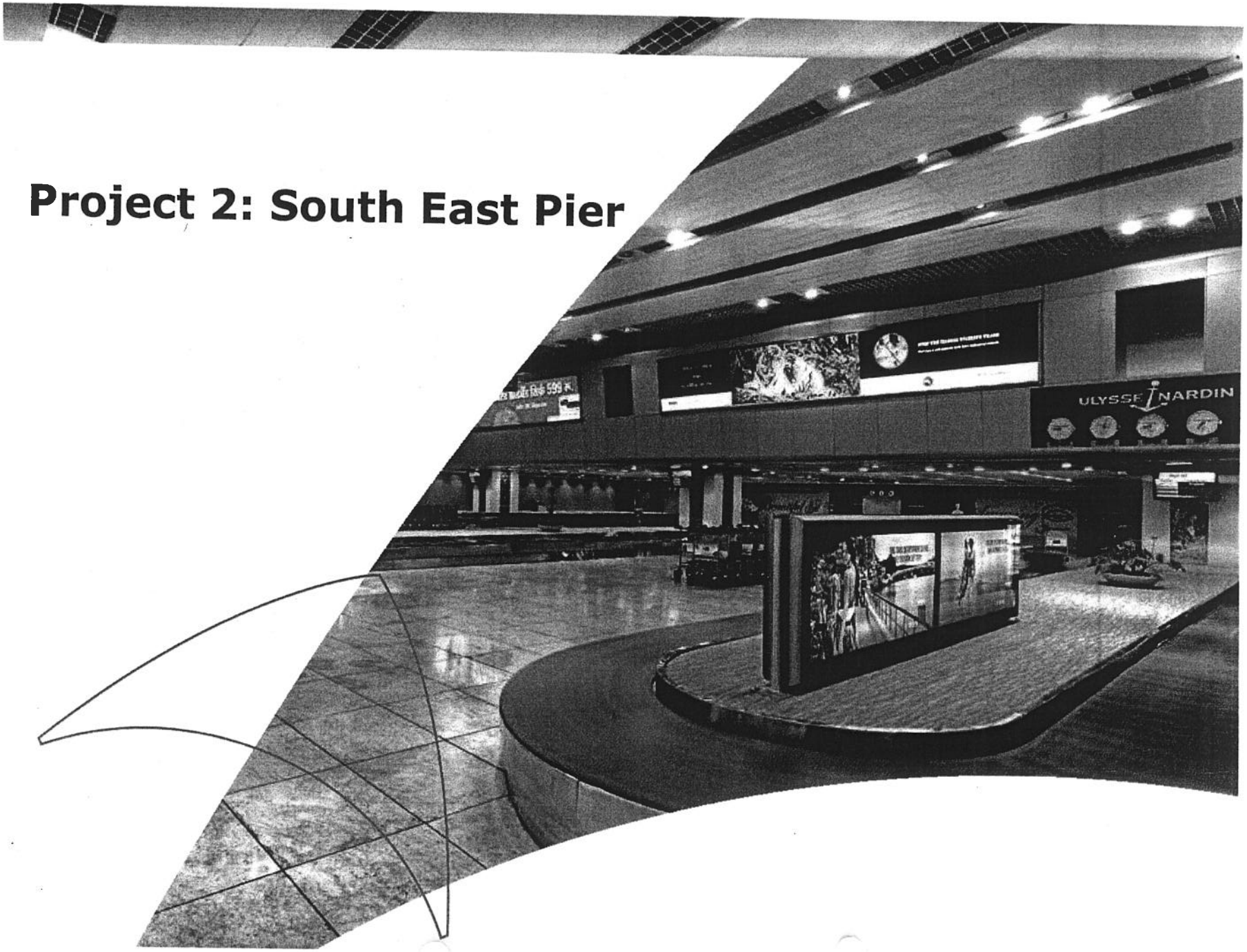
- Faster travel time to the airport (Reduction of more than half of travel time during congested peak for journey from South Mumbai)
- Reduced cost of travel (**30 times reduction** of travel cost i.e. Rs 30 in a metro compared to a journey by an air conditioned fleet cab from South Mumbai i.e approx Rs 900)
- Assurance of a fixed journey time (**Approx 50 mins** estimated)
- Direct connectivity from prominent locations (unlike today where one has to change 2/3 modes of public transport to reach the airport)
- Reliable and dependable mode of public transport (Services unlikely to be disturbed during monsoons and other road congestions, etc.)
- Round the clock connectivity
- Comfortable and safe journey with **air conditioned** facilities

Alternatives to Metro 3 Connectivity to CSIAGVK

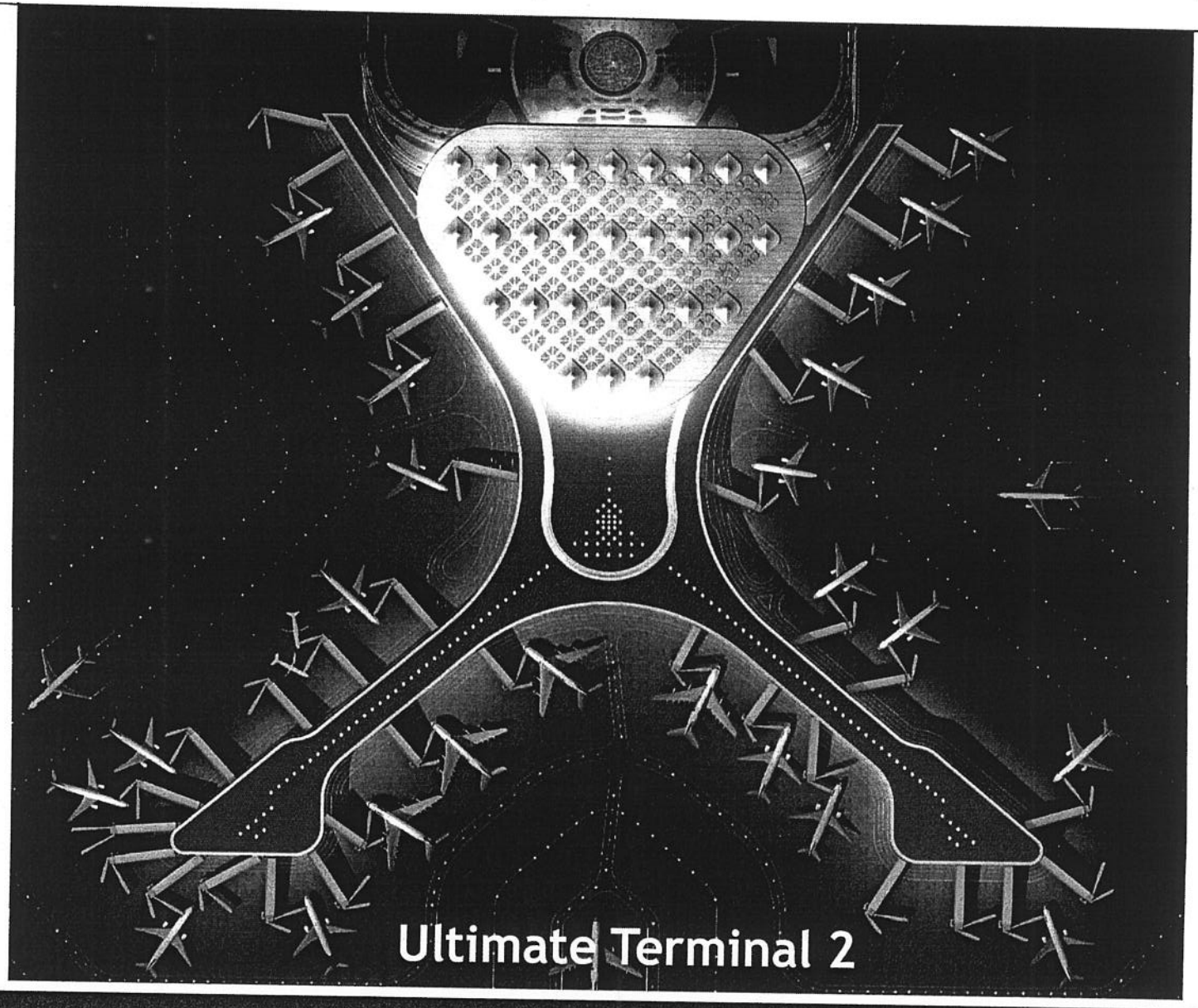
- With ever increasing vehicular traffic, traffic situation is set to worsen, since government has already widened the roads to the maximum possible limit. Further scope for widening of existing roads is very remote unless drastic measures involving removal of encroachments and even acquisition of private / public properties are taken by State Government.

- Metro connectivity via proposed stations seems to be the only feasible answer for providing an affordable public transport system to CSIA. If the option to construct metro rail stations in the airport area is not exercised now, such an opportunity shall be missed forever.

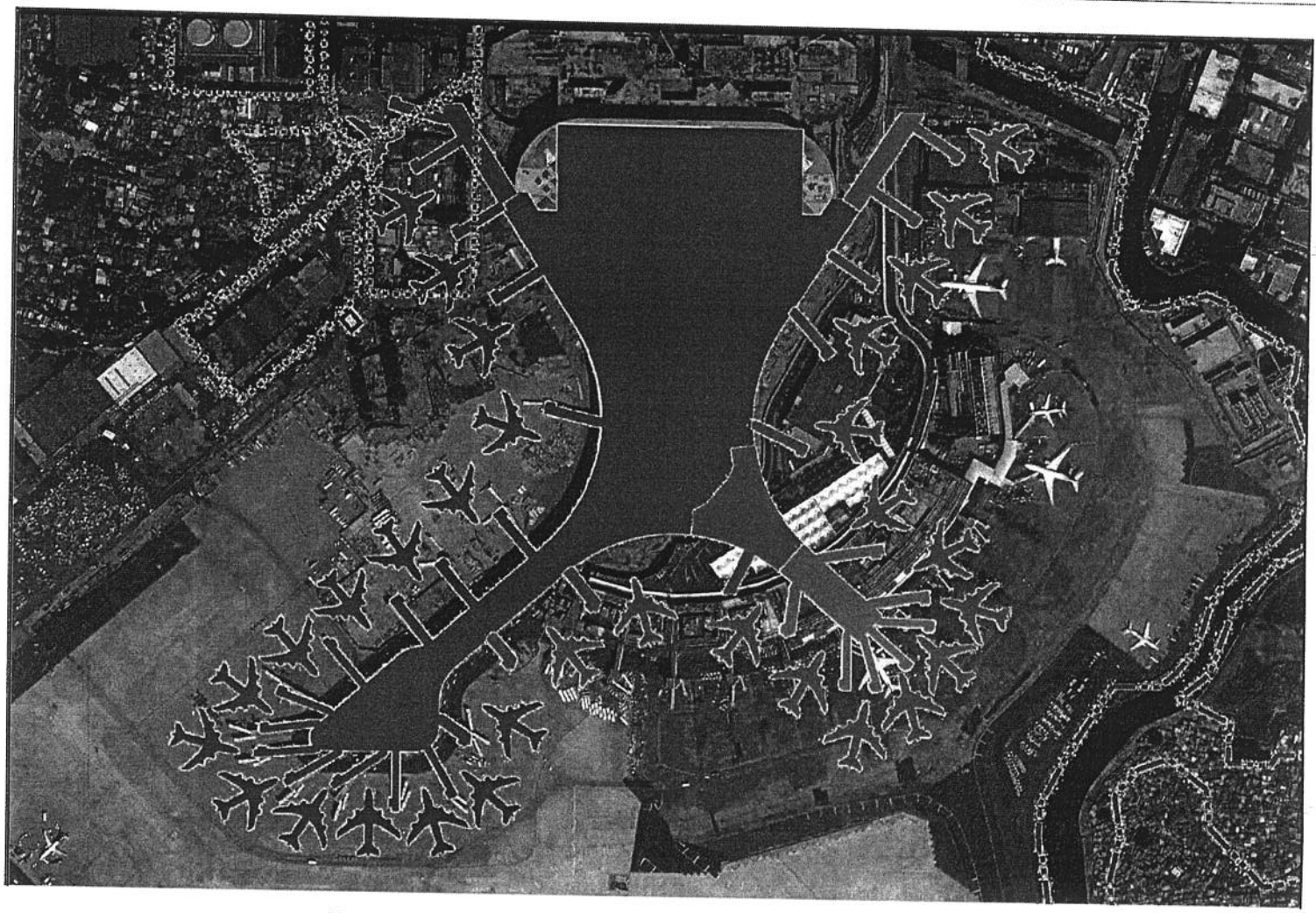
Project 2: South East Pier



Terminal 2 Development

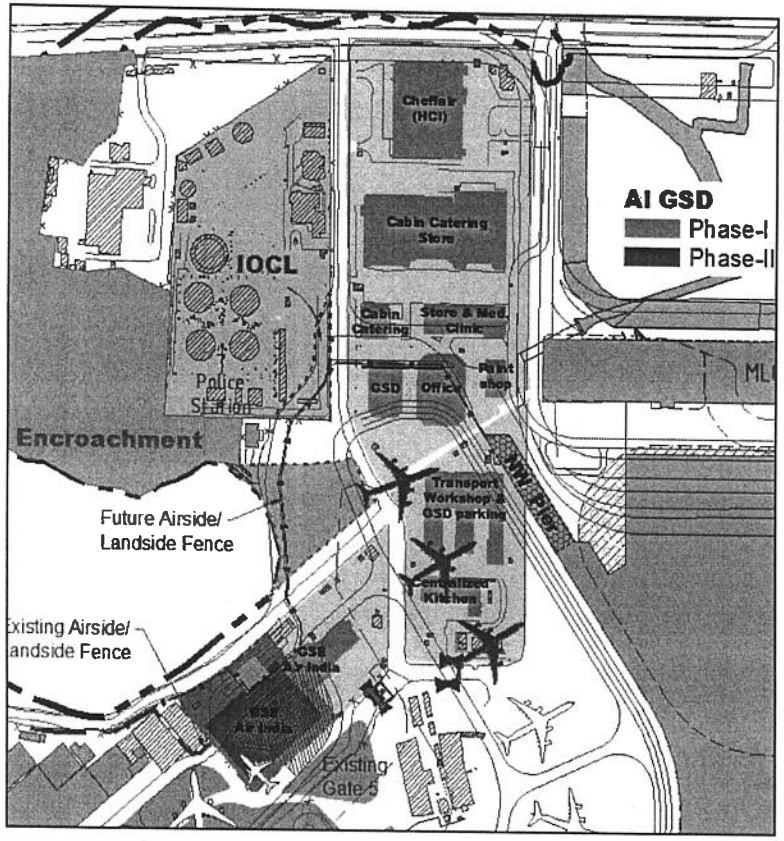


NEED: SOUTH EAST PIER



Proposed Terminal 2 Works

Need: South East Pier



- The encumbrances in North West Pier includes:
  - Air India (AI) Ground Services Department (GSD),
  - Encroachments; and
  - Small portion of IOCL land
- Time required for clearance of encroachment is difficult to estimate

Project Description: South East Pier

MIAL plans to convert the 7 remote stands to contact stands by constructing a additional portion of approximately 14300 Sqm of the SE Pier (as highlighted in figure below)



Number of Aircraft Stands

Total number of available aircraft stands around new T2:

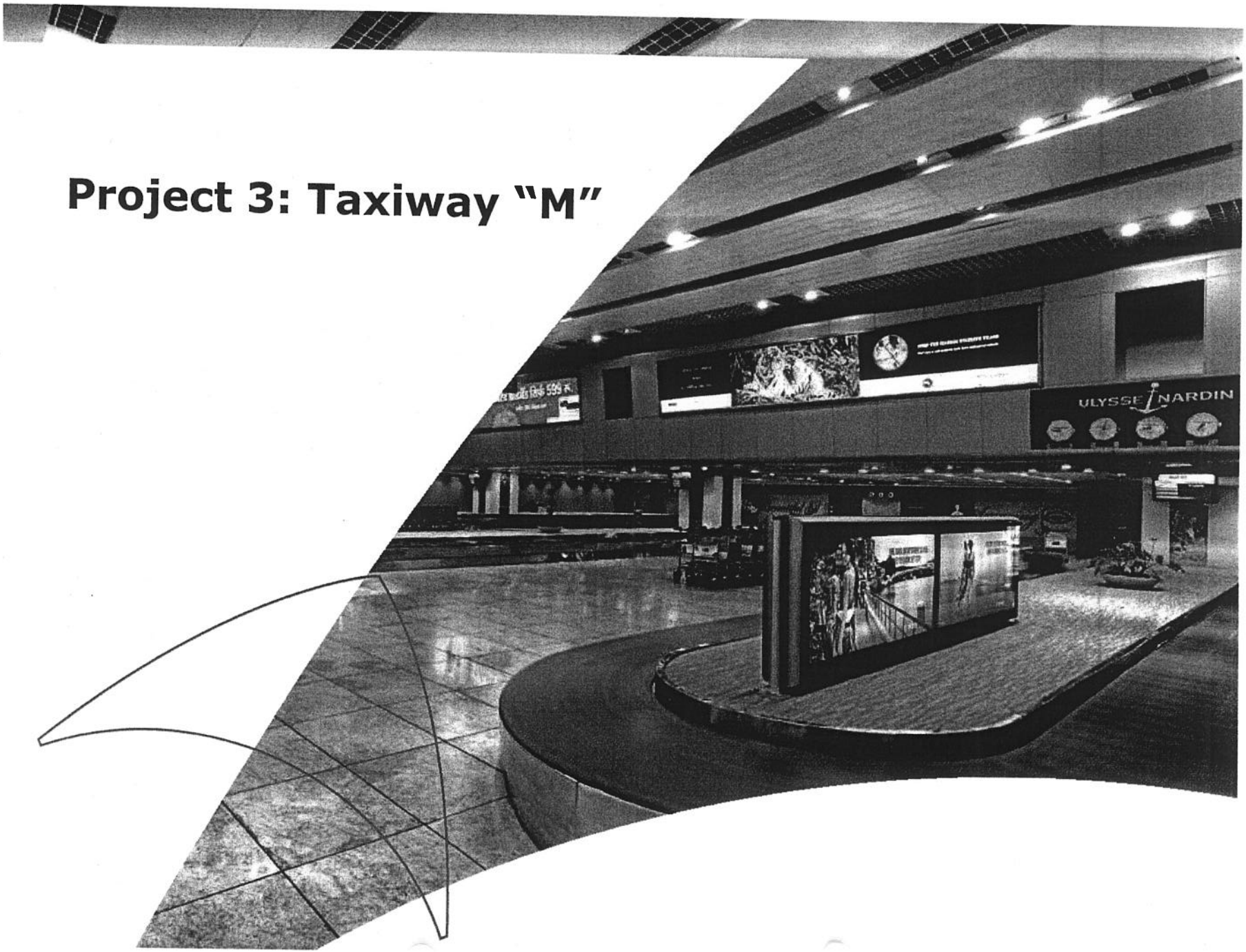
- 2 Code F in-contact stands,
- 27 Code E in-contact stands

Benefits: South East Pier

With the construction of **a small section** of the Terminal, SEP, following benefits are achieved :

- ✓ **7** Remote stands are converted to **Contact stands**
- ✓ **Faster turnaround of aircraft** resulting in higher apron capacity.
- ✓ Leads to an **increase in efficiency** of Airline and Airport operations.
- ✓ Brings in increased level of service by use of Passenger Boarding Bridges at New T2.
- ✓ Leading towards the total stand count envisioned in the Master Plan

Project 3: Taxiway "M"

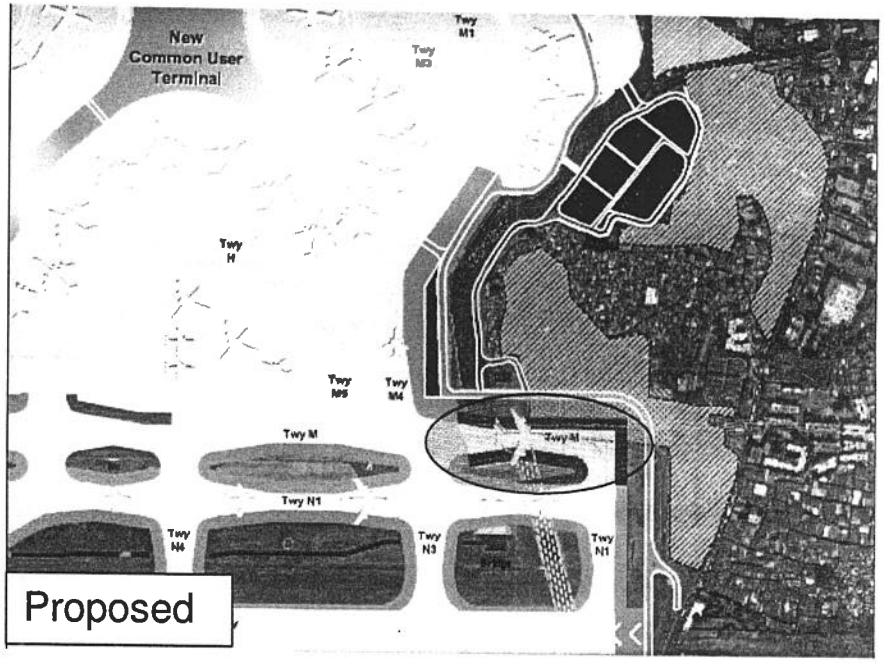


Need: Taxiway "M"

- To ensure that CSIA has the capability to handle High Intensity Runway Operations (HIRO) with at least 48 Air Traffic Movements per hour on the main runway 09/27
- The traffic at CSIA has grown at a rapid pace leading to requirement of increase in airside handling capacity.
- NATS, an independent consultant from UK, was appointed to advise, the measures to enhance capacity of CSIA.
- NATS recommended, inter-alia, to construct Taxiway M which could act as a holding area for Runway 27.
- As per NATS' recommendation, creation of additional aircraft holding area at the start of main Runway 27 (i.e. TWY M) over the Mithi River would increase the overall capacity of main Runway.

Description: Taxiway "M"





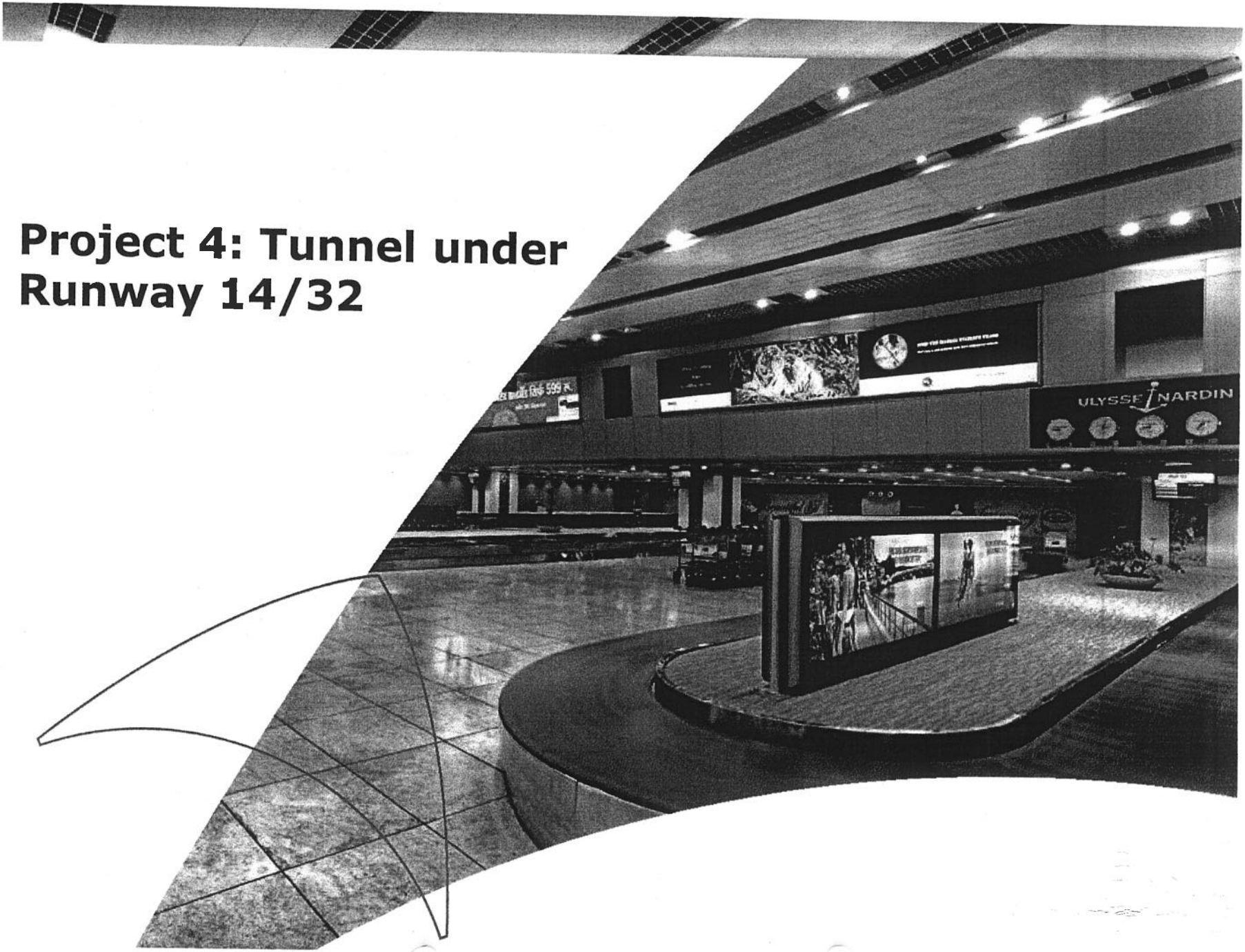
- The proposed taxiway M (parallel to existing Taxiway N1) connects the New Terminal 2 aircraft parking apron and the start of Runway 27.
- This can only be possible after slum rehabilitation on ~6 acres of land

Benefits: Taxiway "M"

GVK

- Increased runway capacity during departure peaks
- Increased runway capacity if there are same direction departures at the holding point by changing departure sequence and allowing other direction departures in between
- Taxiway M would provide more space for queuing of outbound traffic in addition to Taxiway N1, enabling clearing of the main apron and apron taxiways and reduce congestion around the T-2 apron.
- Air traffic controllers will have flexibility in managing the departure queue by holding aircraft in two streams.
- Presently, in case departing aircraft on taxiway N-1 is delayed due to any snag, it has to enter runway and vacate via the next taxiway, resulting in loss of one departure slot. After creation of a the holding area such aircraft shall be allowed to wait on taxiway N-1, allowing departure of aircraft from other taxiway

Project 4: Tunnel under Runway 14/32



Need : Tunnel under Runway 32

GVK

- Terminal 2 will have a capacity of 40 mppa while T2 apron will have a capacity of only 37-38 mppa until ultimate development of T2 apron is achieved.

- Shortfall in capacity of T2 apron will require remote parking of aircraft at T1 apron.

- Approximately 25 Late night arrivals and 25 early morning departures will be operating from T1 apron although passengers will be processed from T2

- Making 25 aircraft to taxi / tow from T1 apron to T2 will create conflicts on the ground and reduce capacity of runway and apron.

Need : Tunnel under Runway 32

GVK

- To create infrastructure to:-

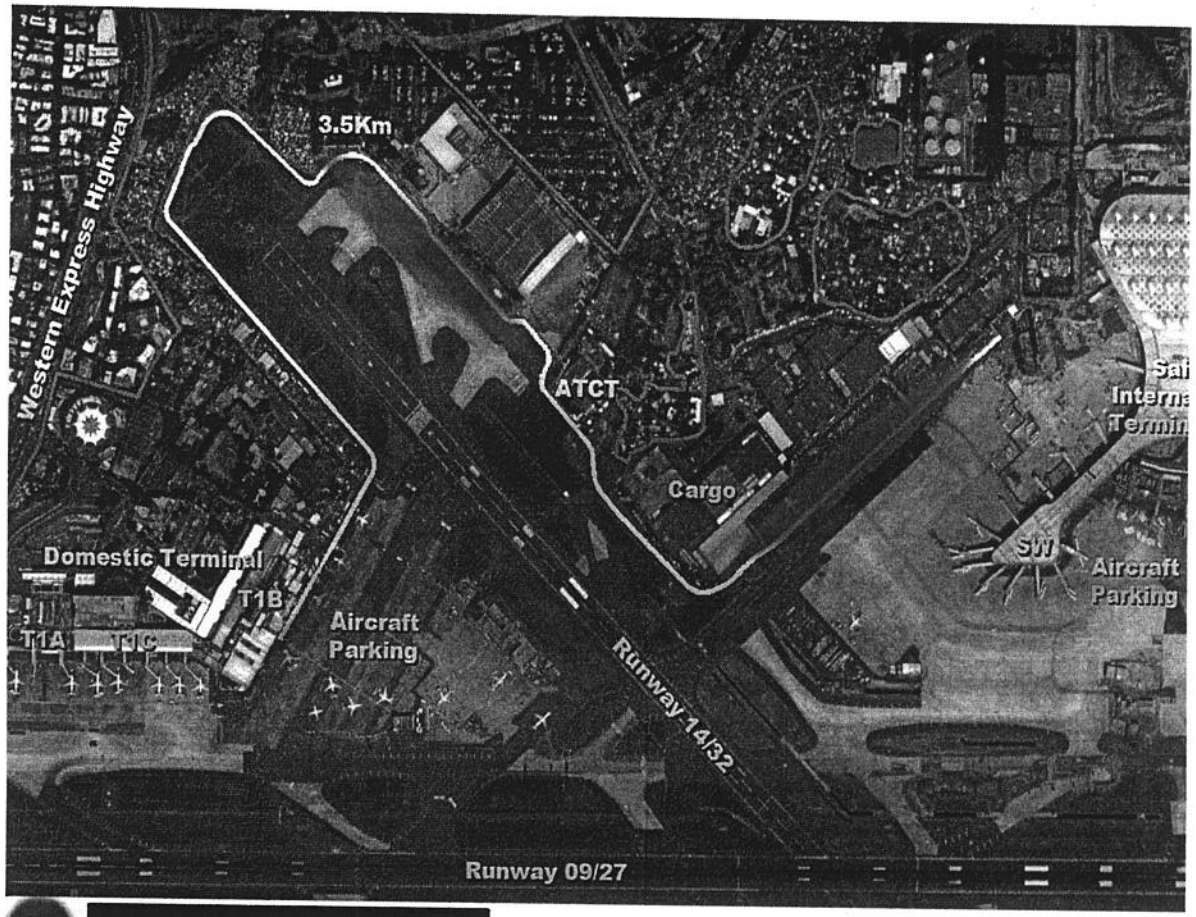
(a) reduce travel times for passenger transfer between New T2 and T1 apron

(b) To reduce the time for arrival of baggage for all flights

- So the only solution is to transfer passengers, baggage and belly cargo between T2 and T1 apron.

Need : Tunnel under Runway 32

Existing Route around Runway 32

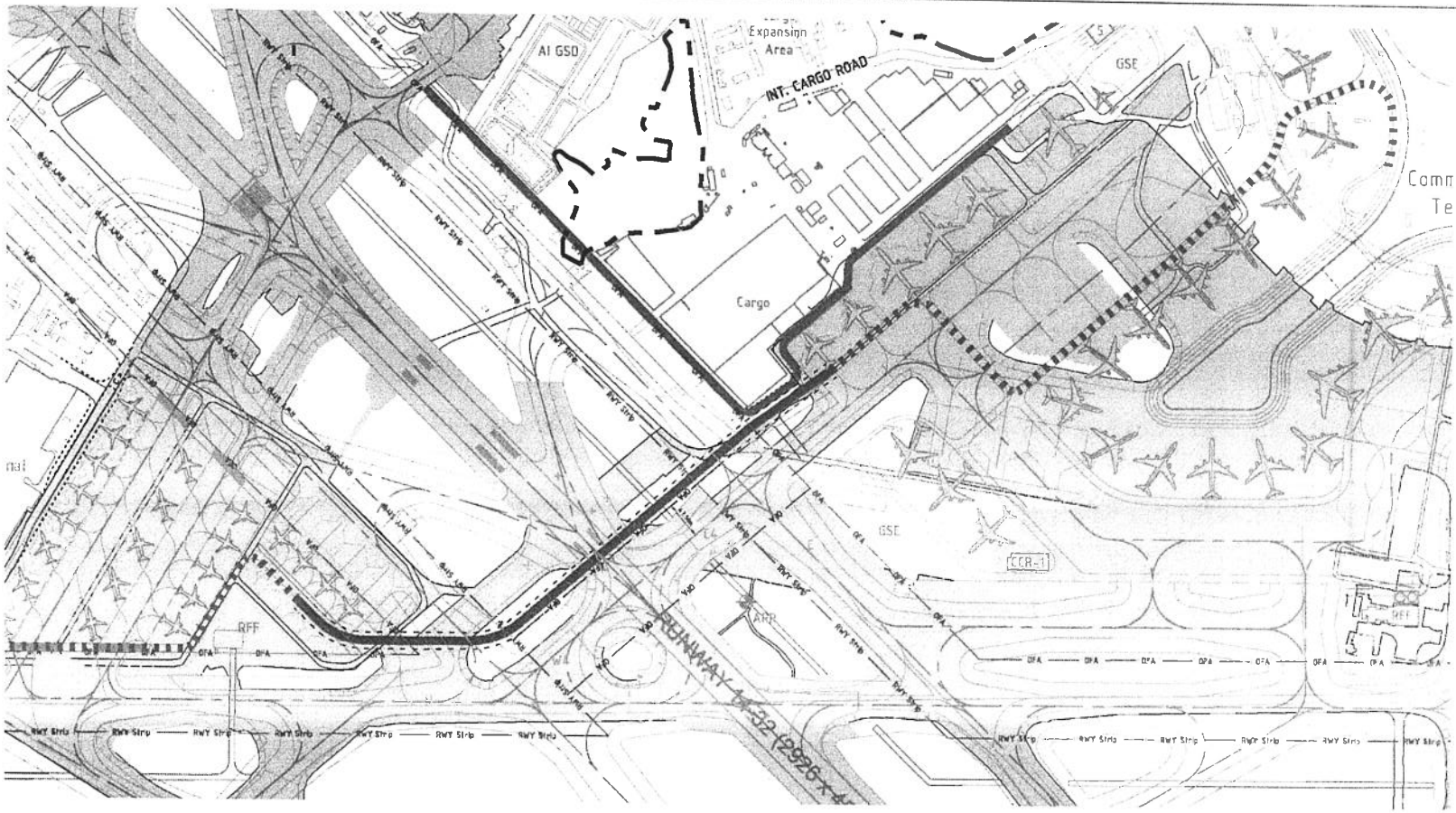


Current distance from T2 Bus Lounge to the remote stands on domestic apron is ~ 3.5-4.1 Kms. Based on 20-30 Km/hr speed, the observed travel time considering congestion points would be 15-20 min.

Congestion leading to airside travel delays

- **Behind Apron G**
- **Behind Air India maintenance facility**
- **T1B Apron**

Description : Tunnel under Runway 32



New Tunnel under Runway 14/32 connecting Aprons D & G

Project Description

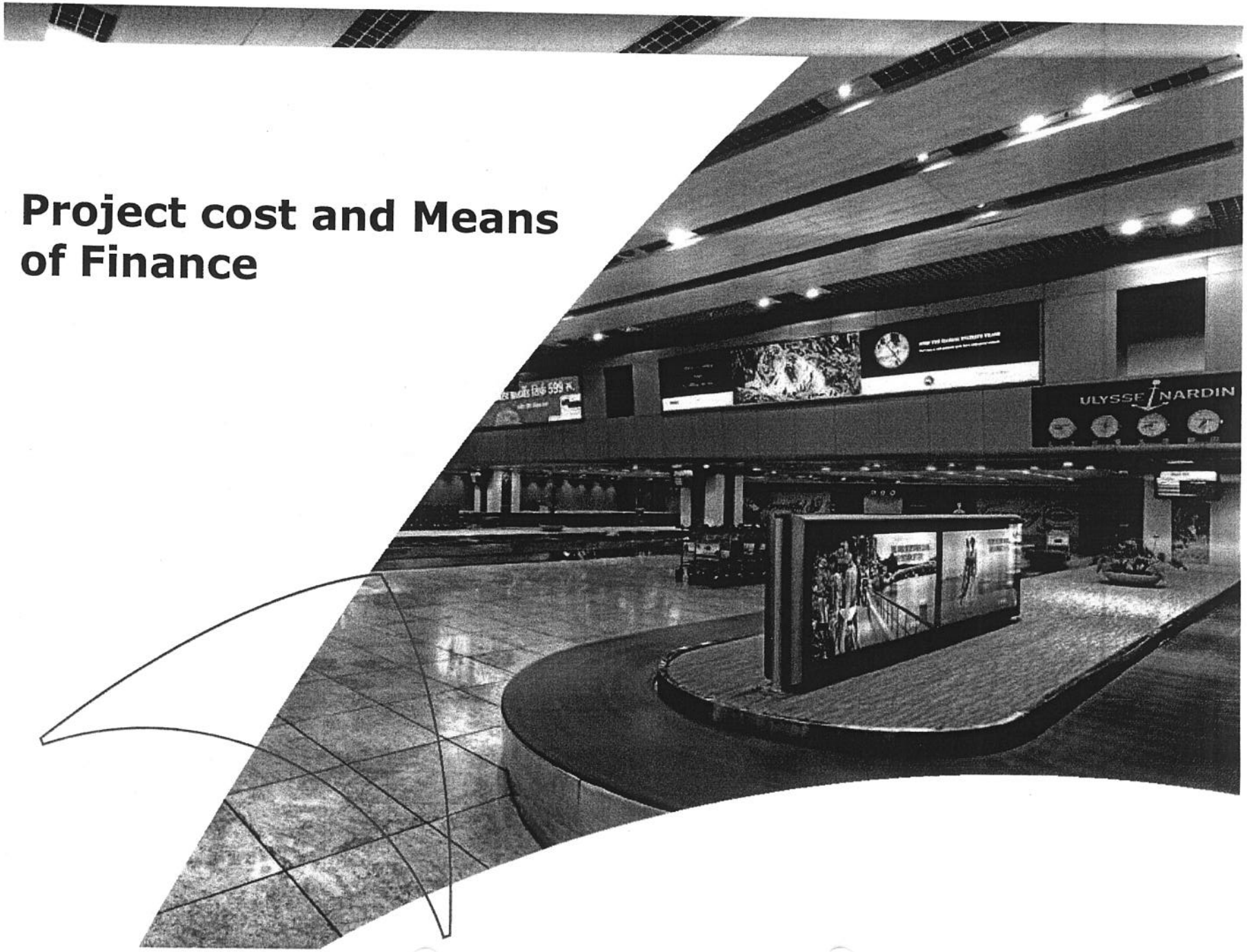
- This project envisages construction of a Tunnel road beneath the airside operational area to connect the T1 and T2 aprons

- The Tunnel will allow movement of passenger coaches and GSE between aprons of T1 and T2

Benefits: Tunnel under Runway 32

- Faster transfer of passengers and baggage between T2 and T1 apron resulting in quick turnaround of aircraft and enhance apron capacity
  - Travel Distance: reduced by ~2km (around 50% reduction)
  - Travel Time: Reduced by 7 to 8 minutes (estimated) (around 50% reduction)
  - Potential congestion points are minimized
- Enhanced passenger experience by bringing operational efficiency
- Reduced travel distance for GSE vehicles resulting in operational (i.e. improved turn around times) and cost (i.e. fuel) efficiency
- The new tunnel will provide redundancy in the airfield roadway system and will make the transport system more robust.

Project cost and Means of Finance



Proposed Capex and Means of Finance

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Rs./Crs.

Projects	Estimated cost (Rs Crs.)	Time frame
Metro Stations – Two*	**518**	FY 15-FY 19
South East Pier	**370**	FY 15-FY16
Taxiway 'M' (Only Slum Rehab cost)	**157**	FY 16-FY 19
Tunnel under Runway 14/32	**224**	FY16-FY17
Sub Total (Hard Cost#)	**1,269**	
Soft Cost (IDC & Preoperative)	**341**	
Total Cost	**1,610**	
Means of Finance		
Debt/DF@	**1,045**	
Equity/ Internal Accruals	**565**	

**Electro-mechanical cost of Rs 118 Crores (Un-indexed, Rs 59 Crores for each station) not included and is t(*
be paid in 3 equal installments post commissioning of the system
 # Hard Cost of Projects is indexed YoY as per inflation of 7.9% based on CPI
@It is proposed to fund cost of Metro stations through Development Fee, subject to approval of AERA

Thank you

725/सचिव (ऐरा)
9/4/2014

GVK

MIAL/VPR/2014-15/5
5th April, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Dear Sir,

Sub: Minutes of the Consultation meeting with Airport's stakeholders/ users for major developments at CSIA

Ref: - MIAL's letter, MIAL/VPR/5 dated 8th January, 2014 & MIAL/VPR/8 dated February, 2014

In continuation of our aforesaid letter, we would like to inform the Authority that the Airport users' / stakeholders' consultation meeting was held on 5th March, 2014, 06.00 PM at "The Lalit, Sahar Airport Road, Andheri East, Mumbai", to solicit stakeholders views on the Proposed Projects to be undertaken during the second control period for the modernization and up-gradation of CSIA. Meeting was attended by 36 representatives of 26 stakeholders / users.

The minutes of the abovesaid meeting and the power point presentation on the projects discussed have been sent to the stakeholders and the next meeting shall be convened in the due course.

We are attaching herewith the minutes of the meeting and the power point presentation on the projects for your kind information and shall be pleased to provide any further information that Hon'ble Authority may require in this regard.

Thanking you,
Yours Sincerely,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President - Regulatory

Encl.: as above

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION

GVK

Sl. Number of certificate as per Authority's Letter	Document/ Certificate No. being submitted vide this letter dated 15th July, 2014
26	Annexure 5
47	Annexure 6
48	Annexure 7

Now, the certificate/ clarifications for Sr. No. 14 remain to be submitted which shall be submitted in due course.

MIAL will be pleased to provide any additional details/ clarifications, desired by the Authority.

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

Enclosed : as above

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ENERGY
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LIFE SCIENCES

Minutes of the Stakeholder's Consultation

Topic	Stakeholder's consultation process for capital expenditure above Rs. 100 Cr. to be incurred by **Mumbai International Airport Private Ltd. (MIAL)** during the Second Control Period i.e. FY 2015 - 2019.
Date	5th March 2014 at 6:00pm
Venue	Forum 1, The Lalit, Sahar Road, Mumbai
List of Participants	Enclosed as Annexure 1

Stakeholders Consultation meeting was convened by MIAL to elicit the views of stakeholders on the proposed projects with capital expenditure of more than Rs.100 crores each to be undertaken by MIAL during the second control period starting from FY 2014-15 and ending on FY 2018-19.

The participants were briefed that in accordance with the provisions of Operation Management and Development Agreement (OMDA) and State Support Agreement (SSA), MIAL is undertaking the stakeholder's consultation process for each and every project costing in excess of Rs 100 crores. Stakeholders were invited vide meeting notice dated 15th February 2014, alongwith which a note on the proposed projects was circulated and it was specified that the Consultation process shall have two stages, mainly:

1. Need identification and options development stage
2. Detailed Project design stage

Participating stakeholders, as per List attached as **Annexure 1**, attended the meeting which included representative of IATA, IMC, VOICE, APAO, CERC, CUTS, AAI, MMRDA, various domestic and international airlines amongst others.

Stakeholders were explained that during the second control period, MIAL has proposed the following four (4) projects, each one costing more than Rs 100 crores:

1. Development and construction of two Metro Stations (Terminal 1 and Terminal 2)
2. Construction of South East Pier
3. Construction of Taxiway "M"
4. Construction of Tunnel under runway 14/32

Thereafter, the stakeholders were taken through a detailed presentation on each of the above projects.

Minutes of the Stakeholder's Consultation

Sr. No.	Particulars	Presented by	Description
1	Introduction – Consultation Protocol	Mr. Vinod Hiran (CFO & Company Secretary)	A brief on the consultation protocol and proposed projects was given.
2.	Project No. 1 - Development of two Metro Stations (Terminal 1 and Terminal 2)	Mr. Charudatta Deshmukh, Director (Urban Planning)	Participants were taken through the details of need for development of the metro connectivity to the airport, traffic growth at Western Express Highway and Master Plan for development of metro rail connectivity for Mumbai. Metro Line 3 alignment, along with location of proposed three Metro Stations within CSIA was explained. MIAL explained that only the cost of two Metro Stations is part of the proposed Project Cost. These are T1 forecourt Metro Station and T2 forecourt Metro Station. Cost of the stations and MIAL's contribution to MMRDA were informed. It was explained that the cost of two Metro Stations to be part of Project Cost is only about 2% of the overall project cost of Metro 3 project. Various benefits of Metro connectivity to the airport were highlighted wherein the reduction in cost and travel time in future for the passengers being the most important one. It was explained that as there is no possibility of expanding WEH in future, there is no other alternative for fast and safe connectivity to CSIA, except Metro 3 line.
3.	Project No. 2 - Construction of South East Pier	Ms. Ashwini Thorat, GM Airport Planning	The need and details of the project were explained to the Stakeholders. Development of Terminal T2 in phases was explained and rationale for earlier construction of the section of South East Pier due to encumbrances in construction of North West Pier was elaborated. Construction of this small section of the Terminal will lead to the conversion of 7 Remote parking stands to Contact stands thereby leading to faster turnaround of aircraft and higher apron capacity. This will also help MIAL to increase the level of service through provision of higher number of Passenger Boarding Bridges to aircraft at New T2 amongst others.
4.	Project No. 3 - Construction of Taxiway "M"	Mr. Prabhat Mahapatra, VP Airside Management	Need for the construction of Taxiway M was explained along with necessary details. As per NATS' recommendation, creation of additional aircraft holding area at the start of main Runway

			27 (i.e. TWY M) over the Mithi River would increase the overall capacity of main Runway. It will also provide flexibility to controllers to change departure sequence at the last minute if required. It would benefit the airlines as well as the airport due to increased runway capacity during departure peaks.
5.	Project No. 4 - Construction of Tunnel beneath runway 14/32	Mr. Prabhat Mahapatra, VP Airside Management	Detailed presentation about the requirement of Tunnel under Runway 14/32 was given. This project envisages construction of a Tunnel road under the airside operational area to connect the T1 and T2 aprons. It was explained in detail that shortfall in capacity of T2 apron vis-a-vis T2 terminal in current conditions, gives rise to requirement of remote parking of aircraft at T1 apron. Thus, creation of an infrastructure to reduce travel times for passengers, baggage and belly cargo transfer between New T2 and T1 apron is necessary. Thus, construction of the said tunnel would lead to faster transfer of passengers and baggage between T2 and T1 apron resulting in quick turnaround of aircraft and enhanced apron capacity by reduction in travel time and distance by around 50%. The tunnel will provide redundancy in the airfield roadway system and will make the transport system more robust and
6.	Project cost and Means of Finance	Mr. Sanjiv Bhargava, VP Regulatory	Details about the estimated cost of all the four (4) projects were given along with proposed means of financing. The various means of finance envisaged for the above projects include Development Fee for metro stations (subject to the approval of the Authority) and combination of debt and equity or internal accruals for other projects.

Minutes of the Stakeholder's Consultation

After completion of presentation, the stakeholders were requested to express their views and suggestions.

Stakeholder Views/Queries/Suggestions:-

1. Development and construction of two Metro Stations (Terminal 1 and Terminal 2)

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Glenn D'couto, Station Superintendent from Kuwait Airways	He enquired about the need for metro station at the Terminal 1, when domestic operations are going to be shifted to new integrated terminal T2 shortly.	Director (Urban Planning), MIAL clarified that, domestic operation for minimum 6 mppa shall continue from Domestic Terminal at Santacruz even after shifting of major part of domestic traffic to T2.
2.	Mr. Vinoop Goel, Regional Head-APCS, IATA	He enquired on the need for agreeing to fund the cost of Metro stations even when there was no legal binding for the same.	Mr. Ramana, Additional Chief, Transport Planning, MMRDA / MMRCL, responded that the phase 3 of the metro Rail project has been approved by the Planning Commission. Further it was highlighted that the project was also fast tracked keeping in mind the need of metro rail for the passengers using the airport. The contribution desired from MIAL is only 2% of the total project cost and has been finalised after due negotiations by MIAL. Without this contribution, MMRDA and MRCL will not be in position to provide connectivity to the airport in near future. It was informed that these two stations would provide connectivity to 70% population of the city. MIAL was appreciated for convincing the authorities for agreeing to operate the Metro till 3.00 am for the benefit of passenger though it is not in line with the standard practice adopted elsewhere in the world. This would virtually made Metro 3 night operations dedicated for CSIA. Mr. Vinoop Goel welcomed the step of MMRDA proposing to run Metro till 3.00 am and mentioned that in other countries such as Japan Metro connectivity was not available in night.

2. Construction of South East Pier (SEP)

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Hemant Sethi, Airport Manager, British Airways, Chairman - AOC	He enquired as to why the stub of South East Pier was not taken up earlier along with the construction of integrated T2 stressing the need to complete the project in time and asked about the possible delays which may lead to increase in project cost.	Director (Urban Planning), MIAL responded that MIAL had envisaged to build North West Pier (NWP) earlier and take South East Pier (SEP) at a later stage. Since, NWP could not be constructed now due to encumbrances as explained in the detailed presentation to the stakeholders, construction of SEP is proposed to provide contact stands required for T2 operations. MIAL had decided to construct the small stub, as construction of the whole pier was not possible due to non availability of land east of Mithi river. It was clarified that all the projects are expected to be completed as per proposed time line and are within MIAL's control except the slum rehabilitation project for Taxiway 'M'.

3. Construction of Taxiway "M"

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Walter Vieira, Chairman Consumer Education and Research Society (CERC)	MIAL was congratulated for the commissioning of the new integrated terminal, T2. He enquired with regards to the time frame for Slum Rehabilitation in case of Taxiway M and whether MIAL is confident on the set time frame.	Director (Urban Planning), MIAL clarified that the time frame envisaged for slum rehabilitation is uncertain therefore during 2nd Control period only cost of slum rehab is included excluding any cost for construction of Taxiway M.
2.	Mr. Amitabh Khosla, Country Director from IATA	It was conveyed that IATA supported the efforts of MIAL for development of the airport. He enquired whether the construction of Taxiway 'M' could be made cost neutral by matching the proposed slum rehabilitation cost and benefits available through TDR.	It was explained by Director Urban Planning , MIAL that availability of TDR was dependent on government policy and any such benefit, if available, shall result in lower cost to that extent.

4. Construction of Tunnel beneath runway 14/32

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Arvind Pradhan , Director General, Indian Merchants Chamber (IMC)	He enquired about the other possible alternatives instead of the construction of Tunnel to connect the airside of T1 and T2 and their feasibility.	Director (Urban Planning), MIAL clarified that MIAL had examined alternatives to connect the airside between T1 and T2. On evaluation of other options, it was observed that construction of tunnel was the best possible option in terms of cost and project timelines. The other alternatives considered were: - (1) Widening of perimeter road and (2) Connecting via a people mover system. In case of all these alternatives, cost is prohibitive and difficult to put any time frame due to various issues involved such as acquisition of private land, slum rehabilitation etc. Therefore, after due deliberations, MIAL has decided on the construction of tunnel, as the most viable and cost effective option.
2.	Mr. Rajat Kumar, Vice President from Indigo	He enquired whether the tunnel is for passenger or vehicular movement.	VP Airside Management, MIAL clarified that it would be used by Ground Service Equipments (GSE) and vehicles carrying passengers, baggage or belly cargo, etc.
3.	Mr. Kamal Kikani, Vice President – Airports, GoAir	MIAL was congratulated for the successful commissioning of the new integrated terminal T2 and effort by MIAL team was appreciated. Enquiry was made about requirement of Tunnel and whether it would lead to congestion for flights departing from T1.	VP Airside Management – MIAL clarified that the tunnel will not lead to any congestion for flight departing from T1. T1A and T1C has twelve (12) parking bays which would be sufficient to cater passengers from these terminals. The remaining remote stands at Terminal 1 will be used for parking of RON (Remote Over Night) flights arriving at T2.
4.	Mr. Vinoop Goel, Regional Head-APCS, IATA	Suggestion was made that there should be a detailed analysis of the options available for the construction of tunnel including the cost benefit	Director (Urban Planning), MIAL clarified the details regarding the options examined by MIAL for the project of tunnel construction. It was also highlighted that MIAL had evaluated all the options and had arrived at the most cost efficient options which could also be

		analysis.	completed in a reasonable timeframe.
5.	Mr. Amitabh Khosla, Country Director from IATA	He also enquired if tunnel was proposed on the recommendation by NATS.	VP Airside Management, MIAL clarified that NATS had conducted runway capacity analysis and not the apron capacity analysis.

5. Others

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Mr. Valerian Lobo, General Manager, Jet Airways	He enquired about which airlines were to shift from T1 when domestic operations will start at T2.	VP Airside Management, MIAL clarified that around 70% of the domestic traffic would be shifted to T2 for which details are being worked out, which will be shared with airlines at the appropriate time.
2.	Mr. Kamal Hingorani, Sr. Vice President, Spicejet	He enquired about the possibility of converting terminal T1 as integrated terminal for the low cost carriers.	Director (Urban Planning) - MIAL clarified that there is no possibility of converting T1 into an integrated terminal i.e. with international operations for the low cost carriers and MIAL is still in the process of finalising its plan for the T1 terminal post movement of the domestic operations to T2.
3.	Mr. Vinoop Goel, Regional Head-APCS, IATA	He enquired as to why projects above Rs. 50 Crs. are not considered for the Consultation Process as stated by Airport Economic Regulatory Authority (AERA) guidelines.	Regarding consultation for projects above Rs.50 crore, CFO – MIAL clarified that, MIAL and DIAL are guided by the State Support Agreement (SSA) with regards to the consultation process and the same states that MIAL is obliged to do the Consultation Process only for projects above Rs. 100 Crore(Major Development plan).

CFO and Company Secretary thanked the Stake holders for active participation in the meeting. He also requested the stake holders to send their written comments within 7-8 days so that MIAL would send comprehensive replies to all the queries.

Minutes of the Stakeholder's Consultation

Annexure 1

List of Participants:

Sr. No.	Name of the Participant	Designation	Name of the Organization
A)	**Stakeholders**		
1	Kamal Hingorani	SVP	Spicejet
2	Arvind Pradhan	Director General	Indian Merchants' Chamber
3	Jitender Bhargava	Aviation Expert	VOICE
4	Satyan Nayar	Secretary General	APAO
5	Amitabh Khosla	Country Director	IATA
6	Vinoop Goel	Regional Head - APCS	IATA
7	Walter Vieira	Chairman	CERS
8	Surendra Kanstiya	Fellow	CUTS
9	Anoop Khatry	Associate General Counsel	Indigo
10	Rajat Kumar	Vice President	Indigo
11	Renuka Pereira	Station Manager	Air France
12	Clarissa Coutinho	Duty Officer	Kenya Airways
13	Oscar Cardoz	Airport Manager	Air Mauritius
14	Kesavan Sivanandum	GM - Airports	Spicejet
15	Jayant Dasgupta	GM - ATM	AAI
16	Malcolm J Ghista	Dy Regional Manager	Go Air
17	Jitendra Negi	Dy General Manager	Go Air
18	Hemant Sethi	Airport Manager	BA
19	Morean Dsouza	Manager	Jet Airways
20	Valerian Lobo	General Manager	Jet Airways
21	V.K. Mehra	Station Manager	IranAir
22	Stephen Murzello	Station Manager	Swiss
23	Arun Khanna	Airport Manager	Virgin Atlantic
24	Tekeba Hiselassie	Reg. Dire	Ethiopian Air
25	Priti Solanki	Traffic Officer	Korean Air
26	Joyakesh Podder	General Manager Finance	Go Air
27	Kamal Kikani	VP - Airports	Go Air
28	Usman Wnanwala	CSA	Saudi
29	Adil Khan	CUPV	Saudi
30	Uday Kenkre	Secretary General	Maharashtra Chambers of Commerce, Industry and Agriculture
31	H. Bose	GM - GH	Air India
32	S.K. Vyawahare	General Manager (Engg.)	AAI
33	Arunanshu	Airport Officer	Royal Jordanian

Minutes of the Stakeholder's Consultation

Sr. No.	Name of the Participant	Designation	Name of the Organization
34	Glenn D'couto	Station Superintendent	Kuwait Airways
35	R.B. Umralkar	AGM	Air India
36	R. Ramana	Additional Chief, Transport Planning	MMRDA/ MMRCL
B)	**Representatives from MIAL**		
37	Vinod Hiran	CFO and Company Secretary	
38	Charudatta Deshmukh	Director - Urban Planning	
39	Chandrabhan Manwani	Sr. Vice President	
40	Sanjiv Bhargava	Vice President	
41	Naveen Chawla	Vice President	
42	Prabhat Mahapatra	Vice President	
43	Godavari Joshi	Asst. Vice President	
44	Gyan Prakash	Asst. Vice President	
45	Ashwini Thorat	General Manager	
46	Prasanjit Biswas	Deputy General Manager	
47	Ravindra Dalavi	Deputy General Manager	
48	Santrupta Padhi	Deputy General Manager	
49	Robert Noronha	Asst. General Manager	
50	Milind Sakhalkar	General Manager	
51	Alok Patni	Deputy Manager	

Mumbai International Airport Private Limited

Multi Year Tariff Proposal
FY 15 to FY 19

CONTENTS

		Page No.
1.	Background	4
2.	Determination of Target Revenue	5
2.1.	Regulatory Base (RB)	5
2.1.1.	Capital Expenditure	5
2.1.2.	Segregation and allocation of Fixed Assets	10
2.1.3.	Hypothetical Regulatory Base (HRB)	11
2.1.4.	Regulatory Base for the Control Period	12
2.2.	Means of Finance	13
2.3.	Weighted Average Cost of Capital (WACC)	13
2.3.1.	Cost of Equity	13
2.3.2.	Cost of Debt	14
2.3.3.	Cost of Real Estate Deposits	14
2.3.4.	Weighted Average Cost of Capital (WACC) Computation	15
2.4.	Operation & Maintenance cost	16
2.4.1.	Employees Cost	17
2.4.2.	Electricity, Water and Fuel	18
2.4.3.	Repair and Maintenance cost	19
2.4.4.	Information Technology (IT) related cost	20
2.4.5.	Rents, Rates and Taxes	20
2.4.6.	Advertising Cost	21
2.4.7.	Administrative Cost	21
2.4.8.	Airport Operator Fee	22

2.4.9. Insurance Cost 22

2.4.10. Interest on Working Capital and Financial Charges 22

2.4.11. Other Operating Costs 23

2.4.12. Corporate Social Responsibility cost 23

2.4.13. Issues pertaining to security expenses (PSF-SC) 23

2.4.14. Bad debts 24

2.5. Depreciation 25

2.6. Income Tax 25

2.7. Revenue from Revenue Share Assets (S) 26

2.7.1. Land Lease Rentals, License Fee and Space Rent 26

2.7.2. Lounge Concessions 26

2.7.3. Retail Concessions 27

2.7.4. Food and Beverage (F&B) Concessions 27

2.7.5. Flight Catering Concessions 27

2.7.6. Forex Concessions 28

2.7.7. Automated Teller Machines (ATMs) Concessions 28

2.7.8. Car Rental and Hotel Reservation Concessions 28

2.7.9. Duty Free Concession 28

2.7.10. Advertising Concession 29

2.7.11. Car Parking Concessions 29

2.7.12. Ground Handling Concessions 29

2.7.13. Fuel Concessions 30

2.7.14. Cargo 30

3.	Truing up for the first control period	32
4.	Summary of Target Revenue	33
5.	Passenger Traffic, Air Traffic Movements (ATMs) and Cargo Forecast	33
6.	Determination of Escalation Factor	35
7.	Cash Flows: Anticipated shortfall in meeting obligations:	35
8.	Annual Tariff Proposal (ATP)	36
9.	Information to be redacted	36
10.	Prayers	36

1. Background

Mumbai International Airport Private Limited (hereinafter referred to as "MIAL") is a Joint Venture Company (hereinafter referred to as "JVC") incorporated under the Companies Act, 1956 and is engaged in operating, maintaining, developing, designing, constructing, upgrading, modernizing, financing and managing the Chhatrapati Shivaji International Airport, Mumbai (hereinafter referred to as "CSIA").

MIAL has taken over these functions from AAI w.e.f. 03.05.2006. The following agreements (collectively referred to as "Project Agreements") were executed by MIAL with various counter parties:

1. Operation, Management and Development Agreement dated 04.04.2006 (hereinafter referred to as "OMDA") between MIAL and the AAI;

2. The State Support Agreement (hereinafter referred to as "SSA") dated 26.04.2006 between the President of India, acting through the Ministry of Civil Aviation (hereinafter referred to as 'MoCA'), and MIAL;

3. Shareholders Agreement;

4. CNS-ATM Agreement;

5. Airport Operator Agreement;

6. State Government Support Agreement;

7. The Lease Deed;

8. Substitution Agreement and

9. Escrow Agreement.

Airports Economic Regulatory Authority (hereinafter referred to as "the Authority") was established by the Central Government vide notification no. GSR 317 (E) dated 12.05.09 with its head office at Delhi under the Airports Economic Regulatory Authority of India Act, 2008 (hereinafter referred to as "AERA Act") to regulate tariffs for Aeronautical Services, inter-alia, taking into consideration the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise.

The Authority issued Order No.29/ 2012-13 dated 21st December, 2012 in the matter of determination of Development Fee (DF Order) and Order No.32/ 2012-13 dated 15th January, 2013 in the matter of determination of aeronautical tariff in respect of CSIA for first control period (Tariff Order).

MIAL has approached Hon'ble Airports Economic Regulatory Authority Appellate Tribunal (hereinafter referred as "AERAAT") over certain issues emerging from the

aforesaid Orders issued by the Authority vide Appeal No. 2 of 2013 and Appeal No. 4 of 2013 against DF Order and Tariff Order respectively. The present MYTP is being filed without prejudice against to the contentions and submissions of MIAL in respective appeals to AERAAT. The issues raised in these appeals subsequent to decisions of AERAAT may have an implication on the present MYTP. Suitable changes will have to be made, inter alia, in MYTP based upon outcome of these appeals.

2. Determination of Target Revenue

2.1. Regulatory Base (RB)

The Regulatory Base for the first year of the control period has to be determined based on the RB for the year immediately preceding the second control period and has to be computed as follows:

> "*RB_0 for the first regulatory period would be the sum total of*
>
> *(i) the Book Value of the Aeronautical Assets in the books of the JVC and*
>
> *(ii) the hypothetical regulatory base computed using the then prevailing tariff and the revenues, operation and maintenance cost, corporate tax pertaining to Aeronautical Services at the Airport, during the financial year preceding the date of such computation.*"

The RB for any year i of the control period is to be computed using the following formula:

$$RB_i = RB_{i-1} - D_i + I_i$$

where,

D_i = Depreciation for the year i

I_i = Investments capitalised in year i

The following section provides computation of the Hypothetical RB and the RB for the control period.

2.1.1. Capital Expenditure

Capital Expenditure includes the following

i. Projects Capital Expenditure
   a. Current Projects (Project Cost)
   b. New Projects to be undertaken in second control period
ii. Operational Capital Expenditure

i) Projects Capital Expenditure

a) Current Projects (Project Cost)

The Authority vide its Order No. 29/2013 dated 21st December, 2012, in relation to determination of Development Fee had approved Project Cost of Rs. 12,069.80 Crs. against estimated cost of Rs. 12380 Crs. Thus disallowing Rs. 310.20 Crs. of Project Cost comprising of upfront fee of Rs. 153.85 Crs. and other capital expenditure of Rs. 156.35 Crs. The Authority had vide Orders no. 29 and 32 dated 21.12.2012 and 15.01.2013 respectively had capped overall Project Cost at Rs. 12069.80 Crs., which has been challenged by MIAL before AERAAT. While determining DF, the Authority had left funding gap of Rs. 1241.39 Crs. unaddressed which had to be met out of additional debt. The Authority's Order No. 29 specifically mentioned that increased IDC on such additional debt shall be considered by it as and when such additional debt is raised and evidential details are produced to the Authority. Such interest cost is estimated to be Rs. 140 Crs. Although capping of cost for an ongoing project has been challenged by MIAL but still Board of Directors of MIAL discussed the issue of Project Cost and to mitigate impact of increase in Project Cost of Rs. 435 Crs., after above orders of AERA, comprising of increase of Rs. 380 Crs. in project cost and Rs. 55 Crs. increase in IDC due to capitalisation of new Terminal on 1st January, 2014 instead of 31st August, 2013 envisaged earlier, decided to contain the cost by reviewing various projects so that, some of the projects could be dropped without material adverse effect on capacity and efficiency of the airport. After intensive review following projects have been dropped from the scope of the current projects. While dropping these projects it has been ensured that there is no significant impact on efficiency, capacity and operations of the airport. This effort in no way should be construed that these projects were earlier included without adequate requirements and justifications. Details of such projects are as follows:

Rs./Crs.

Particulars	**Estimated cost**
North West Pier (Part of New T2)	60
Apron for North West Pier (Part of Airside Projects)	20
Relocation of Air India GSD Facility (Part of Misc. Projects)	60
Airport Management Building (Part of Misc. Projects)	40
ATC Technical Block (Part of Additional Projects)	200
Total	**380**

While sanctioning Project Cost of Rs. 12,069.80 Crs., AERA had deferred, *inter alia*, Rs. 25 Crs. towards slum rehabilitation cost as it was expected to be reimbursed by HDIL. Subsequently on continuous failure of HDIL, MIAL had terminated Slum Rehabilitation Agreement dated 15th October, 2007, with HDIL, and accordingly it encashed Performance Security of Rs. 25 Crs. of HDIL and the same was appropriated

towards receivables from HDIL. Hence effectively Project Cost as sanctioned by AERA may be considered as Rs. 12044.80 Crs. Adding Rs. 140 Crs. of IDC on additional debt, the sanctioned Project Cost may be considered as Rs. 12184.80 Crs. which, obviously, does not include Rs. 310.20 Crs. which has been disallowed by AERA (revised disallowed cost will be Rs. 260.20 Crs. considering that Rs. 50 Crs. pertaining to cargo development is not to be incurred and accordingly also reduced from total Project cost) and not contested by MIAL, however MIAL has to arrange for funding of disallowed capex of Rs. 260.20 Crs also (Rs. 310.20 Crs. less Rs. 50 Crs. cost not to be incurred towards cargo development). However, the cap of Rs. 12069.80 Crs. imposed by AERA has been challenged by MIAL, looking into the fact that it is an ongoing project prone to various contingencies and unforeseen and uncontrollable circumstances. In spite of such increase of Rs. 380 Crs., Board of Directors of MIAL has taken pains to ensure that projects of Rs. 380 Crs. are dropped resulting in increase of only Rs. 55 Crs. in IDC due to change in the date of capitalization of new terminal, because of reasons beyond control of MIAL.

Please find enclosed **Annexure 1** providing details of projects of Rs. 380 Crs. being dropped to contain Project Cost as far as possible.

However, MIAL reiterates that capping of Project Cost by the Authority was not justifiable.

Construction of new terminal was completed on 31st August, 2013, which may be verified from the report of the Independent Engineer enclosed as **Annexure 2**, however commencement of operations could not take place because of the following reasons:

1) Delay in settlement of issue of placement of Immigration counters after Security Check against present practice of placement of Immigration counters before Security Check. The matter could not be resolved at the level of administrative ministry, i.e. MoCA and even in the office of Cabinet Secretary, by Secretary (Coordination). Ultimately, the matter was taken to Cabinet Committee on Investments chaired by the Hon'ble Prime Minister. We understand in this committee decision was taken to continue with configuration implemented by MIAL for which SOPs were to be finalised by BCAS and to be approved by MoCA. Approved SOPs were issued by MoCA to BCAS on 6th December, 2013 and BCAS has forwarded the copy of the same to MIAL on 18th December, 2013 only. There was no possibility of starting operations from the terminal without SOPs being in place. Copy of letter received from BCAS dated 18th December, 2013 is enclosed for ready reference as **Annexure 3**.

   We would like to bring to the notice of the Authority that before embarking on new configuration, all stakeholders including Bureau of Immigration (BoI) were kept

informed. Objections were raised by BoI at very late stage when it was not possible to undo the configuration adopted, resolution of this matter, as indicated above, took unreasonable time leading to delay in commencement of operations.

2) Delay in completion of MMRDA portion of Sahar Elevated Access Road which is mainly attributable to the delay in works of Vehicular Underpass at Western Express Highway, which was dependent on removal and relocation of existing foot over bridge. The foot over bridge was relocated on 13th October 2013 by MMRDA and consequently the vehicular underpass is expected to be completed by end December 2013.

3) Security clearance from BCAS for new terminal has been received only on 24th December, 2013. Letter received from BCAS dated 24th December, 2013 is enclosed for ready reference as **Annexure 4.** We would like to put on record the fact that application for security clearance was submitted well in advance. BCAS took its own time to give security approval. MLCP, integral part of the terminal, is yet to be security approved.

   Due to site constraints, it was not possible to construct Multi Level Car Park (MLCP) far away from the terminal. MLCP is compliant with the provisions of IATA Airport Development Reference Manual. However, BCAS is yet to approve MLCP as part of terminal. It was impossible to commence operations from terminal without security clearance from BCAS.

   It may kindly be observed that commissioning of terminal was delayed because of clearances from main regulatory bodies, viz. BoI and BCAS. These reasons were beyond control of MIAL. It is worthwhile to mention that adequate number of immigration staff is also not available. MIAL Letter No. MIAL/CEO/138 dated 18.11.2013 to Secretary, MoCA is enclosed for ready reference as **Annexure 5.** This issue was also raised by MIAL in 17th OIOC meeting held on 19th December, 2013 under chairmanship of Secretary, MoCA.

   As mentioned above, delay in commissioning led to change in expected date of capitalization of new T2 to 1st January 2014 instead of 31st August, 2013 which has resulted in increased IDC of Rs. 55 Crs.

b) New Projects to be undertaken in second control period

Please find enclosed **Annexure 6** showing details of projects to be undertaken in second control period aggregating Rs. 1,448 Crs. including soft cost i.e. IDC, pre-operative expenses and anticipated inflationary impact during implementation of these projects. This is to inform to the Authority that MIAL has initiated the process of consultation

with stakeholders for each project costing more than Rs. 100 Crs. as per provisions of OMDA and SSA. We shall keep the Authority apprised of progress of the same.

In absence of detailed guidelines for stakeholders / user consultation under SSA, MIAL has conceptualized the process of stakeholders consultation and the same shall be submitted to the Authority in due course.

ii) Operational Capital Expenditure

The Operational Capital Expenditure for the second control period is estimated at Rs 975 Crs.

The year-wise Capital Expenditure Incurrence and Capitalization, both before Development Fee (DF) adjustment, for the control period is as follows:

Table 1: Capital Expenditure Incurrence

Rs./Crs.

	Estimated Incurrence upto FY 14*	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**	**Total FY 15-FY19**	**Total incl upto FY 14**
Current Projects	11,263	962	268	7	0	0	1,237	12,500
New Projects		224	484	212	245	282	1,448	
Operational Capex		350	225	200	100	100	975	
Total		**1,537**	**978**	**419**	**345**	**381**	**3,660**	

* Excludes Retirement compensation to AAI

Table 2: Capitalisation

Rs./Crs.

	Estimated Upto FY 14*	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**	**Total FY 15-FY19**	**Total incl upto FY 14**
Current Projects	10,865	798	672	165	-	-	1,635	12,500
New Projects		-	507	-	-	941	1,448	
Operational Capex		323	115	337	100	100	975	
Total		**1,121**	**1,282**	**502**	**100**	**1,041**	**4,058**	

* Excludes Retirement compensation to AAI

2.1.2. Segregation and allocation of Fixed Assets

As per definition of the RB given in the Schedule 1 of the SSA, the RB includes only the Aeronautical Assets, which necessitates segregation and allocation of assets into Aeronautical and Non-Aeronautical Assets.

KPMG has conducted a study for segregation and allocation of assets for the year FY 2011-12 and FY 2012-13 using asset-by-asset segregation approach. The report of the study has been attached as **Annexure 7(a)** and the same basis has been adopted by MIAL in the current Multi Year Tariff Proposal.

In the asset-by-asset segregation approach, the asset base is segregated for Aeronautical and Non-Aeronautical Services based on the usage of the asset for the respective service. In case the assets located in the Terminal Building are jointly required by both services (common assets) they are allocated in proportion to the aeronautical and non-aeronautical areas of the terminal building where such assets are located.

In the entire approach the critical assumptions are:

- Assets defined as Aeronautical Assets in OMDA and used for provision of Aeronautical services (as listed in Schedule 5 of OMDA) are treated as aeronautical. For example, lifts, escalators and passenger conveyors are specifically included under Schedule 5 of OMDA and hence, included under Aeronautical Assets. Similarly, Assets used for provision of Non-Aeronautical Services (as listed in Schedule 6 of OMDA) are treated as Non-Aeronautical.

- Assets that cannot be identified as purely Aeronautical or Non-Aeronautical are classified as common assets.

The segregation of assets for the financial year ended 31st March 2012 and 31st March 2013 is as given below.

Table 3: Segregation of Assets

Rs./Crs.

	As at 31st March 2012	**As at 31st March 2013**
Aeronautical Assets	2070	2448
Non-Aeronautical Assets	168	219
Common Assets	365	367
Total*	**2603**	**3034**

**Excluding Upfront Fee and Retirement Compensation*

MIAL has five existing Terminals 1A, 1B, 1C, 2B and 2C and new T2. In all these terminals, each of the asset has been identified as Aeronautical, Non-Aeronautical or Common Assets. For the purpose of allocation of Common Assets, MIAL has considered the area used by Aeronautical services and Non-Aeronautical Services, including seating areas for provision of Non-Aeronautical Services. In addition, it has

allocated the common seating areas in three proportions of Aeronautical: Non-Aeronautical i) Predominantly Aeronautical (90:10), (ii) Predominantly Non-Aeronautical (10:90) and (iii) Common (50:50)

The Aeronautical and Non-Aeronautical Assets after allocation of the common assets based on the area ratio is as follows:

Table 4: Aeronautical and Non-Aeronautical Assets after Allocation of Common Assets

Rs./Crs.

	As at 31st March 2012	As at 31st March 2013
Aeronautical Assets	2374	2754
Non-Aeronautical Assets	229	280
Total	**2603**	**3034**

Based on the above approach, Aeronautical and Non-Aeronautical Assets have been segregated for second control period. The overall ratio between Aeronautical Assets and Total Assets (i.e. Aeronautical and Non-Aeronautical Assets) has been computed for each year of the control period, which is summarized below:

Table 5: Overall Aeronautical Assets as a % of Total Assets

Percentage

	FY 15	FY 16	FY 17	FY 18	FY 19
Aeronautical Assets as % of Total Assets	88.76	89.84	90.21	90.28	90.95

2.1.3. Hypothetical Regulatory Base (HRB)

While submitting MYTP for first control period, MIAL had arrived at the amount of HRB of Rs. 1817 Crs. based on its understanding of SSA. Details of such calculations are as below:

Table 6: Computation of Hypothetical Regulatory Base

Rs./ Crs.

	FY 09
Aeronautical Revenue (A)	375
Non-Aeronautical Revenue(B)	563
Operation and Maintenance Expenditure pertaining to Aeronautical Services(C)	335
Tax pertaining to Aeronautical Services (D)	1.6
Weighted Average Cost of Capital - WACC (E)	11.45%
Hypothetical Regulatory Base((A+30%*B-(C+D))/E)	**1,817**

Accordingly depreciated HRB of Rs. 1420 Crs. has been considered as on 1st April, 2014 for inclusion in RB of Second Control Period.

Hypothetical Regulatory Base is being depreciated at the average rate of depreciation applicable to aeronautical assets.

2.1.4. Regulatory Base for the Control Period

The Regulatory Base (RB) to be used for computation of the Target Revenue pertains to only Aeronautical Asset. Further, the SSA has defined that the RB for a year during the control period to be determined as follows:

$$RB_i = RB_{i-1} - D_i + I_i$$

RB for any year i (RB_i) will be the sum of the closing value of the RB for the immediately preceding year (RB_{i-1}) and investments undertaken in the current year i (excluding capital works in progress and Upfront Fee) adjusted for the depreciation charged for the current year. Thus the RB for the year i is the closing value of RB for that year.

For the second control period, RB for each year has been calculated as the average of opening and closing RB. However, for the first control period (excluding FY 14), due to availability of actual capitalisation dates and disposal dates, RB has been calculated considering such actual dates. This treatment is in line with The Authority's Order No. 32/2012-13 dated 15.01.2013.

Further, MIAL has excluded DF funded assets from the RB and has not claimed any depreciation on assets funded through DF assuming that replacement of such assets would also be funded through DF.

The estimated closing RB for FY 2013-14 forms the opening RB for the first year of the second control period i.e. FY 2014-15. The Assets capitalized during the year have been added to the opening RB and adjusted for depreciation charged during the year to arrive at closing value of RB for 2014-15. RB for other years of control period has been computed on similar basis. The CWIP not capitalized during the year has not been included in RB. The details of RB for the control period are as follows:

Table 7: Computation of RB for the second control period ***Rs./Crs.***

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Opening RB	6,530	6,764	6,997	6,939	6,466
Less: Depreciation	513	516	560	573	600
Add: Capitalization during the year	747	749	502	100	1,041
Closing RB	6,764	6,997	6,939	6,466	6,907
Average RB	6,647	6,880	6,968	6,703	6,687
Average HRB	1,359	1,246	1,136	1,024	914
Average RB including HRB	**8,006**	**8,126**	**8,104**	**7,726**	**7,601**

Note: RB excludes Upfront Fee, Non-Aeronautical Asset and DF funded assets.

2.2. Means of Finance

The Means of Finance for the Current Projects Cost of Rs. 12,500 Crs. and for New Projects cost of Rs 1,448 Crs. is considered as follows:

Table 8: Means of Finance

Rs./Crs.

	Current Projects - Rs 12,500 Crs.	New Projects - Rs. 1,448 Crs.
Equity		
a. Paid Up Capital	1,200	-
b. Internal Accruals (Reserves)	1154	342
c. Internal Resource Generation	65	
Real Estate deposits (refundable)*	1,000	-
DF	3,400	-
Debt – tied up	4,231	-
Debt – yet to be tied up	1,450	1,106
Total	**12,500**	**1,448**

*Carrying interest at weighted average cost of debt of MIAL to be charged by Real Estate division to airport division.

The Operational Capital Expenditure of Rs. 975 Crs. is expected to be funded through Internal Accruals and any shortfall shall be met through additional debt.

2.3. Weighted Average Cost of Capital (WACC)

A fair rate of return would be allowed on the Regulatory Base defined under SSA. This would be a combination of Cost of Equity (Paid up Capital + Reserves) and Cost of Debt.

$$WACC = g*R_d + (1-g)*R_e$$

Where: g = Weighted Average Gearing for the control period

R_d = Weighted Average Pre-Tax Cost of Debt for the control period

R_e = Post-Tax Cost of Equity.

2.3.1. Cost of Equity

The Cost of Equity has been taken on the basis of Report prepared by KPMG (attached as **Annexure 7(b)**) wherein Cost of Equity has been computed based on CAPM as per following formula:

$$Re = Rf + ß * (Rm - Rf)$$

Where: Rf = the current return on risk-free rate

Rm = the expected average return of the market

(Rm – Rf) = the average risk premium above the risk-free rate that a "market" portfolio of assets is earning

ß = the beta factor, being the measure of the systematic risk of a particular asset relative to the risk of a portfolio of all risky assets

MIAL submits that it is relying on the analysis done by KPMG for Cost of Equity. KPMG has arrived at Cost of Equity of 23.12% and accordingly MIAL has considered cost of equity as 23% for WACC calculation. For details, enclosed report of KPMG may kindly be referred. The cost of Equity has been worked out as follows:

Table 9: Cost of Equity (Re)

Parameter	Value
Risk free rate (Rf) - 10 year benchmark government bond yield	8.62%
Beta for Infrastructure companies	1.57
Market risk premium	9.24%
Cost of Equity (Re)	23.12%

2.3.2. Cost of Debt

The weighted average Cost of Debt (Rd) for the control period is estimated to be 11.93%, computed from the outstanding debt and yearly average cost of debt as given below.

Table 10: Cost of Debt

Rs./Crs.

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19
Outstanding debt	5,682	5,831	5,633	5,260	4,839
Cost of Debt* (%)	11.49	11.80	12.07	12.16	12.18

*Weighted average cost of debt is 11.93%.

2.3.3. Cost of Real Estate Deposits

As the Authority is kindly aware that one of the means of finance is Refundable Security Deposit (RSD) from leasing of land for real estate development to the extent of Rs. 1,000 Crs.

MIAL has a separate Real Estate division and all expenses to run such department including various developmental costs are accounted separately in this division. Because of various encumbrances monetization of land got delayed. Now some of the land has been freed of encumbrances / occupations and process of monetization has been initiated.

As the Authority may be aware that SSA explicitly keeps any revenue generated from Real Estate development out of the purview of cross subsidisation of aeronautical charges. There is no doubt that subsidization from real estate revenues in any form is not envisaged in SSA which was the clear understanding of all the bidders before submitting bids.

RSD may be deployed in various investments opportunities which include Real Estate Development by MIAL itself or deployment of funds to earn interest.

Any utilisation of such deposits for the purpose of funding cost of project without charging interest by one independent division of the Company (Real Estate Division) to another division of the Company (Airport Division) will tantamount to subsidising airport division resulting in subsidisation of aeronautical charges from assets which are not Revenue Share Assets, which is against the provisions of SSA.

This issue was deliberated in the 40th Board meeting of MIAL and the Board decided, *inter alia*, as below:

1) Accounts of Airport Division and Real Estate Division should be maintained separately, and
2) Any utilisation of RSD towards Project Cost should bear interest equivalent to weighted average cost of the debt of the Company.

Accordingly, while preparing this MYTP effect of above decisions has been incorporated.

2.3.4. Weighted Average Cost of Capital (WACC) Computation

The weighted average Cost of Capital has been computed based on the following formula:

$$WACC = \%D*R_d+\%E*R_e+\%RE*R_{RE}$$

Table 11: WACC Computation

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total Capital Employed(Net of DF) (a+b+c)	**9,036**	**9,214**	**9,151**	**9,054**	**9,071**
Outstanding Debt (a)	5,682	5,831	5,633	5,260	4,839
Real Estate Security Deposit (refundable) (b)	1,000	1,000	1,000	1,000	1,000
Equity (c)					

	FY 15	FY 16	FY 17	FY 18	FY 19
Paid up Capital	1200	1200	1200	1200	1200
Internal Accruals (Reserves)	1154	1182	1318	1594	2032
Debt (%)	62.88	63.29	61.55	58.10	53.35
Real Estate (%)	11.07	10.85	10.93	11.04	11.02
Equity (%)	26.05	25.86	27.52	30.86	35.63
Weighted Average Gearing (%)	59.85				
Weighted Average Security Deposit (%)	10.98				
Weighted Average Equity (%)	29.17				
Cost of Debt (%)	11.49	11.80	12.07	12.16	12.18
Weighted Average Cost of Debt (%)	11.93				
Cost of RE Security Deposit (%)	11.93				
Cost of Equity (%)	23.00				
Weighted Average Cost of Capital (%)	**15.16**				

2.4. Operation & Maintenance cost

The Operation and Maintenance (O&M) cost consists of the employees cost, electricity, water and fuel cost, repairs & maintenance costs and other operating expenditure. The projection of the O&M cost for the second control period is based on the cost in the base year i.e. FY 2014-15. Segregation and allocation of O&M cost between Aeronautical and Non Aeronautical services is based on the study carried out by KPMG for FY 12 and FY 13 (Report of KPMG enclosed as **Annexure 7(a)**).

KPMG's study is based on the cost incurrence. This implies that the costs will be segregated based on whether they are attributable to Aeronautical or Non-Aeronautical Services. However there are a few costs which cannot be directly attributable to Aeronautical or Non-Aeronautical Services and hence considered as common cost, for which the allocation is done based on the methodology as described in the subsequent paragraphs under each sub-head.

Segregation and allocation of cost is done in 3 stages:

- Identification of directly attributable cost to Aeronautical services, Non-Aeronautical Services and common cost;
- Segregation of directly attributable cost based on its incurrence; and
- Allocation of common cost based on the methodology discussed in the subsequent paragraphs under each sub-head;

The proportion of Aeronautical cost under various heads of Operation and Maintenance cost to total O&M cost for the period FY 2014-15 to FY 2018-19 is as given below. Percentage of Aeronautical O&M cost to Total O&M cost for FY 15-FY 19 is based on KPMG study for FY 13 which is adjusted for International cargo operation which is assumed to be outsourced w.e.f 01.01.2014.

Table 12: Percentage of Aeronautical O&M cost to Total O&M cost

Cost Head	FY 15 – FY 19
Employees Cost	93.74%
Electricity, Water and Fuel Costs (net of recoveries)	100.00%
Repair & Maintenance Cost	97.93%
Rents, Rates & Taxes (net of recoveries)	99.62%
Advertising Cost	93.09%
Administrative Cost	94.63%
Insurance Cost	90.76%
Consumables	100.00%
Other Operating Cost	92.12%
Working Capital Loan Interest	94.63%
Financial Charges	94.63%
AAI retirement compensation	100.00%
CSR cost	100.00%

Based on above overall percentage of Aeronautical O&M cost to the total O&M cost is 94.63%.

Consumer Price Index for Industrial Workers (CPI-IW) as specified in Schedule 1 of SSA, is assumed 7.90% as per RBI forecast for the second control period.

(Source:http://www.rbi.org.in/scripts/QuarterlyPublications.aspx?head=Survey%20of%20Professional%20Forecasters)

The assumptions and rationale for each cost head projection are described in detail below:

2.4.1. Employees Cost

The key drivers for employees cost are the number of employees employed for the Aeronautical and Non-Aeronautical Services and compensation payable. The junior and middle level management employees can be clearly identified for providing the Aeronautical and Non-Aeronautical Services. However, the senior management cost cannot be directly attributed to either Aeronautical or Non-Aeronautical Services; therefore it has been allocated based on the proportion of identified Aeronautical and Non-Aeronautical costs.

The cost incurred towards employees in a year is determined by the head-count and the applicable compensation. Projected head-count is based on incremental requirements for New T2 and increase due to new activities. In addition, the employees compensation is expected to increase by 10% YoY, inclusive of CPI of 7.9% i.e. real increase of meager 2.1% per annum basis. The cost incurred towards employee in a year is determined by the head-count and the applicable compensation.

Average employees cost for all new employees has been calculated based upon grades in which these employees are likely to be recruited and estimated average salary in that grade, which is then multiplied by number of new employees in each year to arrive at employee cost of new employees.

Total employee cost for these years is then calculated by adding the cost of existing and new employees.

Table 13: Employees Cost

Head Count (Nos.)

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
- Operations including corporate (excluding cargo)	1,054	1,089	1,113	1,141	1,146
- Cargo	15	15	15	15	15
- Retainers	23	23	23	23	23
- Outsourced	78	85	90	95	101
Total Payroll cost – Rs./Crs.	**188**	**206**	**229**	**255**	**282**

2.4.2. Electricity, Water and Fuel

a) Electricity Cost

Electricity consumption is based upon existing operations and additional load factor due to New T2 and other facilities getting commissioned less facilities to be decommissioned. The electricity cost per unit is based on order of MERC for FY 15-FY 16 and thereafter is increased YoY by CPI. The Authority is requested to true up the unit rate based upon actual applicable unit rate for the control period. Recoveries from concessionaires (towards Non-Aeronautical costs) have been deducted from total electricity cost to arrive at net electricity cost for Aeronautical Services.

Also, the impact of previous year's regulatory asset recovery ordered by the Maharashtra Electricity Regulatory Commission ("MERC") and levy of cross-subsidy surcharge (CSS) of Re. 0.26/unit on electricity consumed via Reliance Infrastructure's (Distribution) network on changeover consumers like MIAL are pending in various appeals and therefore cannot be quantified at this stage. MIAL requests the Authority to

consider allowing true-up of these costs and electricity rates as and when the same are finalised by the competent the Authority.

b) Water Cost

The projections for consumption for the control period are based on actual consumption in FY 13 along with extra consumption due to commissioning of New T2 where increase is considered based on expected level of usage. The water rate per unit is increased YoY by CPI for the control period. Hence the total cost in a year is estimated by multiplying the projected cost per unit with the projected consumption in that year. Estimated recoveries from concessionaires (towards Non-Aeronautical costs) have been deducted from total water cost to arrive at net water cost for Aeronautical services. The Authority is requested to true up the unit rate based upon actual applicable unit rate for the control period.

c) Fuel Cost

MIAL has projected consumption of Petrol, Diesel and CNG for FY 15 considering estimated requirements which is expected to increase by 5%, 2% and 8% YoY respectively. Further, price per liter of Petrol and CNG is estimated to increase by 10% YoY while Diesel is estimated to increase by 15% YoY. The Authority is requested to true up the unit rates based upon actual applicable unit rate for the control period.

Table 14: Electricity, Water & Fuel Costs

Rs./Crs.

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Electricity	140	142	154	168	182
Water	10	12	13	16	18
Fuel	3	3	4	4	5
Total Electricity, Water and Fuel cost	**153**	**156**	**171**	**188**	**205**

2.4.3. Repair and Maintenance cost

Repairs and Maintenance Cost is estimated to be 0.75% of the Gross Fixed Assets (GFA) without reducing by DF amount, and YoY escalated by CPI. Average R&M costs as percentage of GFA for FY 2012-13 and FY 2013-14 is 1.3% and 0.85% respectively. A lower percentage at 0.75% has been considered because major assets are newly created.

Table 15: R&M Costs

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
R&M projected @ 0.75% of Gross Fixed Assets	103	122	137	149	172

2.4.4. Information Technology (IT) related cost

Estimated IT related cost during second control period is as under:

Table 16: IT related cost

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
IT related cost	-	-	8	11	12

2.4.5. Rents, Rates and Taxes

Rents

Rents have been considered at actuals for FY 2013-14 and assumed to grow YoY in line with agreements/ CPI for second control period.

Property Tax

Property tax has been estimated based upon demand received from Municipal Corporation of Greater Mumbai (MCGM) for FY 14 and estimated additional tax for New T2 has been added. No annual increases have been considered in the property tax forecast. Being a statutory cost, MIAL requests the Authority for truing up of property tax on actual basis and if so required on interim basis.

Non Agricultural Tax

Non agricultural tax for second control period has been considered based upon demand received from revenue authority of Government of Maharashtra for FY 14. Standard rate of land for the purpose of NA tax is revised periodically which cannot be estimated currently. Hence, interim true-up is requested.

Table 17: Rents, Rates and Taxes

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Rents, Rates & Taxes	57	58	59	61	62

2.4.6. Advertising Cost

The estimated advertising cost for FY 15 is assumed to increase YoY in line with the CPI. Also specific one time expenditure of Rs. 2 Crs. on launch of domestic wing of New T2 is included in FY 15.

Table 18: Advertising Cost

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Advertising Expenses	7	8	8	9	9
Domestic section of T2 Launch	2	0	0	0	0
Advertising cost - Total	**9**	**8**	**8**	**9**	**9**

2.4.7. Administrative Cost

The administrative costs such as travelling and conveyance, legal and professional charge, communication etc. have been assumed to increase in line with the CPI. Real increase of 10% in FY 15, FY 16 and 5% real increase from FY 17 to FY 19 has been assumed considering incidence of various additional expenses which are likely to occur but difficult to predict in advance. Further, following specific expenditure to be incurred has been provided separately:-

- Consultancy cost for Business Development and Airport Operations Readiness (AOR) are expected at Rs.2 Crs. and Rs. 12 Crs. respectively for FY 15.
- Consultants cost for specific studies.

Table 19: Administrative Cost

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Administrative Expenses	65	77	87	99	112
AOR	12	0	0	0	0
Consultancy for Business Development	2	0	0	0	0
Consultants' cost for specific studies	9	0	0	0	0
Administrative cost - Total	**88**	**77**	**87**	**99**	**112**

2.4.8. Airport Operator Fee

The fee payable to the airport operator is projected to increase annually at the rate equal to US CPI Inflation (which is assumed at 1.7% p.a.) as per Airport Operator Agreement dated 28.04.2006 between MIAL and ACSA Global Limited. This expenditure is projected to continue till FY 19 on the same basis.

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Airport Operator Fees	7	7	7	8	8

2.4.9. Insurance Cost

The insurance cost is based on value of insurance under various policies. MIAL has two major insurance policies. One is Industrial All Risk Policy covering all fixed assets of MIAL where insured amount will be based on value of fixed assets. Another policy is Airport Operator's Liability Policy for third party claims, premium of which is expected to increase in line with CPI.

Table 20: Insurance Cost

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Insurance Cost - Total	8	8	9	9	10

2.4.10. Interest on Working Capital and Financial Charges

The interest on working capital has been calculated assuming utilisation of Rs.75 Crs. limits during the control period at interest rate of 12.5%. Financial charges have been taken at projected levels based on increased requirements for subsequent years.

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Interest on Working capital	9	9	9	9	9
Financial charges	3	3	4	4	4
Total - Interest and Financial charges	**12**	**12**	**13**	**13**	**13**

2.4.11. Other Operating Costs

Other operating costs have been estimated as follows:

- **Cleaning, Security and Other operating Contracts** – These contracts are labour intensive. For the increase in the wages, 5 years CAGR of National Floor Level of minimum wages has been considered. Also, increase in cost is based on contracts wherever specifically applicable.

- **Trolley Contract** –Increase is based on passenger growth and 5 years CAGR of National Floor Level of minimum wages.

- **Inter-Terminal coaches Contract** – Per Bus per annum expenditure is expected to increase YoY by CPI. Number of buses would reduce due to part shifting of domestic operations from T1B to New T2.

Table 21: Other Operating Cost

Rs./Crs.

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Cleaning Contract	42	43	46	51	57
Security Contract	15	16	17	19	21
Other Operating Contracts	20	22	24	27	31
Trolley Contract	8	9	11	13	15
Inter-terminal coaches Contract	10	7	7	8	9
Total – Other Operating cost	**94**	**97**	**106**	**118**	**132**

2.4.12. Corporate Social Responsibility cost

CSR cost is estimated as per the provisions of new Companies Act, 2013.

Rs./Crs..

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
CSR cost	**10**	**6**	**4**	**3**	**10**

2.4.13. Issues pertaining to security expenses (PSF-SC)

One of the component of Passenger Service Fee is Security Component – PSF (SC)- this amount is prescribed by MoCA and collected by MIAL to be kept in escrow account to be utilised as per guidelines of MoCA. From time to time there have been amendments carried out by MoCA subsequent to execution of SSA. Amount of PSF (SC) is not subjected to Revenue Share as it is collected on behalf of GoI for security

related expenses and security is a sovereign function. Role of MIAL is mainly to utilize the amount as per directions from MoCA from time to time. Hence, it acts as a custodian of Government funds.

It is understood that in future, may be even for the past, capital expenditure being met through PSF(SC), will have to be incurred by respective Airport Operators. Such capital expenditure will be treated as part of Project Cost. Since there is no clarity as on date, it is assumed that capital expenditure towards security expenses will continue to be incurred through PSF (SC). However if any such amount is required to be incurred by Airport Operators and, consequently, is to be incorporated as Project Cost it shall result in increase in tariff to that extent. However, in order to maintain exclusion of such amount from Annual Fee it is imperative that tariff for this purpose is determined separately and is not subjected to Revenue Share (AF).

It is requested that the Authority takes note of the above. The Authority may have to obtain clarifications from MoCA in this respect.

Also, MIAL had incurred certain expenses out of PSF (SC) which, to the best of MIAL's knowledge and belief, pertained to security requirements at the airport and accordingly were eligible to be incurred from PSF (SC). However, MoCA decided that certain expenses like expenses on Private security for landside security and other expenses were not allowable, accordingly it directed MIAL to reverse these expenses. Since it is not possible to exactly quantify all the expenditure at this stage which MoCA may disallow from PSF(SC) account, we request the Authority to kindly consider the expense for the purpose of truing up as and when decided by MoCA.

2.4.14. Bad debts

An amount of Rs. 17.28 Crs. has been written off as bad debts due to failure of Kingfisher Airlines during FY 13 and FY 14. With continuous efforts it was possible to bring down dues from Kingfisher Airlines to this level. It was ensured that balance amount was also covered through post-dated cheques. In spite of all these precautions, Rs. 17.28 Crs. could not be realised and, being non-recoverable, Board of Director decided to write off this amount. This is a onetime issue which was beyond control of MIAL. Similarly bad debt of Rs. 0.6 Crs pertaining to Bahrain Air written off in FY 13 should also be allowed as Bahrain Air is under liquidation. In case of other airlines all out efforts are made to realise the amount though there may be some delays specifically in case of Air India. We request the Authority to allow this amount of Rs. 17.88 Crs. as O&M Cost.

2.5. Depreciation

As per SSA, rates applicable under Schedule XIV of the Companies Act, 1956 are to be applied on the value of the assets. This Act has been replaced by the Companies Act, 2013. Depreciation is calculated as per Schedule II of the Companies Act, 2013.

Table 22: Depreciation on Aeronautical Assets

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Depreciation	632	625	671	685	706

2.6. Income Tax

During the bidding process all prospective bidders were provided draft of the Project Agreements which included SSA. Each bidder quoted Annual Fee (Revenue Share) based on earning prospects envisaged by respective bidders.

AERA has adopted provisions of SSA – Reference Schedule 1 and clause 3.1.1 concerning, *inter alia*, non-allowability of Annual Fee as cost past through. However while accepting one part of the issue, the Authority has disregarded the fact that the tax has to be computed without considering Annual Fee as an expense. Hence impact of non-allowability of Annual Fee to be borne by MIAL is net of applicable tax.

Negative impact on Target Revenue of MIAL as per the Authority's Order no. 32 dated 15th January, 2013 compared to that as per SSA Schedule 1 are shown by way of an illustration in the table below; assuming aeronautical revenue of Rs. 100, operating expenses of Rs. 31.30 and corporate tax rate of 30%.

	As per The Authority's Order (Rs.)	As per SSA Rs.
Aeronautical Revenue	100.00	100.00
Revenue Share @ 38.7%	(38.70)	0.00
Operating exp.	(31.30)	(31.30)
Profit Before Tax	30.00	68.70
Tax @ 30%	**9.00**	**20.61**
Loss to MIAL vis-a-vis SSA provisions	**11.61**	

As is evident from above, disallowance of part of corporate tax reimbursement is against the explicit provisions of SSA which were considered by each bidder while quoting Revenue Share.

We understand that in another similar case the Authority had allowed Income Tax based on SSA provisions i.e. without considering Annual Fee as an expense, while determining tariff for first control period.

Accordingly, the allowable income tax for Aeronautical Services for each year of the control period has been calculated as follows:

Table 23: Tax on Aeronautical Income

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Income Tax	**42**	**80**	**103**	**204**	**310**

2.7. Revenue from Revenue Share Assets (S)

The revenues from Revenue Share Assets (RSA) include the revenue from lease rentals, license fees, space rents, various concessions and cargo handling services. Revenues from Fuel Concessions, Ground Handling Concessions and Cargo Handling have been considered as Revenues from Revenue Share Assets. Based on underlying revenue drivers / agreements / contracts, as applicable, the Revenue from Revenue Share Assets has been projected for the second control period.

The approach adopted in each case is described below:

2.7.1. Land Lease Rentals, License Fee and Space Rent

Land Lease Rent and Hangar rent are expected to increase at the rate of 7.5% p.a. Terminal Building rent and other building Rent is also expected to increase at a rate of 7.5% p.a. or as per existing agreements/ LoIs/LoAs.

Table 24: Revenue from Land, Hangar and Terminal buildings

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Land Lease rentals (excluding Real Estate)	32	34	36	38	49
Hangar Rent	9	10	11	12	12
Terminal Building Rent	38	44	47	51	59
Other Building Rent	18	20	21	23	25
Total	**98**	**108**	**115**	**123**	**145**

2.7.2. Lounge Concessions

Revenue from Lounge concession is assumed higher of: i) MAG and ii) estimated revenue based on per embarking passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 25: Lounge concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	27	54	59	65	70

2.7.3. Retail Concessions

Revenue from retail concessions for international passengers is assumed higher of: i) MAG and ii) estimated revenue based on per embarking and transit passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Revenue from retail concessions for domestic passengers is assumed based on revenue per embarking pax earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 26: Retail concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	93	119	132	149	166

2.7.4. Food and Beverage (F&B) Concessions

Revenue from F&B concessions for international passengers is assumed higher of: i) MAG and ii) estimated revenue based on per embarking (including transit) passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Revenue from F&B concessions for domestic passengers is assumed based on revenue per embarking passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 27: Food and Beverage concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	40	52	61	71	82

2.7.5. Flight Catering Concessions

This is dependent on the embarking passengers. No increase is expected in the revenue per embarking passenger due to intense competition and fall in catering rates. Therefore, the total revenue from catering concessions is expected to increase in line with the growth in embarking passengers.

Table 28: Flight Catering concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	26	28	30	31	33

2.7.6. Forex Concessions

The revenue from foreign exchange concessions are expected to increase as per growth in international passenger traffic.

Table 29: Forex concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	45	47	49	51	54

2.7.7. Automated Teller Machines (ATMs) Concessions

The revenue from ATM concessions is assumed to increase as per contracts.

Table 30: ATMs concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	12	12	13	14	14

2.7.8. Car Rental and Hotel Reservation Concessions

Only the disembarking passengers avail the car rental and hotel reservation facilities. The revenue per disembarking passenger is expected to grow in line with CPI.

Table 31: Car Rental and Hotel Reservation

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	19	21	24	28	32

2.7.9. Duty Free Concession

Duty free revenue is projected as per the Letter of Award issued for the new T2 based on higher of i) MAG and ii) estimated revenue share. Sales at Duty Free Shop for the purpose of Revenue share is based on revenue per International passenger, including transit, increased YoY in line with CPI. Duty free concession, through a process of competitive bidding, was awarded to a consortium of Aer Rianta International Cpt. and

Buddy Retail Pvt. Ltd. Due to delay in regulatory approvals like FIPB, Customs and BCAS, performance of concessionaire is not satisfactory. Revenue projections based on LoA may undergo changes. This is requested that The Authority permits interim true up for this revenue head.

Table 32: Duty free concession

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	180	242	279	322	371

2.7.10. Advertising Concession

Revenue from Advertising concession is assumed higher of: i) MAG and ii) estimated revenue based on per passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 33: Advertising concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	69	79	91	104	119

2.7.11. Car Parking Concessions

Revenue from Car park concession in case of new terminal is based on revenue per passenger and estimated passenger traffic. In case of domestic car park, fixed amount contract has been considered to arrive at revenue. Contract for Car park for International MLCP is yet to be awarded. Depending upon bids received there may be significant change in projected revenues. Hence, we request the Authority, to allow us to submit actual details as and when contract is awarded for its consideration.

Table 34: Car parking concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	14	17	20	23	26

2.7.12. Ground Handling Concessions

Revenue from Ground Handling concessions are assumed higher of: i) MAG and ii) estimated revenue based on per ATM revenue earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 35: Ground handling concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**77**	**81**	**85**	**90**	**95**

2.7.13. Fuel Concessions

Revenue from fuel concessions is projected based on average consumption per ATM in FY 14 multiplied by projected ATMs and throughput charge rate/KL. Throughput charge rate/KL is assumed to increase by 7% YoY. However, this increase may vary between 5% and 7% and needs to be trued up by the Authority.

The Authority in its order dated 15.01.2013 had considered Fuel concession as an Aeronautical service which has been disputed by MIAL before AERAAT. Hence, depending upon order of AERAAT, nature of this revenue will be finally decided.

Table 36: Fuel concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**110**	**120**	**131**	**144**	**157**

2.7.14. Cargo

Cargo revenue has been considered as under based upon MAG/ Revenue Share as per respective concessions:

i) Domestic cargo concession given to CONCOR which came into effect from May 2013;

ii) International Cargo concession (excluding x–ray charges) given to CONCOR which is expected to commence from January 2014;

iii) Perishable cargo concession given to Cargo Service Centre; and

iv) Courier handling concession given to Express Industry Council of India.

MIAL has also applied for increase in the rates for international cargo operations by 10% w.e.f 01.06.2013 to the Authority for which approval is awaited. Increased rates have been considered while calculating applicable revenue share.

Table 37: Revenue from Cargo

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
MIAL	**20**	**21**	**21**	**22**	**23**
Concessions:					
Domestic cargo	1	1	1	1	1
International cargo	192	199	207	215	223
Perishable Cargo	3	3	3	3	4
Courier	12	13	13	14	14
Total	**228**	**236**	**245**	**255**	**264**

The Summary of the Projected Revenues from Revenue Share Assets for the control period is as follows:

Table 38: Total Revenue from Revenue Share Assets (RSA)

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
F&B	40	52	61	71	82
Flight Catering concession	26	28	30	31	33
Retail concession	93	119	132	149	166
Foreign exchange, Banks & ATM	57	60	62	65	68
Car Rentals & Hotel Reservation	19	21	24	28	32
Duty Free Shops	180	242	279	322	371
Advertising Income	69	79	91	104	119
Car Parking	14	17	20	23	26
Ground Handling	77	81	85	90	95
Others	24	28	35	40	48
Fuel concession	110	120	131	144	157
Total Concessions	**708**	**848**	**951**	**1066**	**1196**
Land Lease rentals (excluding Real Estate)	32	34	36	38	49
Hangar Rent	9	10	11	12	12
Terminal Building Rent	38	44	47	51	59
Lounges	27	54	59	65	70
Cargo Building Rent	18	20	21	23	25
Total Rent & Services	**125**	**162**	**175**	**188**	**215**

	FY 15	FY 16	FY 17	FY 18	FY 19
Revenue from cargo and cargo concessions	**228**	**236**	**245**	**255**	**264**
Total	**1061**	**1247**	**1370**	**1509**	**1675**

3. Truing up for the first control period

The Authority had passed tariff order for first control period FY 10-FY14 on 15.01.13 and had decided to true-up certain revenues and expenditures. True up workings have been done accordingly considering actual numbers upto FY 13 and estimated numbers for FY 14. Since FY 14 is yet to be completed, we request the Authority to finally true up the numbers for first control period based on audited numbers of FY 14.

Rs./Crs.

Revenue streams	**FY 10**	**FY 11**	**FY 12**	**FY 13**	**FY 14**	**Total**
Landing charges	-	-	-	9	70	79
Parking charges	-	-	-	1	(2)	(0)
Aerobridge charges	-	-	-	(2)	(12)	(13)
UDF	-	-	-	55	144	199
PSF (FC)	-	-	-	(3)	-	(3)
Unauthorised Overstay	-	-	-	-	(6)	(6)
Fuel concession Fee				9	9	17
Total (A)	**-**	**-**	**-**	**70**	**203**	**274**
Adjustment in RAB due to actual date of capitalisation and Adjustment due to DF	(17)	3	2	(42)	(198)	(252)
Change in WACC	11	14	16	17	24	83
Change in Operating expenditure (Property Tax and NA Tax, changes in unit rate of electricity and Water, CPI)	-	-	-	(1)	67	66
Adjustment in depreciation due to actual date of capitalisation and DF Adjustment	4	2	2	2	(88)	(79)
Share of Revenue from Revenue Share Assets	-	-	-	(29)	(26)	(55)
Total (B)	(2)	19	21	(52)	(223)	(237)
Total True-up amount	**(2)**	**19**	**21**	**18**	**(19)**	**37**

Rs./Crs.

Revenue streams	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Total True-up amount with carrying cost	(3)	30	29	22	(22)	57

4. Summary of Target Revenue

Based on the above details Target Revenue for the control period has been computed and the same has been summarized below:

Table 39: Summary of Target Revenue

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Regulatory Base*	8,006	8,126	8,104	7,726	7,601
WACC	15.16%	15.16%	15.16%	15.16%	15.16%
Return on Regulatory Base	1,213	1,232	1,228	1,171	1,152
Operation & Maintenance cost	723	752	829	908	1,009
Depreciation	632	625	671	686	706
Corporate Tax	42	80	103	204	310
30% of Revenue from Revenue Share Assets (RSA)	318	374	411	453	503
Truing up of first control period	57	-	-	-	-
Target Revenue	2,349	2,314	2,421	2,516	2,674
CPI -X	**68.11%**	**7.90%**	**7.90%**	**7.90%**	**7.90%**
Revenue from proposed tariff	1,980	2,214	2,477	2,773	3,106

(*) *Net of Upfront Fees, DF funded assets and Non-Aeronautical Assets.*

5. Passenger Traffic, Air Traffic Movements (ATMs) and Cargo Forecast

<u>Passenger Traffic</u>

MIAL has internally forecasted passenger traffic, ATMs and cargo volumes at CSIA for the control period.

Traffic forecast has been arrived at by following two methods:-

1. Quantitative analysis based on regression equation model (Econometric model) with single independent variable (GDP), GDP being explanatory or independent variable. Domestic GDP growth forecast of 6.5% (as per RBI) and International GDP growth forecast of 3% (as per World Bank report) has been considered

during this control period. Under this methodology, projected growth in domestic passenger is 7.6%, in International passenger it is 2.5% and overall projected traffic growth based on passenger mix is 6.1%.

2. Based on past CAGR
    a. Past 10 years CAGR of passenger traffic – Projected traffic growth is 10.4% for Domestic, 6.8% for International and overall growth is 9.1%.
    b. Past 5 years CAGR of passenger traffic – Projected traffic growth is 6.9% for Domestic, 5% for International and overall growth is 6.3%.
    c. Past 3 years CAGR of passenger traffic – Projected traffic growth is 2.3% for Domestic, 4.5% for International and overall growth is 3%.

As far as domestic passenger growth is concerned it may be kindly observed that forecast as per Econometric model and 5 years CAGR is converging and accordingly forecast based on past 5 years CAGR of passenger traffic is considered.

Based on 5 years CAGR, projected International passenger traffic growth is 5%. However, due to Air India having made a hub for International passenger traffic at New Delhi and also due to growing International traffic at other cities because of grant of traffic rights from new point of calls, directly competing with CSIA, there is a sudden drop in International traffic growth at CSIA as low as 2.3 % in FY 13 as compared to FY 12. While in FY 14 (upto Nov 13) there is substantial growth in International passenger traffic at other airports, at CSIA it was meager 4.2%. Hence it has been rightly assumed that projected growth will be 4.2% and not 5%.

ATMs

ATM numbers are projected to grow in line with past 5 years CAGR of 2.3% with domestic ATMs growing by 2.4% and International ATMs growing by 2.1%.

Table 40: Passenger and ATM forecast

	FY 15	FY 16	FY 17	FY 18	FY 19
Passengers (in Mn)					
- Domestic	22.89	24.47	26.16	27.97	29.90
- International	10.78	11.23	11.71	12.20	12.71
Total	33.67	35.71	37.87	40.16	42.61
ATMs (nos)					
- Domestic	186,371	190,844	195,424	200,114	204,917
- International	73,932	75,410	76,918	78,457	80,026
Total	260,303	266,254	272,343	278,571	284,943

Cargo Forecast

Domestic and International cargo traffic for CSIA is projected from FY14 (estimated) data based on the past 5 years CAGR (3.8% for international and 3.7% for domestic). Same growth is assumed to arrive at cargo forecast for MIAL's concessionaires for second control period.

The projected cargo tonnage is as below:

Table 41: Cargo forecast

(in '000 MTs)

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Domestic Cargo	57.33	59.45	61.65	63.93	66.29
International cargo	352.00	365.37	379.26	393.67	408.63
Total	**409.32**	**424.82**	**440.90**	**457.59**	**474.92**

6. Determination of Escalation Factor

The escalation factor for tariff increase is to be calculated by solving the equation given in the SSA. While determining X factor at the beginning of regulatory period, the value of CPI would be forecasted value, which would need to be replaced by actual value subsequently. MIAL has assumed a One-time tariff increase to be effective from 1st April, 2014 for the next control period and yearly inflationary increase thereafter. Based on building blocks discussed hereinabove and underlying assumptions, Target Revenue requirements and proposed tariff increase are as below:

Table 42: Target Revenue and Proposed Tariff increase

Rs./Crs.

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Target Revenue	2,349	2,314	2,421	2,516	2,674
Proposed Tariff increase (w.e.f. 01.04.2014)	**68.11%**	**7.90%**	**7.90%**	**7.90%**	**7.90%**
Estimated Revenue at Proposed Tariff	1,980	2,214	2,477	2,773	3,106

7. Cash Flows: Anticipated shortfall in meeting obligations:

Based on this MYTP projected cash flow for the control period is shown in Table 43. However, under tariff order for the first control period, there are differences in treatment of various issues like nature of particular revenue, return on equity and return on

refundable security deposit etc. Accordingly, there will be change in cash flows, if those differences persist. As the Authority is kindly aware of that vide section 13(1)(a)(iv) of the Act, while determining the tariff the Authority has to take into consideration economic and viable operations of airports. This provision mandates, inter alia, that in case of inability of a particular airport to meet its debt obligations, the Authority needs to consider matching cash flow with debt obligations. This may involve, inter alia, allowing accelerated depreciation and upfront tariff increase including towards expected yearly CPI increase. With the above stated Target Revenue and derived CPI-X, the projected cash flow for the control period would be as follows:

Table 43: Projected Cash flows

Rs./Crs.

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Net Cash Inflow/(Shortage)	**(30)**	**236**	**381**	**523**	**731**

However, in case the Authority chooses to fix the tariff lower than requested by MIAL, it is quite possible that a mismatch between the projected cash inflow and outflow may put MIAL in a financially difficult position and MIAL may not be able to meet its debt obligations. To avoid such a situation, and without prejudice to the other rights and remedies available to MIAL, it is requested that the Authority may allow accelerated depreciation/ higher tariffs in the initial years, in such a way that the mismatch in sources and outflow of cash, if any, is eliminated and MIAL is able to have economic and viable operations, which the Authority is required to ensure under Section 13(1)(a)(iv) of the AERA Act. Charge of depreciation/ tariff in the later years would be lower to the tune of excess depreciation charge/ higher tariffs allowed to facilitate such shortfall in meeting the obligations to service the loan.

8. Annual Tariff Proposal (ATP)

In this regard, it is submitted that MIAL is preparing its Annual Tariff Proposal, which shall be filed before the Authority in due course.

9. Information to be redacted

With reference to MYTP, MIAL will make various submissions/ providing information from time to time to the Authority. We would like to request the Authority to kindly redact the submissions / information details of which will be submitted in due course considering commercial sensitivity involved as disclosure of the same in public domain might affect interest of MIAL adversely.

10. Prayers

In view of the foregoing submissions MIAL prays before the Authority:

a) To consider and approve the Proposed Target Revenue for the control period from FY15 to FY19 by approving the proposed increase in Tariff.

b) To allow Interim true up of any levy of new or increased taxes, increase in unit rates of electricity and water, besides other true ups as may be decided by the Authority.

c) In case of a mismatch in cash inflows and outflows, allow accelerated depreciation / higher tariffs in earlier years of the control period and accordingly allow re worked Target Revenue for the purposes of calculation of Tariff.

It is to be noted that submission of this MYTP is without prejudice to MIAL's rights and contentions in other proceedings before the AERAAT, and any omission to deal with any specific issue should not be construed as an admission on part of MIAL. MIAL reserves its right to submit further details, comments, documents, response, etc, as and when necessary.

From: Gupta, Amit (IN - Delhi)
Sent: Thursday, May 01, 2014 7:31 AM
To: ';cv.deepak@aera.gov.in';; ';CV Deepak (cvdeep@gmail.com)';; ';radhika.r@aera.gov.in';
Cc: Naidu, Peeyush (IN - Delhi); Thakur, Puskar (IN - Delhi); Anand, Radhika (IN - Delhi); Malik, Deepankur (IN - Delhi)
Subject: RE: MIAL 2nd Control Period MYTP filing

Dear Sir,

Further to our previous email, please find attached our observations in terms of data required based on the Financial model submitted by MIAL. These may be considered by the Authority for seeking additional inputs / clarifications from MIAL.

Regards

Amit

Amit Gupta
Deloitte Touche Tohmatsu India Private Limited
Tel: +91 (124) 679 2000 | Fax: +91 (124) 679 2012 | Mobile: +91 98731 86367

From: Gupta, Amit (IN - Delhi)
Sent: Monday, April 14, 2014 12:03 PM
To: cv.deepak@aera.gov.in; CV Deepak (cvdeep@gmail.com); radhika.r@aera.gov.in
Cc: Naidu, Peeyush (IN - Delhi); Thakur, Puskar (IN - Delhi); Anand, Radhika (IN - Delhi); Malik, Deepankur (IN - Delhi)
Subject: MIAL 2nd Control Period MYTP filing

Dear Sir

Please find attached our preliminary observations on the Financial model submitted by MIAL. There are a number of hard coding instances in the financial model provided by MIAL.

We understand that the Authority had considered in the past, a separate session with Airport Operators for explaining the financial models. Similar to such an approach, the Authority may consider inviting MIAL representatives to take Authority through the submitted financial model. During the same meeting, the Authority may also consider highlighting to MIAL, the hard coding in the financial model and depending upon the explanation provided by MIAL, may consider requesting for a revised copy of the financial model.

We would also request your assistance in getting a soft copy of the

Presentation made by MIAL to the Authority.

Please feel to seek any clarification you may have on the same.

Regards

Amit

Amit Gupta
Manager
Deloitte Touche Tohmatsu India Private Limited

7th Floor, Building No. 10-B

DLF Cyber City Complex, DLF City Phase II

Gurgaon - 122002, Haryana, India
Direct: +91 (124) 679 2508 | Main: +91 (124) 679 2000 | Mobile: +91 98731 86367

amitg@deloitte.com

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--
C.V.Deepak
+91 9868100459

Print Cancel

1282/सचिवालय/16/7/14

381/08D-II/15/7/14

GVK

MIAL/VPR/14-15/19

15TH July, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai for second control period (FY 2014-15 to FY 2018- 19)

Ref: AERA letter no. AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-I/ dated 1st May, 2014
MIAL letter no. MIAL/VPR/9 dated 19th May 2014 , MIAL/VPR/15 dated 20th June 2014
& MIAL letter no. MIAL/VPR/17 dated 25th June, 2014

With reference to the first mentioned letter, which required clarifications and/or Auditor's certificates and in continuation of our letter dated 25th June, 2014 please find below point-wise response:-

I. **Response to the Authority's letter dated 1st May 2014**

Sl. Number of certificate as per Authority's Letter	Document/ Certificate No. being submitted vide this letter dated 15th July, 2014
3	Annexure 1
4	Annexure 2
5	Annexure 3
6	Annexure 4

15/7
08D-II
JT GM (R)
Smt Yashwanthi Reddy
15/7
16/7/14
Soft copy mailed
File

Mumbai International Airport Pvt Ltd
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GVK

MIAL/CFO/786
24th July,2014

Ms.Radhika R.
Jt.GM,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sub: Review of MYTP of Mumbai Airport submitted by MIAL and provision of Advisory Assistance.
Ref: Your Letter ref.No.AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-1/6089 dated 2nd July,2014

Dear madam,

This has reference to your above letter, please find attached herewith Cheque No.520189 dated 21st July,2014 for Rs.7,16,520/- (Rupees Seven Lacs Sixteen Thousand Five Hundred Twenty only) drawn in favour of M/s.Deloitte Touche Tohmatsu India Pvt Ltd towards payment of their Invoice No.2360008282 dated 13th June,2014 regarding review of MYTP of Mumbai Airport submitted by MIAL and provision of advisory assistance for the period 11th May,2014 to 10th June,2014.

Kindly acknowledge receipt

Thanking you,

Yours faithfully,
For Mumbai International Airport Pvt Ltd

Vinod Hiran
CFO & Company Secretary

Encl: as above.

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MIAL/CFO/786
24th July,2014

Ms.Radhika R.
Jt.GM,
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

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Ref: Your Letter ref.No.AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-1/6089 dated 2nd July,2014

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Thanking you,

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For Mumbai International Airport Pvt Ltd

Vinod Hiran
CFO & Company Secretary

Encl: as above.

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Mumbai International Airport Pvt.Ltd.

Regd.Office : Chhatrapati Shivaji International Airport,1st Floor 1B,Santacruz(E),Mumbai - 400 099.- Tel.:6671 4600

Deloitte Touche Tohmatsu India Pvt Ltd
DLF Cyber City complex, Phase II,,
7th floor, Tower - B, Building 10,

Date : 21.07.2014
Pyt Doc No : 4114003174
Chq No : 520189
Vendor Code : 402729

Inv. No Inv. Amt	TDS	WCT	Advance Partial Pmt	Retention Other Adj	Tot Ded	Net Amt
2360008282 786,520.00	70,000.00	0.00	0.00 0.00	0.00 0.00	70,000.00	716,520.00

TOTAL AMOUNT Rs. 716,520.00

Remarks: Mgmt consult ser. onReview of MYT Proposal of MIAL

28/7/14

AXIS BANK LTD
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IFS Code : UTIB0000183

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D D M M Y Y Y Y

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Seven lakh sixteen thousand five hundred twenty rupees only

RUPEES रुपये

अदा करें

₹ *****716,520.00

A/c No. 183010200005296 CASPL 183490

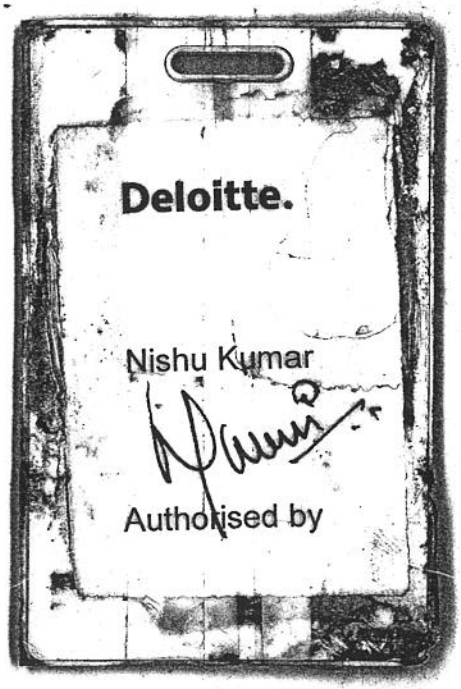
For MIAPL- O & M SUB SUB ACCOUNT

VOID

Payable at par at all branches of Axis Bank Ltd in India.

Authorised Signatory(ies)
Please sign above

⑈520189⑈ ⑆400211021⑆ 183490⑈ 29


Deloitte.
Nishu Kumar
Authorised by

5th Aug, 2014

MIAL/VPR/14-15/21

The Secretary
Airports Economic Regulatory Authority of India
AERA building, Administrative Complex,
Safdarjung Airport
New Delhi-110 003

Sir,

Subject: Revision in Fuel concession fee w.e.f 1st April 2014

MIAL had entered into an agreement dated 4th September, 2008 with Oil Companies at CSI Airport (copy enclosed as Annexure 1) regarding escalation in Fuel Throughput Charges (FTC) It was agreed that minimum annual escalation shall be 5% over the previous year and escalation in excess of 5% is to be linked to **Wholesale Price Index (WPI)** with a cap of 7%.

The Authority vide Order No. 32/2012-13 dated 15th January, 2013 had decided as under:-

*"The Authority decides to consider the revision in Fuel Throughput Charges in line with the agreements with the oil marketing companies and consider the escalation at **CPI** or 7%, whichever is less."*

Accordingly rate for FTC for FY 14 was decided to be Rs. 688.17/KL.

Since WPI for FY 2014-15 is 5.98%, FTC rate for FY 15 needs to be increased by 5.98% i.e. 729.32/KL. (Screen shot from the web site of the office of Economic Advisor is enclosed showing WPI for 2012-2013 as 167.62 and 2013-2014 as 177.64 i.e. an increase of 5.98%). As increased FTC rates have already become due from 1st April 2014, we request Authority to allow MIAL to collect FTC with escalation of 5.98 % as mentioned aforesaid i.e. @ Rs 729.32/KL with effect from 1st April 2014.

Pending receipt of approval from the Authority, MIAL, on all of the invoices raised from 1st April 2014 onwards on the Oil companies towards FTC, has mentioned the following:-
"The said invoice is provisional as per AERA rate which is only upto 31st March, 2014 and the same is likely to be revised from 1st April, 2014. The differential invoice will be raised after revision of rates from AERA."

MIAL respectfully submits that if the legitimately agreed increase in FTC from 1st April, 2014 for the current financial year is not granted to it timely, it shall severely prejudice its rights, interests and shall have adverse impact on its finances. MIAL, therefore, prays to the Authority to approve increase in FTC to Rs. 729.32/KL in line with the agreed agreement dated 4th September, 2008 with the oil companies without waiting for increase in aeronautical tariff.

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Kindly note that the above request is without prejudice to the contention of MIAL that the Fuel Concession Fee is non-aeronautical in nature and does not need regulation.

We will be obliged if an early action is taken by the Authority in this matter, so that we could collect the arrears from the Oil companies w.e.f. 1st April, 2014 and start raising the correct Invoices on them at the approved rates.

Thanking you,

Yours sincerely,
For Mumbai International Airport Pvt. Ltd.

Sanjiv Bhargava
Vice President - Regulatory

Encl: a/a

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12 C

Annexure - F

Date: 04/09/08

Escalation formula for throughput charges

A meeting was held between PSU Oil companies and MIAL on 04th September 2008 to finalize the Escalation formula for Throughput Charges payable to MIAL for the next 15 years starting from 2009-10.

After deliberations, following escalation formula is finalized mutually for the year 2009-10 onwards: -

a) The Throughput rate of Rs 500 per KL shall be taken as base figure (2008-09) and escalation as per the formula shall be applied on the base figure from the year 2009-10 onwards. The final throughput rate of 2009-10 shall become base rate for the year 2010-11 for applying the escalation factor and so on.

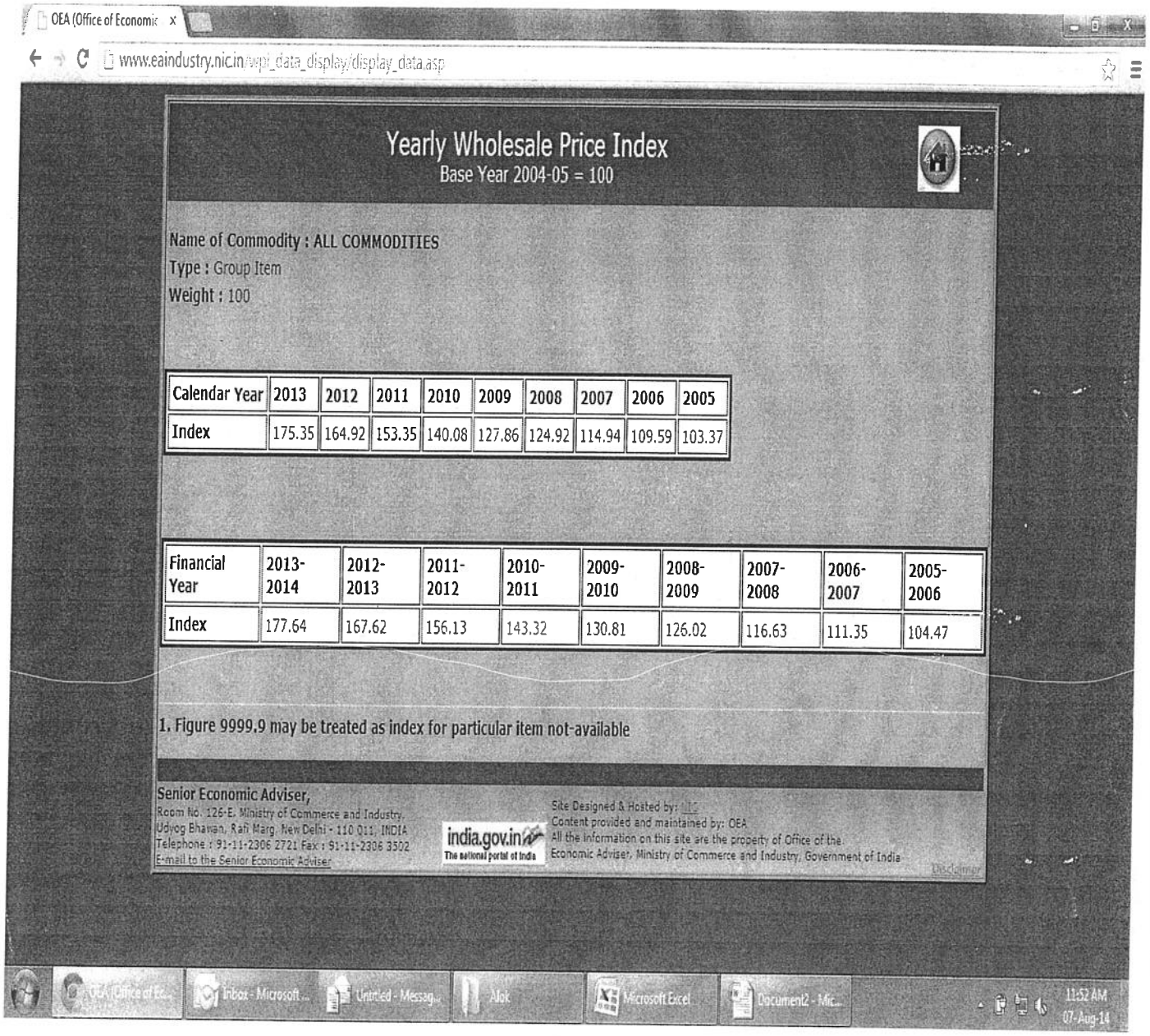
b) Minimum escalation of 5% per annum over previous year and escalation in excess of 5% to be linked to Wholesale Price Index (WPI) with a cap of 7.0 %.

c) The formula is proposed to be applicable for next 15 years w.e.f. 2009-10 and after a period of 15 years, it shall be reviewed and mutually agreed.

d) MIAL has taken up the issue of applicability of Service Tax on throughput charges with the Government authorities and if applicable, shall be reimbursed by the Oil companies on actual basis.

e) To work out the Escalation factor, WPI for the Financial year shall be taken into account

(R K Jain) President, MIAL	(R Sareen) E. D. (Avn), IOC	(P J Kavde) Station Manager, for ED(Avn) BPC	(S S Bramhe) Chief Manager (Avn), for DGM(Avn) & SBU Head, HPC



OEA (Office of Economic

www.eaindustry.nic.in/wpi_data_display/display_data.asp

Yearly Wholesale Price Index

Base Year 2004-05 = 100

Name of Commodity : ALL COMMODITIES

Type : Group Item

Weight : 100

Calendar Year	2013	2012	2011	2010	2009	2008	2007	2006	2005
Index	175.35	164.92	153.35	140.08	127.86	124.92	114.94	109.59	103.37

Financial Year	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Index	177.64	167.62	156.13	143.32	130.81	126.02	116.63	111.35	104.47

1. Figure 9999.9 may be treated as index for particular item not-available

Senior Economic Adviser,
Room No. 126-E, Ministry of Commerce and Industry,
Udyog Bhawan, Rafi Marg, New Delhi - 110 011, INDIA
Telephone : 91-11-2306 2721 Fax : 91-11-2306 3502
E-mail to the Senior Economic Adviser

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MIAL/VPR/14-15/22

5th August, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Dear Sir,

Sub: Minutes of stakeholders consultation meeting for CSIA and powerpoint presentation shown thereat for Projects above Rs.100 crores in the second control period

Subsequent to the earlier meeting of stakeholders held on 5th March, 2014, second and final meeting of the stakeholders was held on 23rd June, 2014 at Mumbai. Minutes of the second and final meeting have been circulated to the stakeholders. We are pleased to send alongwith Minutes of the stakeholders consultation meeting held on 23rd June, 2014. The powerpoint presentation regarding such capital expenditure on projects presented before the stakeholders is also attached for your reference and records.

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

E mail : sanjiv.bhargava@gvk.com

Enclosed : 1. Minutes of the Meeting
2. Powerpoint presentation on Projects costing above Rs. 100 crores.

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Minutes of the Stakeholder Consultation

Topic	Stakeholders' consultation process for Projects with capital expenditure above Rs. 100 Cr. to be incurred by **Mumbai International Airport Pvt. Ltd. (MIAL)** during the Second Control Period i.e. FY 2015 - 2019.
Date	23rd June 2014 at 6:15pm
Venue	Leela, IA Project Road, Mumbai
List of Participants	Enclosed as Annexure 1

The first Stakeholders' Consultation meeting was convened by MIAL to obtain the views of stakeholders on the proposed projects with capital expenditure of more than Rs.100 crores each to be undertaken by MIAL during the second control period starting from FY 2014-15 and ending on FY 2018-19 on 5th March, 2014. Subsequently, the second round of consultation i.e. detailed project design stage, was convened by MIAL covering the details of the projects, their cost and benefits.

Stakeholders, as per List attached as **Annexure 1**, attended the meeting which included representative of IATA, APAO, AAI, MMRDA and various domestic and international airlines amongst others.

Following four (4) projects, each one costing more than Rs 100 crore were put for stakeholders' consultations :

1. Development of two Metro Stations at CSIA (Terminal 1 & Terminal 2)
2. Construction of Taxiway "M"
3. Construction of South East Pier
4. Construction of Tunnel beneath Runway 14/32

The agenda for the presentation was as given below:

Sr. No.	**Particulars**	**Presented by**
1	Introduction – Consultation Protocol	Mr. Vinod Hiran (CFO & Company Secretary)
2.	Project No. 1 - Development of two Metro Stations at CSIA (Terminal 1 & Terminal 2)	Mr. Charudatta Deshmukh, Director (Urban Planning)
3.	Project No. 2 - Construction of Taxiway "M"	Mr. Prabhat Mahapatra, VP Airside Management
4.	Project No. 3 - Construction of South East Pier	Ms. Ashwini Thorat, GM Airport Planning
5.	Project No. 4 - Construction of Tunnel beneath Runway 14/32	Ms. Ashwini Thorat, GM Airport Planning
6.	Project cost and Means of Finance	Mr. Sanjiv Bhargava, VP Regulatory

Project No1:Development of two Metro Stations at CSIA (Terminal 1 & Terminal 2)

Participants were taken through the details of project Concept Design of T1 Forecourt & T2 Forecourt Metro Stations (Plans, Sections, Views) for the metro connectivity for the airport with design parameters, proposed features and cost. The proposed underground Metro Line 3 will have a total length of 4.59 Kms within CSIA and have 3 underground stations at T1 Forecourt in Santacruz, at Sahar Road and at T2 Forecourt in Sahar. Of the three metro stations, only two metro stations viz. T1 Forecourt Station & T2 Forecourt Station are part of the Second Control Period Project Cost. The two stations shall be connected to the Terminals, providing direct access to Domestic and International passengers & all airport users.

The approved project cost of Metro Line 3 is Rs. 23,136 Crores of which MIAL's contribution is Rs 777 Crores i.e. 3.36 % of Total Project Cost for the 3 metro stations at CSIA (Civil works and Electromechanical Cost). Further, the cost of the two stations proposed in CSIA for connectivity to Domestic & International Terminals is Rs 518 Crores (Rs 400 Crores + Rs 118 Crores for electromechanical Cost) i.e. 2.24% of Total Project Cost. As indicated by MMRDA, this cost includes Design Services, PMC Fee and Contingencies but does not include cost of skywalks and underpasses for access to stations from catchment areas other than the terminals which will be constructed by MMRDA separately. The estimated cost is based on the DPR prepared by MMRDA.

Project No. 2 - Construction of Taxiway "M"

The proposed Taxiway M (parallel to existing Taxiway N1) connects the New Terminal 2 aircraft parking apron and the start of Runway 27 over and across the Mithi River. This proposal is based on study done by NATS for increasing the overall capacity of the main runway. In connection with Capacity Augmentation at CSIA, AAI has also requested MIAL to construct this taxiway.

The Proposed Taxiway M will ensure that CSIA is capable of High Intensity Runway Operations (HIRO) by creating additional aircraft holding area for Runway 27. It will be designed in accordance with the standards and recommended practices of DGCA CARs and ICAO standards for Code F aircraft.

The project shall be in two phases, first phase in current control period includes rehabilitation of Slums and thereafter, construction of Taxiway M shall be undertaken in next phase.

The details of the project were covered in the presentation to the stakeholders. Estimated cost to be incurred for slum rehabilitation of 1800 tenements is Rs. 157 Crores, which may vary.

Project No. 3 - Construction of South East Pier

MIAL plans constructing the SE Pier portion of approximately 15800 Sqm and convert the 7 remote stands to contact stands. Subsequent to AERA submission, the shortfall of 3 stands at NW Pier and conversion of the remote stands around SE Pier to contact stands was further evaluated through 2 alternatives which were presented to the stakeholders. Alternative 1 involved construction of seven contact stands instead of shortfall of three stands lost at NW Pier while alternative 2 involved construction of only three contact stands at SE Pier. Alternative 2 was rejected in view of avoiding major disruptions to airside

operations in future when construction of four additional stands shall be taken up. Further seven contact stands as per alternative 1 are in line with ultimate master plan development.

Based on the finalized plan the hard cost for the project is estimated at Rs 350 Crs. which is indexed to Rs 395 Crs. The project is envisaged to be completed in 18 months time. The cost has been arrived at based on:

- Identified scope of work / schedule of quantities, cost information available from earlier executed works by MIAL with suitable escalation to current price level, budgetary quotes and Engineering inputs, rate analysis in line with DAR -2013, wherever applicable, updated with prevailing material and labour rate in Mumbai and prevalent taxes / duties as of June 2014.
- Based on the project duration, above hard cost has been indexed considering escalation @ 7.9% per annum.
- Cost includes Design Services and PMC Fee and Contingencies.
- Above cost excludes pre-operative cost, project financing and insurance, etc.

Project No. 4 - Construction of Tunnel beneath runway 14/32

During previous consultation, the background, need and benefits of constructing a tunnel between the two aprons was discussed and finalised. The need for constructing tunnel under runway arose to reduce travel times for passengers, baggage and belly cargo transfer between new T2 and T1 apron. The other alternatives discussed in the earlier meeting were widening of perimeter road and connecting via people mover system. Both the alternatives were rejected due to prohibitive costs and various issues involved. The concept layout proposed earlier was further evaluated in detail design stage, keeping in mind various Operational and Land constraints through a series of options and a certain design criteria. Various alternatives were presented and the reason for selected option was explained.

The key features of the projects were also highlighted to the stakeholders and the stake holders concurred with the views of MIAL for the shortlisted alternative. The proposed tunnel would provide an infrastructure capable of faster transfer of passengers and baggage between T2 and T1 apron reducing the travel time by about 50% in the peak hours, improve operational efficiency, enhance apron capacity and minimise potential congestion points on the airside perimeter road.

The project is envisaged to be completed in 28 months time. The hard cost for the project is estimated at Rs 250 Cr which is indexed to Rs 298 Cr. The cost has been arrived at based on :

- Identified scope of work / schedule of quantities, cost information available from earlier executed works by MIAL with suitable escalation to current price level, budgetary quotes & Engineering inputs, rate analysis in line with DAR -2013, wherever applicable, updated with prevailing material & labour rate in Mumbai and prevalent taxes / duties as of June 2014.
- *Based on the project duration, above hard cost has been indexed considering escalation @ 7.9% per annum.*
- *Cost includes Design Services and PMC Fee and Contingencies*
- *Above cost excludes preoperative cost, project financing & insurances, etc.*

Minutes of the Stakeholder Consultation

Topic	Stakeholders' consultation process for Projects with capital expenditure above Rs. 100 Cr. to be incurred by **Mumbai International Airport Pvt. Ltd. (MIAL)** during the Second Control Period i.e. FY 2015 - 2019.
Date	23rd June 2014 at 6:15pm
Venue	Leela, IA Project Road, Mumbai
List of Participants	Enclosed as Annexure 1

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Stakeholders, as per List attached as **Annexure 1**, attended the meeting which included representative of IATA, APAO, AAI, MMRDA and various domestic and international airlines amongst others.

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2. Construction of Taxiway "M"
3. Construction of South East Pier
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5.	Project No. 4 - Construction of Tunnel beneath Runway 14/32	Ms. Ashwini Thorat, GM Airport Planning
6.	Project cost and Means of Finance	Mr. Sanjiv Bhargava, VP Regulatory

			same has to be charged to the entire airport passenger base.
2.	Paresh Shirodkar (Saudi Airlines Chairman, Ops Committee of Airline Operators Committee)	He queried on how many passengers per day from the airport would use the metro and whether the cost of Rs 518 Crores can be loaded onto other metro users?	Director, Urban Planning mentioned that around 1,30,000 passenger per day will travel by air from CSIA and of that 40% and 25% of the domestic and international passengers respectively are likely to use the metro. It was clarified that as the cost of travel to airport from South Mumbai shall reduce drastically due to Metro Line 3 i.e. from Rs 1000 today (from South Mumbai to CSIA) to about Rs 30, the airport passengers shall benefit more from Metro Line 3 connectivity.

2. Construction of Taxiway "M"

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Paresh Shirodkar (Saudi Airlines and Chairman, Operations Committee of Airline Operators Committee)	He mentioned that the construction of a parallel taxiway is very critical for Mumbai airport as ATC will be able to give Push back clearance and aircraft can taxi unhindered and smoothly till the holding point of Runway 27 and ATC will have flexibility to change departure sequence of aircraft. He also agreed that Taxiway M was need of the hour and should be expedited. However he also queried on why the remaining portion of Taxiway M (between taxiways M-7 and M-6) which is coming on the footprint of main fire station cannot be taken up for construction immediately?	Vice President – Airside Management mentioned that currently no work on portion of Taxiway M (between taxiways M-7 and M-6) can be undertaken because of the main fire station which comes in the way. The main fire station has to be relocated to a new location near Apron control i.e. at T1 Apron but relocation of main fire station to T1 Apron will entail temporary reduction in 3-4 parking stands in T1 Apron, and therefore it can be taken up for construction only after shifting of domestic operations to T2 and subsequently portion of Taxiway M (between taxiways M-7 and M-6) can be constructed.

		He also mentioned that though the metro will run specially for the airport users during the night time (11:00 pm to 7:00 am) and be very convenient to the airport users, during day time the passengers will share Metro Line 3 with city commuters. He said Metro connectivity to airport is essential and if the expected incremental cost of Metro connectivity is in the range of Rs. 30 to Rs. 50 per pax, then he supports the Project.	funding of stations largely in public interest. A precedent had already been set in case of Delhi airport where DIAL contributed Rs.350 crores towards cost of metro. Further, CFO MIAL also mentioned that the impact of cost on the passengers is very small i.e. an incremental cost of approximately INR 30 - 35 per embarking passenger, if recovered fully through Development Fees (DF) over a period of 10 years. **MMRDA Response** Mr. Ramana (Additional Chief, Transport and Planning, MMRDA), mentioned that Metro projects usually have very low rate of return around 0.75% and are thus unviable on BOT model. He also mentioned that initially the metro line was planned from Colaba to Bandra-Kurla Complex (BKC) and the airport connectivity to this line was planned to be developed after 2019. Advancing the airport connectivity has added approximate 11 kms and 7 stations (from BKC to SEEPZ) to the original plan of MMRDA for Metro Line 3. Keeping in mind the need for airport connectivity part of Metro Line 6 (BKC to Khanjur Marg via Airport) was preponed and added to Metro Line 3 thus adding to the cost of Metro Line 3. Even to facilitate proper integration of metro alignment with the airport Terminals 2-3 km of additional length was added to the proposed alignment which would have otherwise taken a shorter route. Hence it is a dedicated portion for airport users. Of the 3 stations whose cost is borne by MIAL, 2 stations are dedicated for the Airport and the contribution payable by MIAL for these 2 stations is indicated in the project cost. For the benefit of the passengers, late night services and additional rakes for carrying luggage was planned. It was also clarified that it is not possible to charge only the airport metro passengers differentially to recover the cost equivalent to proposed MIAL's contribution. Thus the

Means of Finance

The presentation was concluded with details on the means of finance for the estimated Project cost of Rs.1610 crores as given below:

Proposed Means of Finance	Rs. in crs
Debt	765
Internal Accruals	326
Development Fees (DF)	518
Total	**1,610**

It is proposed to fund cost of Metro stations through DF.

After completion of presentation, the stakeholders were requested to express their views and suggestions.

Stakeholder Views/Queries/Suggestions:-

1. Development and construction of two Metro Station (Terminal 1 and Terminal 2)

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Melvin Tan (IATA)	Mr. Melvin stated that IATA supports connectivity to airport for passengers and employees through a metro, however he was not very convinced with the model used to finance the investment as MIAL would incur 2.24% of the total cost of metro without having any share in the revenue being generated. He also stated that the cost of metro development should not be loaded to the airlines but should be collected from users of metro to and from the airport.	Director-Urban Planning responded by stating that MIAL had asked NFC, GoI & GoM for the early metro connectivity to the airport for the benefit of the passengers. Initially MMRDA had contemplated building Metro Line 3 only upto BKC as per original Metro Plan and develop Line 6 connecting BKC with Khanjur Marg via Airport only after 2019. As in city like Mumbai a permanent, durable high speed high volume transport system is very important for effective and efficient movement of people, Metro Line 3 is a Project which provides an opportunity to improve the accessibility of the airport by public transport. Further MIAL had deliberated with MMRDA and reduced the contribution by MIAL from Rs 4886 Crores (20% of the then estimated Project Cost of approx Rs 24,430 Crores) to the current amount. MMRDA is not ready to construct 3 stations within CSIA without contribution from MIAL. Issue of funding of cost of metro stations was deliberated in meeting of National Facilitation Committee and MoCA and as a measure of last resort MIAL had to agree for

operations in future when construction of four additional stands shall be taken up. Further seven contact stands as per alternative 1 are in line with ultimate master plan development.

Based on the finalized plan the hard cost for the project is estimated at Rs 350 Crs. which is indexed to Rs 395 Crs. The project is envisaged to be completed in 18 months time. The cost has been arrived at based on:

- Identified scope of work / schedule of quantities, cost information available from earlier executed works by MIAL with suitable escalation to current price level, budgetary quotes and Engineering inputs, rate analysis in line with DAR -2013, wherever applicable, updated with prevailing material and labour rate in Mumbai and prevalent taxes / duties as of June 2014.
- Based on the project duration, above hard cost has been indexed considering escalation @ 7.9% per annum.
- Cost includes Design Services and PMC Fee and Contingencies.
- Above cost excludes pre-operative cost, project financing and insurance, etc.

Project No. 4 - Construction of Tunnel beneath runway 14/32

During previous consultation, the background, need and benefits of constructing a tunnel between the two aprons was discussed and finalised. The need for constructing tunnel under runway arose to reduce travel times for passengers, baggage and belly cargo transfer between new T2 and T1 apron. The other alternatives discussed in the earlier meeting were widening of perimeter road and connecting via people mover system. Both the alternatives were rejected due to prohibitive costs and various issues involved. The concept layout proposed earlier was further evaluated in detail design stage, keeping in mind various Operational and Land constraints through a series of options and a certain design criteria. Various alternatives were presented and the reason for selected option was explained.

The key features of the projects were also highlighted to the stakeholders and the stake holders concurred with the views of MIAL for the shortlisted alternative. The proposed tunnel would provide an infrastructure capable of faster transfer of passengers and baggage between T2 and T1 apron reducing the travel time by about 50% in the peak hours, improve operational efficiency, enhance apron capacity and minimise potential congestion points on the airside perimeter road.

The project is envisaged to be completed in 28 months time. The hard cost for the project is estimated at Rs 250 Cr which is indexed to Rs 298 Cr. The cost has been arrived at based on :

- Identified scope of work / schedule of quantities, cost information available from earlier executed works by MIAL with suitable escalation to current price level, budgetary quotes & Engineering inputs, rate analysis in line with DAR -2013, wherever applicable, updated with prevailing material & labour rate in Mumbai and prevalent taxes / duties as of June 2014.
- *Based on the project duration, above hard cost has been indexed considering escalation @ 7.9% per annum.*
- *Cost includes Design Services and PMC Fee and Contingencies*
- *Above cost excludes preoperative cost, project financing & insurances, etc.*

3. Construction of South East Pier

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Paresh Shirodkar (Saudi Airlines and Chairman, Operations Committee of Airline Operators Committee)	Mr. Paresh enquired that if this portion of the proposed SE Pier was part of the overall expansion of the SE Pier project then why was it not constructed earlier. Also, how will the project span out by July 2015. Further, he expressed his concern regarding simultaneous movement of aircraft on a single taxilane in both directions around SE Pier which could potentially lead to unwanted delays. He further added that there needs to be a solution by MIAL for the same.	General Manager – Airport Planning explained that original intention was to construct the full SE Pier and its associated taxiways as envisioned in the Master Plan. However, due to unavailability of land east of Mithi River the same pier has been shortened to fit within the constrained site. It was confirmed by GM Airport Planning that by July 2015, the associated apron with remote stands will be completed and by December 2015, construction of SE Pier will be completed with the remote stands being converted to contact stands. It was pointed that the solution for free aircraft movement has been addressed in the Master Plan, where provision for dual parallel taxi lanes are provided around SE Pier. However, due to site restrictions, the same shall be mitigated through efficient aircraft circulation and stand usage. The same shall be further optimized through use of TAAM simulation software.

4. Construction of Tunnel beneath Runway 14/32

Sr. No.	Stakeholder	Comments/ Query	MIAL response
1.	Paresh Shirodkar (Saudi Airlines and Chairman, Operations Committee of Airline Operators Committee)	He enquired about the need of the tunnel. He stated that, with the shifting of domestic operation to T2, the need of the tunnel will be less in future. Further, he also mentioned that if T1 apron would be used for parking by airlines operating from T2, then the need for this project is very critical.	Vice President – Airside Management clarified that even after domestic operations are shifted to T2, quite a few aircraft that are night halts at CSIA will have to be parked at T1 Apron. So the last arrivals for these aircraft and first departures of these aircraft will have to be handled from T1 Apron and therefore tunnel would be required for expeditious transfer of passengers who will be processed in T2 and will need to be transferred to the T1 Apron for their respective aircraft.

Minutes of the Stakeholder Consultation

Annexure 1

List of Participants:

Sr. No.	Name of the Participant	Designation	Name of the Organization
A)	**Stakeholders**		
1	Sunil Athilat	DM Manager	South African Airlines
2	Hussain Darwish	Deputy ASM	Emirates
3	Chetan Bhansali	General Manager	United Airlines
4	Arun Khanna	Airport Manager	Virgin Atlantic
5	Renuka Pereira	Station Manager	Air France
6	Clarissa Coutinho	Duty Officer	Kenya Airways
7	Aakruti Bagwe	Manager	Jet Airways
8	Morgan Dsouza	Manager	Jet Airways
9	Usman Sultan	CSA	Saudi Airlines
10	Adil Khan	SUPV	Saudi Airlines
11	Paresh Shirodkar	Saudi Airlines and Chairman, Operations Committee of Airline Operators Committee	Saudi Airlines
12	Derek Gonsalves	Customer Service Manager	British Airways
13	Malvyn Tan	Lead – Airport Charges and Fuel – Asia Pacific	IATA
14	Satyan Nayar	Secretary General	APAO
15	R. Ramana	Add. Chief, Transport Planning	MMRDA/ MMRCL
16	S.K. Vyawahare	General Manager (Engg.)	AAI
17	J Dasgupta	General Manager	AAI
18	A.K. Sharma	R.E.D. (WR)	AAI
B)	**Representatives from MIAL**		
19	Vinod Hiran	CFO and Company Secretary	MIAL
20	Charudatta Deshmukh	Director - Urban Planning	MIAL
21	Chandrabhan Manwani	Sr. Vice President	MIAL
22	Sanjiv Bhargava	Vice President	MIAL
23	Prabhat Mahapatra	Vice President	MIAL
24	Godavari Joshi	Asst. Vice President	MIAL
25	Gyan Prakash	Asst. Vice President	MIAL
26	Suchita Shetty	Head – Terminal Operations	MIAL
27	Ashwini Thorat	General Manager	MIAL
28	Prasenjit Biswas	Deputy General Manager	MIAL

Sr. No.	Name of the Participant	Designation	Name of the Organization
29	Ravindra Dalavi	Deputy General Manager	MIAL
30	Santrupta Padhi	Deputy General Manager	MIAL
31	Robert Noronha	Asst. General Manager	MIAL
32	Milind Sakhalkar	General Manager	MIAL
33	Alok Patni	Deputy Manager	MIAL
34	Nasir Khan	Airport Planner	MIAL
35	Shobhit Jain	Asst Manager	MIAL

MIAL/ CEO/68

20th August, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Revised Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai

Ref: MIAL letter No. MIAL/CEO/157 dated 26th December, 2013.

Please find enclosed the updated information concerning Multi Year Tariff Proposal (MYTP) for Chhatrapati Shivaji International Airport (CSIA), Mumbai for the second Control Period.

Details have been updated based on audited results for FY 13-14 and there are certain changes in capital expenditure, O&M cost and non-aeronautical revenues. Changes in non-aero revenue are mainly because of cancellation/ conclusion of certain concessions. Details are as per Annexure to the letter.

We request the Authority to kindly finalise tariff for second Control Period at the earliest as without revision, there is strain on cash flows.

Thanking you,

Yours sincerely
For Mumbai International Airport Private Limited

(R.K. Jain)
Chief Executive Officer

Encl. : As above

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Mumbai International Airport Private Limited

Amended Multi Year Tariff Proposal

FY 15 to FY 19

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Mumbai
400099.

CONTENTS

		Page No.
1.	Background	3
2.	Determination of Target Revenue	3
2.1.1.	Capital Expenditure	3
2.1.2.	Segregation and allocation of Fixed Assets	6
2.1.3.	Regulatory Base for the Control Period	8
2.2.	Means of Finance	9
2.3.	Weighted Average Cost of Capital (WACC)	12
2.4.	Operation & Maintenance cost	14
2.4.1.	Employees Cost	14
2.4.2.	Electricity, Water and Fuel	15
2.4.3.	Repair and Maintenance (R&M) Costs	15
2.4.4.	Information Technology (IT) related cost	16
2.4.5.	Rents, Rates and Taxes	16
2.4.6.	Advertising Cost	17
2.4.7.	Administrative Cost	17
2.4.8.	Airport Operator Fee	18
2.4.9.	Insurance Cost	19
2.4.10.	Interest on Working Capital and Financial Charges	19
2.4.11.	Other Operating Costs	20
2.4.12.	Corporate Social Responsibility Cost	21
2.4.13.	Issues pertaining to security expenses (PSF-SC)	21
2.4.14.	Treatment of Written Down Value (WDV) of Terminal 2B, 2C and Terminal T1A	22

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

2.5	Depreciation	24
2.6	Corporate Tax	24
2.7	Revenue from Revenue Share Assets (S)	25
2.7.1	Land Lease Rentals, License Fee and Space Rent	25
2.7.2	Lounge Concessions	26
2.7.3	Retail Concessions	26
2.7.4	Food and Beverage (F&B) Concessions	27
2.7.5	Flight Catering Concessions	27
2.7.6	Forex Concessions	28
2.7.7	Automated Teller Machines Concessions	29
2.7.8	Car Rental and Hotel Reservation Concessions	29
2.7.9	Duty Free Concession	29
2.8.10	Advertising Concession	30
2.8.11	Car Parking Concessions	30
2.8.12	Ground Handling Concessions	31
2.8.13	Fuel Concessions	32
2.8.14	Cargo	32
3	Truing up for the first control period	35
4	Summary of Target Revenue	39
5	Passenger Traffic, Air Traffic Movements (ATMs) and Cargo Forecast	40
6	Determination of X Factor	41
7.	Information to be redacted	42
8.	Prayers	42

MUMBAI INTERNATIONAL AIRPORT LTD. Mumbai 400099.

1. Background

Post submission of MYTP for second control period (FY 15 - FY 19) audited financial results have become available. Since there is difference between estimated numbers and actual audited financials it is imperative to submit updated MYTP. For the sake of brevity, we are only giving details of changes being made in MYTP.

2. Determination of Target Revenue

2.1.1. Capital Expenditure

Capital Expenditure includes the following

i. Projects Capital Expenditure
   a. Current Projects
   b. Projects to be undertaken in second control period

ii. Operational Capital Expenditure

i) Projects Capital Expenditure

a) Current Projects (Project Cost)

Construction of new terminal was completed on 31st August, 2013 and the same was inaugurated by Hon'ble Prime Minister of India on 10th January, 2014. MIAL has updated the projections of Capex incurrence and capitalization numbers for FY 15 and FY 16 considering actual numbers of FY 14.

b) Projects to be undertaken in second control period

In proposal dated 26th December, 2013, new projects to be undertaken in second control period aggregated Rs.1448 crores. The earlier projected capex has now been revised to Rs.1303 crores as detailed in **Annexure 1**. The net decrease of Rs. 145 crores is due to following reasons:

1. Reduction in Soft costs by Rs. 172 crores due to reduced pre-operative costs and Interest During Construction (IDC). IDC on cost of two stations has been excluded considering funding through DF.
2. Increase in estimated project cost for construction of South East Pier by Rs.25 crores (from Rs.370 crores to Rs. 395 crores).
3. Increase in estimated project cost by Rs.2 crore for relocation of existing IMD facilities to NAD colony of AAI.

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Process of consultation with stakeholders has already been completed for each project costing more than Rs. 100 Crores proposed to be taken up during the second control period as per provisions of OMDA and SSA. First meeting with the Stakeholders was held on 5th March, 2014. Minutes of the meeting were circulated to all the stakeholders and the Authority.

Final consultation meeting with stakeholders was held on 23rd June, 2014. Minutes of the final consultation meeting have been submitted vide MIAL letter no MIAL/VPR/14-15/22 dated 5th August, 2014.

It may be noted from the minutes that, stakeholders have concurred with all the projects proposed by MIAL and were of the view that these projects should be taken up by MIAL on priority basis.

ii) Operational Capital Expenditure

The Operational Capital Expenditure for the second control period earlier estimated at Rs.975 crores has been revised to Rs 1081 Crores due to change in design of the proposed tunnel under runway 14/32 and few other changes. Details of operational capital expenditure are enclosed as **Annexure 2.**

A summary of revised year-wise Capital Expenditure Incurrence and Capitalization, including contribution to MMRDA towards metro rail stations before Development Fee (DF) adjustment for the control period is as follows:

Table: Capital Expenditure Incurrence - submitted vide letter dated 26th December, 2013

Rs./Crs.

	Estimated Incurrence upto FY 14*	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**	**Total FY 15-FY19**	**Total upto FY 14**
Current Projects	11,263	962	268	7	0	0	1,237	12,500
New Projects		224	484	212	245	282	1,448	
Operational Capex		350	225	200	100	100	975	
Total		**1,537**	**978**	**419**	**345**	**381**	**3,660**	

* Excludes Retirement compensation to AAI

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Table: Capital Expenditure Incurrence - Revised

Rs./Crs.

	Incurrence upto FY 14*	FY 15	FY 16	FY 17	FY 18	FY 19	Total FY 15-FY19	Total upto FY 14
	Actual	Projected						
Current Projects	10,877	962	661	-	-	-	1,623	12,500
New Projects		202	498	155	161	287	1,303	
Operational Capex		313	380	239	77	72	1,081	
Total		**1,477**	**1,540**	**394**	**238**	**359**	**4,007**	

* Excludes Retirement Compensation to AAI

Table : Capitalisation - submitted vide letter dated 26th December, 2013

Rs./Crs.

	Estimated Upto FY 14*	FY 15	FY 16	FY 17	FY 18	FY 19	Total FY 15-FY19	Total upto FY 14
Current Projects	10,865	798	672	165	-	-	1,635	12,500
New Projects		-	507	-	-	941	1,448	
Operational Capex		323	115	337	100	100	975	
Total		**1,121**	**1,294**	**502**	**100**	**1,041**	**4,058**	

* Excludes Retirement compensation to AAI

Table: Capitalisation - Revised

Rs./Crs.

	Upto FY 14*	FY 15	FY 16	FY 17	FY 18	FY 19	Total FY 15-FY19	Total upto FY 14
	Actual	Projected						
Current Projects	10,272	1,034	1,067	126	-	-	**2,228**	12,500
New Projects		-	529	-	-	774	**1,303**	
Operational Capex		259	235	438	77	72	**1,081**	
Total		**1,293**	**1832**	**564**	**77**	**846**	**4,612**	

* Excludes Retirement Compensation to AAI

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2.1.1 Capital expenditure presently not considered:-

(a) Acquisition of land for housing of security personnel from Airport Security Group (presently CISF)

Providing housing to Airport Security Group (Presently CISF) is being desired by CISF. Security being a sovereign function, MIAL requested for allotment of 20 acres of land for providing housing to about 1900 security personnel, in the meeting held on 7th December 2011 under chairmanship of Honorable Chief Minister of Maharashtra on Mumbai Airport Development.

After continued persuasion 20 acres of land was identified at Village Nelje, Tehsil Kalyan, District Thane. A joint survey of land, bearing survey number 23 & 26, was conducted on 26th April, 2013 by Tehsildar Kalyan and two senior officials of MIAL. Though request made was for allotment of land on long term lease in name of AAI, GoM is agreeable to provide land on outright sale basis only. Ready reckoner rate for 2014 for purchase of the proposed plots is Rs.4.96 crores per acre (Rs.4.73 crores per acre for 2013), accordingly 20 acres of land shall cost about Rs. 100 crores at the current rates.

MIAL vide its letter dated 29th March, 2014 approached MoCA for allowing purchase of this land from PSF (SC) funds. In case use of PSF (SC) is not permitted and MIAL has to buy the land in such case cost of such land along with cost of construction of housing should be allowed as a cost pass through and return on such investment should be provided through UDF as a separate component for security related expenses, which should not be subject to Annual Fee to AAI. Authority is requested to consider such purchase of land and construction of housing blocks for security personnel for the purposes of return on such investment. MIAL shall separately approach the Authority for approval of such return through UDF (Security Component) at an appropriate time.

(b) Capital expenditure being met through PSF(SC)

Capital expenditure related to security of the airport are being incurred from PSF(SC) account and therefore not included as part of project cost. However CAG has raised certain objections and consequently MOCA has issued an Order directing all airports to reverse entire capital expenditure incurred from FY 2006-07 onwards from PSF (SC) account. We have filed an appeal against the said Order which is pending at Bombay High Court. Pending outcome of the appeal, it is assumed that capital expenditure towards security expenses will continue to be incurred through PSF (SC). However if any such amount is required to be incurred by Airport Operators including any amount for the past period and, consequently, is to be

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incorporated as Project Cost it shall result in increase in tariff. However, in order to maintain exclusion of such amount from Annual Fee to AAI it is imperative that tariff for this purpose is determined separately and is not subjected to Annual Fee to AAI (Revenue Share). Since it is not possible to exactly quantify all the expenditure which may be disallowed from PSF(SC) account, at this stage, we request the Authority to kindly consider such expenses for the purpose of truing up as and when decided.

Issues covered under para 2.1.1 (a) and (b) are security related and any provision of tariff on this account, as already mentioned above, cannot be subjected to Revenue Share. AAI cannot be unduly enriched on account of increase in tariff solely for security function. In fact Authority had earlier brought out the Consultation Paper separately for such expenditure which was never finalised. Even today PSF (SC) is not subjected to revenue sharing. If MoCA constricts the scope of PSF(SC) and for that Airport Operator has to bear such expenditure there is no reason why it should be subjected to revenue sharing. Hence, it becomes necessary that tariff component for all security related expenditure have a separate identity. It will avoid any dispute with AAI. Details of such expenditure will be submitted to the Authority in due course.

2.1.2. Segregation and allocation of Fixed Assets

Based on the auditors certificate for first control period, overall ratio between Aeronautical Assets and Total Assets (i.e. Aeronautical and Non-Aeronautical Assets) has been taken for each year of the control period, which is summarized as below:

Table: Overall Aeronautical Assets as a % of Total Assets (for first Control Period) - submitted vide letter dated 26th December, 2013

Percentage

	FY 10	FY 11	FY 12	FY 13	FY 14
Aeronautical Assets as % of Total Assets	89.92	91.87	91.22	90.76	87.62

Table: Overall Aeronautical Assets as a % of Total Assets (for first Control Period) - Revised

Percentage

	FY 10	FY 11	FY 12	FY 13	FY 14
Aeronautical Assets as % of Total Assets	88.00	90.46	91.78	91.38	88.68

Due to change in Aeronautical assets % for FY 14 along with changes in capex and capitalization schedule as mentioned in para 2.1.1, revised % of aeronautical assets for FY 15-FY 19 is as under:

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Table: Overall Aeronautical Assets as a % of Total Assets (for second Control Period) - submitted vide letter dated 26th December, 2013

Percentage

	FY 15	FY 16	FY 17	FY 18	FY 19
Aeronautical Assets as % of Total Assets	88.76	89.84	90.21	90.28	90.95

Table: Overall Aeronautical Assets as a % of Total Assets (for second Control Period) – Revised

Percentage

	FY 15	FY 16	FY 17	FY 18	FY 19
Aeronautical Assets as % of Total Assets	89.97	91.26	91.60	91.64	92.09

2.1.3. Regulatory Base for the Control Period

Closing RB for FY 2013-14 forms the opening RB for the first year of the second control period i.e. FY 2014-15. The changes to computation of RB for the second control period have been made due to actual audited financials and the amendments to the projected capex. The details of RB for the control period are as follows:

Table: Computation of RB for the second control period - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Opening RB	6,530	6,764	6,997	6,939	6,466
Less: Depreciation	513	516	560	573	600
Add: Capitalization during the year	747	749	502	100	1,041
Closing RB	6,764	6,997	6,939	6,466	6,907
Average RB	6,647	6,880	6,968	6,703	6,687
Average HRB	1,359	1,246	1,136	1,024	914
Average RB including HRB	**8,006**	**8,126**	**8,104**	**7,726**	**7,601**

Note: RB excludes Upfront Fee, Non-Aeronautical Asset and DF funded assets.

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Table: Computation of RB for the second control period –Revised

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Opening RB	6,052	6,405	7,487	7,510	7,043
Less: Depreciation	480	493	539	544	538
Add: Capitalization during the year	834	1,575	562	77	326
Closing RB	6,405	7,487	7,510	7,043	6,831
Average RB	6,228	6,946	7,499	7,277	6,937
Average HRB	1,359	1,252	1,151	1,050	950
Average RB including HRB	**7,588**	**8,198**	**8,650**	**8,326**	**7,887**

Note: RB excludes Upfront Fee, Non-Aeronautical Asset and DF funded assets.

2.2. Means of Finance

The Means of Finance for the Current Projects cost of Rs. 12,500 Crs. and for New Projects cost of Rs 1303 Crs. along with Operational capital expenditure of Rs. 1081 Crs. is considered as follows:

Table: Means of Finance - submitted vide letter dated 26th December, 2013

Rs./Crs.

	Current Projects - Rs 12,500 Crs.	New Projects - Rs. 1,448 Crs.
Equity		
a. Paid Up Capital	1,200	-
b. Internal Accruals (Reserves)	1154	342
c. Internal Resource Generation	65	
Real Estate deposits (refundable)*	1,000	-
DF	3,400	-
Debt – tied up	4,231	-
Debt – yet to be tied up	1,450	1,106
Total	**12,500**	**1,448**

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Table: Means of Finance - Revised

Rs./Crs.

	Current Projects - Rs 12,500 Crs.	New Projects and Operational Capex - Rs. 2,384 Crs.
Equity		
d. Paid Up Capital	1,200	-
e. Internal Accruals (Reserves)	1,166	1,044
f. Internal Resource Generation	53	
Real Estate deposits (refundable)*	1,000	-
DF	3,400	518
Debt – tied up	5,681	-
Debt – yet to be tied up	-	822
Total	**12,500**	**2,384**

*Carrying interest at weighted average cost of debt of MIAL to be charged by Real Estate division to airport division.

Metro rail stations costing Rs.518 crores are proposed to be funded through Development Fees (DF).

Funding of Metro stations through DF

One of the major components of the capital expenditure proposed to be taken up in this control period is contribution to MMRDA for two Metro rail stations in the CSIA area. Normally, provision of road and rail connectivity to airports is the primary responsibility of State Government. Creation of transportation infrastructure in any city is for usage of public and same is the case with providing connectivity to the airport for public. Ideally, such projects need to be funded by Government from exchequer. Government collects taxes from public which in turn are utilized for public purposes including, inter alia, for such projects.

In spite of MIAL's objections for contributing towards cost of metro project, decision was taken by National Facilitation Committee that MIAL may have to re-look into the matter. In case of Delhi Airport a precedent was set by DIAL by contributing Rs.350 crores towards cost of Delhi metro project.

MIAL with great difficulty tied up funding gap of Rs.1347 crores left by the Authority while sanctioning DF of Rs.3400 crores. MIAL already has huge borrowings and there is no scope of raising further debt or equity to fund contribution of Rs.518 crores towards metro project. Apart from above, all the internal accruals generated by MIAL shall be deployed for the projected capex. In the current scenario it shall not be possible to debt finance this project.

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Mumbai
400099.

It is pertinent to note that in the last Board Meeting of MIAL, held on 23rd July, 2014, issue of likely funding gap in case of shortfall in internal accruals for funding of additional capex was discussed. Board was fully apprised of the difficulty expressed by the lenders for extending any further loans beyond Rs. 822 crs. since it will not be possible to meet financial covenants. In this context, a detailed discussion took place about all possibilities of funding the gap including deliberations whether there is a possibility of bringing any additional equity over and above Rs. 1200 crs. Representatives of all the shareholders including AAI expressed inability of brining any additional equity.

Since there is no possibility of raising further debt or equity or any other means, funding of this project has to be met, as a means of last resort through Development Fee pursuant to provisions of Section 22A of the AAI Act, 1994.

To collect Rs. 518 crores together with interest on loan to be obtained against securitisation of Development Fee, additional DF of about Rs. 35 per departing passenger for a period of about 10 years needs to be collected. However, based on ratio of 6:1 being DF on departing International and Domestic passengers respectively amount of DF per departing international and domestic passenger will be around Rs. 88 and Rs. 15 respectively.

Projected cash flow over the control period

MIAL would be able to fund the projects from debt and internal accruals as per tariff hike proposed by MIAL. However, in case the Authority chooses to fix the tariff lower than requested by MIAL, it is quite possible that a mismatch between the projected cash inflow and outflow may put MIAL in a financially difficult position and MIAL may not be able to meet its debt obligations. To avoid such a situation, and without prejudice to the other rights and remedies available to MIAL, it is requested that the Authority may allow accelerated depreciation/ higher tariffs in the initial years, in such a way that the mismatch in sources and outflow of cash, if any, is eliminated and MIAL is able to have economic and viable operations, which the Authority is required to ensure under Section 13(1)(a)(iv) of the AERA Act.

Table1: Projected Cash flow based upon this MYTP

	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Profit after tax after AERA adjustments (As per MIAL P&L)	(226)	72	119	259	443	667
Net profit + Dep + Deferred Tax + Loss on assets discarded	506	715	791	1,009	1,280	4,301

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

	FY 15	FY 16	FY 17	FY 18	FY 19	Total
Less: Loan Repayment of existing projects	-	-	232	326	425	983
Internal Accruals	506	715	559	683	855	3,318
						-
Less: Loan Repayment (New Loan)	-	82	82	82	82	329
Add: Additional loan taken	170	429	147	37	39	822
Less: Operational capex and additional capex	500	771	301	146	149	1,868
Net Cash Inflow/(Shortage)*	**176**	**291**	**323**	**492**	**663**	**1,943**
Debt/ equity ratio	**2.20**	**2.19**	**2.01**	**1.72**	**1.39**	
DSCR ratio	**1.81**	**1.79**	**1.43**	**1.51**	**1.64**	

2.3. Weighted Average Cost of Capital (WACC)

Weighted average Cost of Capital has been recomputed due to change in cost of debt for FY14 and revised weights of debt and equity:

$WACC = \%D*R_d+\%E*R_e+\%RE*R_{RE}$

Revised computation of WACC in view of actual financials and projected loans for the second control period is given below:

Table : WACC Computation - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total Capital Employed(Net of DF) (a+b+c)	**9,036**	**9,214**	**9,151**	**9,054**	**9,071**
Outstanding Debt (a)	5,682	5,831	5,633	5,260	4,839
Real Estate Security Deposit (refundable) (b)	1,000	1,000	1,000	1,000	1,000
Equity (c)					
Paid up Capital	1200	1200	1200	1200	1200
Internal Accruals (Reserves)	1154	1182	1318	1594	2032
Debt (%)	62.88	63.29	61.55	58.10	53.35
Real Estate (%)	11.07	10.85	10.93	11.04	11.02
Equity (%)	26.05	25.86	27.52	30.86	35.63

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

	FY 15	FY 16	FY 17	FY 18	FY 19
Weighted Average Gearing (%)	59.85				
Weighted Average Security Deposit (%)	10.98				
Weighted Average Equity (%)	29.17				
Cost of Debt (%)	11.49	11.80	12.07	12.16	12.18
Weighted Average Cost of Debt (%)	11.93				
Cost of RE Security Deposit (%)	11.93				
Cost of Equity (%)	23.00				
Weighted Average Cost of Capital (%)	**15.16**				

Table: WACC Computation - Revised

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total Capital Employed(Net of DF) (a+b+c)	9,567	9,996	9,829	9,681	9,657
Outstanding Debt (a)	6,201	6,630	6,463	6,091	5,623
Real Estate Security Deposit (refundable) (b)	1,000	1,000	1,000	1,000	1,000
Equity (c)					
Paid up Capital	1200	1200	1200	1200	1200
Internal Accruals (Reserves)	1166	1166	1166	1390	1834
Debt (%)	64.81	66.32	65.75	62.92	58.23
Real Estate (%)	10.45	10.00	10.17	10.33	10.36
Equity (%)	24.73	23.67	24.07	26.76	31.41
Weighted Average Gearing (%)	63.63				
Weighted Average Security Deposit (%)	10.26				
Weighted Average Equity (%)	26.11				
Cost of Debt (%)	11.43	11.82	12.07	12.15	12.15
Weighted Average Cost of Debt (%)	11.92				
Cost of RE Security Deposit (%)	11.92				
Cost of Equity (%)	23.00				
Weighted Average Cost of Capital (%)	14.81				

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

2.4. Operation & Maintenance cost

The Operation and Maintenance (O&M) cost consists of the employees cost, electricity, water and fuel cost, repairs & maintenance costs and other operating expenditure. The projection of the O&M cost for the second control period is based on the cost in the base year i.e. FY 2014-15.

The assumptions and rationale for each cost head projection are described in detail below:

2.4.1. Employees Cost

The cost incurred towards employees in a year is determined by the head-count and the applicable compensation. **Average salary per employee is revised based on actual average salary for FY 14**, which is expected to increase by 10% YoY, inclusive of CPI of 7.9%.

No change is considered for the average employees cost for new employees recruited in the second control period.

Table: Employees Cost – submitted vide letter dated 26th December, 2013

Head Count (Nos.)

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
- Operations including corporate (excluding cargo)	983	1,054	1,089	1,113	1,141	1,146
- Cargo	15	15	15	15	15	15
- Retainers	23	23	23	23	23	23
- Outsourced	73	78	85	90	95	101
Total Payroll cost – Rs./Crs.	**159**	**188**	**206**	**229**	**255**	**282**

Table: Employees Cost - Revised

Head Count (Nos.)

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
- Operations including corporate (excluding cargo)	888	1,054	1,089	1,113	1,141	1,146
- Cargo	8	15	15	15	15	15
- Retainers	23	23	23	23	23	23
- Outsourced	140	78	85	90	95	101
Total Payroll cost – Rs./Crs.	**155**	**184**	**207**	**231**	**257**	**284**

MUMBAI INTERNATIONAL AIRPORT LTD. Mumbai 400099.

2.4.2. Electricity, Water and Fuel

MIAL has updated the cost for Utilities for the FY 14 and accordingly projected cost for FY 15-FY 19 based on updated cost for FY 14 is as under:

Table: Electricity, Water & Fuel Costs - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Electricity	65	140	142	154	168	182
Water	7	10	12	13	16	18
Fuel	2	3	3	4	4	5
Total Electricity, Water and Fuel cost	**74**	**153**	**156**	**171**	**188**	**205**

Table: Electricity, Water & Fuel Costs - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Electricity	55	141	142	155	169	183
Water	7	10	12	14	16	19
Fuel	2	3	3	4	4	5
Total Electricity, Water and Fuel cost	**64**	**154**	**157**	**173**	**189**	**207**

2.4.3. Repair and Maintenance (R&M) Costs

Repairs and Maintenance Cost was earlier estimated to be 0.75% of the Gross Fixed Assets (GFA) without reducing DF funded assets, and escalated YoY by CPI. However, average R&M costs as percentage of GFA for FY 2012-13 and FY 2013-14 is 1.4% and 0.99% respectively. Average R&M cost as a % of Gross block in the last 5 years is 1.26%. Therefore, based on historical data it is assumed that R&M costs would be 0.85% of Gross block escalated by CPI.

Table: R&M Costs - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
R&M projected @ 0.75% of Gross Fixed Assets	**99**	**103**	**122**	**137**	**149**	**172**

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Table: R&M Costs - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
R&M projected @ 0.85% of Gross Fixed Assets	99	114	140	157	171	195

2.4.4. Information Technology (IT) related cost

IT related cost has been updated for FY 14 based on actuals. However costs for FY 15-FY 19 are assumed to remain unchanged.

Table: IT related cost - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
IT related cost	13	-	-	8	11	12

Table2: IT related cost - revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
IT related cost	15	-	-	8	11	12

2.4.5. Rents, Rates and Taxes

Based on actual for FY 2013-14, Rents, Property Tax and Non Agriculture Tax have undergone a slight change and revised numbers are as under:

Table: Rents, Rates and Taxes - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Rents, Rates & Taxes	24	57	58	59	61	62



Table: Rents, Rates and Taxes - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Rents, Rates & Taxes	**28**	**58**	**59**	**60**	**62**	**64**

2.4.6. Advertising Cost

Advertising cost has been updated for FY 14 based on actuals. However costs for FY 15-FY 19 are assumed to remain unchanged.

Table: Advertising Cost - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Advertising Expenses	6	7	8	8	9	9
T2 – Launch exp	8	2	-	-	-	-
Advertising cost – Total	**14**	**9**	**8**	**8**	**9**	**9**

Table: Advertising Cost - revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Advertising Expenses	6	7	8	8	9	9
T2 – Launch exp	10	2	-	-	-	-
Advertising cost – Total	**16**	**9**	**8**	**8**	**9**	**9**

2.4.7. Administrative Cost

MIAL has reduced the specific expenditure towards Consultancy cost for Business Development and Airport Operations Readiness (AOR) earlier estimated at Rs.2 Crores and Rs. 12 Crores respectively for FY 15. Administrative cost after aforesaid reduction is as under:

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Table 3: Administrative Cost - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Administrative Expenses	55	65	77	87	99	112
AOR	23	12	-	-	-	-
Consultancy for Business Development	1	2	-	-	-	-
Consultants' cost for specific studies	-	9	-	-	-	-
Administrative cost – Total	79	**88**	**77**	**87**	**99**	**112**

Table 4: Administrative Cost - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Administrative Expenses	57	65	77	87	99	112
AOR	19	-	-	-	-	-
Consultants' cost for specific studies	-	9	-	-	-	-
Administrative cost – Total	**76**	**74**	**77**	**87**	**99**	**112**

2.4.8. Airport Operator Fee

The fee payable to the airport operator is updated for FY 14 and accordingly revised expenditure is projected as under:-

Table 5: Airport Operator Fee - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Airport Operator Fees	7	7	7	7	8	8

MUMBAI INTERNATIONAL AIRPORT LTD. Mumbai 400099.

Table: Airport Operator Fee - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Airport Operator Fees	8	8	8	8	8	9

2.4.9. Insurance Cost

The projected insurance cost is revised based on actual cost of FY 14.

Table: Insurance Cost - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Insurance Cost - Total	8	8	8	9	9	10

Table: Insurance Cost - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Insurance Cost - Total	4	7	8	8	9	9

2.4.10. Interest on Working Capital and Financial Charges

Interest on working capital and finance charges has been updated for FY 14 based on actuals. However costs for FY 15-FY 19 are assumed to remain unchanged.

Table: Interest on working capital and Financial charges - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Interest on Working capital	8	9	9	9	9	9
Financial charges	3	3	3	4	4	4
Total - Interest and Financial charges	**11**	**12**	**12**	**13**	**13**	**13**

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Table 6: Interest on working capital and Financial charges - revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Interest on Working capital	5	9	9	9	9	9
Financial charges	11	3	3	4	4	4
Total - Interest and Financial charges	**16**	**12**	**12**	**13**	**13**	**13**

2.4.11. Other Operating Costs

Other operating costs for FY 14 have been updated and accordingly projections for FY 15-FY 19 have undergone a change. 5 years CAGR of Minimum Wages under State Government has been updated. Further, due to increase in area on commissioning of new T2, an additional increase of Rs. 2.5 crores in Gardening contract and Rs. 2 crores in Trolley contract in FY 15, have been considered. Revised projections are as under:

Table 7: Other Operating Cost - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Cleaning Contract	26	42	43	46	51	57
Security Contract	14	15	16	17	19	21
Gardening Contract	6	7	8	9	10	11
Other Operating Contracts	11	13	14	16	18	20
Trolley Contract	6	8	9	11	13	15
Cargo Handling	15	-	-	-	-	-
Inter-terminal coaches Contract	8	10	7	7	8	9
Total – Other Operating cost	**87**	**94**	**97**	**106**	**118**	**132**

MUMBAI INTERNATIONAL AIRPORT LTD. Mumbai 400099.

Table 8: Other Operating Costs - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Cleaning Contract	25	42	43	46	51	57
Security Contract	13	15	16	17	19	21
Gardening Contract	3	7	8	9	10	11
Other Operating Contracts	12	13	14	16	18	20
Trolley Contract	8	10	11	13	16	19
Inter-terminal coaches Contract	9	10	7	7	8	9
Total – Other Operating cost	**86**	**97**	**99**	**109**	**122**	**137**

2.4.12. Corporate Social Responsibility Cost

CSR cost is estimated as per the provisions of the Companies Act, 2013.

Table : Corporate Social Responsibility Cost – submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
CSR cost	**11**	**10**	**6**	**4**	**3**	**10**

Table : Corporate Social Responsibility Cost – Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
CSR cost	-	**10**	**2**	**1**	**0**	**9**

2.4.13. Issues pertaining to security expenses (PSF-SC)

In the past certain security expenses like salaries of inline screeners have been paid from PSF(SC) account) which has been disputed by MoCA. Therefore for this control period MIAL has estimated the salaries cost of inline screeners and accordingly included the same as part of MYTP. We request the Authority to kindly consider such expense for calculation of Target Revenue for this MYTP.

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Salary to Inline Screeners	8	11	12	13	15	16

2.4.14. Treatment of Written Down Value (WDV) of Terminal 2B, 2C and Terminal T1A

Integrated terminal has been constructed and commissioned. However, construction of part of integrated terminal and apron can take place only after demolition and disposal of old Terminal 2. As part of the project implementation demolition of old Terminal 2 was essential for completion of the project as envisaged in the Master Plan. Written Down Value (WDV) of old Terminal 2 as on 1st April, 2014 was Rs. 298.41 crores. This amount after considering realisable value from scrap is part of the O & M cost of FY 15 and the same has been treated accordingly. RAB has been reduced by WDV, net of realization, on such disposal.

Similarly part of T1 i.e. T1A will be disposed/ retired once domestic operation shifts to new T2. WDV of Rs. 44.16 crores (net of scrap realisation) has been considered as part of the O&M cost for FY 16 and accordingly RAB has been reduced by Rs. 44.16 crores. This amount to be charged to O&M expenses may vary by the amount realised through sale of scrap.

2.4.15. Segregation and allocation of Operating Expenses

Based on the auditors certificate for first control period, ratio between Aeronautical Expense and Non Aeronautical expense has been taken for each year of the control period, which is summarized as below:

Table: Aeronautical Expenses as a % of Total Expenses (for first Control Period) - submitted vide letter dated 26th December, 2013

Percentage

Particulars	FY 10	FY 11	FY 12	FY 13	FY 14
Employee Cost	86	82	78	78	82
Utilities Expenses	100	99	95	94	95
Operations Support Cost	100	-	-	-	-
Repair & Maintenance Expense	94	94	94	86	89
Rents, Rates & Taxes	100	100	98	100	100
Advertisement Expense	99	99	88	92	92
AOA Fees	100	100	100	100	100
Insurance Expense	91	91	91	91	91
Consumable stores	100	100	96	100	100
Operating cost	70	66	64	58	64
Payment to AAI - Arrears of Annual	-	-	-	-	-

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Particulars	FY 10	FY 11	FY 12	FY 13	FY 14
Fees					
Payment to AAI - Arrears of AAI compensation	100	100	-	89	-
Bad Debts written off	100	100	100	56	100
Provision for Bad Debts	100	100	85	83	86
Working Capital Interest	90	85	85	83	86
Financing charges	90	85	85	83	86
Interest over AAI compensation loan	90	85	100	100	100
Collection charges over DF	-	-	-	-	-
Payment to AAI for Retirement compensation plus arrears	90	85	100	100	100
Provision for PSF(SC) exp	-	-	-	100	100
Administrative Expenses	90	85	85	83	86

Table: Aeronautical Expenses as a % of Total Expenses (for first Control Period) – Revised

Percentage

Particulars	FY 10	FY 11	FY 12	FY 13	FY 14
Employee Cost	86	82	78	78	78
Utilities Expenses	100	99	95	97	97
Operations Support Cost	100	-	-	-	-
Repair & Maintenance Expense	94	94	94	82	96
Rents, Rates & Taxes	100	100	98	95	91
Advertisement Expense	99	99	88	92	99
AOA Fees	100	100	100	100	100
Insurance Expense	91	91	92	91	89
Consumable stores	100	100	96	97	89
Operating cost	70	66	64	58	70
Payment to AAI - Arrears of Annual Fees	-	-	-	-	-
Payment to AAI - Arrears of AAI compensation	-	-	-	100	-
Bad Debts written off	-	-	100	56	18
Provision for Bad Debts	-	-	-	-	-
Working Capital Interest	90	85	84	82	84
Financing charges	90	85	84	82	84
Interest over AAI compensation loan	-	100	100	100	100
Collection charges over DF	-	-	-	-	-
Payment to AAI for Retirement compensation plus arrears	100	100	100	100	100
Provision for PSF(SC) exp	-	-	-	100	100
Administrative Expenses	90	85	84	82	84

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

2.5 Depreciation

As per SSA, rates applicable under Schedule XIV of the Companies Act, 1956 are to be applied on the value of the assets. This Act has been replaced by the Companies Act, 2013. Accordingly Depreciation for second control period is calculated as per Schedule II of the Companies Act, 2013. A comparison of depreciation rates considered as per Companies Act, 1956 vis-à-vis Companies Act, 2013 is enclosed as **Annexure 3.** Wherever specific assets are not included in Schedule II to the Companies Act, 2013, historic rates of depreciation have been continued which are subject to change to be implemented post notification of the rates for the airport assets by the Authority and acceptance by MIAL. Accordingly revised depreciation on assets is shown below.

Table 9: Depreciation on Aeronautical Assets - submitted vide letter dated 26th December, 2013

Rs./Crs.

Depreciation	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
- On Aero assets	168	513	516	560	573	600
- On Hypothetical Assets	23	118	109	111	113	106
Total	**191**	**632**	**625**	**671**	**685**	**706**

Table 10: Depreciation on Aeronautical Assets - Revised

Rs./Crs.

Depreciation	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
- On Aero assets	165	480	493	539	544	538
- On Hypothetical Assets	24	117	99	102	102	98
Total	**189**	**597**	**592**	**641**	**646**	**636**

2.6 Corporate Tax

Allowable income tax for Aeronautical Services without considering Annual Fee as an expense for each year of the control period due to changes made in projections of revenues as well as expenses is as follows:

Table: Tax on Aeronautical Income - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Income Tax	42	80	103	204	310

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Table: Tax on Aeronautical Income - Revised

Rs./Crs.

	FY 15 (Actual)	FY 16	FY 17	FY 18	FY 19
Income Tax	-	91	121	222	342

2.7 Revenue from Revenue Share Assets (S)

The projections for second control period have been revised on account of:-

(a) Updation of actual numbers based on audited financials instead of projected numbers of FY 14.

(b) Based on auditors certificate, projected Minimum Annual Guarantee amount (MAG) has been updated for second control period.

(c) Change/ modification into the contracts/ agreements entered.

The approach adopted in each case is described below:

2.7.1 Land Lease Rentals, License Fee and Space Rent

Area given on lease and rate per square meter per month has been updated for FY 14 based on actuals and accordingly revenues for FY 15 - FY 19 have been updated.

Table: Revenue from Land, Hangar and Terminal buildings - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Land Lease rentals (excluding Real Estate)	31	32	34	36	38	49
Hangar Rent	9	9	10	11	12	12
Terminal Building Rent	31	38	44	47	51	59
Other Building Rent	17	18	20	21	23	25
Total	**88**	**98**	**108**	**115**	**123**	**145**

MUMBAI INTERNATIONAL AIRPORT LTD. Mumbai 400099.

Table: Revenue from Land, Hangar and Terminal buildings - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Land Lease rentals (excluding Real Estate)	32	34	35	37	39	51
Hangar Rent	9	9	10	11	11	12
Terminal Building Rent	30	36	42	47	50	58
Other Building Rent	21	23	25	26	28	31
Total	**92**	**102**	**112**	**121**	**129**	**151**

2.7.2 Lounge Concessions

Total revenue and revenue per embarking pax has been updated for FY 14 based on actuals and accordingly revenue for FY 15-FY 19 has been updated. MAG projected for this control period is lower than previous submission as area of Loyalty Lounge awarded to EIH Ltd. is expected to be partially surrendered (792 sqm out of 1256 sqm) and Arrival lounge concession has been terminated due to non feasibility. Therefore MAG has been proportionately reduced.

Table: Lounge concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**24**	**27**	**54**	**59**	**65**	**70**

Table: Lounge concessions – revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**22**	**27**	**40**	**48**	**52**	**57**

2.7.3 Retail Concessions

Total revenue and revenue per embarking pax has been updated for FY 14 based on actuals and accordingly revenue for FY 15-FY 19 has been updated. MAG from retail concession has also been updated.

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Table: Retail concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	64	93	119	132	149	166

Table: Retail concessions - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	63	79	111	130	148	167

2.7.4 Food and Beverage (F&B) Concessions

Total revenue and revenue per embarking pax has been updated for FY 14 based on actuals and accordingly revenue for FY 15-FY 19 has been updated. Further, MAG from F&B concession has been updated based on auditors certificate.

Table: Food and Beverage concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	33	40	52	61	71	82

Table: Food and Beverage concessions - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	35	41	51	63	73	84

2.7.5 Flight Catering Concessions

Total revenue and revenue per embarking pax has been updated for FY 14 based on actuals after reducing the revenue which pertains to prior period and accordingly revenue for FY 15-FY 19 has been revised.

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Table 11: Flight Catering concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	25	26	28	30	31	33

Table: Flight Catering Concessions - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	28	27	29	31	33	35

2.7.6 Forex Concessions

Revenue from Forex concessions for international passengers is assumed at total of: i) MAG and ii) estimated revenue based on per passenger revenue share earned by MIAL in Quarter 1 of FY 15. The per passenger revenue share has dropped in the current year due to reduction in number of outlets in new T2 resulting in lower forex sales. Further, MAG from Forex concession has been updated based on auditors certificate along with an increase considered for vacant space.

The revenue from foreign exchange concessions are expected to increase as per growth in international passenger traffic and MAG.

Table: Forex concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	44	45	47	49	51	54

Table 12: Forex concessions – Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	42	36	39	41	44	47

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

2.7.7 Automated Teller Machines Concessions

The revenue from Automated Teller Machines concessions is realigned as per contracts.

Table 13: ATMs concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	7	12	12	13	14	14

Table: Automated Teller Machines concessions

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	7	12	13	14	15	16

2.7.8 Car Rental and Hotel Reservation Concessions

Total revenue and revenue per disembarking pax has been updated for FY 14 based on actuals and accordingly revenue for FY 15-FY 19 has been updated.

Table 14: Car Rental and Hotel Reservation - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	18	19	21	24	28	32

Table 15: Car Rental and Hotel Reservation - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	16	18	20	23	27	31

2.7.9 Duty Free Concession

As mentioned in the earlier submission dated 26th December, 2014, Duty free concession was awarded to a consortium of Aer Rianta International Cpt. and Buddy Retail Pvt. Ltd. through a process of competitive bidding.

Subsequent to award of concession, Aer Rianta Consortium failed to perform and accordingly, award of concession to Aer Rianta Consortium was withdrawn. On withdrawal of award of concession to Aer Rianta Consortium, as per terms of RFP, MIAL has awarded the concession to DFS being the next highest eligible bidder. Since financial offer of DFS was different from AER Rianta, projections have accordingly been updated as below:

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Table 16: Duty free concession - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	100	180	242	279	322	371

Table 17: Duty free concession - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	91	148	201	240	271	302

2.8.10 Advertising Concession

Total revenue and revenue per pax has been updated for FY 14 based on actuals and accordingly revenue for FY 15-FY 19 has been updated.

Table: Advertising concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	60	69	79	91	104	119

Table: Advertising concessions - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	59	68	78	90	104	119

In the recent Union Budget service tax exemption for advertising spaces has been withdrawn. Since Service Tax on advertising spaces may not be available to all the advertisers as cenvat it will be an additional cost to the advertisers, which may affect adverting contracts and the same will have an impact on the projections. At present impact of this change cannot be estimated, hence not considered.

2.8.11 Car Parking Concessions

Revenue from Car park concession for FY 15 is revised, as the existing contract in FY 14 is extended for FY 15.

Per pax revenue calculated based on agreement of FY 15 for domestic and international terminal is expected to increase by inflation for FY 16-FY 19. Contract for Car park for

MUMBAI INTERNATIONAL AIRPORT LTD. Mumbai 400099.

Domestic and International MLCP is yet to be awarded. Depending upon bids received there may be significant change in projected revenues. Hence, we request the Authority, to allow us to submit actual details as and when contract is awarded for its consideration.

Table: Car parking concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	14	14	17	20	23	26

Table: Car parking concessions - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	14	14	18	22	25	29

2.8.12 Ground Handling Concessions

Total revenue and revenue per ATM has been updated for FY 14 based on actuals and accordingly revenue for FY 15-FY 19 has been updated. Revenue from Ground Handling concessions has been calculated as per the following

1. Higher of: i) MAG and ii) estimated revenue based on per ATM revenue earned by MIAL in FY 14 for Celebi and Cambata
2. Actual Revenue from others (including Air India) in FY14 expected to increase YOY as per CPI and ATM growth.

Table: Ground handling concessions - submitted vide letter dated 26th December,2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	78	77	81	85	90	95

Table 18: Ground handling concessions - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	90	90	95	102	110	118



2.8.13 Fuel Concessions

Average consumption per ATM and number of ATMs has been updated for FY 14 based on actuals and accordingly projection has been revised for FY 15-FY 19. Further, Throughput charge rate/KL is assumed to increase by 5.9% YoY i.e. 5 year WPI forecasted by *"RBI Q2 (2013-14)-Results of the Survey of Professional Forecasters on Macroeconomic Indicators"* based on estimates. However, this increase may vary between 5% and 7% and needs to be trued up by the Authority.

Source: http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/01SPA281013.pdf

Since, approval of tariffs for the second control period in respect of CSIA may take some time, MIAL vide its letter no. MIAL/VPR/14-15/21 dated 5th August, 2014 requested the Authority to approve the increased Fuel Throughput charges which need an annual increase as per agreement with the service provider.

Table: Fuel concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**100***	**110**	**120**	**131**	**144**	**157**

** Considered as Aeronautical revenue as per Authority Order No. 32/2012-13 dated 15th January, 2013*

Table: Fuel concessions - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**102***	**111**	**120**	**131**	**143**	**155**

** Considered as Aeronautical revenue as per Authority Order No. 32/2012-13 dated 15th January, 2013*

2.8.14 Cargo

MIAL had earlier applied for approval of increase in the rates for international cargo operations by 10% w.e.f 01.06.2013 to the Authority for which approval has not yet been accorded. Now, the international cargo operations have been transferred to CONCOR and they have approached the Authority for 10% increase in the rates for International Cargo Handling. In view of the pending approval of increased rates applied by CONCOR, the earlier 10% increase has not been considered in the amended proposal. Revenue share from Cargo operations may suitably be adjusted as and when the increase in rates are approved by the Authority.

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Table: Revenue from Cargo - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
MIAL (including revenue from Demurrage)	**197**	**20**	**21**	**21**	**22**	**23**
Concessions:						
Domestic cargo	7	1	1	1	1	1
International cargo	42	192	199	207	215	223
Perishable Cargo	3	3	3	3	3	4
Courier	12	12	13	13	14	14
Total	**261**	**228**	**236**	**245**	**255**	**264**

Table: Revenue from Cargo - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
MIAL (including revenue from Demurrage)	**232**					
Concessions:						
Domestic cargo	7	7	8	8	9	9
International cargo	17	175	183	198	199	207
Perishable Cargo	3	3	3	3	4	4
Courier	13	14	14	15	15	16
Total	**271**	**199**	**208**	**224**	**226**	**236**

The Summary of the Projected Revenues from Revenue Share Assets for the control period is as follows:

Table: Total Revenue from Revenue Share Assets (RSA) – As submitted vide MIAL letter dated 26th December 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
F&B	33	40	52	61	71	82
Flight Catering concession	25	26	28	30	31	33
Retail concession	64	93	119	132	149	166
Foreign exchange, Banks & ATM	51	57	60	62	65	68
Communication	20	-	-	-	-	-

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Car Rentals & Hotel Reservation	18	19	21	24	28	32
Duty Free Shops	100	180	242	279	322	371
Advertising Income	60	69	79	91	104	119
Car Parking	14	14	17	20	23	26
Ground Handling	78	77	81	85	90	95
Others	15	24	28	35	40	48
Fuel concession	100	110	120	131	144	157
Total Concessions	**577**	**708**	**848**	**951**	**1066**	**1196**
Land Lease rentals (excluding Real Estate)	31	32	34	36	38	49
Hangar Rent	9	9	10	11	12	12
Terminal Building Rent	31	38	44	47	51	59
Lounges	24	27	54	59	65	70
Cargo Building Rent	17	18	20	21	23	25
Total Rent & Services	**111**	**125**	**162**	**175**	**188**	**215**
Revenue from cargo and cargo concessions	**261**	**228**	**236**	**245**	**255**	**264**
Total	**949**	**1061**	**1247**	**1370**	**1509**	**1675**

Table : Total Revenue from Revenue Share Assets (RSA) – Revised

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
F&B	35	41	51	63	73	84
Flight Catering concession	28	27	29	31	33	35
Retail concession	63	79	111	130	148	167
Foreign exchange, Banks & ATM	49	48	52	55	59	63
Communication	20	0	0	0	0	0
Car Rentals & Hotel Reservation	16	18	20	23	27	31
Duty Free Shops	91	148	201	240	271	302
Advertising Income	59	68	78	90	104	119

MUMBAI INTERNATIONAL AIRPORT LTD. Mumbai 400099

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Car Parking	14	14	18	22	25	29
Ground Handling	90	90	95	102	110	118
Others	20	24	30	36	41	49
Fuel concession	102	111	120	131	143	155
Total Concessions	**587**	**669**	**807**	**924**	**1033**	**1154**
Land Lease rentals (excluding Real Estate)	32	34	35	37	39	51
Hangar Rent	9	9	10	11	11	12
Terminal Building Rent	30	36	42	47	50	58
Lounges	22	27	40	48	52	57
Cargo Building Rent	21	23	25	26	28	31
Total Rent & Services	**114**	**129**	**152**	**169**	**182**	**208**
Revenue from cargo and cargo concessions	**271**	**199**	**208**	**224**	**226**	**236**
Total	**972**	**997**	**1167**	**1317**	**1441**	**1598**

3 Truing up for the first control period

The Authority had passed tariff order for first control period FY 10-FY14 on 15.01.13 and had decided to true-up certain revenues and expenditures. MIAL has accordingly made following changes:-

a) Weighted average additions to assets based on actual date of capitalization instead of considering capitsalition in mid of the year.

Authority vide its Order No. 32/2012-13 had decided in the Decision no. V.c. as under:-

"Furthermore, the Authority decides that the difference between the value of RAB - calculated based on actual date of commissioning/ disposal of assets and that calculated considering such asset has been commissioned/ disposed half way through the respective Tariff Year, will also be adjusted at the end of the Control Period considering Future Value of the differences for each year in the Control Period."

Accordingly, based on Auditors certificate, weighted average additions of Aeronautical assets based on actual date of capitalization is as under:

Rs./Crs.

	FY 10	FY 11	FY 12	FY 13	FY 14
Weighted average additions of Aeronautical assets	71	363	369	292	1,781

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

b) Adjustment of DF funded assets from Aero assets based on methodology suggested by the Authority

Rs./Crs.

	FY 10	FY 11	FY 12	FY 13	FY 14
Capex during the year (a)	1,241	1,632	1,990	2,223	1,689
Aero Capex during the year (b)	1,218	1,600	1,966	2,238	1,622
DF receipt during the year (c)	286	325	26	1,865	898
DF receipt during the year with CWIP (d=c+i-1)	286	550	524	2,344	3,119
Aero Capitalisation during the year from Current year Aero capex (e)	258	151	173	117	1,424
% of Aero Capitalisation to Aero Capex (f=e/b)	21.2%	9.4%	8.8%	5.2%	87.8%
DF capitalised during the year (g=f*d)	60	52	46	123	2,737
Aero assets capitalised during the year (incl DF Funded Assets) (A)	4,120	5,790	5,230	4,552	68,203
Weighted Average aero assets capitalised during the year (incl DF Funded Assets) (B)	710	3,634	3,694	2,919	17,806
% of Weighted Average Assets/Total Aero assets (C=B/A)	17%	63%	71%	64%	26%
Proportionate DF capitalised during the year (h = g*C)	**10**	**33**	**33**	**79**	**715**
DF carried to CWIP (i=d-g)	225	498	478	2,221	381

Cumulative DF funded assets - Gross Block (I)	60	112	158	281	3,019
% of depreciation charged for the year (See Table below) (II)	**0.93%**	**4.42%**	**4.46%**	**4.47%**	**2.43%**
Depreciation on DF capitalised assets (I*II)	0.56	4.96	7.07	12.58	73.49

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Rs./Crs.

		FY 10	FY 11	FY 12	FY 13	FY 14
(a)	Capex incurred during the year (a)	1,241	1,632	1,990	2,223	1,689
(b)	Assets capitalised out of above during the year (b)	288	177	200	136	1,498
(c)	Aero assets from the above (b)	258	151	173	117	1,424
(d)	Depreciation on the Aero assets during the year of above (c)	2	2	4	3	19
(e)	% of depreciation charged during the year	0.93%	1.56%	2.48%	2.22%	1.31%
(f)	Depreciation during the year if asset is capitalised during the first day of the year	16	6	7	4	79.50
	Depreciation during the year	0	18	26	31	52
	% of depreciation charged for the year	**0.93%**	**4.42%**	**4.46%**	**4.47%**	**2.43%**

True up workings done considering actuals upto FY 14:

Table: Truing up for the first control period – As submitted vide MIAL letter dated 26th December 2013

Rs./Crs.

Revenue streams	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Landing charges	-	-	-	9	70	79
Parking charges	-	-	-	1	(2)	(0)
Aerobridge charges	-	-	-	(2)	(12)	(13)
UDF	-	-	-	55	144	199
PSF (FC)	-	-	-	(3)	-	(3)
Unauthorised Overstay	-	-	-	-	(6)	(6)
Fuel concession Fee				9	9	17
Total (A)	-	-	-	**70**	**203**	**274**
Adjustment in RAB due to actual date of capitalisation and Adjustment due to DF	(17)	3	2	(42)	(198)	(252)
Change in WACC	11	14	16	17	24	83
Change in Operating expenditure (Property Tax and NA Tax, changes in unit rate of electricity and Water, CPI)	-	-	-	(1)	67	66

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Rs./Crs.

Revenue streams	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Adjustment in depreciation due to actual date of capitalisation and DF Adjustment	4	2	2	2	(88)	(79)
Share of Revenue from Revenue Share Assets	-	-	-	(29)	(26)	(55)
Total (B)	(2)	19	21	(52)	(223)	(237)
Total True-up amount	**(2)**	**19**	**21**	**18**	**(19)**	**37**
Total True-up amount with carrying cost	**(3)**	**30**	**29**	**22**	**(22)**	**57**

Table 19: Truing up for the first control period – Revised

Rs./Crs.

Revenue streams	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Landing charges	-	-	-	9	61	71
Parking charges	-	-	-	1	0	2
Aerobridge charges	-	-	-	(2)	(13)	(15)
UDF	-	-	-	55	123	178
PSF (FC)	-	-	-	(3)	-	(3)
Unauthorised Overstay	-	-	-	(6)	(6)	(12)
Fuel concession Fee				9	7	16
Total (A)	**-**	**-**	**-**	**64**	**172**	**237**
Adjustment in RAB due to actual date of capitalisation and Adjustment due to DF	(19)	0	6	(34)	(199)	(246)
Change in WACC	12	15	17	19	25	87
Change in Operating expenditure (Property Tax and NA Tax, changes in unit rate of electricity and Water, CPI)	-	-	-	(1)	67	66
Adjustment in depreciation due to actual date of	2	1	3	6	(91)	(78)

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Rs./Crs.

Revenue streams	FY 10	FY 11	FY 12	FY 13	FY 14	Total
capitalisation and DF Adjustment						
Share of Revenue from Revenue Share Assets	0	(0)	(0)	(31)	(33)	(63)
Total (B)	**(5)**	**17**	**27**	**(41)**	**(231)**	**(234)**
Total True-up amount	**(5)**	**17**	**27**	**23**	**(59)**	**3**
Total True-up amount with carrying cost	**(9)**	**26**	**38**	**29**	**(66)**	**18**

4 Summary of Target Revenue

Authority vide its Order No. 5/2014-15 dated 21st April 2014, had decided that the Aeronautical tariffs approved by it vide Order no. 32/2012-13 shall continue upto 31st October 2014, or until final determination of tariffs for the second control period, whichever is earlier. MIAL has made this revised submission considering change in aeronautical tariffs effective from 1st November 2014.

Based on the above details Target Revenue for the second control period has been computed and the same has been summarized below:

Table: Summary of Target Revenue

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Regulatory Base*	7,588	8,198	8,650	8,326	7,887
WACC	14.81%	14.81%	14.81%	14.81%	14.81%
Return on Regulatory Base	1,124	1,214	1,281	1,233	1,168
O&M cost	1,022	830	870	953	1,061
Depreciation	597	592	641	646	636
Corporate Tax	-	91	121	222	342
30% of Revenue from Revenue Share Assets (RSA)	299	350	395	432	479
Truing up of first control period	18	-	-	-	-
Target Revenue	2,461	2,376	2,518	2,622	2,727
CPI –X	**78.03%**	**7.90%**	**7.90%**	**7.90%**	**7.90%**
Revenue from proposed tariff	1,610	2,413	2,708	3,042	3,418

(*) *Net of Upfront Fees, DF funded assets and Non-Aeronautical Assets.*

MUMBAI INTERNATIONAL AIRPORT LTD. Mumbai 400099.

5 Passenger Traffic, Air Traffic Movements (ATMs) and Cargo Forecast

Passenger, ATM and Cargo Tonnage numbers for FY 14 are updated and accordingly revised projections are as under :-

Table: Passenger and ATM forecast - submitted vide letter dated 26th December, 2013

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Passengers (in Millions)						
- Domestic	21.42	22.89	24.47	26.16	27.97	29.90
- International	10.35	10.78	11.23	11.71	12.20	12.71
Total	31.76	33.67	35.71	37.87	40.16	42.61
ATMs						
- Domestic	182,003	186,371	190,844	195,424	200,114	204,917
- International	72,482	73,932	75,410	76,918	78,457	80,026
Total	254,485	260,303	266,254	272,343	278,571	284,943

Table 20: Passenger and ATM forecast - Revised

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Passengers (in Millions)						
- Domestic	21.88	23.50	25.24	27.11	29.11	31.27
- International	10.34	10.76	11.21	11.66	12.14	12.64
Total	**32.22**	**34.26**	**36.44**	**38.77**	**41.25**	**43.91**
ATMs						
- Domestic	188,306	194,143	200,162	206,367	212,764	219,360
- International	72,360	73,807	75,283	76,789	78,325	79,891
Total	**260,666**	**267,951**	**275,445**	**283,156**	**291,089**	**299,251**

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. Mumbai 400099.

Cargo Forecast

The projected cargo tonnage is as below:

Table: Cargo forecast - submitted vide letter dated 26th December, 2013

(in '000 MTs)

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Domestic Cargo	55.28	57.33	59.45	61.65	63.93	66.29
International cargo	339.11	352.00	365.37	379.26	393.67	408.63
Total	**394.39**	**409.32**	**424.82**	**440.90**	**457.59**	**474.92**

Table: Cargo forecast - Revised

(in '000 MTs)

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Domestic Cargo	57.67	59.81	62.02	64.31	66.69	69.16
International cargo	344.76	359.58	375.04	391.17	407.99	425.53
Total	**402.43**	**419.39**	**437.06**	**455.48**	**474.68**	**494.70**

6 Determination of X Factor

The X factor for tariff increase is to be calculated by solving the equation given in the SSA. While determining X factor at the beginning of regulatory period, the value of CPI would be forecasted value, which would need to be replaced by actual value subsequently. MIAL has assumed a One-time tariff increase to be effective from 1st November, 2014 for the first year of control period and yearly inflationary increase thereafter. Based on building blocks discussed hereinabove and underlying assumptions, Target Revenue requirements and proposed tariff increase are as below:

Table: Target Revenue and Proposed Tariff increase

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Target Revenue	2,461	2,376	2,518	2,622	2,727
Proposed Tariff increase (w.e.f. 01.11.2014)	**78.03%**	**7.90%**	**7.90%**	**7.90%**	**7.90%**
Estimated Revenue at Proposed Tariff	1,610	2,413	2,708	3,042	3,418

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7. Information to be redacted

With reference to MYTP, MIAL will make various submissions/ providing information from time to time to the Authority. We would like to request the Authority to kindly redact the submissions / information details of which will be submitted in due course considering commercial sensitivity involved as disclosure of the same in public domain might affect interest of MIAL adversely.

8. Prayers

In view of the foregoing submissions MIAL prays before the Authority:

i) To consider and approve the Proposed Target Revenue for the Second Control Period from FY15 to FY19 by approving the proposed increase in Tariff.

ii) As stated in Para 2.1.1. to consider and approve a separate component of UDF which is not subjected to Revenue Share to AAI for a) purchase of land and construction of housing blocks for security personnel from Airport Security Group (presently CISF), b) Security related capital expenditure to be included as part of MIAL's capex and c) security related operating expenditure being incurred by MIAL.

iii) To allow Interim true up of any levy of new or increased taxes, increase in unit rates of electricity and water, besides other true ups as may be decided by the Authority.

iv) Allow funding of metro rail stations aggregating Rs.518 crores through Development Fees u/s 22A of the AAI Act, 1994 and

v) In case of Authority approving a lower Target Revenue than what has been proposed by MIAL, it may become difficult for MIAL to bridge the funding gap (discussed in Means of Finance). In such a scenario, the Authority is requested to, allow accelerated depreciation / higher tariffs in earlier years of the Control Period and accordingly allow re worked Target Revenue for the purposes of calculation of Tariff.

It is to be noted that submission of this updated MYTP is without prejudice to MIAL's rights and contentions in other proceedings before the AERAAT, and any omission to deal with any specific issue should not be construed as an admission on part of MIAL. MIAL reserves its right to submit further details, comments, documents, response, etc, as and when necessary.

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Annexure 1

New Projects to be undertaken in Second Control Period

Earlier estimated capital cost towards new projects to be incurred in second control period was Rs. 1448 crores which have reduced to Rs.1303 crores. Estimated cost includes soft cost such as IDC, Preoperative Expenses and Indexation at expected yearly CPI increase of 7.9%. The revision in cost of New Projects is due to revision in cost of construction of South East Pier and downward revision in Soft Costs.

Table below lists New Projects for second control period:

Sl. No.	Description of the Project	Estimated Cost (including indexation) Rs./Crs.	Estimated Cost (including indexation) Rs./Crs.	Expected year of completion
		As per letter dated 26th Dec 2013	Current estimate	
1.	Metro Connectivity to CSIA - Two Metro Stations at Sahar and Santacruz	518	518	FY 19
2.	Taxiway 'M' - Only Slum Rehab cost	157	157	FY 19
3	Compensation to Air India for Code 'C' Hangar	51	51	FY 16
4	Construction of South East Pier- between Grid RE 29 to PE 12	370	395	FY 16
5.	Relocation of existing IMD facilities to NAD Colony of AAI.	10	12	FY 16
	Interest During Construction and Expenditure during construction	342	170	
	Total	**1448**	**1303**	

Details of the projects where revision has been necessary are as follows:

1. **Metro connectivity to CSIA - Two Metro Stations at Sahar and Santacruz**
   In view of request for funding of metro stations through Development Fee, no corresponding IDC has been considered.
2. **Construction of South East Pier**
   The earlier cost estimate has been revised in view of detailed design study and revisit of cost estimates.

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3. **Relocation of existing IMD facilities**
   The earlier cost estimate has been revised on revisit of estimates.
4. **Expenditure during construction (EDC)**
   Such expense has been considered at a reduced value for the new projects since a part of it has been loaded on Tunnel under Runway 14/32 considered under operational capex.

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Annexure 2

Operational capex during control period FY 15 to FY 19 (revised projections)

Sl. No.	PROJECTS	FY 15	FY 16	FY 17	FY 18	FY 19	Total
1	Tunnel under Runway 14/32	32	167	170	-	-	369
2	Construction of new RET (including cost of boundary wall and enabling cost) – 14/32 – E6	22	47		-	-	68
3	Recarpeting of RWY 09-27	-	11	-	-	52	62
4	Rescue & Fire Fighting Facilities	6	24	32	-	-	61
5	Reconstruction of RET N8 & provision of standby RET	35	-	-	-	-	35
6	Construction of compound wall - 15 Km.	5	5	7	7	7	31
7	Development of Airside perimeter roads	-	10	10	10	-	30
8	Passenger boarding bridges - T2 - Code F	6	19	-	-	-	25
9	Reconstruction of Apron "C"	-	-	-	20	-	20
10	Mithi River retaining wall	20	-	-	-	-	20
11	Additional baggage reclaim carousals at T2	20	-	-	-	-	20
12	Crash fire tenders	6	9	1	8	1	25
13	Central Store Utility Building	15	-	-	-	-	15
14	Airport Sweeper/Scrubber (additional)	6	-	3	-	-	9
15	Rescue Stairs vehicle	5	-	-	-	-	5
16	Grooving on Runway 32 rigid surface.	1	1	2	2	2	8
17	Structure of Approach Radar	3	-	-	-	-	3
18	Steel Gate for Mithi river opening	8	-	-	-	-	8
19	Provision of 5 MVA Sub-Stn. At Gaondevi area	1	4	-	-	-	5
20	Construction of TWY S7 & R Junction		11	-	-	-	11
21	Replacement of 04 marking machine	2	-	-	3	-	5
	Terminal Operations						
22	New T2-Trolleys/Trolley Scooter	4	-	-	3	-	6
23	New T2-Tensa Barrier/Tensa Top/Standies etc.	2	-	-	3	-	5
24	T1 (Queue Manager/Standalone AC/View Cuter Screen)	0	-	-	3	-	3

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Sl. No.	PROJECTS	FY 15	FY 16	FY 17	FY 18	FY 19	Total
25	Medical Equipments/Wheel Chairs	0	-	-	3	-	3
26	PIDS Protection/ACS Systems	3	-	-	3	-	5
27	IT (not by Wipro)	5	-	-	3	-	8
28	CISF Family Accommodation at Chakala	9	-	-	-	-	9
29	CISF Barrack Accommodation at Kalina	5	-	-	-	-	5
30	Shifting of Terminal 1B Power House	5	-	-	-	-	5
31	Provision of VDGS for C D, L Aprons	1	4	-	-	-	5
32	**Terminal 1A/ 1B Refurbishment**	30	55	-	-	-	85
33	**Miscellaneous expenses**	58	15	15	13	11	112
		313	**380**	**239**	**77**	**72**	**1,081**

	Capitalization schedule of Operational capex	**260**	**235**	**438**	**77**	**72**	**1,081**

Previous estimates – as submitted vide letter dated 26th December 2013

	FY 15	FY 16	FY 17	FY 18	FY 19	Amount (Rs. In Crs.)
Tunnel under Runway 14/32	-	108	116	-	-	224
Other	350	117	84	100	100	751
Total	**350**	**225**	**200**	**100**	**100**	**975**

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Annexure 3

Comparison of Depreciation Rates

S. No.	Descriptions	Rate (%)	
		FY 2013-14	Revised as per Companies Act, 2013
a)	**Buildings** RCC Structure	3.34%	3.34%
b)	Buildings (other than factory buildings) other than RCC Frame Structure	3.34%	3.34%
c)	Buildings (other than factory buildings) other than RCC Frame Structure (for Insta cabin, carpet tiles, column cladding, toilets)	10.00%	10.00%
d)	Roads - Carpeted other than RCC	3.34%	20.00%
e)	Roads - Carpeted RCC	3.34%	10.00%
f)	Others (including temporary structure, etc.)	100.00%	100.00%
2	**Runways & Taxiways**		
a)	Runways	5.00%	5.00%
b)	Taxiways	3.34% / 5.00%	3.34% / 5.00%
c)	Apron	3.34% / 5.00%	3.34% / 5.00%
3	**Plant & Machinery**		
a)	Plant & Machinery	10.34%	13.33%
b)	Plant & Machinery (X Ray)	7.07%	13.33%
c)	Plant & Machinery (cost below Rs..5000)	100.00%	100.00%
4	**Office Equipment**		
a)	Office Equipment	10.34%	20.00%
b)	Office Equipment (cell phones)	50.00%	50.00%
c)	Office Equipment (Cost below Rs.5000)	100.00%	100.00%
5	**Electrical Installations and Equipment**		
a)	Electrical Installations and Equipment	10.34%	10.00%
b)	Electrical Installations and Equipment (Cost below Rs.5000)	100.00%	100.00%

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6	**Computers**		
a)	Servers and Networks	16.21%	16.67%
b)	End user devices, such as desktops, laptops, etc.	16.21%	33.33%
c)	End user devices, such as desktops, laptops, etc. (Cost below Rs.5000)	100.00%	100.00%
7	**Vehicles**		
a)	Motor cycles, scooters and other mopeds	11.31%	10.00%
b)	Motor buses, motor lorries and motor cars other than those used in a business of running them on hire	11.31%	12.50%
8	**Fixtures and Fittings**		
a)	General Furniture and fittings	9.50%	10.00%
b)	General Furniture and fittings (cost below Rs.5000)	100.00%	100.00%

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MIAL/VPR/14-15/29 12th Sep, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai for second control period (FY 2014-15 to FY 2018- 19)

Ref: AERA letter no. AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-I/6335 dated 28th Aug, 2014
MIAL letter no. MIAL/CEO/68 dated 20th August, 2014

Please find below point-wise response to the clarifications sought by the Authority:-

Section A

1. MIAL Response to the point no 1

Auditor's Certificate on asset-wise actual operational capex in 2012-13 and 2013-14 will be submitted in due course.

2. MIAL Response to the point no 2

O&M cost Terminal wise breakup for FY 12, FY 13 and FY 14 is enclosed as **Annexure 1(a) to 1(c)** (previously submitted by MIAL vide its letter no MIAL/VPR/14-15/28 dated 27th August 2014). Terminal wise projected cost for second control period is enclosed as **Annexure 2(a) to 2(e).**

The depreciation rates adopted by MIAL for the FY 2014-15 onwards are in accordance with the Companies Act, 2013 and are detailed in Annexure 3 to the Revised Multi Year Tariff Proposal for CSIA filed vide letter no. MIAL/CEO/68 dated 20th August, 2014. The quarterly accounts as adopted by the board of Directors of MIAL have been prepared on the basis of such rates. The

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Board was informed about change in useful life of assets pursuant to the Companies Act, 2013 coming into effect from 1st April 2014 and consequent change in the rates of depreciation. It was informed to the Board that depreciation for Q1 FY 15 has been calculated as per the useful life specified in the Companies Act, 2013.

Section B: Additional Clarifications based on MIAL's response to previous set of Clarifications

1. Response to query no. 8 of AERA letter dated 1st May 2014

Numbers hardcoded (in row 40) are correct numbers, to be used for the purpose of calculation which are based upon methodology of AERA. Calculated numbers (in row 32) are not relevant and hence need to be ignored. Auditor certificate was submitted by MIAL vide its letter no. MIAL/VPR/14-15/19 dated 15th July 2014. Copy of Auditor certificate is enclosed for ready reference as **Annexure 3.**

2. Response to query no. 10 of AERA letter dated 1st May 2014

Depreciation on DF funded assets was estimated by MIAL in its submission dated 26th December, 2013. However, the said amount underwent a change based on the auditors certificate as under:-

Rs. in crs.

	FY 10	FY 11	FY 12	FY 13	FY 14
Depreciation on assets funded through DF *	0.1	3.1	3.4	5	39.3

* Estimated depreciation, no depreciation is charged in books of MIAL on DF funded assets

3. Response to query no. 12 of AERA letter dated 1st May 2014

MIAL in its submission dated 26th December, 2013 had considered that cost of Metro stations would increase by inflation and would be funded through debt from financial institutions. However, MIAL subsequently in its submission dated 20th August 2014 has considered the funding of Metro stations through DF and consequently IDC has been excluded. Also earlier we were given to understand that construction of stations will have to be done by MIAL and hence inflationary increases in cost were considered. However, now we have been given to understand

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that construction would be carried out by MMRDA and we are required to contribute the said amount to MMRDA, we have removed inflationary increases. MIAL has also included an amount of Rs. 118 crs. in FY 19 towards contribution to be made towards Electromechanical costs which will have to be accessed on completion of construction work, though the same would be payable in 3 equal installments post commissioning of Metro.

It may also be noted that process of consultation with stakeholders has already been completed for each project costing more than Rs. 100 Crores (including contribution for metro connectivity) proposed to be taken up during the second control period as per provisions of OMDA and SSA. First meeting with the Stakeholders was held on 5th March, 2014 and Final consultation meeting with stakeholders was held on 23rd June, 2014. Minutes of the final consultation meeting have been submitted vide MIAL letter no MIAL/VPR/14-15/22 dated 5th August, 2014.

Stakeholders were appraised about the funding of Metro through DF. It may be noted from the minutes that, stakeholders have concurred with all the projects proposed by MIAL, funding of metro cost through DF and were of the view that these projects should be taken up by MIAL on priority basis.

No interest during construction (IDC) has been considered on the premise that the Authority shall approve funding of Metro Rail Stations through DF. Contribution towards electro mechanical works is also assumed in FY 19. The revised cost considered is as under:

Projects	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**	**Amount (Rs. In Crs.)**
Metro Station - 2 nos	15	108	93	92	210	**518**
Expenditure during construction	1	7	13	12	15	**48**
Total	**16**	**115**	**106**	**104**	**225**	**566**

Since, Metro stations are projected to be completed at end of FY 19, therefore no commercial revenues are assumed during this control period.

4. Response to query no. 17 of AERA letter dated 1st May 2014

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Reconciliation of Auditors certificate with Tariff model submitted by MIAL on 25th August 2014 is as under:-

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Interest on Loans (Row no 41 of the Detailed Assumption sheet of tariff model)	1,405	1,893	3,002	4,535	3,411
Add: Other Borrowing Costs (net of Bank Guarantee Commission)	2	6	49	87	295
	1,407	1,899	3,051	4,622	3,706
Less: Income from temporary investment of borrowed funds	(75)	(130)	(113)	(64)	(159)
(Row no 42 of the Detailed Assumption sheet of tariff model)	**1,332**	**1,769**	**2,938**	**4,558**	**3,547**

It can be seen that numbers at row no. 41 and 42 are different only due to the fact that other borrowing cost (other than interest) is added while interest earned on surplus funds is deducted from total IDC to arrive at final IDC which is part of the project cost.

5. *Response to query no. 20 of AERA letter dated 1st May 2014*

Other finance charges incurred during construction are part of Expenditure During Cconstruction, part of overall approved project cost.

6. *Response to query no. 22 of AERA letter dated 1st May 2014*

Recovery of electricity cost for outsourced operations includes recovery from cargo concessionaires, other concessionaires and office spaces. Tariff model consists of total recovery done by MIAL in a financial year. Authority vide its letter dated 1st May 2014 has asked recovery from cargo concessionaires for outsourced operations. A comparative table of both the

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data is given below; it may be noted that Recovery from cargo Concessionaires for outsourced operations is subset of total Recovery from Concessionaires.

	Electricity recovery Units (in Mn)	Electricity recovery rate	Electricity recovery amount (Rs. in Mn)	Auditor certificate
Recovery from Concessionaires (includes Recovery from cargo Concessionaires for outsourced operations given below)	21.56	10.93	235.64	Submitted vide MIAL letter no. MIAL/VPR/2014-15/19 dated 15th July 2014
Recovery from cargo Concessionaires for outsourced operations	2.09	11.94	25	Submitted vide MIAL letter no. MIAL/VPR/2014-15/15 dated 20th June 2014

7. Response to query no. 36 of AERA letter dated 1st May 2014

Effective revenue share % for calculating revenue share from Duty free operations is given as under:

Rs. in Crs.

Estimated MAG	2014-15	2015-16	2016-17	2017-18	2018-19
DFS India Pvt. Ltd.	120	170	205	233	261
Nuance Group Fashions & Luxury Duty Free Private Limited	26	29	32	35	38
Total MAG	**145**	**199**	**237**	**268**	**299**
ASC and License Fees	2	2	3	3	3
MAG plus ASC and License Fees	**148**	**201**	**240**	**271**	**302**

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% of MAG with total MAG	2014-15	2015-16	2016-17	2017-18	2018-19	Revenue Share
DFS India Pvt. Ltd.	82%	85%	87%	87%	87%	35.25%
Nuance Group Fashions & Luxury Duty Free Private Limited	18%	15%	13%	13%	13%	26.50%

To arrive at weighted average revenue share %, above MAG% have been multiplied with respective revenue share as below:

Weighted Average Revenue Share	2014-15	2015-16	2016-17	2017-18	2018-19
DFS India Pvt. Ltd.	29.0%	30.1%	30.5%	30.7%	30.8%
Nuance Group Fashions & Luxury Duty Free Private Limited	4.7%	3.9%	3.6%	3.4%	3.4%
	33.7%	**34.0%**	**34.1%**	**34.1%**	**34.1%**

8. *Response to query no. 46 of AERA letter dated 1st May 2014*

Existing revenue from Other sources are estimated to increase by inflation and passenger growth in the second control period. Further, MIAL has added additional revenue share from new line of services i.e. SPA, Day Hotel & Transit Hotel and Meet and Greet. Detailed calculation of Other revenues for second control period is as below:

Rs. in Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Existing Others	20					
Less: Non Recurring	4					
Existing Others as per AERA Model (a)	**16**	**18**	**21**	**24**	**28**	**32**
Pax in Crs.	3.22	3.43	3.64	3.88	4.13	4.39
Per Pax revenue - Others	5	5	6	6	7	7
Inflation		7.90%	7.90%	7.90%	7.90%	7.90%
New Revenue Streams						

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SPA		4	5	6	6	7
Day Hotel & Transit Hotel			1	2	2	2
Meet & Assist		1	3	4	5	8
Sub Total (b)	-	**6**	**9**	**12**	**14**	**18**
Grand Total (a+b)	**16**	**24**	**30**	**36**	**41**	**49**

9. *Response to query no. 4.2 of AERA letter dated 22nd May 2014*

Please find below the reconciliation between numbers in the financial statements and those used in the tariff model.

Rs. in Mn

	FY 12	**FY 13**	**FY 14**
Grand Total as per MYTP model (Sum total of row 10 and row 12 in sheet Expenses for CPI in MYTP model)	**3,804**	**4,702**	**5,957**
Less:			
Retirement Compensation paid to AAI capitalised in financials	544	211	208
DF collection charges part of finance charges in financials **(Row 34 in sheet Expenses for CPI in MYTP model)**		8	20
Total Operating cost	**3,260**	**4,482**	**5,730**
Grand Total as per Financials			
Employee benefits expense	984	1,064	1,459
Other expenses	2,276	3,418	4,271
Total Operating cost	**3,260**	**4,482**	**5,730**

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Section C : Additional Clarifications requested from MIAL

1. **Project cost** – Details of Hard cost and soft cost components of Rs. 11,647 crs. allowed during the first control period and additional project cost of Rs. 422 crs during the second control period is enclosed as **Annexure 4.**

2. **Depreciation** – MIAL has submitted Auditor's Certificate for asset-wise depreciation and rates adopted in the first Control Period (including for the year FY 13 and FY 14) vide its letter no. MIAL/VPR/14-15/19 dated 15th July 2014. Auditor certificate for asset wise depreciation is enclosed for ease of reference as **Annexure 5.**

3. **Operating expenses**

   (i) Electricity cost

   MIAL has submitted Auditor's Certificate for electricity consumption units for FY 14 vide its letter no. MIAL/VPR/14-15/19 dated 15th July 2014. Auditor certificate for electricity consumption and cost for FY 14 is enclosed for ease of reference as **Annexure 6.**

   A detailed working for estimation of units of electricity for FY 15 to FY 19 is enclosed as **Annexure 7.**

   (ii) Water cost

   MIAL has submitted Auditor's Certificate for Water consumption in the first Control Period (for FY 13 & FY 14) vide its letter no. MIAL/VPR/14-15/19 dated 15th July 2014. Auditor certificate for water cost for FY 13 and FY 14 is enclosed for ease of reference as **Annexure 6.**

   MIAL has estimated the water consumption for the second control period as per the National Building-Code (NBC) issued by government of India. As per the Table 1 and Table 2 of Part 9 of the code, MIAL has estimated that 45 litres of water is required per passenger, 30 litres of water is required per office staff and 15 litres of water is required for Meeters/Greeters (enclosed as **Annexure 8**). Quantity consumption for FY 15 is then projected to increase by growth in passengers.

   MIAL has estimated that rate of water per KL will increase by inflation i.e. 7.9%. Circular (enclosed as **Annexure 9**) issued by Municipal Corporation of Greater Mumbai states that

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water charges may increase upto 8% maximum every year. Accordingly, MIAL has considered 7.9% i.e. inflation for increase in water charges.

(iii) Fuel cost

Consumption of fuel is also estimated to increase due to increase in operational requirements in sync with traffic growth. It is envisaged that there would be shift in consumption from diesel to CNG, and accordingly, it is estimated that consumption of Petrol will increase yearly by 5%, a lower increase in diesel of yearly 2% and a higher increase in CNG of yearly 8%.

Increase in fuel prices i.e. Petrol, Diesel and CNG in FY 14 has been as under:-

	Rate on 1st April 2013	Rate on 31st Mar 2014	% increase
Petrol (Per Litre)	74.14	82.07	10.70%
Diesel (Per Litre)	54.87	63.86	16.38%
CNG (Per Litre)	33.95	38.95	14.73%

Considering the hardening of international fuel prices along with de-regulation by the Central government would lead to further rise in fuel prices. MIAL, has therefore considered only 10% increase in Petrol and CNG yoy prices and 15% increase in diesel yoy prices in the second control period.

(iv) Repairs and Maintenance

Repairs and Maintenance Cost was earlier estimated to be 0.75% of the Gross Fixed Assets (GFA) without reducing the DF funded assets, and escalated YoY by CPI. However, average R&M costs as percentage of GFA for FY 2012-13 and FY 2013-14 is 1.4% and 0.99% respectively. Average R&M cost as a % of Gross block in the last 5 years is 1.26%. Therefore, based on historical data it is assumed that R&M costs would be 0.85% of Gross block escalated yoy by CPI.

Since, while calculating the historical % of R&M to Gross block, Retirement compensation to AAI is included in Gross Block, the same is also considered for the projections. Incase, retirement compensation paid to AAI is excluded from Gross block, there will be corresponding increase in % of R&M cost for past period as well as future.

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Table: R&M Costs - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
R&M projected @ 0.75% of Gross Fixed Assets	99	103	122	137	149	172

Table: R&M Costs - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
R&M projected @ 0.85% of Gross Fixed Assets	99	114	140	157	171	195

(v) Rents

Till FY 14, rent paid in respect of certain premises, apartments and guest houses taken were bifurcated between Operations and Projects, as the facilities were used jointly by Operations and Projects. Under projects, rent paid was part of Expenditure During Construction. As the major part of T2 is already been capitalised, these rents would be charged to P&L account.

(vi) Non- Agricultural (NA) Tax

In FY 13, NA Tax demand of Rs. 40.74 crs. was received for past period, which was paid by MIAL. In FY 14, MIAL has paid yearly demand for FY 14, of Rs. 5.77 crs.

Rs./Crs.

	FY 13	FY 14	FY 14
	Actual		As per Order No. 32
NA Tax	40.74	5.77	10.23

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10

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(vii) Other Rates and Taxes

Major reason for increase in Other – Rates and Taxes in FY 13 from the amount as per Order No. 32 is on account of proportionate Cenvat reversed of Rs. 2.63 crs.

Major reason for increase in Other – Rates and Taxes in FY 14 from the amount as per Order No. 32 is on account of proportionate Cenvat reversed of Rs. 2 crs., consultant cost amounting Rs. 1.19 crs. and Rs. 0.84 crs. paid as consent fees to Maharashtra Pollution Control Board.

Rs./Crs.

	FY 13	**FY 14**	**FY 13**	**FY 14**
	Actual		**As per Order No. 32**	
Other Rates and Taxes	3.41	5.77	0.51	0.55

(viii)Advertising cost

Advertisement cost for the FY 14 is Rs. 16 crs. including Rs. 10 crs. incurred for launch of T2. On inauguration of domestic wing of T2, a onetime expenditure of Rs. 2 crs. is estimated. Further, normal advertising cost is estimated to increase by around 12% in FY 15 and at inflation thereafter.

(ix) Administrative expenses

MIAL has assumed a real increase of 10% in FY 2014- 15 and FY 2015-16 and 5% each in the balance three years of the Control Period on account of expected but unpredictable additional expenses (eg. Legal and Professional fee etc). A one time expenditure for study to be done by NATS for simultaneous operations of MIAL and Navi Mumbai International Airport (NMIA) amounting to Rs. 4.3 Crs. and Capacity utilization study of CSIA amounting to Rs. 4.6 Crs. is estimated.

MIAL has reduced the specific expenditure towards Consultancy cost for Business Development and Airport Operations Readiness (AOR) earlier estimated at Rs.2 Crores and Rs. 12 Crores respectively for FY 15. Administrative cost after aforesaid reduction is as under:

Table: Administrative Cost - Revised

Rs./Crs.

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	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Administrative Expenses	57	65	77	87	99	112
AOR	19	-	-	-	-	-
Consultants' cost for specific studies	-	9	-	-	-	-
Administrative cost – Total	**76**	**74**	**77**	**87**	**99**	**112**

(x) Inflation rate

As per the Airport Operator agreement entered between MIAL and ACSA Global Limited (ACSA), performance fee payable to ACSA would be escalated by US – CPI. A report of Factual Findings signed by Price Waterhouse & Co (enclosed as **Annexure 10**) states that USCPI2012, The United States of America Consumer Price Index, all urban consumers (CPI-U), U.S. City average, all item, in percent for the calendar year 1 Jan 2012 to 31 Dec 2012 as published by the U.S. Department of Labor with Consumer Price Index December 2012 released on January 16, 2013 and retrieved from www.bls.gov/cpi is 1.7%. MIAL has considered the same rate of inflation for forecasts.

(xi) Insurance costs

Fixed assets of MIAL are insured under Industrial All Risk Policy. As per the policy, (for the period 1st July, 2013 to 30th June 2014) (enclosed as **Annexure 11**) amount of sum insured is Rs. 3,696.78 crs. and the premium paid for the same is Rs. 1.40 crs. Therefore, for each Re of asset, 0.000379 Rs. of premium is paid, which has been applied on the Gross Block of assets in the second control period for calculating the insurance premium amount.

(xii) Consumables

MIAL vide its letter no. MIAL/CEO/157 dated 26th December 2013 has wrongly mentioned the amount of consumables for FY 15 as Rs. 2.5 crs. The actual amount of Rs. 4.31 Crs. in FY 14 is expected to increase by passenger and inflation growth in FY 15-FY19 (submitted vide MIAL letter dated 20th August 2014). The revised expenditure on consumables is expected to be as under:-

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12

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Consumables - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	4	5	6	7	8	9

(xiii) Working capital interest

The requirement for the working capital loan is projected to be around Rs. 75 crs in FY 15-FY19 due to increase in working capital requirements of the Company. There is increase in outstanding amount from Air India and other airlines resulting from non-payment of dues by them, consequently increasing the working capital requirement. As on 30.06.2014, Rs. 457 crs (excluding Rs. 164 crs. for interest) has been outstanding from Air India and other airlines. After lot of persuasion bankers have agreed to increase the working capital facilities (fund based) from Rs. 100 Crs. to Rs. 250 Crs. Bankers are not prepared to fund Debtors beyond 365 days for Air India and beyond 90 days for other debtors. Copy of Working capital facility agreement with banks is enclosed as **Annexure 12.**

Further, due to change in the Service Tax rules, Service Tax has to be paid to the Government on the accrual basis irrespective of whether billed amount and Service Tax has been collected in time from customers or not. MIAL has to pay the same to the Government in advance thereby increasing the working capital requirement though amounts are realised from its customers much later.

MIAL has envisaged that average utilization of working capital facility would be around Rs. 75 crs. Rate of interest payable is "Bank Base Rate + 200 bps/215 bps" payable monthly. Current Base Rate of Axis bank and IDBI bank is 10.25% so the current interest rate paid by MIAL is 10.25%+2% i.e. 12.25%. Also, Current base rate of Bank of India (BoI) is 10.20% so the current interest rate paid by MIAL is 10.20%+2.15% i.e. 12.35%. MIAL has considered a slightly higher rate of 12.5% considering the hardening trend of interest rates by Reserve Bank of India (RBI).

for CSIA

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4. Non Aeronautical revenue including cargo and ground handling:

(i) Land Lease Rent and Hangar Rent

Average rent from Private land leases and hangar are projected to increase at 7.5% per year during the second control period, which is in line with the agreement.

Rental for Air India leases is projected to remain unchanged till FY 2017-18 and have been increased by 89% in FY 2018-19 in line with the agreement with Air India to this effect. Calculation of estimated increase in Air India rates based on agreement is enclosed as **Annexure 13.**

(ii) Terminal building Rent

Revenues of Terminal building Rent have been projected separately for Terminal 1 and Terminal 2 with further bifurcation between Air India and Other airlines. For projecting the revenues for FY 15, actual Q1 FY 15 rate per square mtr has been considered as mentioned in the table below.

Revenue from Others
Rate per square mtr for Q1 FY 15 is considered for FY 15. For FY 16 onwards, rate is expected to increase by @ 7.5% per year for both T1 and T2. Area of Others for T1 for FY 15 is projected based on actuals in Q1 FY15. However, area in T1 is expected to reduce from FY 16 onwards due to shifting of operations to T2. Area in T2 is projected as per the table below.

Revenue from NACIL
Rate for NACIL is expected to remain constant till FY 18 and post that escalation of 89% is considered as per the MoU signed between MIAL and NACIL (working enclosed in **Annexure 13**). Area of NACIL for T2 is projected based on actuals in Q1 FY15, with further increase expected over the years as per the table below. Area of NACIL for T1 for FY 15 is projected based on actuals in Q1 FY15. However, no area is expected from FY 16 onwards due to shifting of Air India operations to T2.

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14

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	FY 15	FY 16	FY 17	FY 18	FY 19
Area Rented Out to NACIL (SqMtr)	2,491	-	-	-	-
Area Rented Out to Others (SqMtr)	7,106	5,088	5,088	5,088	5,088
NACIL - Average Rate per Month Per Sqmtr (INR)	407	407	407	407	768
Others - Average Rate per Month Per Sqmtr (INR)	644	693	745	801	861
Growth as per Inflation	7.90%	7.90%	7.90%	7.90%	7.90%
Gross Revenue - T1 (A) (Rs. in Mn)	**67**	**50**	**45**	**49**	**53**
Area Rented Out to NACIL (SqMtr)	3,521	5,525	5,525	5,525	5,525
Area Rented Out to Others (SqMtr)	8,861	11,213	11,376	11,539	11,702
NACIL - Average Rate per Month Per Sqmtr (INR)	664	664	664	664	1,252
Others - Average Rate per Month Per Sqmtr (INR)	2,059	2,213	2,379	2,557	2,749
Gross Revenue - NACIL & Air India	28	40	44	44	83
Gross Revenue - Others	219	282	325	354	386
Gross Revenue - T2 (B) (Rs. in Mn)	**247**	**322**	**369**	**398**	**469**

Gross Revenue -(A+B) (Rs. in Mn)	**314**	**372**	**414**	**447**	**522**

(iii) CUTE counter charges

Cute counter charges for domestic is calculated per counter per month i.e. Rs. 6500 per month which is considered to increase YoY by inflation. CUTE counter charges from T2 are projected to increase at the combined annual growth of total international and domestic ATM because from July, 2015 onwards on shifting of the domestic operations to the new T2, same counters shall be used both by International as well as domestic operations.

(iv) Traffic

It is assumed that on commissioning of Domestic wing of T2, all airlines, except Go Air and Spicejet, will shift to new T2. Since, passengers handled by Go Air and Spicejet during FY 14 are about 21.06% (see table below) of the total domestic passengers, same percentage has been used for split of traffic between T1 and T2.

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15

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Sr. No.	NAME OF THE AIRLINES	TOTAL (Pax in Mn)	% share
1	AIR INDIA	4.2	19.18%
2	ALLIANCE AIR	0.02	0.10%
3	GO AIRLINES (I) PVT LTD	2.41	11.00%
4	INDIGO AIR	5.74	26.24%
5	JET AIRWAYS INDIA LIMITED	5.75	26.29%
6	Jet Lite	1.56	7.12%
7	SPICE JET LTD	2.20	10.07%
	Total passenger	**21.88**	

(v) No additional details have been required by the Authority.

(vi) The revenue per embarking domestic passenger for Retail concessions, at new T2 is considered at the same revenue per embarking international passenger, which is higher than the revenue at T1 in FY 2014-15, on the assumption that retail domestic passengers in case of full service airlines shall be at par with spending by international passengers. It is assumed that the domestic passengers shall be tempted to spend more at new T2 which would emerge into more mature retail outlets than at existing domestic terminals.

(vii) Car Parking & Taxi Service

These revenues have been considered as follows in the revised submission made on 20th August, 2014:

Car Parking: At T2 car park has been considered at Rs.0.45 crore per month for FY 2014-15 as per the agreement and thereafter the per passenger realization for FY 2014-15 has been adjusted for inflation at 7.9% p.a. for the purpose of projecting revenue from T2 car parking on the basis of international and domestic passenger volume. Car Parking for T1 has been considered at per passenger realization increased by inflation at 7.9% p.a. based on the passengers projected for T1. We are reproducing below the extract from the revised submission made vide letter dated 20th August, 2014 in respect of Car Parking Concession for your ready reference:

"Car Parking Concessions

Revenue from Car park concession for FY 15 is revised, as the existing contract in FY 14 is extended for FY 15.

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16

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Per pax revenue calculated based on agreement of FY 15, for domestic and international terminal is expected to increase by inflation for FY 16-FY 19. Contract for Car park for Domestic and International MLCP is yet to be awarded. Depending upon bids received there may be significant change in projected revenues. Hence, we request the Authority, to allow us to submit actual details as and when contract is awarded for its consideration.

Table: Car parking concessions - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	14	14	17	20	23	26

Table: Car parking concessions - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	14	14	18	22	25	29

Taxi Service: Per passenger realization from Taxi Services actually experienced for domestic and international passengers have been adjusted for inflation at 7.9% p.a. to arrive at the revenues from taxi services based on domestic and international passengers projected for future years.

(viii) Duty Free Concessions

As mentioned in the earlier submission dated 26th December, 2013, Duty free concession was awarded to a consortium of Aer Rianta International Cpt. and Buddy Retail Pvt. Ltd. through a process of competitive bidding.

Subsequent to award of concession, Aer Rianta Consortium failed to perform and accordingly, award of concession to Aer Rianta Consortium was withdrawn. On withdrawal of award of concession to Aer Rianta Consortium, as per terms of RFP, MIAL has awarded the concession to DFS being the next highest eligible bidder. Since financial offer of DFS was different from AER Rianta, projections have accordingly been updated as below. MIAL had earlier envisaged that Sales of concessionaire will increase by 25% in FY 15. Sales of concessionaire are expected to increase by 25% in FY 15 and by inflation in the remaining years of control period.

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Table: Duty free concession - submitted vide letter dated 26th December, 2013

Rs./Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total	100	180	242	279	322	371

Table: Duty free concession - Revised

Rs./Crs.

	FY 14 (Actual)	FY 15	FY 16	FY 17	FY 18	FY 19
Total	91	148	201	240	271	302

(ix) Others Rents and services and staff canteen concessions :

Revenue from cargo and other building rent in FY 14 is expected to increase by 7.5% yoy in the second control period. Further, it is estimated that revenues from staff canteen will not generate any revenue.

(x) ATM Concessions

Auditors certificate for estimated MAG from ATM concession for the second control period is being submitted in due course.

(xi) & (xii) Cargo

(a) Domestic cargo

Domestic cargo operation has been outsourced to CONCOR Air Limited w.e.f. 1st May 2013. Key points of the concession agreement are as under:

1	Name of concessionaire	CONCOR Air Limited
2	Date of Handover	1st May 2013

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3	Terms of concession	Concession fee would be higher of the following amounts:- a) The amount obtained by multiplying Revenue share percentage of 42% to the Monthly Gross Revenue arising from the concession b) MMG : (1) For FY 2012-13, MMG shall be Rs. 58,33,333 (2) Thereafter, from FY 2013-14, for each financial year till the end of the term, the MMG amount shall automatically stand escalated by 5%
4	Duration of concession	From Handover date till 30th September 2024

Outsourcing of Domestic cargo handling has been intimated to the Authority vide our letter no. MIAL/CEO/157 dated 26th December, 2013 and MIAL/VPR/10 dated 10th March, 2014.

(b) International cargo operation

International cargo operation has been outsourced to CONCOR Air Limited w.e.f. 18th February 2014. Key points of the concession agreement are as under:

1.	Name of concessionaire	CONCOR Air Limited
2	Date of Handover	18th Feb 2014
3	Terms of concession	Concession fee would be higher of the following amounts:- a) The amount obtained by multiplying Revenue share percentage of 69% to the monthly Gross Revenue arising from the concession b) MMG :

For each month during FY	MMG (in Rs. crores)
2013-14	12.25
2014-15	13.50
2015-16	15.00
2016-17	16.50

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4	Duration of concession	Till the 3rd anniversary of the Handover Date.

Outsourcing of International cargo handling has been intimated to the Authority vide our letter no. MIAL/VPR/10 dated 10th March, 2014.

(c) Perishable cargo

Cargo Service Centre India Private Limited (CSC), started Cargo Handling Services at the Perishable Cargo Terminal at CSI Airport, Sahar Cargo Complex from FY 12. MIAL receives higher of MAG (Minimum Annual Guarantee) and Revenue Share from CSC. It may be noted that perishable cargo facility became operational from 16.05.2011.

(d) Courier cargo

MIAL has given a concession to Express Industry Council of India (EICI) on BOT basis to construct and operate an integrated courier terminal facility for processing of export and import Express Courier and also provided infrastructure facilities to EICI for X-ray. MIAL receives the revenue share of Rs. 2.60 per kilogram and Rs. 3.25 per kilogram from EICI which depends upon the fact whether the services are provided by EICI/Airlines directly or through a Regulated Agent.

MIAL will be pleased to provide any additional details/ clarifications, desired by the Authority.

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

Enclosed : as above

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Gmail by Google

Yashumati Sharma <yash2863@gmail.com>

Fw: Fwd: Response to Authority lettter no. 6335 dated 28th August, 2014

1 message

radhika khan <radhi_khan@yahoo.co.in> Mon, Sep 15, 2014 at 3:32 PM
Reply-To: radhika khan <radhi_khan@yahoo.co.in>
To: "yash2863@gmail.com" <yash2863@gmail.com>

Regards,
Radhika R,
Jt.GM
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
New Delhi - 110 003
Tel. No. 24695043-47

On Monday, 15 September 2014 11:47 AM, CV Deepak <cvdeep@gmail.com> wrote:

Dear Amit,

Please find attached the response from MIAL on the clarifications sought pursuant to the financial model reconciliation meeting held on 8/9th Sep' 2014.

Regards,

C.V.Deepak
OSD-II
AERA

---------- Forwarded message ----------
From: **Sanjiv Bhargava** <sanjiv.bhargava@gvk.com>
Date: Sat, Sep 13, 2014 at 7:19 PM
Subject: Response to Authority lettter no. 6335 dated 28th August, 2014
To: "alok.shekhar@aera.gov.in" <alok.shekhar@aera.gov.in>
Cc: deepak <cvdeep@gmail.com>, radhika khan <radhi_khan@yahoo.co.in>, Vinod Hiran <Vinod.Hiran@gvk.com>, Alok Patni <alok.patni@gvk.com>

Sir
Please find attached our letter no. MIAL/VPR/14-15/29 dated 12th September, 2014

Annexure 1 (a)

Terminal wise allocation of expenses for the FY 12

Rs. in Crs.

Row Labels	As per Financial Statements	Terminal 1	Terminal 2	Unallocated
Salary	103	-	-	103
Administrative and Other Expenses	54	-	-	54
Advertisement & Publicity	4	-	-	4
Airport Operator's Charges	6	-	-	6
Bad Debts written off and Provision for Bad debts	3	-	-	3
Consumable stores	4	1	1	2
Insurance	3	-	-	3
Operating Costs	60	12	15	32
Power, Water and Fuel (Refer Note 1)	37	-	-	37
Rent, Rates and Taxes	12	-	-	12
Repairs and Maintenance	39	6	8	25
DF Collection Charges	-	-	-	-
Interest on working capital Loans and Others	0	-	-	0
Interest on VRS Loan	6	-	-	6
Other Finance Charges	1	-	-	1
Provision for PSF	-	-	-	-
AAI Compensation Loan	-	-	-	-
Grand Total	**333**	**19**	**25**	290

Note 1:-
Power, Water and Fuel expenses (a+b+c)

Power Consumption	Terminal 1	Terminal 2	Others	Total
Total amount in crs.	24	37	2	62
(b) Less: Recovery from Concessionaries				
Recovery from Concessionaries (Rs in Crs.) (i)				19
Common User Charges (CUC) (Rs in Crs.) (ii)				12
Total Recovery (Rs in Crs.) (b=i+ii)				31
Net Electricity Charges (a-b) (A)				31

Water Consumption (B)	4
Fuel Consumption (C)	2
Total (A+B+C)	37

Annexure 1 (b)

Terminal wise allocation of expenses for the FY 13

Rs. in Crs.

Row Labels	As per Financial Statements	Terminal 1	Terminal 2	Unallocated
Salary	115			115
Administrative and Other Expenses	59			59
Advertisement & Publicity	5			5
Airport Operator's Charges	7			7
Bad Debts written off and Provision for Bad debts	16			16
Consumable stores	4	1	1	2
Insurance	3			3
Operating Costs	65	15	16	34
Power, Water and Fuel (Refer Note 1)	44			44
Rent, Rates and Taxes	57			57
Repairs and Maintenance	50	13	11	26
DF Collection Charges	1			1
Interest on working capital Loans and Others	2			2
Interest on VRS Loan	4			4
Other Finance Charges	1			1
Provision for PSF	20			20
Arrears of Annual Fee	0			
AAI Compensation Loan	25			
Grand Total	**476**	**29**	**28**	**394**

Note 1:-
Power, Water and Fuel expenses (a+b+c)

Power Consumption	Terminal 1	Terminal 2	Others	Total
Total amount in crs.	**26**	**36**	**4**	**65**
(b) Less: Recovery from Concessionaries				
Recovery from Concessionaries (Rs in Crs.) (i)				20
Common User Charges (CUC) (Rs in Crs.) (ii)				9
Total Recovery (Rs in Crs.) (b=i+ii)				**29**
Net Electricity Charges (a-b) (A)				**36**

Water Consumption (B)	6
Fuel Consumption (C)	2
Total (A+B+C)	**44**

Annexure 1 (c)

Terminal wise allocation of expenses for the FY 14

Rs. in Crs.

Row Labels	As per Financial Statements	Terminal 1	Terminal 2	Cargo	New T2	Unallocated
Salary	155	-	-	-	-	155
Administrative and Other Expenses	76	-	-	-	-	76
Advertisement & Publicity	16	-	-	-	12	4
Airport Operator's Charges	8	-	-	-	-	8
Bad Debts written off and Provision for Bad debts	10	-	-	-	-	10
Consumable stores	4	-	2	0	-	2
Insurance	4	-	-	-	-	4
Operating Costs	86	15	23	22	12	14
Power, Water and Fuel (Refer Note 1)	64	-	-	-	-	64
Rent, Rates and Taxes	28	-	-	-	-	28
Repairs and Maintenance	113	12	8	6	12	75
DF Collection Charges	2	-	-	-	-	2
Interest on working capital Loans and Others	5	-	-	-	-	5
Interest on VRS Loan	0	-	-	-	-	0
Other Finance Charges	11	-	-	-	-	11
Provision for PSF	8	-	-	-	-	8
AAI Compensation Loan	21	-	-	-	-	21
Grand Total	**612**	**27**	**33**	**28**	**37**	**488**

Note 1:-

Power, Water and Fuel expenses (a+b+c)

Power Consumption	T1*	Cargo	New T2	Others**	Total
Consumption in Units - in Mn	70	10	24	1	104.68
Weighted Average rate for the year					8.40
Total amount in crs.					88
(b) Less: Recovery from Concessionaries					
Cargo					5.31
Multi-Level Car Parking					—
Concessionaires					16.25
Total (Units in Million)					21.56
Rate per unit (INR) (Note 3)					10.93
Recovery from Concessionaries (Rs in Crs.) (i)					24
Common User Charges (CUC) (Rs in Crs.) (ii)					9
Total Recovery (Rs in Crs.) (b=i+ii)					33
Net Electricity Charges (a-b) (A)					55

*Terminal 1 includes Terminal 1, existing Terminal 2, CCR2, old STP and miscellaneous locations.

**Others includes new Sewage Treatment Plant, Multi-Level Car Parking, Elevated road and CSIA Entrance.

Water Consumption (B)	6
Fuel Consumption (C)	2
Total (A+B+C)	64

Annexure 2(a)

Terminal wise allocation of expenses for FY 15

Rs. In Crs.

Row Labels	Total Amount	Terminal 1	New T2	Unallocated
Employee Cost	184	-	-	184
Utilities Expenses (Refer note below)	154	-	-	154
Repair & Maintenance Expense	114	14	46	54
Rents, Rates & Taxes	58	-	-	58
Advertisement Expense	9	-	-	9
Administrative Expenses	74	-	-	74
AOA Fees	8	-	-	8
Insurance Expense	7	-	-	7
Consumable stores	5	2	2	2
Operating cost	97	14	65	18
Working Capital Interest	9	-	-	9
Financing charges	3	-	-	3
VRS exp	20	-	-	20
Loss on scrapping of Asset	287	-	-	287
Provision for PSF (exp)	11	-	-	11
CSR cost	10	-	-	10
Grand Total	**1,050**	**30**	**113**	**908**

Note 1:-
Power, Water and Fuel expenses (a+b+c)

Particulars	T1*	Cargo	New T2	Others**	Total
Consumption in Units - in Mn	42	10	138	11	201
Rate per Unit	9.59	9.59	9.59	9.59	9.59
Total consumption (in Rs. Mn)	**403**	**95**	**1324**	**110**	**1931**
Less: Recovery					
Cargo		10			10
MLCP				8	8
Concessionaires					15
Total recovery of units (in Mn)					33
Recovery Rate per unit					12.47
Total recovery (in Rs. Mn)					**411**
CUC* **					112
Total recovery including CUC (in Rs. Mn)					523
Net Power Cost (in Mn)					**1408**

* Includes T1, existing T2, CCR2, old STP and miscellaneous
** Includes new STP, MLCP, Elevated road and CSIA Entrance

Water Consumption (B)	101
Fuel Consumption (C)	26
Total (A+B+C)	**1,535**

Annexure 2(b)

Terminal wise allocation of expenses for FY 16

Rs. in Crs.

Row Labels	Total Amount	Terminal 1	New T2	Unallocated
Employee Cost	207	-	-	207
Utilities Expenses (Refer note below)	156	-	-	156
Repair & Maintenance Expense	140	8	50	83
Rents, Rates & Taxes	59	-	-	59
Advertisement Expense	8	-	-	8
Administrative Expenses	77	-	-	77
AOA Fees	8	-	-	8
Insurance Expense	8	-	-	8
Consumable stores	6	1	2	3
Operating cost	99	8	70	21
Working Capital Interest	9	-	-	9
Financing charges	3	-	-	3
VRS exp	20	-	-	20
Loss on scrapping of Asset	44	-	-	44
Provision for PSF (exp)	12	-	-	12
CSR cost	2	-	-	2
Grand Total	**861**	**16**	**122**	723

Note 1:-
Power, Water and Fuel expenses (a+b+c)

Particulars	T1*	Cargo	New T2	Others**	Total
Consumption in Units - In Mn	30	10	140	11	192
Rate per Unit	10.50	10.50	10.50	10.50	10.50
Total consumption (in Rs. Mn)	**319**	**104**	**1469**	**120**	**2013**
Less: Recovery					
Cargo		10			10
MLCP				8	8
Concessionaires					15
Total recovery of units (in Mn)					33
Recovery Rate per unit					13.65
Total recovery (in Rs. Mn)					**450**
CUC* **					147
Total recovery including CUC (in Rs. Mn)					597
Net Power Cost (in Mn)					**1416**

* Includes T1, existing T2, CCR2, old STP and miscellaneous

** Includes new STP, MLCP, Elevated road and CSIA Entrance

Water Consumption (B)	119
Fuel Consumption (C)	30
Total (A+B+C)	**1,565**

Annexure 2(c)

Terminal wise allocation of expenses for FY 17

Rs. in Crs.

Row Labels	Total Amount	Terminal 1	New T2	Unallocated
Employee Cost	231	-	-	231
Utilities Expenses (Refer note below)	173	-	-	173
Repair & Maintenance Expense	165	8	54	103
Rents, Rates & Taxes	60	-	-	60
Advertisement Expense	8	-	-	8
Administrative Expenses	87	-	-	87
AOA Fees	8	-	-	8
Insurance Expense	8	-	-	8
Consumable stores	7	1	2	4
Operating cost	109	8	76	25
Working Capital Interest	9	-	-	9
Financing charges	4	-	-	4
VRS exp	19	-	-	19
Loss on scrapping of Asset	-	-	-	-
Provision for PSF (exp)	13	-	-	13
CSR cost	1	-	-	1
Grand Total	**904**	**17**	**132**	**755**

Note 1:-

Power, Water and Fuel expenses (a+b+c)

Particulars	T1*	Cargo	New T2	Others**	Total
Consumption in Units - in Mn	30	10	140	11	192
Rate per Unit	11.33	11.33	11.33	11.33	11.33
Total consumption (in Rs. Mn)	**345**	**113**	**1585**	**130**	**2172**
Less: Recovery					
Cargo		10			10
MLCP				8	8
Concessionaires					15
Total recovery of units (in Mn)					33
Recovery Rate per unit					14.73
Total recovery (in Rs. Mn)					486
CUC* **					133
Total recovery including CUC (in Rs. Mn)					619
Net Power Cost (in Mn)					**1553**

* Includes T1, existing T2, CCR2, old STP and miscellaneous

** Includes new STP, MLCP, Elevated road and CSIA Entrance

Water Consumption (B)	138
Fuel Consumption (C)	36
Total (A+B+C)	**1,728**

Annexure 2(d)

Terminal wise allocation of expenses for FY 18

Rs. in Crs.

Row Labels	Total Amount	Terminal 1	New T2	Unallocated
Employee Cost	257	-	-	257
Utilities Expenses (Refer note below)	189	-	-	189
Repair & Maintenance Expense	182	9	58	115
Rents, Rates & Taxes	62	-	-	62
Advertisement Expense	9	-	-	9
Administrative Expenses	99	-	-	99
AOA Fees	8	-	-	8
Insurance Expense	9	-	-	9
Consumable stores	7	1	2	5
Operating cost	122	9	82	31
Working Capital Interest	9	-	-	9
Financing charges	4	-	-	4
VRS exp	19	-	-	19
Loss on scrapping of Asset	-	-	-	-
Provision for PSF (exp)	15	-	-	15
CSR cost	-	-	-	-
Grand Total	**991**	**19**	**142**	**831**

Note 1:-

Power, Water and Fuel expenses (a+b+c)

Particulars	T1*	Cargo	New T2	Others**	Total
Consumption in Units - in Mn	30	10	140	11	192
Rate per Unit	12.22	12.22	12.22	12.22	12.22
Total consumption (in Rs. Mn)	**372**	**121**	**1710**	**140**	**2343**
Less: Recovery					
Cargo		10			10
MLCP				8	8
Concessionaires					15
Total recovery of units (in Mn)					33
Recovery Rate per unit					15.89
Total recovery (in Rs. Mn)					**524**
CUC* **					133
Total recovery including CUC (in Rs. Mn)					657
Net Power Cost (in Mn)					1686

* Includes T1, existing T2, CCR2, old STP and miscellaneous

** Includes new STP, MLCP, Elevated road and CSIA Entrance

Water Consumption (B)	161
Fuel Consumption (C)	43
Total (A+B+C)	**1,891**

Annexure 2(e)

Terminal wise allocation of expenses for FY 19

Rs. In Crs.

Row Labels	Total Amount	Terminal 1	New T2	Unallocated
Employee Cost	284	-	-	284
Utilities Expenses (Refer note below)	207	-	-	207
Repair & Maintenance Expense	207	10	63	134
Rents, Rates & Taxes	64	-	-	64
Advertisement Expense	9	-	-	9
Administrative Expenses	112	-	-	112
AOA Fees	9	-	-	9
Insurance Expense	9	-	-	9
Consumable stores	9	1	2	6
Operating cost	137	10	88	39
Working Capital Interest	9	-	-	9
Financing charges	4	-	-	4
VRS exp	18	-	-	18
Loss on scrapping of Asset	-	-	-	-
Provision for PSF (exp)	16	-	-	16
CSR cost	9	-	-	9
Grand Total	**1,103**	**20**	**153**	930

Note 1:-

Power, Water and Fuel expenses (a+b+c)

Particulars	T1*	Cargo	New T2	Others**	Total
Consumption in Units - In Mn	30	10	140	11	192
Rate per Unit	13.19	13.19	13.19	13.19	13.19
Total consumption (in Rs. Mn)	**401**	**131**	**1846**	**151**	**2529**
Less: Recovery					
Cargo		10			10
MLCP				8	8
Concessionaires					15
Total recovery of units (in Mn)					33
Recovery Rate per unit					17.15
Total recovery (in Rs. Mn)					**565**
CUC* **					133
Total recovery including CUC (in Rs. Mn)					698
Net Power Cost (in Mn)					**1830**

* Includes T1, existing T2, CCR2, old STP and miscellaneous

** Includes new STP, MLCP, Elevated road and CSIA Entrance

Water Consumption (B)	188
Fuel Consumption (C)	51
Total (A+B+C)	**2,070**

Ann 3

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of (i) Development Fee (DF) Billed & Collected during the financial years 2009-10 to 2013-14, (ii) Projected year wise schedule of DF to be collected as on 01 April, 2014, (iii) Amounts securitized on account of DF till 31 March, 2014 and schedule of drawdowns of securitized loan, (iv) Interest paid on account of DF securitization loan during the financial years 2009-10 to 2013-14 (v) Capital expenditure incurred and assets capitalized out of the expenditure incurred during the each financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

Based on the certification from the management and on review of the Management Information System (MIS) and the books of account of the Company in connection with certification of (i) Development Fee (DF) Billed & Collected during the financial years 2009-10 to 2013-14, (ii) Projected year wise schedule of DF to be collected as on 01 April, 2014, (iii) Amounts securitized on account of DF till 31 March, 2014 and schedule of drawdowns of securitized loan, (iv) Interest paid on account of DF securitization loan during the financial years 2009-10 to 2013-14 (v) Capital expenditure incurred and assets capitalized out of the expenditure incurred during the each financial years 2009-10 to 2013-14 and we hereby certify the following:

(I) ADF Billed and Collected

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Balance as on 01-04					
Bank balances under AAI control	---	---	---	---	69
Receivable from airlines (net of service tax) (net of advance from airlines)	---	204	289	23	183
	---	204	289	23	252
Billed during the year	2,854	3,248	258	2,686	3,488
Interest on delayed payment	---	---	---	16	36
	2,854	3,248	258	2,702	3,524

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

(1)

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Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Collected during the year	2,650	3,163	524	2,473	3,283
Written off during the year	---	---	---	---	2
	2,650	3,163	524	2,473	3,285
Balance as on 31-03					
Bank balances under AAI control	---	---	---	69	67
Receivable from airlines (net of service tax) (net of advance from airlines)	204	289	23	183	424
	204	289	23	252	491

Reconciliation with DF auditor's report

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Collected during the year (above working)	2,650	3,163	524	2,473	3,283
Less: Collection of DF as per DF order dated 27th Feb 2009	---	---	---	(23)	---
	2,650	3,163	524	2,450	3,283
Adjustment of balances with Bank under AAI control	---	---	---	69	(2)
Collected during the year (as per DF auditor's report)	2,650	3,163	524	2,519	3,281

(ii) Balance DF to be collected as on 01 April, 2014 with projected yearwise schedule

Particulars	Rs in Million
DF Receivable as on 01 April, 2014	24,638
Interest on Loan taken on securitisation of DF (Note) (Based on the projected repayment schedule and applicable rate of interest as on 31 March, 2014)	22,108
Total DF receivable	46,746

Note:
(1) Calculated by considering Rate of interest as on 31 March 2014 is as applicable rate of interest for projected repayment schedule.
(2) Based on the Management representation for projected repayment schedule

B. KASHMAYYA & CO. Chartered Accountants HYDERABAD

(2)

Projected year-wise schedule for collection of DF

Financial Year	Rs in Million
2014-15	3,718
2015-16	3,903
2016-17	4,099
2017-18	4,305
2018-19	4,522
2019-20	4,755
2020-21	5,000
2021-22	5,259
2022-23	5,533
2023-24	5,652
Total	46,746

Note:

(1) Based on the Management representation for number of embarking passengers

(iii) Amounts securitized on account of DF till date & schedule of drawdowns of securitized loan

a) Rs 26,478 Millions securitized on account of DF

Name of the Bank	Rs in Million
Axis Bank Ltd	1,978
IDBI Bank Ltd	5,000
Bank of India	5,000
Canara Bank	3,000
Vijaya Bank	2,500
Union Bank of India	2,000
United Bank of India	4,000
L&T Infrastructure Finance Co Ltd	2,000
Adithya Birla Finance Ltd	1,000
Total	26,478

b) Securitized loan drawdown during the financial years 2012-13 and 2013-14 are of Rs 17,500 Million and Rs 8,978 Million respectively.

(iv) Interest paid on account of DF securitization loan

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Interest paid	---	---	---	411	2,982

B. RAHMAYYA & CO. Chartered Accountants HYDERABAD.

(v) Capital expenditure incurred and assets capitalized out of the expenditure incurred during the each financial years 2009-10 to 2013-14

(₹ in Millions)

Particulars		FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital expenditure incurred during the year (Note – 1, 3 & 4)	(a)	12,413	16,322	19,902	22,229	16,887
Assets capitalised during the year from (a) above (Note – 2 & 4)	(b)	2,879	1,765	1,997	1,355	14,978
Aeronautical assets from (b) above	(c)	2,578	1,506	1,734	1,173	14,240
Depreciation on the Aeronautical assets during the year of above (c)	(d)	24	24	43	26	187
% of depreciation charged during the year [(d)/(c)]	(e)	0.93	1.56	2.48	2.25	1.31
Depreciation during the year if asset is capitalised on the first day of the year	(f)	157	60	70	43	795

Basis / assumptions for preparation of the above statement:

1. Capital expenditure incurred and assets classification between aeronautical and others are based on project wise information available in Management Information System of the Company;
2. Non-transferrable assets are considered as non-aeronautical assets;
3. Common assets are allocated to aeronautical and non- aeronautical assets based on terminal area wise (including sitting area) and
4. Depreciation on the Aeronautical assets during the year is calculated by applying applicable rate of depreciation and proportionate to asset used during the year.

Note:

1. Capital expenditure incurred as per (a) above is exclusive of expenditure incurred on the following:
   a. Retirement Compensation to AAI,
   b. BOT Projects,
   c. Fuel Hydrant System and Other Projects and
   d. Real estate and urban planning

2. Assets capitalised as per (b) above excludes expenditure incurred on:
   a. Retirement Compensation to AAI and
   b. Fuel Hydrant System and Other Projects

3. Capital expenditure is inclusive of advances for capital works and expenditure during construction period, pending allocations (net).

4. Capital expenditure incurred as per (a & b) above is before netting off of expenditure funded through Development Fee (DF).

RAHMAYYA & CO. Chartered Accountants HYDERABAD

(4)

(vi) We further confirm that the Interest loan taken from banks and others on securitisation of ADF has not been included in the IDC considered in the total project cost of Rs 12,500 Crores presented by MIAL.

Since the procedures performed in connection with certification of (i) Development Fee (DF) Billed & Collected during the financial years 2009-10 to 2013-14, (ii) Projected year wise schedule of DF to be collected as on 01 April, 2014, (iii) Amounts securitized on account of DF till 31 March, 2014 and schedule of drawdowns of securitized loan, (iv) Interest paid on account of DF securitization loan during the financial years 2009-10 to 2013-14 (v) Capital expenditure incurred and assets capitalized out of the expenditure incurred during the each financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 10-07-2014

Annexure 4

Bifurcation of Project cost into Hard cost and soft cost

Rs. in Crs.

	Description	Project cost	Cost disallowed	Cost deferred	Project cost for first control period
A	**Hard cost**				
	T1 projects	453	54	-	399
	T2 projects	5,083	1	-	5,082
	Runway, Taxiway and Apron	1,545	-	32	1,513
	Landside projects	41	1	-	40
	Miscellaneous projects	562	52	25	485
	AAI works taken over (5.4 of OMDA)	24	-	-	24
	Technical services and consultancy	834	48	-	786
	Capital expenditure for operation	118	-	-	118
	Upfront fees paid to AAI	154	154	-	-
	ATC equipment cost & Technical block in NAD colony	310	-	200	110
	Contribution to MMRDA for Sahar elevated road	166	-	-	166
	WHSS-Shivaji Smarak/ Memorial	25	-	25	-
	Mithi River realignment	150	-	-	150
	RET N5 & E2	51	1	-	50
	Enabling cost for taking over carved out assets (NAD colony)	110	-	110	-
	Cost of settlement of land	30	-	30	-

Rs. in Crs.

	Description	Project cost	Cost disallowed	Cost deferred	Project cost for first control period
	Escalation & Claims	450	-	-	450
	Contingency	180	-	-	180
	Total - A	**10,286**	**310**	**422**	**9,553**
B	**Soft cost**				
	Pre-operative expenses	684	-	-	684
	Capitalised Interest	1,410	-	-	1,410
	Total - B	**2,094**	**-**	**-**	**2,094**
	Total Project cost (A+B)	**12,380**	**310**	**422**	**11,647**

Annexure 5
05/01/15

Brahmayya & Co.,
CHARTERED ACCOUNTANTS

VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of Category wise depreciation during the financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

We have reviewed the books of account of the Company in connection with certification of Category wise depreciation during the financial years 2009-10 to 2013-14 and we hereby certify the following:

i) Depreciation Rates considered for the financial years 2009-10 to 2013-14

Gross Block	As per Companies Act (SLM) %	As per Income Tax Act (WDV) %
a. Tangible Assets		
i. Buildings	3.34	10.00
ii. Building Improvements	10.00	10.00
iii. Runways	5.00	10.00
iv. Taxiways and Aprons	3.34	10.00
v. Plant and Machinery	10.34	15.00
vi. Computers	16.21	60.00
vii. Office and Other Equipments	10.34	15.00
viii. Furniture and Fixtures	9.50	10.00
ix. Vehicles	11.31	15.00
x. Temporary Erections	3.34 (Useful life)	100.00
b. Intangible Assets		
i. Upfront fee	3.33 i.e. 30 Years	25.00
ii. Other Compensation (Retirement Compensation to AAI employees)	3.70 i.e. 27 Years	On payment basis
iii. Computer Software	16.21	60.00

Source: Audited Financial Statements and Return of Income filed with Income Tax Department

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

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ii) Depreciation / Amortisation on

a) Project Assets

Rs in Million

Gross Block	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a. Tangible Assets					
i. Buildings / Improvements	172	227	263	327	638
ii. Runways, Taxiways and Aprons	107	269	413	481	498
iii. Plant and Machinery	223	322	356	418	684
iv. Computers	72	51	73	74	66
v. Office and Other Equipments	34	45	47	47	35
vi. Furniture and Fixtures	25	35	35	37	120
vii. Vehicles	-	-	-	-	-
Total (a)	633	949	1,187	1,384	2,041
b. Intangible Assets					
i. Upfront fee	51	51	51	51	51
ii. Computer Software	10	41	61	66	82
Total (b)	61	92	112	117	133
Total (a+b)	694	1,041	1,299	1,501	2,174

b) Operation Assets

Rs in Million

Gross Block	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a. Tangible Assets					
i. Buildings / Improvements	-	-	1	3	46
ii. Runways, Taxiways and Aprons	-	-	-	4	22
iii. Plant and Machinery	-	-	10	25	83
iv. Computers	-	-	2	4	7
v. Office and Other Equipments	-	-	1	1	2
vi. Furniture and Fixtures	-	-	3	5	16
vii. Vehicles	-	-	0	0	0
Total (a)	-	-	17	42	176
b. Intangible Assets					
i. Upfront fee	-	-	-	-	-
ii. Computer Software	-	-	1	3	9
Total (b)	-	-	1	3	9
Total (a+b)	-	-	18	45	185

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

c) Depreciation / Amortisation (Project and Operation assets)

Rs in Million

Gross Block	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a. Tangible Assets					
i. Buildings / Improvements	172	227	264	330	684
ii. Runways, Taxiways and Aprons	107	269	413	485	520
iii. Plant and Machinery	223	322	366	443	767
iv. Computers	72	51	75	78	73
v. Office and Other Equipments	34	45	48	48	37
vi. Furniture and Fixtures	25	35	38	42	136
vii. Vehicles	0	-	0	0	0
Total (a)	633	949	1,204	1,426	2,217
b. Intangible Assets					
i. Upfront fee	51	51	51	51	51
ii. Computer Software	10	41	62	69	91
Total (b)	61	92	113	120	142
Total (a+b)	694	1,041	1,317	1,546	2,359

Note:
Depreciation / Amortisation is exclusive of amortisation of compensation paid to AAI and inclusive of depreciation on fuel hydrant system and Multi-level car parking at Terminal 2 as detailed below:

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Compensation paid to AAI	97	97	102	119	119
Fuel Hydrant System	0	9	10	31	72
Multi-level car parking at Terminal 2	-	-	-	-	70

Since the procedures performed in connection with certification of certification of Category wise depreciation during the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

BRAHMAYYA & CO. Chartered Accountants HYDERABAD.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000511S

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Mumbai
Date: 17 June, 2014

Annexure 6

26

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of expenditure incurred on Power & Fuel and Water (net of recoveries from concessionaries) for the financial year 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

We have reviewed the books of account of the Company in connection with certification of expenditure incurred on Power & Fuel and Water (net of recoveries from concessionaries) for the financial year 2013-14 and we hereby certify that following:

I) Electricity Charges for the financial year 2013-14

Particulars	Terminal 1	Cargo	New Terminal 2	Others	Total
	(Note1)			(Note2)	
Consumption (Units in Million) (i)	69.91	9.52	24.38	0.82	104.63
Rate per unit (INR) (Note 3) (ii)					8.40
(a) Consumption (Rs in Million) (i*ii)					879.18

(b) Recovery from Concessionaries	Cargo	Other Concessionaries	Total
Consumption (Units in Million)	5.31	16.25	21.56
Rate per unit (INR)			10.93
Recovery from Concessionaries (Rs in Million) (i)			235.64
Common User Charges (CUC) (Rs in Million) (ii)			91.71
Total Recovery (Rs in Million) (b=i+ii)			327.35
Net Electricity Charges (a-b)			551.83

Note 1: Terminal 1 includes Terminal 1, existing Terminal 2, CCR2, old STP and miscellaneous locations.
Note 2: Others includes new Sewage Treatment Plant, Multi-Level Car Parking, Elevated road and CSIA Entrance.
Note 3: Weighted Average rate for the year.

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

ii) Water Charges for the financial years 2012-13 and 2013-14

Particulars	2012-13			2013-14		
	Consumption (Units in Million)	Rate per unit (INR)	Consumption (Rs in Million)	Consumption (Units in Million)	Rate per unit (INR)	Consumption (Rs in Million)
(a) Consumption	1.41	58.77	82.65	1.38	67.89	93.52
(b) Recovery from Concessionaries	0.25	63.41	15.88	0.26	73.59	19.47
(c) Common User Charges (CUC) (Rs in Million) (ii)			9.59			9.54
(d) Total Recovery (d=b+c)			25.47			29.01
Net Water Charges (a-d)			57.18			64.51

Note : Weighted Average rate for the year

iii) Fuel Cost for the financial year 2013-14

Particulars	Consumption (Units in '000)	Rate per unit (INR) (Note)	Cost (Rs in Million)
Diesel	245	59.35	14.54
New T2 DG	22	62.22	1.37
Petrol	48	77.88	3.70
CNG	9	49.58	0.46
Store Issue			1.55
Total			21.62

Note: Weighted Average rate for the year

Since the procedures performed in connection with certification of expenditure incurred on Power & Fuel and Water (net of recoveries from concessionaries) for the financial year 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & CO. Chartered Accountants HYDERABAD.

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 10-07-2014

Ann 7

SUMMARY OF LOAD ESTIMATION - T2 BUILDING				
			As Per Design	
Sl.No.	DESCRIPTION	C.L(KW)	D.F	M.D(KW)
1	Lighting	4881	0.9	4393
2	Apron Lighting	503	0.6	318
3	Power sockets	3530	0.2	706
	Power sockets (Emergency)	1335	0.9	1202
4	UPS	1875	0.9	1687
5	HVAC			
	a. AHU,HRW	4751	0.8	3801
	b. VENTILLATION	2390	0.8	1912
	c.Life safety ventilation	1202	0.0	0
6	Plumbing	950	0.8	760
7	Fire Protection	334	0.0	0
8	MECHINAL EQUIPMENT			
	I) Travel			
	a. Lifts	1840	0.7	1288
	b. Escalators & Travellators	970	0.8	776
	II) BHS	5633	0.7	4089
9	Tenant,M 9 Area	3484	0.7	2461
10	Retail	1528	0.7	1077
11	Food And Beverage	1661	0.7	1164
12	PBB Gate Bridges	1560	0.5	780
13	CAR PARK, CONNECTOR BRIDGE	378	0.8	302
14	GATE NO.5 & 6	250	0.8	200
	Total	**39054**		**26916**
	Less for Sub station 4-1	**3750**		**2572**
	Total for Phase 2 load	**35304**		**24344**

As per Design Calculations (Dec 2013 to June 2014)

Connected Load (KW)	35304	KW
Maximum Demand (KW)	24344	KW
Maximum Demand (KVA)	27049	KVA

Utility Building

Connected Load (KW)	17251	KW
Maximum Demand (KW)	13693	KW
Maximum Demand (KVA)	15214	KVA

Monthly consumption	**10,954,604**	**Units**

Considered Load Factor of 45%. Reduced to 36%

Consumption from Dec 13 to Mar 2014	33	MU

Note : considered 50% consumption for December and Jan

Consumption from April 14 to June 14	33	MU

Total Units for FY 2014-15	131	MU
Total Units for FY 2015-16	140	MU
Total Units for FY 2016-17	140	MU
Total Units for FY 2017-18	140	MU
Total Units for FY 2018-19	140	MU

SUMMARY OF LOAD ESTIMATION - T2 BUILDING (Phase 3)				
			As Per Design	
Sl.No.	DESCRIPTION	C.L(KW)	D.F	M.D(KW)
1	Sub station 4-1	3750	0.7	2572
	Total	3750		2572

As per Design (From July 2014) [redacted] Loads

Connected Load (KW)	3750	KW
Maximum Demand (KW)	2572	KW
Maximum Demand (KVA)	2858	KVA

Monthly consumption	740736	Units

Considered Load Factor of 45%. Reduced to 36%

Terminal 1

From April 14 to Jan 15

Sr. No.	Location	Contract Demand (KVA)	Load Factor	Total Units	
1	Terminal 1	6000	65%	2808000	Units
2	Misc	1700	50%	612000	Units
3	CCR2	600	40%	172800	Units
4	STP	150	20%	21600	Units
			Total Units :	3614400	Units

For February 15

Sr. No.	Location	Contract Demand (KVA)	Load Factor	Total Units	
1	Terminal 1	6000	55%	2376000	Units
2	Misc	1700	50%	612000	Units
3	CCR2	600	40%	172800	Units
4	STP	150	20%	21600	Units
			Total Units :	3182400	Units

For March 15

Sr. No.	Location	Contract Demand (KVA)	Load Factor	Total Units	
1	Terminal 1	4000	65%	1872000	Units
2	Misc	1700	50%	612000	Units
3	CCR2	600	40%	172800	Units
4	STP	150	20%	21600	Units
			Total Units :	2678400	Units

Total Units FY 14-15 :	42	MU

From April 15 to Mar 16

Sr. No.	Location	Contract Demand (KVA)	Load Factor	Total Units	
1	Terminal 1	4000	60%	1728000	Units
2	Misc	1700	50%	612000	Units
3	CCR2	600	40%	172800	Units
4	STP	150	20%	21600	Units
			Total Units :	2534400	Units

Total Units FY 15 -16 :	30	MU
Total Units FY 16 -17 :	30	MU
Total Units FY 17 -18 :	30	MU
Total Units FY 18 -19 :	30	MU

Cargo

From April 14 to Jan 15

Sr. No.	Location	Contract Demand (KVA)	Load Factor	Total Units	
1	Cargo	2300	50%	828000	Units
			Total Units :	828000	Units

Total Units FY 14-15 :	10	MU
Total Units FY 15 -16 :	10	MU
Total Units FY 16 -17 :	10	MU
Total Units FY 17 -18 :	10	MU
Total Units FY 18 -19 :	10	MU

Other Load

STP		
Connected Load (KW)	1573	KW
Maximum Demand (KW)	900	KW
Maximum Demand (KVA)	1000	KVA
Monthly consumption	**216000**	**Units**

Load Factor considered as 45% and reduced to 30%.

MLCP		
Connected Load (KW)	4508	KW
Maximum Demand (KW)	4189	KW
Maximum Demand (KVA)	4654	KVA
Monthly consumption	**670176**	**Units**

Load Factor considered as 45% and reduced to 20%.

Elevated Road and CSIA Entrance		
Connected Load (KW)	465	KW
Maximum Demand (KW)	279	KW
Maximum Demand (KVA)	310	KVA
Monthly consumption	**66960**	**Units**

Load Factor considered as 45% reduced to 30%.

Consumption from Dec 13 to Mar 2014	3	MU
Consumption for FY 2014-15	11	MU
Consumption for FY 2015-16	11	MU
Consumption for FY 2016-17	11	MU
Consumption for FY 2017-18	11	MU
Consumption for FY 2018-19	11	MU

Ann 8

be considered adequate for domestic needs of urban communities, apart from non-domestic needs as flushing requirements. As a general rule the following rates per capita per day may be considered minimum for domestic and non-domestic needs:

a) For communities with population upto 20 000 and without flushing system:
   1) water supply through standpost — 40 lphd, *Min*
   2) water supply through house service connection — 70 to 100 lphd
b) For communities with population 20 000 to 100 000 together with full flushing system — 100 to 150 lphd
c) For communities with population above 100 000 together with full flushing system — 150 to 200 lphd

NOTE — The value of water supply given as 150 to 200 litres per head per day may be reduced to 135 litres per head per day for houses for Lower Income Groups (LIG) and Economically Weaker Section of Society (EWS), depending upon prevailing conditions.

4.1.1.1 Out of the 150 to 200 litres per head per day, 45 litres per head per day may be taken for flushing requirements and the remaining quantity for other domestic purposes.

4.1.2 *Water Supply for Buildings Other than Residences*

Minimum requirements for water supply for buildings other than residences shall be in accordance with Table 1.

Table 1 Water Requirements for Buildings Other than Residences

(*Clause* 4.1.2)

Sl No.	Type of Building	Consumption per Day, litres
(1)	(2)	(3)
i)	Factories where bath rooms are required to be provided	45 per head
ii)	Factories where no bath rooms are required to be provided	30 per head
iii)	Hospital (including laundry):	
	a) Number of beds not exceeding 100	340 per head
	b) Number of beds exceeding 100	450 per head
iv)	Nurses' homes and medical quarters	135 per head
v)	Hostels	135 per head
vi)	Hotel (up to 4 Star)	180 per head
vii)	Hotel (5 Star and above)	320 per head
viii)	Offices	45 per head
ix)	Restaurants	70 per seat
x)	Cinemas, concert halls and theatres	15 per seat
xi)	Schools:	
	a) Day schools	45 per head
	b) Boarding schools	135 per head

NOTE — For calculating water demand for visitors a consumption of 15 litres per head, per day may be taken.

4.1.3 *Water Supply Requirements of Traffic Terminal Stations*

The water supply requirements of traffic terminal stations (railway stations, bus stations, harbours, airports, etc) include provisions for waiting rooms and waiting halls. They do not, however, include requirements for retiring rooms. Requirements of water supply for traffic terminal stations shall be according to Table 2.

Table 2 Water Supply Requirements for Traffic Terminal Stations

(*Clause* 4.1.3)

Sl No.	Nature of Station/Terminal	Where Bathing Facilities are Provided litres/capita	Where Bathing Facilities are not Provided litres/capita
(1)	(2)	(3)	(4)
i)	Intermediate stations (excluding mail and express stops)	45	25
ii)	Junction stations and intermediate stations where mail or express stoppage is provided	70	45
iii)	Terminal stations	45	45
iv)	International and domestic airports	70	70

NOTES

1 The number of persons shall be determined by average number of passengers handled by the station daily; due consideration may be given to the staff and vendors likely to use facilities.

2 Consideration should be given for seasonal average peak requirements.

4.1.4 *Water Supply for Fire Fighting Purposes*

4.1.4.1 The Authority shall make provision to meet the water supply requirements for fire fighting in the city/area, depending on the population density and types of occupancy.

4.1.4.2 Provision shall be made by the owner of the building for water supply requirements for fire fighting purposes within the building, depending upon the height and occupancy of the building, in conformity with the requirements laid down in Part 4 'Fire and Life Safety'.

4.1.4.3 The requirements regarding water supply in storage tanks, capacity of fire pumps, arrangements of wet riser-cum-downcomer and wet riser installations for buildings above 15 m in height, depending upon the occupancy use, shall be in accordance with Part 4 'Fire and Life Safety'.

4.1.5 *Water Supply for Other Purposes*

4.1.5.1 Water supply in many buildings is also required for many other applications other than

MUNICIPAL CORPORATION OF GREATER MUMBAI
H.E.DEPARTMENT
E.E.Meter (Rev) / 191 /SR dt. 1/7/13

Ann 8

Sub:- Increase in existing Water Charges Rates with effective from 16.06.2013.

Ref.:- 1)SCR NO.149 of 9.5.2012.
2)MGC /F/923 of 5.6.2013.

The Standing Committee vide SCR No. 149 dated 9.5.2012 has approved proposal for the revision in water charges upto 8% maximum every year. Accordingly Municipal Commissioner has accorded sanction vide No. MGC/F/923 of 5.6.2013 to increase the existing water charges rates for domestic & non – domestic purpose under Rule No. 1.01 , 1.01(A), 1.1, 1.2, 1.4, 1.5, 1.6 & 6.2.4 by 8% with effect from 16.6.2013.

The details of increase in Water Charges Rules are as under.

Water Charges Rule No.	Categories	Existing rate prior to 16.06.2013 (Rate per 1000 Ltrs.) In Rs.	Revised rate with effect from 16.06.2013. (Rate per 1000 Ltrs.) In Rs.
1.01 & 1.01(A)	Slum area , and Gaothan area etc.	3.00	3.24
1.1	Co-operative societies and Premises etc.	4.00	4.32
1.2	Hall ,Hospitals, Coaching Classes etc.	16.00	17.28
1.4	Commercial Establishments, requiring Licensee of Health department under section 394 of MMC Act,Photo Studio etc.	30.00	32.40
1.5	Offices,Shops,Malls, Lodges,Theater,Godowns, Factories ,Work Shops.etc.	40.00	43.20
1.6	Race Coarse,Hotels having Three Star and Above etc.	60.00	64.80
6 2.4	1. Covered under Rule 1.01(A) hereinbefore.	6.00	6.48
	2. Covered under Rule 1.1 hereinbefore.	8.00	8.64
	3. Covered under Rule 1.2 hereinbefore	32.00	34.56
	4. Covered under Rule 1.4 hereinbefore	60.00	64.80
	5. Covered under Rule 1.5 hereinbefore	80.00	86.40
	6. Covered under Rule 1.6 hereinbefore	120.00	129.60

Note : Sewerage charges @ 60% of Water Charges are leviable.

A.E.(W.W.)'s of the wards are instructed to bring the above changes to the notice of their staff concerned and to note the revised rates which are effective from 16.06.2013 in the respective M.R. Entries and see that the consumption billed from 16.06.2013 onwards are charged at the appropriate revised rates and considering the changes stated above.

50

A.O.(Mtrs.)Enq.

The booklets of revised Water Charges Rules and Sewerage & Waste Removal Rules effective from 16.06.2013 will be made available shortly. However, in case of difficulties in interpretation of revised charges, Meter Suptd. Concerned may be contacted before taking any important decision in this behalf.

1/7/13
Dy. Hydraulic Engineer (P & C)

All Meter Superintendent
All A.E.(WW)'s 'K/E'
All E.E.(W.W.)'s
Dy.H.E.(City) (E.S.) (W.S.)
E.E.Mtrs.(Rev.)
H.E.(H.C.Gen.)

सहायक आयुक्त के/पूर्व
विभाग कार्यालय
13876
2013 ✓
अनुभाग

A. E. W. W. K/E. (Ward) Office
Azad Rd., Gundavali, Andheri (E).
04 JUL 2013
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MS II

SE/JE/MS/HCB/JE(MAINT)
All SEWW = 5
All MSIIC = 5
HCBD K/E

for noting & doing the needful pl
AEWW K/East 06/7/13

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51

Am 10

The Directors

Mumbai International Airport Private Limited
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B,
Santacruz (E), Mumbai – 400 099.

Attn: **Vinod Hiran, CFO & Company Secretary**

The Directors
ACSA Global Limited
Level 10, Tower A, 1, Cyber City,
Ebene, Mauritius.

Attn: **Haroon Jeena, Group Executive- Commercial**

Report of Factual Findings

1. This report is issued in accordance with the terms of our agreement dated August 21, 2013.

2. The Management of Mumbai International Airport Private Limited (the "Company") is responsible for the preparation of Statement of Computation of Performance Fee ("Statement") in accordance with clause 6.2 (a) of the Airport Operator Agreement dated 28 April 2006 as amended by Addendum to the said agreement dated 25 January 2010 (the "Airport Operator Agreement") entered into between MIAL (the "Company") and ACSA (the "Airport Operator"). The Management of the Company is also responsible for the creation and maintenance of all the records supporting its contents.

3. We have performed the procedures, which were prepared by Management of the Company and agreed with us, as enumerated in paragraph 4 below, with reference to the appropriateness of the accompanying Statement, which we have initialled for identification purposes only. Our work was performed in accordance with the Standard on Related Services 4400 -Engagements to perform agreed-upon procedures regarding financial information - issued by the Institute of Chartered Accountants of India. The sufficiency of these procedures is solely the responsibility of the Management. Consequently, we make no representation regarding the sufficiency of these procedures either for the purpose for which this report has been requested or for any other purpose.

4. We performed the following procedures:

   (a) Traced and agreed the base amount USD (1,136,543.09) with the $PF_{2012/2013}$ as computed on February 08, 2012 in accordance with the said Addendum to the Airport Operator Agreement.
   (b) Traced and agreed the USCPI2012 The United States of America Consumer Price Index, all urban consumers (CPI-U), U.S. city average, all items, in percent for the calendar year 1 January 2012 to 31 December 2012 as published by the U.S. Department of Labor with Consumer Price Index December 2012 released on January 16, 2013 and retrieved from www.bls.gov/cpi.
   (c) Re-performed the computation of PF2013/2014 by adding base amount to the multiplication of $USCPI_{2012}$ with base amount as mentioned above.

5. We report our findings below:
   (i) Agreed the amount to the computation without any exception.

Price Waterhouse & Co. Chartered Accountants FRN 304026E Hyderabad

52

6. Because the above procedures do not constitute either an audit or a review made in accordance with generally accepted auditing standards in India, we do not express any assurance on the Statement. Had we performed additional procedures or had we performed an audit or review of the Statement in accordance with generally accepted auditing standards in India, other matters might have come to our attention that we would have reported to you and which may have been of interest to you.

7. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the Services, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

8. This report is addressed to and provided to the Board of Directors of the Company and Directors of ACSA Global Limited solely for their internal purposes only and should not be used by any other person or for any other purpose. This report can be shared with FirstRand Bank Limited, South Africa for information purposes only and we to the fullest extent possible under the law neither accept nor assume any duty, responsibility or liability to them or to any third parties to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Price Waterhouse & Co.
Firm Registration Number: 304026E
Chartered Accountants

N.K. Varadarajan
Partner
Membership No: F90106
Place: Hyderabad
Date: August 30, 2013

GVK

Statement of Computation of $PF_{2013/14}$ viz. Performance Fee Payable to ACSA Global Limited (ACSA) by Mumbai International Airport Private Limited (MIAL) for the period 1 April 2013 to 31 March 2014, subject to all terms and conditions as stated in terms of clause 6.2 (a) of the Airport Operator Agreement as entered into between MIAL and ACSA dated 28 April 2006 as amended by Addendum to the said agreement dated 25 January 2010:

Particulars	Amount
Base Amount (refer Note I): (A)	USD 11,36,543.09
USC PI_{2012} (refer Note 2): (B)	1.7%
$PF_{2013/14}$ (refer Note 3): [C=A + (A * B)]	USD 11,55,864.32

Notes:

1) As stated in terms of clause 6.2 (a) of the Airport Operator Agreement as entered into between MIAL and ACSA dated 28 April 2006 as amended by Addendum to the said agreement dated 25 January 2010.

2) Represents 'The United States of America Consumer Price Index, all urban consumers (CPI-U), U.S. city average, all items, in percent for the calendar year 1 January 2012 to 31 December 2012 as published by the U.S. Department of Labor' with Consumer Price Index December 2012 released on 16 January 2013 and retrieved from www.bls.gov/cpi.

3) Represents Performance Fee Payable to ACSA by MIAL for the period 1 April 2013 to 31 March 2014, subject to all the terms and conditions as stated in terms of clause 6.2 (a) of the Airport Operator Agreement as entered into between MIAL and ACSA dated 28 April 2006 as amended by Addendum to the said agreement dated 25 January 2010.

for and on behalf of
Mumbai International Airport Private Limited

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. MUMBAI 400 099.

Vinod Hiran
CFO & Company Secretary

Date: 14th March 2013
Place: Mumbai

Price Waterhouse & Co. Chartered Accountants FRN 304026E Hyderabad

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
T +91 22 6685 2200 F +91 22 6685 2059
www.csia.in

ENERGY
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES

Extract of Insurance Policy

Am 11

I.A.R.Policy No.051500/11/13/06/00000075

SUM INSURED:

Section I: Material Damage

Property Description	Sum Insured (Rs.)
Buildings incl. Plinth & Foundation	2664,82,00,000.00
Plant & Machinery	900,22,00,000.00
Furniture, Fixtures & Fittings	115,01,00,000.00
Cables and Piping	16,73,00,000.00
Total	**3696,78,00,000.00**

Add-on Covers:

Add-on Cover	Sum Insured (Rs.)
Earthquake	**3696,78,00,000.00**
STFI	**3696,78,00,000.00**
Architects & Surveyors Fees (over 3% of claim amount)	1,00,00,000.00
Removal of Debris (over 1% of claim amount)	5,00,00,000.00
Omission to Insure Additions, Alterations and Extensions	Upto 5% of S.I.
Escalation	Upto 10% of S.I.
Expediting Expenses	2,50,00,000.00
Impact Damage to Insured's Own Vehicle	10,00,00,000.00
Start-up Expenses	10,00,00,000.00

PREMIUM DETAILS:

MATERIAL DAMAGE PREMIUM	**Rs.1,25,05,000.00**
SERVICE TAX @ 12.36%	**Rs.15,45,617.00**
Total	**Rs.1,40,50,617.00**

Deductible:

Section – I

5% of the claim amount subject to a minimum of Rs.50 lacs on each and every Loss.

Issued at : Hyderabad

Date: 01.07.2013

UNITED INDIA INSURANCE CO. LTD. DO VI Basheerbagh Hyderabad 500 029.

55

Ann 12

(N-J) SL.NO.
PURCHASER
EXECUTANT/CLAIMANT
SUB-REGISTRAR
& EX-OFFICIO STAMP VENDOR
S.R.O. CHIKKADPALLI

भारत 82983 आंध्र प्रदेश
125835 MAR 25 2014
16:19
Rs.0000100 PB5771
INDIA NON-JUDICIAL STAMP DUTY ANDHRA PRADESH

SECOND SUPPLEMENTAL WORKING CAPITAL CONSORTIUM AGREEMENT

THIS AGREEMENT ("**Agreement**") IS MADE AT HYDERABAD ON THIS 26th DAY OF MARCH, 2014.

AMONGST

MUMBAI INTERNATIONAL AIRPORT PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 and having its Registered Office at Terminal 1B, Chhatrapati Shivaji International Airport, Mumbai (hereinafter referred to as the "**Borrower**", which expression, shall, unless it be repugnant to the subject or context thereof, include its successors and permitted assigns) of the **FIRST PART**;

And

1. **IDBI BANK LIMITED**, a company incorporated under the Companies Act, 1956 and a banking company within the meaning of the Banking Regulation Act, 1949 having its registered office at IDBI Tower, WTC Complex, Cuffe Parade, Mumbai- 400 005, India and its branch amongst

other places at D Num 5-9-89/1 and 2, Chapel road, P B Num 370, Hyderabad 500 001, India (hereinafter referred to as the "**IDBI Bank**" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns); and

2. **AXIS BANK LTD**, a company incorporated under the Companies Act, 1956 and a banking company within the meaning of Section 5 (c) of the Banking (Regulation) Act, 1949 and having its registered office at Trishul, 3rd Floor, Opp. Samarteshwar Temple, Law Garden, Ellis Bridge, Ahmedabad – 380 006 and having a branch office among other places at Corporate Banking Branch, Axis House C-2, Ground Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai 400025 (hereinafter referred to as the "**Axis Bank**", which expression shall, unless it be repugnant to the subject or context thereof include its successors and assigns); and
3. **BANK OF INDIA**, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and having its Head Office at Star House, C-5, "G" Block, 4th Floor, BKC, Bandra East, Mumbai 400 051 and a branch office among other places at Oriental Building, Ground Floor, 364, DN Road, Fort, Mumbai 400 001, (hereinafter referred to as "**BoI**", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns);

IDBI Bank, Axis Bank and BoI are collectively, parties of the **SECOND PART**;

(Each of the abovementioned banks of **SECOND PART** are hereinafter collectively referred to as "**Lenders**" and individually as "**Lender**" as the context may require, which expressions shall, unless it be repugnant to the subject, context or meaning thereof, be deemed to mean and include their respective successors and assigns);

And

IDBI BANK LIMITED, a company incorporated under the Companies Act, 1956 and a banking company within the meaning of the Banking Regulation Act, 1949 having its registered office at IDBI Tower, WTC Complex, Cuffe Parade, Mumbai- 400 005, India and its Branch at D Num

5-9-89/1 and 2, Chapel road, P B Num 370, Hyderabad 500 001, India, in its capacity as Lenders' Agent (hereinafter referred to as the "**Lenders' Agent**" which expression shall unless repugnant to the context or meaning thereof include its successors and assigns) of the **THIRD PART;**

And

IDBI TRUSTEESHIP SERVICES LIMITED, a company incorporated under the Companies Act, 1956 having its Registered Office at Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai 400 001, India and having its branch office at D Num 5-9-89/1 and 2, Chapel road, P B Num 370, Hyderabad 500 001, in its capacity as the Security Trustee (hereinafter referred to as the "**Security Trustee**", which expression shall, unless it be repugnant to the subject or context thereof, include its successors and assigns) of the **FOURTH PART.**

(The parties of the First to Fourth Part are collectively referred to as the "Parties" and individually as the "Party")

WHEREAS:

A. Airport Authority of India ('**AAI**') is an authority established under the Airports Authority of India Act, 1994 (the '**AAI Act**'), which is responsible for the development, operation, management and maintenance of airports in India.

B. AAI, in the interest of the better management of the Airport (as defined in the Common Loan Agreement (defined hereinafter)) and/or overall public interest, granted some of its functions, being the functions of operating, maintenance, developing, designing, constructing, upgrading, modernizing, financing and managing the Airport ("the Project") to the Borrower under the terms and conditions as set out in the Operations, Management and Development Agreement ("**OMDA**") dated 4th April, 2006 executed between the AAI and the Borrower, i.e. Mumbai International Airport Private Limited, which was chosen through the process of competitive bidding.

Borrower	IDBI Bank	Axis Bank	BoI	Lenders' Agent	Security Trustee

C. The Borrower approached the Lenders with a request to grant financial assistance in the form of term loans and working capital assistance for the Project as envisaged in OMDA.

D. The Lenders, at the request of the Borrower, agreed and granted to the Borrower: (a) term loans aggregating to Rs. 4231 crores on the terms and conditions contained in the Common Loan Agreement dated 24th April, 2007(Common Loan Agreement); and (b) fund based working capital facility of Rs. 42 Crores and non-fund based working capital facility of Rs. 200 Crores (including LER limit of Rs.15 crore) aggregating Rs. 242 Crores (Rupees Two Hundred Forty Two Crores Only), on the terms and conditions contained in the Working Capital Consortium Agreement dated 29th December 2010 (hereinafter the **"WC Loan Agreement"**).

E. By Supplemental Working Capital Consortium Agreement dated 3rd August, 2012 **("First Supplemental WC Loan Agreement")** the Lenders therein enhanced the fund based limit of the working capital facility under the WC Loan Agreement from Rs. 42 Crores (Rupees Forty Two Crores Only) to Rs. 100 Crores (Rupees One Hundred Crores) and renewed the non fund based limit of working capital facility at the then existing level of Rs.200 crore (including LER limit of Rs.15 crore) thereby increasing the total limits of working capital facility from Rs. 242 Crores (Rupees Two Hundred Forty Two Crores Only) to Rs. 300 Crores (Rupees Three Hundred Crores Only).

(The WC Loan Agreement and First Supplemental WC Loan Agreement shall hereinafter collectively be referred to as the **"Principal WC Loan Agreements"** and the total working capital facility aggregating Rs. 300 crores granted pursuant to the Principal WC Loan Agreements shall hereinafter be referred to as the **"Existing Working Capital Facilities"**). The details of the Existing Working Capital Facilities are stated out in Schedule I hereto.

F. The Borrower has requested the Lenders to further enhance the fund based limit of the Existing Working Capital Facilities under the Principal WC Loan Agreements from Rs. 100 Crores (Rupees One Hundred Crore Only) to Rs. 250 Crores (Rupees Two Hundred and Fifty Crores Only) and the Lenders have collectively agreed to enhance the fund based limit of the Existing Working Capital Facilities to the extent

Borrower	IDBI Bank	Axis Bank	BoI	Lenders' Agent	Security Trustee

59

set out against their respective names in Schedule II to this Agreement and renewing the non fund based limit of the Existing Working Capital Facilities at the same level of Rs.200 crore, thereby enhancing the total working capital facility to Rs. 450 Crores (Rupees Four Hundred and Fifty Crores Only) (the Existing Working Capital Facilities and the enhanced working capital facility are hereinafter collectively referred to as the **"Working Capital Facilities"**)

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED BY AND AMONGST THE PARTIES HERETO AS FOLLOWS:

In consideration of the aforesaid premises and other good and valuable consideration, mutual covenants and agreements hereinafter set forth and the agreement of Lenders to enhance the fund based limits of the Existing Working Capital Facilities under the Principal WC Loan Agreements, the Parties hereby agree, confirm, undertake and declare as follows:

1. In this Agreement, unless there is anything repugnant to the subject or context thereof, capitalized terms used but not defined shall have the meaning as specified to such term in the Principal WC Loan Agreements.

2. The Parties agree that the understanding herein of the Parties shall be given effect to for the purpose of amending/modifying the Principal WC Loan Agreements and the same shall be deemed to have been amended/modified to give effect to the following and / or to mean as follows:

   A. The amount of Working Capital Facilities mentioned as Rs. 300 Crores (Rupees Three Hundred Crores Only) under Clause 2.1 of the WC Loan Agreement shall be replaced by Rs. 450 Crores (Rupees Four Hundred and Fifty Crores Only).

   B. In addition to the charge created under the existing security documents and particularly under the Deed of Hypothecation dated 29th December 2010 and Supplemental Deed of Hypothecation dated 3rd August, 2012, the Borrower shall hypothecate all its receivables including unbilled revenue, spares & tools and other

current assets to the extent permitted under OMDA in favour of the Security Trustee for the benefit of the Lenders to secure the Working Capital Facilities.

C. The Parties agree that the Lenders shall have an unconditional right to cancel the undrawn/unavailed/unused portion of the enhanced facility at any time during the Availability Period, without any prior notice to the borrower, for any reason whatsoever. In the event of any such cancellation, all the provisions of Principal WC Loan Agreements as amended from time to time and all other related documents shall continue to be effective and valid and the Borrower shall repay the outstanding dues as stipulated herein and the Principal WC Loan Agreements.

D. The Borrower agrees that in case of default by the Borrower in repayment of the Working Capital Facilities and interest thereon as per due date/s, the Lenders / their agents and/ or the Reserve Bank of India/ Credit information Bureau (India) Ltd. (CIBIL) will have an unqualified right to disclose or publish the name of the company/Borrower and its directors in such manner and through such medium as the Lender/ their agents or Reserve Bank of India / CIBIL in their absolute discretion may think fit.

E. The existing Schedule – I to the Principal WC Loan Agreements giving the particulars of the Working Capital Facilities granted by the Lenders to the Borrower hereby stands amended and substituted with Schedule IA herein.

F. The existing Schedule – II to the Principal WC Loan Agreements giving the particulars of the sanction letters issued by the Lenders granting the Working Capital Facilities to the Borrower hereby stands amended and substituted with Schedule II herein.

3. Save and except as hereby expressly provided, nothing herein contained shall or shall be deemed to limit or prejudicially affect the rights and benefits created in favour of the said Security Trustee, for the benefit of the Lenders under the said Principal WC Loan Agreements and the Borrower shall extend the security created pursuant to the

Borrower	IDBI Bank	Axis Bank	BoI	Lenders' Agent	Security Trustee

Principal WC Loan Agreements in favour of the Security Trustee/ Lenders to secure Working Capital Facilities.

4. The Parties agree and confirm that this Agreement shall in all respects supplement the Principal WC Loan Agreements and the reference to the Principal WC Loan Agreements appearing in any documents to which any of the Parties is/are party/parties shall be deemed to mean the Principal WC Loan Agreements as modified or amended by or read with this Agreement.

5. The Parties agree and declare that save and except as modified by this Agreement, all clauses, covenants, conditions and stipulations contained in the Principal WC Loan Agreements shall in all other respects remain in full force and binding on the Borrower.

6. Save as varied, modified and enlarged as aforesaid the Principal WC Loan Agreements shall remain in full force and effect and this Agreement shall be read in conjunction with the said Principal WC Loan Agreements.

SCHEDULE – I

PARTICULARS OF THE EXISTING WORKING CAPITAL FACILITIES

Name of the Bank/ Institution	Facility		Amount in Rs Crores
	Fund Based	Non Fund Based	Total
IDBI Bank	43.00	125.00	168.00
Bank of India	32.00	25.00	57.00
Axis Bank	25.00	50.00	75.00
Total	**100.00**	**200.00**	**300.00**

Borrower	IDBI Bank	Axis Bank	BoI	Lenders' Agent	Security Trustee

SCHEDULE – IA

PARTICULARS OF THE WORKING CAPITAL FACILITIES

Name of the Lenders	Fund Based Limits		Non-Fund Based Limits		Total Amount (in INR)
	Amount (INR in Crores)	Interest	Amount (INR in Crores)	Interest/ Commission	
IDBI Bank	CC - 125.00 WCDL – 42.50 (sub limit of CC)	CC Limit – BBR plus 200 bps payable monthly (Tenure – One year) WCDL (Tenure- Min 15 days and Max 180 days)- to be decided at the time of availment	110.00	-0.75% p.a. and other charges on actual basis plus applicable service tax both for BG's issued in favour of Custom Authorities payable annually in advance. -0.65% p.a. and other charges on actual basis plus applicable service tax for other L/Cs, LoU and BG's payable quarterly in advance.	250.00
			15 (LER Limit)	Tenure/Validity (LER & NFB) – as per the Sanction Letter	
BoI	62.00	CC– base rate + 2.15 % p.a. WCDL – to be decided at the time of availment of the WCDL.	25.00	LC 0.60% p.a. (all inclusive) + service tax BG upto 1 year – 0.60% p.a. +	87.00

Borrower	IDBI Bank	Axis Bank	BoI	Lenders' Agent	Security Trustee

64

				Service Tax BG – 10 years – 0.75% p.a. + Service Tax	
Axis Bank	63.00	CC Limit –BBR plus 2.00% p.a. payable monthly WCDL – Interest Rate for WCDL will be communicated at the time of availment of WCDL and will be minimum up to BBR plus 1.25% p.a. payable monthly. (Tenure – minimum period 15 days and maximum days 180 days.)	50.00	0.65% p.a. plus applicable service tax (both for L/Cs and BG's) Payable Quarterly for L.C. Financial BG's 0.85% p.a Plus applicable taxes all inclusive.	113.00

Borrower	IDBI Bank	Axis Bank	BoI	Lenders' Agent	Security Trustee

65

SCHEDULE – II

DETAILS OF SANCTION LETTERS

Sr. No.	Name of Bank	Particulars of Sanction Letters

1	IDBI Bank	i) Sanction Letter No. IDBI/ICG(West)/MIAL/764 dated March 3, 2010;
		
		ii) Sanction Letter No. IDBI/ICG(West)/MIAL/1334 dated February 15, 2012 and;
		
		iii) Sanction Letter No. IDBI/ICG(W)/MIAL/795 dated September 14, 2013

2	BoI	i) Sanction Letter No. MLCB:MST:2011-12:1580 dated February 8, 2012; ii) Sanction Letter No. MLCB:MST: 2012-13:119 dated April 26, 2012 and; iii) Sanction Letter No. MLCB:HKS:2013-14: CC-57 dated November 16, 2013
3	Axis Bank	i) Sanction Letter No. Axis /HYD/LC/87 dated February 16, 2008; ii) Sanction Letter No. AXISB/ CO/ IFB/2012-13/CT/20 dated April 11, 2012; and; iii) Sanction Letter No. Axis /CO/RMG/2013-14/AS/200A dated September, 2013 iv) Sanction Letter No. Axis /CO/RMG/2013-14/AS/378 dated 24th March, 2014

Borrower	IDBI Bank	Axis Bank	BoI	Lenders' Agent	Security Trustee

66

IN WITNESS WHEREOF the Borrower has caused its Common Seal to be affixed hereto and to all the Counterparts and each of the other Parties have caused this Agreement to be executed, respectively, by their duly constituted attorney/authorized official on the day, month and year first hereinabove written.

THE COMMON SEAL OF MUMBAI INTERNATIONAL AIRPORT PRIVATE LIMITED has pursuant to the Resolution of its Board of Directors passed in that behalf on 31/10/2012 hereunto been affixed in the presence of Mr. Issac George Director who has signed these presents in token thereof and Mr. Vinod Hiran who has countersigned these presents in token thereof.

For Mumbai International Airport Pvt. Ltd.

Vinod Hiran
CFO & Company Secretary

SIGNED AND DELIVERED BY the within named Lender, **IDBI Bank** by the hand of Mr. S. Ajay Kumar Seshadri, its A.G.M and authorized official.

एस. अजय कुमार शेषाद्रि
S. AJAY KUMAR SESHADRI
सहायक महा प्रबंधक/Asst. General Manager
ई.आई.एन/EIN - 112209
आई.डी.बी.आई बैंक लि./IDBI BANK LTD.

SIGNED AND DELIVERED BY the within named Lender, **Axis Bank** by the hand of Mr. Santosh Mathur, its Asst. Vice President and authorized official.

For AXIS BANK LTD

Authorised Signatory

Borrower	IDBI Bank	Axis Bank	BoI	Lenders' Agent	Security Trustee

67

SIGNED AND DELIVERED BY the within named Lender, **BoI** by the hand of Mr. H.K. Sethi, its Senior Manager and authorized official.

कृते बैंक ऑफ इंडिया
For BANK OF INDIA
प्राधिकृत हस्ताक्षरी/Authorised Signatory
मुंबई बृहत कॉर्पोरेट शाखा
Mumbai Large Corporate Br.

SIGNED AND DELIVERED BY the within named Lenders' Agent, **IDBI Bank** by the hand of Mr. S. Ajay Kumar Seshadri, its AGM and authorized official.

एस. अजय कुमार शेषाद्रि
S. AJAY KUMAR SESHADRI
सहायक महा प्रबंधक/Asst. General Manager
ई.आई.एन/EIN - 112209
आई.डी.बी.आई बैंक लि./IDBI BANK LTD.

SIGNED AND DELIVERED BY the within named Security Trustee, **IDBI TRUSTEESHIP SERVICES LIMITED** by the hand of Mr. S. Gunware, — its Sr. VP (Legal) — and authorized official.

For IDBI TRUSTEESHIP SERVICES LTD.
AUTHORISED SIGNATORY

Borrower	IDBI Bank	Axis Bank	BoI	Lenders' Agent	Security Trustee

68

Annexure 13

NACIL Escalation working as per WPI

Year	WPI*	WPI %	Nacil
2008-09	126.0		100.0
2009-10	130.8	3.8%	103.8
2010-11	143.3	9.6%	113.7
2011-12	156.1	8.9%	123.9
2012-13	167.6	7.4%	133.0
2013-14	177.6	6.0%	141.0
2014-15		5.9%	149.3
2015-16		5.9%	158.1
2016-17		5.9%	167.4
2017-18		5.9%	177.3
Rate 2018-19			**188.6**
Effective escalation			**88.6%**

Note - WPI till 2013-14 are as per actuals and later projected rate as per 5 year forecast given by RBI considered for calculation.

***Source :** http://www.eaindustry.nic.in/wpi_data_display/display_data.asp

Annexure 1

Details of Projects which are dropped Rs in Crs.

Sl. No.	Project Description	Estimated Cost of project	Remarks
1.	Air India – GSD Facilities (Ground Services Department)	60	It has been decided to retain GSD facilities at present location. Relocation was necessary to construct NW Pier which has been dropped.
2.	Airport Management (AOEM) Building	40	Airport Management Building was proposed to be constructed behind Ambassador flight Kitchen. It has been decided to manage it from scattered locations without constructing this facility.
3.	North West (NW) Pier with pavement	80	This project includes Rs 60 Crs towards construction of NW Pier and Rs 20 Crs for related apron (included in airside project cost). NW Pier of New T2 to accommodate three wide body contact stands (V1 to V3) or six narrow body aircraft equivalent contact stands cannot be completed in present circumstances due to many site encumbrances and hence it has been decided not to undertake this project. To recoup the loss in capacity due to this unattainable project at present, MIAL plans to convert the seven remote stands to contact stands by constructing the extended portion of SE Pier, as per details included in the list of new projects separately.
4.	ATC Technical Block	200	ATC Technical Block was to be relocated because of three reasons : (i) To facilitate relocation of Air India GSD facilities, (ii) It penetrates the transitional surface of Runway 14/32 (iii) To make parallel taxiway of Runway 14/32 compliant for Code F aircraft operations (iv) To construct a perimeter road adjacent to Code F Taxiway parallel to Runway 14/32. Now it has been decided to drop this project due to following reasons: (i) Air India GSD facilities area not being relocated. (ii) We will explore the possibility to make ATC Technical block compliant by removing part of the top portion of the building that is penetrating the transitional surface, and (iii) Implement an SOP wherein Code F aircraft operating on Runway 14/32 will backtrack on the portion of the runway opposite to ATC block, instead of taxiing on the taxiway, (iv) We will regulate traffic on perimeter road during operation of Code E aircraft on the taxiway, thus obviating the need to construct perimeter road.
	Total	**380**	

Annexure 6

New Projects to be undertaken in Second Control Period

Estimated capital cost towards new projects to be incurred in second control period is Rs. 1448 crores. Estimated cost includes soft cost such as IDC, Preoperative Expenses and Indexation at expected yearly CPI increase of 7.9% .

Table below lists New Projects for second control period:

Sl. No.	Description of the Project	Estimated Cost (including indexation) Rs./Crs.	Expected year of completion
1.	Metro Connectivity to CSIA - Two Metro Stations at Sahar and Santacruz	518	FY 19
2.	Taxiway 'M' - Only Slum Rehab cost	157	FY 19
3	Compensation to Air India for Code 'C' Hangar	51	FY 16
4	Construction of South East Pier- between Grid RE 29 to PE 12	370	FY 16
5.	Relocation of existing IMD facilities to NAD Colony of AAI.	10	FY 16
	Soft cost i.e. IDC and Preoperative expenses	342	
	Total	**1448**	

Details of each of the above project are given below:

1. Metro connectivity to CSIA - Two Metro Stations at Sahar and Santacruz

CSIA presently has only road connectivity. In absence of rail link, Western Express highway, the principal road link to airport from city, has serious capacity issues, particularly during peak hours due to rapid increase in traffic volumes. All major international airports in the world are served by dedicated Metro and Expressway corridors, for the benefit of the passengers, visitors and employees.

The National Facilitation Committee (NFC), under Chairmanship of Cabinet Secretary, Government of India, in 2009, recommended expeditious implementation of metro link to CSIA, as part of Metro Line 3 Project.

The Government of Maharashtra (GoM) through Mumbai Metro Rail Corporation Limited (MMRCL), a SPV of Mumbai Metropolitan Region Development Authority (MMRDA) is implementing Metro Line-3 (Colaba–BKC-Airport-SEEPZ). The Metro Line 3 shall be a 33.5 kms underground metro line from Colaba to SEEPZ, Andheri passing through CSIA.

This Corridor shall have 26 stations, with a travelling time of about 60 minutes from Colaba to SEEPZ. The travel time to airport from Colaba shall be 40 minutes.

Metro Line 3 shall have a section of approximately 4.59 kms within CSIA site area, with three stations. Two stations at CSIA, one located in the Santacruz Domestic Terminal T1 forecourt and other located in the Sahar International Terminal T2 forecourt shall be directly connected to the respective Terminals, to provide access to domestic and international passengers and other airport users. The third station is located in MIAL Colony in Sahar, to cater to upcoming Real Estate Development (Sky City).

Cost of two Metro stations at Santacruz and Sahar (with proportionate E&M cost) is being included in Airport Project Cost while cost of one Station (In MIAL Colony at Sahar Road) shall be included as part of Sky City Development.

Implementation shall result in development of the mass public transport corridor boosting the airport connectivity.

2. **Enabling cost for Taxiway M**

In order to achieve targeted capacity of minimum 48 hourly aircraft movements through main Runway 09/27, one of the recommendation from NATS is to create an additional aircraft holding area at the beginning of Runway 27. Construction of this taxiway will allow flexibility to ATC to change the departure sequence at the last moment which will increase the runway capacity. Taxiway M has also been recommended by AAI. In this MYTP only cost of Slum Rehabilitation has been considered since it is anticipated that actual construction would start only in the third control period, post slum rehabilitation.

3. **Compensation to Air India for Code C Hangar**

Two Line Maintenance Hangars of Air India needs to be demolished for construction of apron before shifting domestic operations to Integrated Terminal. In lieu of one of the hangars, MIAL has already constructed a new hangar at New Engineering Complex (NEC) of Air India. Another hangar which was to be constructed in a land to be acquired east of Mithi River has got delayed because land to be acquired is fully encroached. Even acquisition cost will be prohibitive. Hence, construction of hangar is uncertain.

MIAL discussed the matter with Air India and it has been mutually agreed that MIAL shall pay compensation based on valuation which is being finalized.

This matter has also been discussed in OIOC meetings from time to time and latest in the OIOC meeting held on December 19, 2013, Chairman, OIOC has directed Air India for valuation of hangar without considering value of underlying land which belongs to Airports Authority of India (AAI). Once valuation is finalized by Air India, which is expected to be based on replacement cost of the hangar less 50% of normal depreciation, compensation will be paid to Air India.

4. Construction of South East Pier

As per current development plan, 25 contact stands were envisaged at the new T2. However three wide body aircraft contact stands (stands V1 to V3) or equivalent 6 narrow body aircraft contact stands at the North-West (NW) pier of New T2 cannot be constructed at present due to many site encumbrances and relocation issues with Air India. Due to this reason, contact stands for wide body aircraft get reduced to only 22 at T2 against 25 envisaged earlier, which shall affect the percentage of passengers that can be served through the boarding bridges, one of the critical requirements to be met under OMDA.

This reduction in contact stands shall reduce the apron capacity due to increased utilisation of remote stands which have higher turnaround times leading to apron congestion, delays, etc.

To deal with the above difficulties it is proposed to convert, the seven remote stands around New T2 by constructing the extended portion of the SE Pier at New T2, which will increase the total count of contact stands to 29 for wide body aircraft.

5. Relocation of existing IMD facilities to NAD Colony

The underlying land where existing IMD facilities i.e. office building, observatory building and staff quarters are situated are to be relocated to AAI NAD colony. These facilities are hindrance to airport connectivity and overall development of the airport.

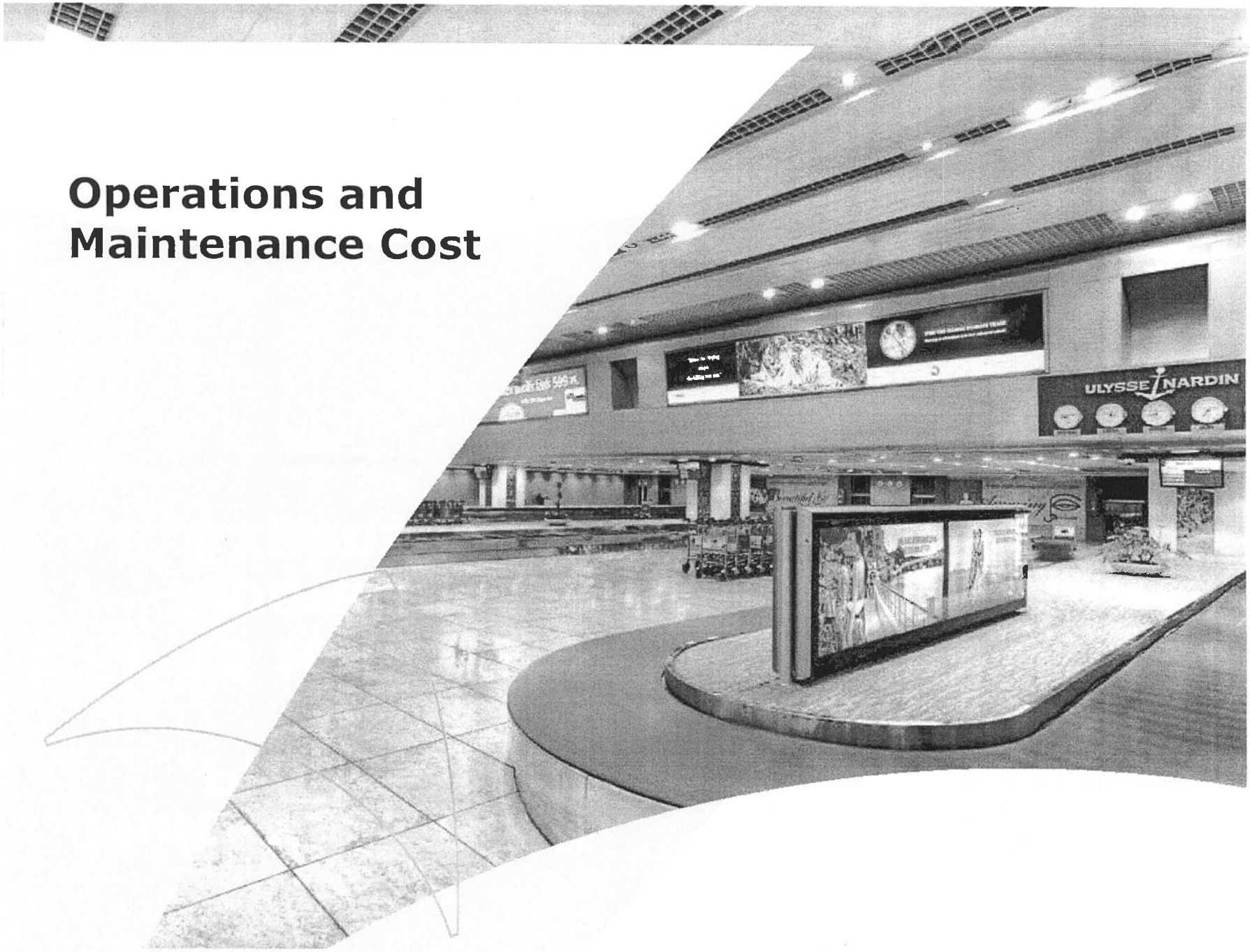
Multi-Year Tariff Proposal

FY 15 to FY 19 – Operating Expenses

Chhatrapati Shivaji
INTERNATIONAL AIRPORT
MUMBAI

GVK

Operations and Maintenance Cost



Employees Cost

Cost Drivers:

- Head Count
- Salaries and annual increments

A) Head Count (Nos.)

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Payroll – Operations excluding cargo	983	1,054	1,089	1,113	1,141	1,146
Cargo	15	15	15	15	15	15
Retainers	23	23	23	23	23	23
Outsourced	73	78	85	90	95	101

Reasons for increase in Head Count:

- Increase in Head Count in airport operations function such as Terminal Operations, Facilities, Airside Management, Engineering and Maintenance, Security, Landside, Quality and Safety due to increased activities in preparation and operation of New T2 and increase in passenger numbers.

- Additional Head Count for Passenger Care for enhancing the passenger services at CSIA. Team includes employees for passenger survey, analysis & research and to design & implement customer service programs.

- Additional Head Count for Meet and Greet services.

- Minor increases in Head Count for other support functions to meet increased operational requirements

* Projected Headcount of outsourced staff of 73 at the end of FY 14 is after excluding cargo Headcount (98).

Employees Cost

B) Salaries and annual increments:

a) Calculation of Salaries and Wages:
•Head Count at end of FY 14 is multiplied by the estimated average cost per employee. Additions in Headcount is assumed to be taken at average cost of Rs. 8 lakh p.a.

•Average cost per employee is increased by 10% YoY for increments considering projected CPI of 7.9% and real increase of 2.1%.

b) Provision for Leave Salary, Gratuity and PF administration charges are increased based on increase in Salaries and Wages.

c) Ex-gratia (non executive bonus) is increased by 10% YoY.

d) Employee welfare and recruitment expenses are expected to increase by 10% YoY.

Employees Cost

GVK

Rs. In Crs.

Description of Expenses	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Head Count (Nos)						
- Operations excluding cargo	983	1,054	1,089	1,113	1,141	1,146
- Cargo	15	15	15	15	15	15
- Retainers	23	23	23	23	23	23
- Outsourced	73	78	85	90	95	101
Average Salary per Employee per annum for existing staff	14	15	17	19	21	23
Salaries & Wages (including cargo staff)	137	164	179	199	222	245
Salaries & Wages - Outsourced employees	2	1	2	2	2	3
Provision for Leave Salary	3	4	5	5	6	7
Provision for Gratuity	3	3	4	4	4	5
PF Admin charges	1	1	1	1	1	1
Exgratia	1	1	1	1	1	1
Employee Welfare expenses	4	4	5	5	6	7
Recruitment Expenses	1	2	2	2	2	2
Retainer Fees	7	8	8	9	10	11
Total Payroll	**159**	**188**	**206**	**229**	**255**	**282**

Power Cost

GVK

Cost Drivers:

- **Average consumption in Units**- FY 13 Actual + Increase based on Commissioning of new facilities such as CCR, STP, SWP and New T2

- **Average Unit Rate** - FY 14 based on actual which is increased based on MERC order for FY 15 and FY 16. Unit rate for FY 17-FY19 is increased by inflation. Unit rate should be subject to True up.

- **Recovery towards consumption by Concessionaires** - FY 13 Actual – Assumed to remain same as for offices in New T2 Air conditioning would be only centralised instead of individual units in existing offices. Further, F&B concessionaires would use piped gas instead of electricity.

Power Cost

Particulars	FY 14					FY 15				
	T1*	Cargo	New T2	Others **	Total	T1*	Cargo	New T2	Others **	Total
Consumption in Units - in Mn	73	10	33	3	118	42	10	138	11	201
Rate per Unit	8.40	8.40	8.40	8.40	8.40	9.59	9.59	9.59	9.59	9.59
Total consumption (in Rs. Crs.)	**61**	**8**	**28**	**2**	**100**	**40**	**10**	**132**	**11**	**193**
Less: Recovery										
Total recovery including CUC (in Rs. Crs)					35					53
Net Power Cost (in Crs.)					**65**					**140**

* Includes T1, existing T2, CCR2, old STP and miscellaneous.

** Includes new STP, MLCP, Elevated road and CSIA Entrance

Differences in computation are due to rounding off.

Power Cost

GVK

Particulars	FY 16					FY 17				
	T1*	Cargo	New T2	Others **	Total	T1*	Cargo	New T2	Others **	Total
Consumption in Units - in Mn	30	10	140	11	192	30	10	140	11	192
Rate per Unit	10.50	10.50	10.50	10.50	10.50	11.33	11.33	11.33	11.33	11.33
Total consumption (in Rs. Crs.)	32	10	147	12	201	34	11	159	13	217
Less: Recovery										
Total recovery including CUC (in Rs. Crs.)					59					63
Net Power Cost (in Crs.)					**142**					**154**

Power Cost

GVK

Particulars	FY 18					FY 19				
	T1*	Cargo	New T2	Others **	Total	T1*	Cargo	New T2	Others **	Total
Consumption in Units - in Mn	30	10	140	11	192	30	10	140	11	192
Rate per Unit	12.22	12.22	12.22	12.22	12.22	13.19	13.19	13.19	13.19	13.19
Total consumption (in Rs. Crs.)	37	12	171	14	234	40	13	185	15	253
Less: Recovery										
Total recovery including CUC (in Rs. Crs.)					67					71
Net Power Cost (in Crs.)					**168**					**182**

Water Cost

GVK

Cost Drivers:

•**Quantity** - Per Pax consumption, based on National Building Code (NBC).

•**Cost -** Rate per KL for FY 14 is based upon a circular issued by "Municipal Corporation of Greater Mumbai" dated 1st July 2013. Rate per KL is increase by CPI

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
		2nd Control Period				
Water cost						
Quantity consumed in KL	1,500,499	1,782,796	1,890,397	2,004,776	2,126,372	2,255,656
Rate per KL	68	73	79	85	92	99
Total consumption in Crs.	10	13	15	17	20	22
Less: Recovery in KL	250,469	250,469	250,469	250,469	250,469	250,469
Rate per KL	75	80	87	94	101	109
Total recovery	2	2	2	2	3	3
Less: CUC (increased with CPI)	1	1	1	1	1	2
Net Water cost (In Crs.)	**7**	**10**	**12**	**13**	**16**	**18**

Water cost – Basis for FY 15

GVK

Sr. No.	Description		Unit	Volume
1	Population at Terminal building (Passengers) - FY15	92260	Persons/day	
	Per Capita Water required as per NBC Part 9 table 2 page 19	45	lpcd	4,151,712
2	Office staff (assumed)	10000	Person/day	
	Per Capita Water required as per NBC Part 9 table 1 page 19	30	lpcd	300,000
3	Meeters Greeters per day 0.75 times passengers	69195		
	NBC Part 9 table 1 page 19 as per NBC Part 9 table 1 page 19	15	lpcd	1,037,928
	Water requirement for water bodies			100,000
4	Total water requirement for one day		Litres	5,589,640
	Total water requirement for one day	1	Kilo Litres	5589
5	Water requirement per day to be met	0	Kilo Litres	4952
6	Flushing (recycled) water requirement met from STP		Kilo Litres	637
	Total BMC water requirement / day		Kilo Litres	4952
	Total BMC water requirement / year		Kilo Litres	1,782,796

Fuel

GVK

Cost Driver:

•**Consumption** - Consumption of Petrol, Diesel and CNG is expected to increase by 5%, 2% and 8% respectively YoY.

•**Cost -** Price per litre of Petrol and CNG is expected to increase by 10% YoY and of Diesel by 15% YoY.

	FY 14		FY 15		FY 16		FY 17		FY 18		FY 19	
	1st Control Period		2nd Control Period									
	Qty	Rate	Qty	Rate	Qty	Rate	Qty	Rate	Qty	Rate	Qty	Rate
Petrol	50000	80	52500	88	55125	97	57881	106	60775	117	63814	129
Diesel	275000	60	288750	69	303188	79	318347	91	334264	105	350977	121
CNG	10000	40	10500	44	11025	48	11576	53	12155	59	12763	64
Rs. in Crs.	**2**		**3**		**3**		**4**		**4**		**5**	

Power, Water and Fuel - Summary

Rs. in Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Power cost	65	140	142	154	168	182
Water	7	10	12	13	16	18
Fuel	2	3	3	4	4	5
Power, Water and Fuel	**74**	**153**	**156**	**171**	**188**	**205**

Repairs and Maintenance Cost

GVK

Cost Drivers:

- Increased area at new T2.
- Increase in Electrical installations and various other facilities.

Rs. in Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Repairs & Maint. Projected @ 0.75% of Gross Block	99	103	122	137	149	172
Repairs & Maint. - IT Outsourcing cost	13	0	0	8	11	12
Total	111	103	122	145	159	184

Consumables

Cost Drivers:

- Consumption - Passenger Growth
- Rates - Inflation

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Consumable Stores	9	3	3	3	4	4
Inflation increase - CPI		7.90%	7.90%	7.90%	7.90%	7.90%
Passenger growth		6.34%	6.35%	6.35%	6.36%	6.37%

Other Operating Contracts

Cost Drivers:

- Other Operating Contracts includes Cleaning, Trolley, Inter-terminal coach, Security, Cargo Handling and other contracts necessary for airport operations.
- Launch of New T2, Increase in Area, passenger growth, Minimum Wages increase

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Trolley Contract (increase by Minimum Wages + pax growth+ 10% increase on commissioning of New T2)	6	8	9	11	13	15
Inter-terminal coaches Contract	8	10	7	7	8	9
No of buses	12	12	8	8	8	8
Cost per bus per month increased with inflation	0.56	0.67	0.72	0.78	0.84	0.91
Sub-total (a)	14	18	16	18	21	24

Other Operating Contracts – continue...

GVK

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Security Contract (Inc in Headcount & Minimum Wages)	14	15	16	17	19	21
Gardening Contract & Expenses (Rs. 6 Crs. in FY 14 which will increase with Minimum Wages)	6	7	8	8	9	11
Cleaning Contract (Inc in Headcount & Minimum Wages)	26	42	43	46	51	57
Other Operating Contracts (Inc in Headcount & Minimum Wages)	11	13	14	16	18	20
Cargo Handling Contract – (Outsourced from Jan 1, 2014)	15	0	0	0	0	0
Sub-total (b)	**73**	**77**	**81**	**88**	**98**	**108**
Total (a+b)	**87**	**94**	**97**	**106**	**118**	**132**

Rent, Rates and Taxes

GVK

Category of Cost	Cost Driver
Rent	As per existing contracts/ increase as per CPI
Property Tax	Based on our estimates for FY 14 and FY 15. Any increase in amount of Property tax for FY 16 to FY 19 is not considered.
Non Agriculture Tax	Considered based upon demand notice of Rs 5.8 crs. for FY 14, which is considered to remain constant during second control period.

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Rent, Rates & Taxes	**24**	**57**	**58**	**59**	**61**	**62**
Rent	5	10	11	11	12	13
Property Tax (Net of recovery)	10	36	36	36	36	36
Rates and Taxes - Others	4	5	5	6	6	7
Non Agricultural Tax	6	6	6	6	6	6

AERA is requested to true up increase in Property Tax and Non Agriculture Tax, if any, on actual payment basis.

Insurance Cost

GVK

Category of Policy	Cost Driver
a) Industrial All Risk	Value of assets, rate Rs. 379 per Rs. Mln of assets
b) Business Interruption	Estimated Gross Profit, rate Rs. 68 per Mln of Gross Revenue
c) Airport Operator's Liability, Terrorism Threat Policy and Others	Based on estimated insured value

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Insurance Policies - Total	**5**	**8**	**8**	**9**	**9**	**10**
Industrial all risk policy	2	5	5	5	6	6
Business Interruption policy	0.1	0.2	0.2	0.3	0.3	0.3
Airport Operator Liability policy	2	2	2	2	2	2
Terrorism Threat policy and Others	1	1	1	1	1	1
Others	0.09	0.1	0.1	0.1	0.1	0.1

Airport Operator's Fee

Cost Drivers:

•Based on contract, Annual increase based on US CPI

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Airport Operator Fee	7	7	7	7	8	8
yoy growth (%)- US CPI	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%

Advertising Cost

Cost Drivers:

- Planned expenditure for new T2 launch.
- Expected to increase in line with inflation.

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Advertisement Expenditure	14	9	8	8	9	9
General Advertising Expenses	6	7	8	8	9	9
New T2 Launch Expenses	8	2	0	0	0	0
yoy increase based on Inflation (%)	-	7.90%	7.90%	7.90%	7.90%	7.90%

Administrative Cost

Cost Drivers:

•Inflation and planned expenditure

•An additional 10% increase is considered for FY 15 and FY 16 due to increase in operations on account of passenger growth and increase in legal and professional charges.

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Administrative cost	79	88	77	87	99	112
General Administrative Expenses	55	65	77	87	99	112
Inflation growth		7.90%	7.90%	7.90%	7.90%	7.90%
Real Increase		10%	10%	5%	5%	5%
AOR	23	12	0	0	0	0
Consultancy for Business Development	1	2	0	0	0	0
NATS - simulation study for simultaneous operations	0	9	0	0	0	0

Interest on Working Capital and Financial Charges

Cost Drivers:

- Level of usage of Working Capital facilities
- Interest on Working Capital Facilities @ 12.44% for FY 14 and 12.5% for FY 15-FY19
- Financial charges: Based on projected requirements of LCs/ BGs.

WC facilities from	FY 14 (Rs. in Crs.)	Basis of Rate of Interest	Current rate of interest	FY 15-FY19 (Rs. in Crs.)
Axis Bank	25	Base Rate +2.75%	13.00%	63
IDBI Bank	43	Base Rate+2.00%	12.25%	125
Bank of India	32	Base Rate +2.00%	12.25%	62
Total	**100**		12.44%	**250***

*Facility utilisation of Rs. 75 Crs. is assumed for FY 15 to FY 19

Rs. in Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Interest on Working capital	8	9	9	9	9	9
Financial charges	3	3	3	4	4	4

Retirement Compensation to AAI

Cost Driver :

•Actual payment basis to AAI

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
	1st Control period	2nd Control Period				
Retirement Compensation to AAI	21	20	20	19	19	18

Provision for PSF (SC)

➢Expenditure from PSF(SC)

Pending clarification/ confirmation from MoCA regarding allowablity of certain expenses from PSF (FC) account the Company has not included and security expenses in MYTP submission. Based upon direction/ orders of MoCA, as and when issued the Authority is requested to take cognizance of the same.

➢Capex from PSF(SC)

MIAL has received recently an order from MoCA, under which MoCA has disallowed all the expenditure done by MIAL on security equipments. MIAL has appealed against the same in Hon'ble High Court, Mumbai. Authority is requested to consider the outcome of the said appeal appropriately in MIAL's MYTP submission.

O&M Cost Segregation

- Segregation of O&M cost is done based on the study carried out by KPMG for FY 12 and FY 13
- Aero % for FY 14 is calculated on the basis of FY 13 after considering outsourcing of cargo from December 2013.
- Aero % for FY 15 – FY 19 is calculated on the basis of FY 13 after considering outsourcing of cargo.
- Segregation of cost is done in 3 stages:
    - Identification of directly attributable cost to Aeronautical services, Non-Aeronautical Services and common cost;
    - Segregation of directly attributable cost based on its incurrence; and
    - Allocation of common cost based on overall proportion of Aero and Non-Aero Costs

O&M Cost Segregation

GVK

	FY 15 – FY 19
Employee Cost	93.74%
Utilities Expenses	100.00%
Repair & Maintenance Expense	97.93%
Rents, Rates & Taxes	99.62%
Advertisement Expense	93.09%
Administrative Expenses	94.63%
AOA Fees	100.00%
Insurance Expense	90.76%
Consumption and Store Expense	100.00%
Operating Expenditure	92.12%
Miscellaneous Expenses	89.07%
Provision for doubtful debt	94.63%
Bad debts written off	100.00%
Working Capital loan Interest	94.63%
Financing Charges	94.63%
AAI retirement Compensation interest cost	100.00%
VRS	100.00%
DF Loan - Upfront fees and bank charges	0.00%
Collection charges over DF	0.00%
Provision for PSF(SC) disallowance	100.00%

Thank you

Multi-Year Tariff Proposal (FY 15 to FY19) – Revenue from Revenue Share Assets

Chhatrapati Shivaji
INTERNATIONAL AIRPORT
MUMBAI

GVK

Retail Concessions

Revenue Driver:

•Revenue from retail concessions for international passengers is assumed higher of: i) MAG and ii) estimated revenue based on per embarking and transit passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

•Revenue from retail concessions for domestic passengers is assumed based on revenue per embarking pax earned by MIAL in FY 14, which is increased YoY in line with CPI.

Rs. In Crs

Retail concession	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
Total Revenue (max(a1&a3)+a2+b)	64.3	93.0	118.5	132.1	148.6	165.9
Revenue International - T2 (a1)	22.9	33.5	37.6	42.3	47.6	53.5
Revenue Domestic - T2 (a2)		0.0	57.1	65.9	76.0	87.6
Revenue per Embarking Pax - International (INR)	40.9	57.4	61.9	66.8	72.1	77.8
Revenue per Embarking Pax - Domestic (INR)			58.4	63.1	68.0	73.4
Minimum Annual Guarantee (a3)		45.2	50.3	53.4	57.8	61.2
Revenue Domestic - T1 (b)	41.4	47.7	11.1	12.9	14.8	17.1
Revenue per Embarking Pax - Domestic (INR)	38.6	41.7	45.0	48.5	52.3	56.5

The above revenues are based on the submission done in Dec 2013. However there have been some delays/ renegotiations/ terminations recently, the impact of which will be considered in the final submissions

Food and Beverage Concessions

GVK

Revenue Driver:

•Revenue from F&B concessions for New T2 is assumed higher of: i) MAG and ii) estimated revenue based on per embarking (including transit) passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

•Revenue from F&B concessions for domestic passengers is assumed based on revenue per embarking passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Rs. In Crs

Food & Beverage	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
Total Revenue (max of a1&a2)+b)	32.7	39.5	51.9	61.3	71.0	81.7
F&B - Terminal 2 (a1)	13.8	17.0	39.1	44.6	50.8	57.9
Revenue per Embarking Pax - International (INR)	27.0	29.1	31.4	33.9	36.6	39.5
Revenue per Embarking Pax - Domestic (INR)			20.5	22.1	23.9	25.7
Minimum Annual Gurantee (a2)		17.8	46.8	55.5	64.2	73.9
F&B - Domestic (b)	18.9	21.8	5.1	5.9	6.8	7.8
Revenue per Embarking Pax - Domestic (INR)	17.6	19.0	20.5	22.1	23.9	25.7

Flight Catering Concessions

Revenue Driver:

•Projected based on revenue per embarking passenger

•No increase is expected in revenue per embarking passenger due to intense competition and fall in catering rates. Therefore, the total revenue from catering concessions is expected to increase in line with the growth in embarking passengers.

Rs. In Crs

	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
Catering concessions – Total	24.8	26.3	27.9	29.5	31.3	33.2
Revenue per Embarking Pax (INR)	15.6	15.6	15.6	15.6	15.6	15.6

Car Rental and Hotel Reservation

GVK

Revenue Drivers:

•Only the disembarking passengers avail the car rental and hotel reservation facilities. The revenue per disembarking passenger is expected to grow in line with CPI.

Rs. In Crs

Car rentals and Taxi service	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
Car rentals and Taxi service - Total	17.7	18.5	21.2	24.2	27.7	31.7
Revenue per disembarking passenger - Domestic (INR)	10.1	10.9	11.7	12.7	13.7	14.7
Revenue per disembarking passenger - T2	11.8	12.3	13.2	14.3	15.4	16.6

Duty Free Concession

GVK

Revenue Drivers:

•Duty free revenue is projected as per the Letter of Award issued for the new T2 based on higher of i) MAG and ii) estimated revenue share. Sales at Duty Free Shop for the purpose of Revenue share is based on revenue per International passenger, including transit, increased YoY in line with CPI..

	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
Duty Free – Total (Rs.Crs)	94.3	179.55	242.41	279.49	322.06	371.25
Sales (USD Mn)	54.4	61.25	68.87	77.43	87.05	97.88
Revenue Share (%)	30%	34.9%	34.9%	34.9%	34.9%	34.9%
Sales Per Pax (USD)	5.27	5.68	6.13	6.61	7.14	7.70

Duty free revenue was projected as per the Letter of Award issued for the new T2. Since the performance of selected bidder was not satisfactory, concession has been awarded to next highest bidder. Revised projections are as under -

		FY 15	FY 16	FY 17	FY 18	FY 19
Duty Free – Total (Rs.Crs)		154.89	197.57	236.12	266.68	297.47
Difference wrt original Projections		-24.65	-44.83	-43.38	-55.38	-73.79

Advertising Concession

Revenue Driver:

•Revenue from Advertising concession is assumed higher of: i) MAG and ii) estimated revenue based on per passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Rs. In Crs

Advertising	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
Total Advertising Income (Max (a1+a2+a3) & b)	60.4	69.2	79.3	90.9	104.2	119.5
Revenue International - T2 (a1)	15.8	17.7	19.9	22.4	25.2	28.3
Revenue Domestic - T2 (a2)		0.0	47.4	54.7	63.1	72.7
Revenue per Pax - International (INR)	15.2	16.4	17.7	19.1	20.6	22.3
Revenue per Pax - Domestic (INR)			24.3	26.2	28.3	30.5
Minimum Annual Guarantee (b)	35.9	49.3	62.7	74.2	79.4	91.3
Revenue Domestic - T1 (a3)	44.7	51.5	12.0	13.9	16.0	18.5
Revenue per Pax - Domestic (INR)	20.9	22.5	24.3	26.2	28.3	30.5

Car Parking Concession

GVK

Revenue Drivers:

•Revenue from Car park concession in case of new terminal is based on revenue per passenger and estimated passenger traffic for Terminal 2. Contract for Car park for MLCP at New T2 is yet to be awarded. Depending upon bids received there may be significant change in projected revenues. Hence, we request the Authority, to allow us to submit actual details as and when contract is awarded for its consideration.

•In case of domestic car park, revenue is based on revenue per passenger and estimated passenger traffic itill Dec 2013.Post which T1B MLCP is expected to be commissioned for which the revenue as per the agreement is considered.

Rs. In Crs

Car Parking	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
Car Parking	14.3	13.9	17.4	19.9	22.6	25.7
Revenue Per Pax (Rs.)	4.5	4.9	5.2	5.7	6.1	6.6
T2 MLCP		5.2	16.1	18.4	21.1	24.1
T1 Car Parking		8.3				
T1B MLCP MMG		0.3	1.3	1.4	1.6	1.7

Lounge Concessions

Revenue Driver:

•Revenue from Lounge concession is assumed higher of: i) MAG and ii) estimated revenue based on per embarking passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Rs. In Crs

Lounges	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
Lounges Revenue (Max (a1+a2),b)	23.6	26.7	54.3	59.4	64.7	70.0
Revenue from embarking Domestic passenger (a1)	4.6	5.3	6.1	7.1	8.2	9.4
Revenue from embarking International passenger (a2)	19.0	21.4	24.0	27.0	30.3	34.1
Revenue in INR per embarking Domestic pax	4.3	4.6	5.0	5.4	5.8	6.3
Revenue in INR per embarking International pax	37.1	40.0	43.2	46.6	50.3	54.3
Minimum Annual Guarantee (b)		23.8	54.3	59.4	64.7	70.0

Ground Handling Concessions

Revenue Drivers:

•Revenue from Ground Handling concessions are assumed higher of: i) MAG and ii) estimated revenue based on per ATM revenue earned by MIAL in FY 14, which is increased YoY in line with CPI.

Rs. In Crs

Revenue from Ground Handling	**FY 14**	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Revenue from Ground Handling	77.8*	77.4	81.2	85.3	89.9	95.0
MAG from Concessionaires	32.0	32.0	32.0	32.0	32.0	32.0
Air India revenue	10.9	11.1	11.4	11.7	11.9	12.2
Other Ground Handlers Revenue	30.5	34.2	37.8	41.7	46.0	50.8
Other Revenue per ATM (INR)	1245.9	1344.3	1450.5	1565.1	1688.8	1822.2

*FY14 revenue includes arrears of approx. Rs. 4.5 crs from previous years

Space Rent

GVK

Revenue Drivers:

•Areas for respective Terminals considered multiplied by applicable per sqm rates for calculation of revenue

•Weighted average areas and rates considered for FY14 and FY15 for International and Domestic as per respective operational months

•For Air India rates as per the MOU considered for calculating revenue

•Expected to increase at a rate of 7.5% p.a. or as per existing agreement / MoUs.

Rs. In Crs

Terminal Building Rent- Non retail space	**FY14**	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Area Rented Out to NACIL (SqMtr)	6,387.5	5,042.8	5,640.5	5,640.5	5,640.5	5,640.5
Area Rented Out to Others (SqMtr)	15,808.8	16,264.6	16,126.8	16,428.1	16,729.4	17,030.7
NACIL - Average Rate per Month Per Sqmtr (INR)	598.4	598.4	598.4	598.4	598.4	1,128.4
Others - Average Rate per Month Per Sqmtr (INR)	1,155.8	1,536.0	1,803.4	1,939.3	2,085.4	2,242.5
Gross Revenue	26.5	33.6	39.0	42.3	45.9	53.5
Cute counter charges	4.6	4.8	4.9	5.1	5.3	5.4
Net Revenue	31.1	38.4	43.9	47.4	51.2	58.9

Fuel Concessions

Revenue Drivers:

- Growth in ATM.
- Average KL of fuel per ATM of FY 13 is expected to remain constant
- Rate/KL of FY 14 is approved by Authority which is assumed to increase with WPI @ 7% as per agreement with the Oil Companies.

Rs. In Crs.

Fuel concession	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Total Throughput ('000 KL)- based on growth in ATMs	1456	1489	1523	1558	1593	1630
Fuel Supplied KL Per ATM	11.44	11.44	11.44	11.44	11.44	11.44
Concession per KL	688	736	788	843	902	965
Growth % based on Contract		7%	7%	7%	7%	7%
Revenue from Fuel Concession	**100**	**110**	**120**	**131**	**144**	**157**

Others

Revenue is projected based on Per Pax revenue with growth as per inflation and also revenue from some new revenue streams have been assumed

Rs. In Crs

Others Revenue	Basis for calculation	**FY 14**	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Existing Others	Per pax	14.7	16.53	19.01	21.81	25	28.62
New Revenue Streams							
SPA	Actuals as per LOA		4.49	5.03	5.63	6.31	7.07
Day Hotel & Transit Hotel	Internal Projections		1.64	1.72	1.83	2.07	2.35
Meet & Assist	Internal Projections		1.17	2.61	4.28	5.49	8.55
Sub Total			7.3	9.36	11.74	13.87	17.96
Grand Total			**23.83**	**28.38**	**33.56**	**38.87**	**46.59**

Land, Lease Rentals, including Hangers and Space Rent

Hangar Rentals

Revenue Drivers:

•Hangar rent - Area under Hangar around 34,203 sq mtr is expected to remain same

•Expected to increase at a rate of 7.5% p.a. or as per existing agreement / MoUs.

Hangar Rent	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Hangar area leased (in sq.mts.)	34,203	34,203	34,203	34,203	34,203	34,203
Average rent per month per sq.mt. (INR)	210	226	243	261	280	301
Growth %	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Total Rent – Rs. in Crs.	**9**	**9**	**10**	**11**	**12**	**12**

Land, Lease Rentals, including Hangers and Space Rent

Revenue Drivers:

- Land rent – Area is expected to remain same as previous year
- Rentals expected to increase at a rate of 7.5% p.a. or as per existing agreement / MoUs.

Land Rent & Leases

Land Leases (private)	**FY 14**	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Land leased (in sq.mts.)	216,396	216,396	216,396	216,396	216,396	216,396
Average rent per month per sq.mt. (INR)	102	110	118	127	136	146
Growth %		7.5%	7.5%	7.5%	7.5%	7.5%
Land Lease Rentals (private) (Rs. in Crs.)	**26.49**	**28.47**	**30.61**	**32.90**	**35.37**	**38.03**
Land Leases (Govt.)						
Land leased (in sq.mts.)	835,618	835,618	835,618	835,618	835,618	835,618
Avg rent per month per sq.mt of Land Leases (INR)	10	10	10	10	10	19*
Growth %	0%	0%	0%	0%	0%	0%
Land Lease Rentals (Govt.) (Rs. in Crs.)	**10.07**	**10.07**	**10.07**	**10.07**	**10.07**	**18.98**

*Avg rent per month of Air India is expected to increase in FY 19 as per the agreement

Cargo Building Rent

Revenue Driver:

•Average rate per month per sq. mtr is expected to increase by 7.5% p.a.

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Space available to rent sq.mts.	25,594	25,594	25,594	25,594	25,594	25,594
Average rent per month per sq.mt. (INR)	559	601	646	694	746	802
Growth %		7.50%	7.50%	7.50%	7.50%	7.50%
Cargo & Other Building Rent	**17**	**18**	**20**	**21**	**23**	**25**

Cargo Revenue – Perishable Cargo

GVK

Revenue Drivers:

•Perishable cargo operations are outsourced to Cargo Service Centre (CSC)

•Revenue is based upon expected revenue share is compared with MAG and higher of the two is taken for projection.

Rs. In Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Tonnage handled by CSC (inc. by 3.8% YoY)	35,286	36,627	38,019	39,463	40,963	42,520
Rate per MT	5,500	5,500	5,500	5,500	5,500	5,500
Revenue Share from CSC	15.11%	15.11%	15.11%	15.11%	15.11%	15.11%
Revenue Share from Perishable Cargo (A)	2.93	3.04	3.16	3.28	3.40	3.53
Revenue from Perishable Cargo - MAG (B)	2.87	3.00	3.02	-	-	-
Revenue from Perishable Cargo (Higher of A & B)	**2.93**	**3.04**	**3.16**	**3.28**	**3.40**	**3.53**

Cargo Revenue – Courier Cargo

Revenue Drivers:

•Courier cargo operations are outsourced to EICI

•Expected revenue share of FY 14 is increased with growth in cargo tonnage.

Rs. in Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Revenue share from courier	8.48	8.79	9.11	9.45	9.80	10.16
Growth in cargo tonnage		3.70%	3.70%	3.70%	3.70%	3.70%

Cargo Revenue – International Operations GVK

Revenue Drivers:

- Revenue from International cargo operations is assumed till December 2013
- From December 2013 Cargo is expected to be concessioned out to CONCOR subsequent to which MIAL's Revenue share as per contract is taken @ 69%.
- Revenue share is compared with MAG and higher of the two is taken as below.

Rs. in Crs.

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Tonnage handled by MIAL (inc by 3.8%)	293	304	316	328	340	353
Yield per MT	8	9*	9	9	9	9
Revenue Share from CONCOR	69%	69%	69%	69%	69%	69%
Revenue Share from International Cargo (A)	42	192	199	207	215	223
Revenue from Int Cargo - MAG (B)	37	162	180	198	0	0
Revenue from Int Cargo (Higher of A & B)	**42**	**192**	**199**	**207**	**215**	**223**

*Cargo operations has been handed over to CONCOR Air Limited w.e.f. 18th February 2014 and FY 14 numbers will be revised accordingly . Also for FY 15, it is assumed that rates of cargo handling will increase by 10% w.e.f 1st April 2014

Cargo Revenue - Summary

GVK

Rs. In Crs.

Revenue from Cargo Services	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Domestic cargo	1	0	0	0	0	0
Terminal charges	67	0	0	0	0	0
Destuffing	10	0	0	0	0	0
Palatization	8	0	0	0	0	0
X-ray	19	20	21	21	22	23
Carting, packing and others	7	0	0	0	0	0
Other Rental Incomes (Demurrage)	85	0	0	0	0	0
Revenue from Outsourcing	0	0	0	0	0	0
Domestic cargo	7	7	7	7	7	7
International cargo	42	192	199	207	215	223
Perishable Cargo	3	3	3	3	3	4
Courier Revenue	12	12	13	13	14	14
Total	**261**	**228**	**236**	**245**	**255**	**264**

Thank you

Multi-Year Tariff Proposal

FY 15 to FY 19

Chhatrapati Shivaji
INTERNATIONAL AIRPORT
MUMBAI

GVK

9th April, 2014
Mumbai

Background

- MIAL took over the functions of operating, maintaining, developing, designing, constructing, upgrading, modernizing, financing and managing CSIA from AAI w.e.f. 03.05.2006 for a term of **30 years** extendable for **another 30 years**

- Pursuant to MIAL's selection, the following Project Agreements were executed:
  - **Operation, Management and Development Agreement (OMDA);**
  - **The State Support Agreement (SSA) ;**
  - Shareholders Agreement;
  - CNS-ATM Agreement;
  - Airport Operator Agreement;
  - State Government Support Agreement;
  - The Lease Deed;
  - Substitution Agreement and
  - Escrow Agreement.
- Revenue Share payable to AAI is **38.7%** of Revenues.

- The SSA read with OMDA provides the framework for Tariff Determination for CSIA. Schedule 1 of SSA describes **Principles of Tariff Fixation** and methodology to calculate aeronautical charges in the **shared till inflation–x price cap model.**

Forex Concessions

Revenue Driver:

•Revenue from the concession is assumed higher of : i) MAG and ii) estimated revenue based on per international passenger earned by MIAL in FY 14.

Rs. In Crs

Forex concessions	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
Forex concessions – Total	43.6	45.4	47.3	49.3	51.4	53.6
Revenue per International pax (INR)	42.1	42.1	42.1	42.1	42.1	42.1
Minimum Annual Guarantee		35.9	38.6	41.9	45.7	47.6

The above revenues are based on the submission done in Dec 2013. However there are some renegotiations which are being done in the contracts due to drastically lower forex trasactions experienced in March 2014 at the outlets in New T2. Due to the above reasons the commercials are being reworked and will be revised in the final submissions

Automated Teller Machines (ATM's) Concessions

Revenue Drivers:

•The revenue from ATM concessions in New T2 is assumed as per the contracts entered with concessionaire. Also additional 9 ATMs considered to be starting in Phase 2 with the commencement of domestic operations

•For existing revenue expected to grow as per agreement after deducting the no. of ATMs that will discontinue post closure of T1B.

Rs. In Crs

ATMs	FY14	FY 15	FY 16	FY 17	FY 18	FY 19
ATMs – Total	7.5	11.7	12.3	13.0	13.8	14.2
Existing terminal	5.8	4.9	1.8	2.0	2.3	2.5
Terminal 2	1.6	6.8	10.5	10.9	11.5	11.6

MYTP Proposal - Summary

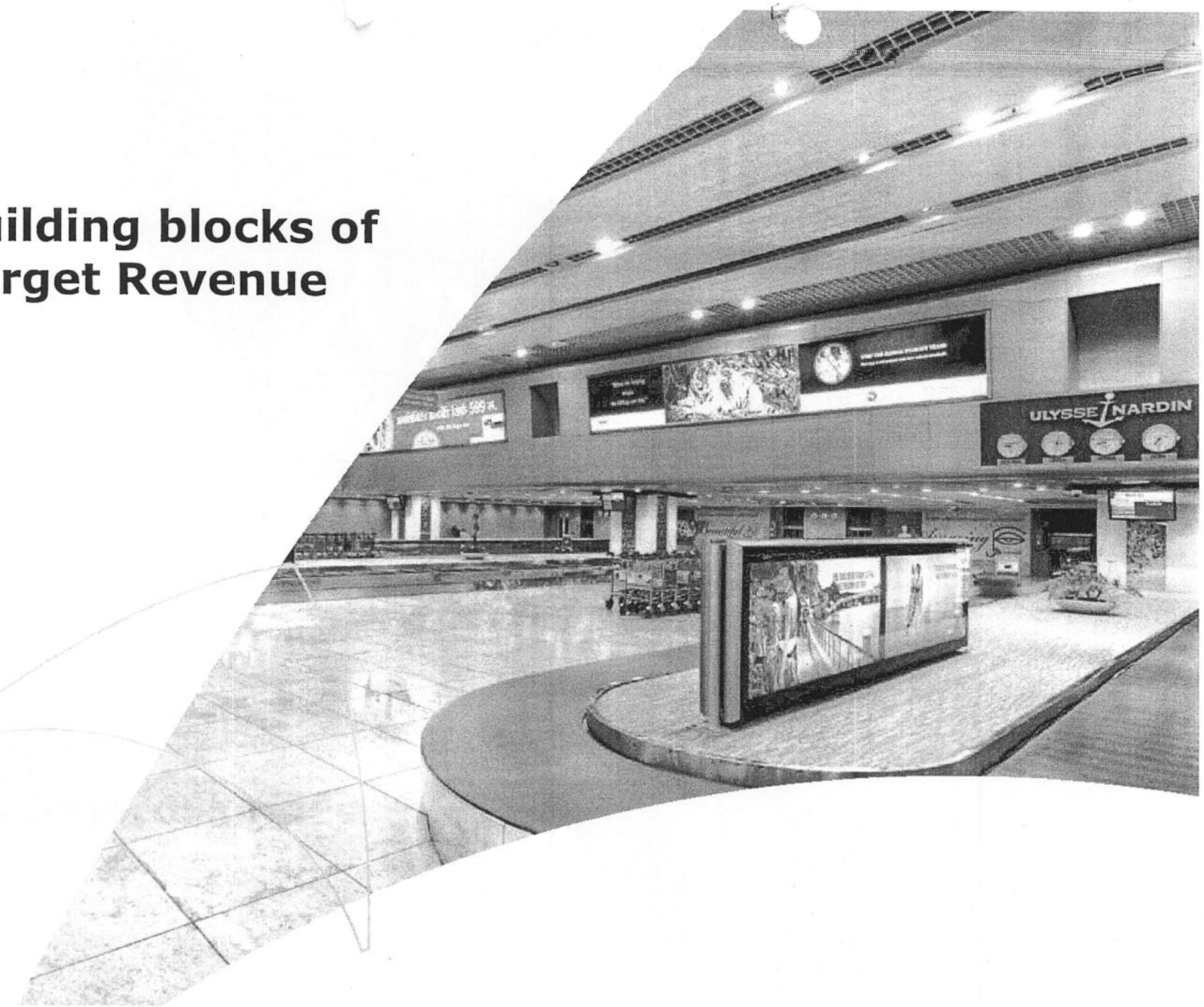


Target Revenue Computation @ 68.11%

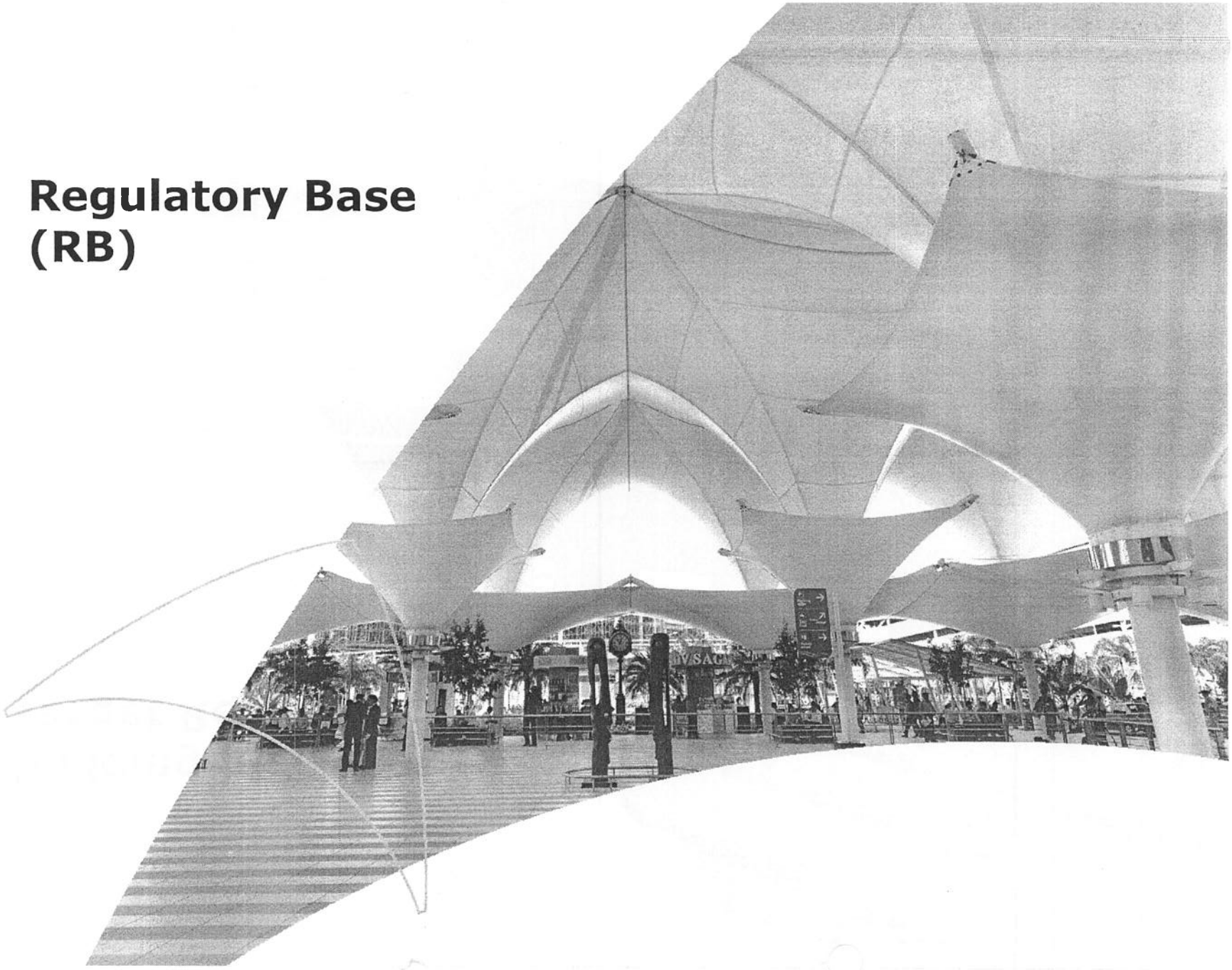
Rs./Crs.

	NPV	FY 15	FY 16	FY 17	FY 18	FY 19
Regulatory Base		8,006	8,126	8,104	7,726	7,601
WACC		15.16%	15.16%	15.16%	15.16%	15.16%
Return on Regulatory Base		1,213	1,232	1,228	1,171	1,152
Operation & Maintenance cost		723	752	829	908	1,009
Depreciation		632	625	671	686	706
Corporate Tax		42	80	103	204	310
30% of Revenue from Revenue Share Assets (RSA)		318	374	411	453	503
Truing up of first control period		57	-	-	-	-
Target Revenue	8,121	2,349	2,314	2,421	2,516	2,674
CPI -X		**68.11%**	**7.90%**	**7.90%**	**7.90%**	**7.90%**
Revenue from proposed tariff	8,121	1,980	2,214	2,477	2,773	3,106

Building blocks of Target Revenue



Regulatory Base (RB)



Current Projects cost update

GVK

Rs./Crs.

Project Description	Approved budget with Contingencies	Estimated cost	Increase in cost	Cost of the projects dropped	Net Increase in Cost	Final Project cost
Total Hard Cost including Escalation & Contingency	**9,939***	**10,319**	**380**	**380**	**0**	**9,939**
Upfront fees	154	154	-	-	-	**154**
Operational Capex	118	118	-	-	-	**118**
Pre-operative exp	684	684	-	-	-	**684**
Interest During const.	1410	1465	55	-	-	**1465**
IDC due to add. loan	-	140	140	-	140	140
Total (Hard Cost + Soft Cost)	**12,305***	**12,880**	**575**	**380**	**195**	**12,500**

*Cost pertaining to cargo of Rs. 50 Crs. and slum rehabilitation of Rs. 25 Crs. is reduced

Current Projects cost update

GVK

Rs./Crs.

Description	Initial cost (Jan 2009)	Cost after reducing for BOT projects *	Revised Cost I (Oct 2010)	Revised Cost II (Oct 2011)	Cost disallowed	Cost deferred	Final Project Cost capped by AERA
T1 projects	397	397	423	453	(54)	0	399
T2 Projects	4,337	4,067	4,569	5,083	(1)	0	5,082
Runway , Taxiway & Apron	1,164	1,164	1,418	1,545	0	(32)	1,513
Landside projects	41	41	41	41	(1)	0	40
	471	266	579	562	(52)	(25)	485
Miscellaneous projects							
AAI works taken over	24	24	24	24	0	0	24
Tech services & consultancies	733	733	743	834	(48)	0	786
Operational capex	118	118	118	118	0	0	118
Preoperative exp	415	415	479	684	0	0	684
Capitalised Interest	1,632	1,632	1,069	1,410	0	0	1,410
	150	150	154	154	(154)	0	0
Upfront fees paid to AAI							
ATC equipment, etc $	0	0	310	310	0	(200)	110

Current Projects cost update

GVK

Rs./Crs.

Description	Initial cost (Jan 2009)	Cost after reducing for BOT projects *	Revised Cost I (Oct 2010)	Revised Cost II (Oct 2011)	Cost disallowed	Cost deferred	Final Project Cost capped by AERA
Contribution to MMRDA for Sahar elevated road $	0	0	166	166	0	0	166
Shivaji Smarak $	0	0	25	25	0	(25)	0
Mithi river widening $	0	0	150	150	0	0	150
RET NS & E2	0	0	0	51	(1)	0	50
Enabling cost - NAD colony	0	0	0	110	0	(110)	0
Cost of settlement of land	0	0	0	30	0	(30)	0
Project cost	**9,482**	**9,007**	**10,268**	**11,750**	**(310)**	**(422)**	**11,017**
Escalation and Claims	320	320	185	450			450
Contingency				180			180
Total Project Cost	**9,802**	**9,327**	**10,453**	**12,380**	**(310)**	**(422)**	**11,647**

* Multi level car parking and International Cargo expansion project

** Additional scope such as AGL works, T1C hotel, relocation of NACIL, Yellow fever hospital, BMC drainage, police station, boundary wall , etc.

$ Manadated projects aggregating Rs. 651 crores

Details of increase in Project cost

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Sr. No.	Particulars	Rs. in Crs.
A.	CENVAT Credit disallowance	45
B.	Increase in Custom duty	17
C.	Increase in cost of Imported Equipment	103
D.	Changes in Scope of New T2	184
E.	Increase in contribution to MMRDA for elevated road and cost of land settlement, net of saving in ATC Tower	(8)
F.	Overheads for T2 (domestic) for extended period from September 2014 to April 2015	39
	Total (A+B+C+D+E+F)	**380**

Details of Projects dropped

Rs./Crs.

Particulars	Estimated cost
North West Pier (Part of New T2)	60
Apron for North West Pier (Part of Airside Projects)	20
Relocation of Air India GSD Facility (Part of Misc. Projects)	60
Airport Management Building (Part of Misc. Projects)	40
ATC Technical Block (Part of Additional Projects)	200
Total	**380**

Proposed Capex in 2nd control period

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Rs./Crs.

Projects#	FY 15	FY 16	FY 17	FY 18	FY 19	Amount (Rs. In Crs.)
Metro Stations – Two*@	16	126	117	125	135	**518**
Taxiway 'M' (Only Slum Rehab cost) – Estimated	0	35	38	41	44	**157**
Compensation for Air India Code 'C' Hangar - Estimated	0	51	0	0	0	**51**
South East Pier (between Grid RE 29 - PE 12)	178	192	0	0	0	**370**
Meteorological Farm	0	10	0	0	0	**10**
Sub Total#	194	413	155	165	178	1,106
IDC & Preoperative	30	71	58	80	103	**342**
Total Cost	**224**	**484**	**212**	**245**	**282**	**1,448**
Add: Operational Capex	350	225	200	100	100	975
Total capital expenditure	**575**	**709**	**412**	**345**	**381**	**2,423**

**Electro-mechanical cost of Rs 118 Crores (Un-indexed, Rs 59 Crores for each station) not included and is to be paid in 3 equal installments post commissioning of the system*

 # Hard Cost of Projects is indexed YoY as per inflation of 7.9% based on CPI

@It is proposed to fund cost of Metro stations through Development Fee, subject to approval of AERA

Funding of Metro stations through DF

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- Prime responsibility to fund metro stations lies with Govt. but it has been thrust upon MIAL by the State government/ MMRDA and without contribution from MIAL, MMRDA is not willing to provide metro connectivity to CSIA.

- The RAB will be lower to the extent of DF collected and accordingly lower return (at WACC) shall be payable leading to lowering of Target Revenue / Tariffs. Similarly depreciation will be lower leading to lower Tariffs for passengers.

- The aeronautical charges collected for metro contribution shall have a tax incidence which shall also be part of Target Revenue leading to higher tariffs for passengers which shall not be payable by passengers in case stations are funded through DF.

- Passengers has to pay much more in absolute terms, say over a period of 25 years, if Metro is funded either through debt/ internal accruals due to depreciation, financing cost, return on equity/ internal accruals and reimbursement of tax.

- Though tariff increase as per MYTP submitted is 68.11%, Authority will certainly not allow the same due to difference in basis / assumptions. Lower tariff increase will lead to cash flow constraints and lower DSCR which will make it difficult for banks to sanction additional loans.

Funding of Metro stations through DF

GVK

➢MIAL had conducted a stakeholder consultation meeting on 5th March 2014, during which DF for funding of Metro was also discussed with Stakeholders. MIAL has not received any adverse comments from the stakeholders so far regarding funding of Metro through DF

➢DF has a statutory sanction as per section 22A of the Airports Authority of India Act, 1994 read with Section 13(1)(b) of AERA Act. Hon'ble Supreme Court in Consumer Online Foundation vs. UOI and Ors, has observed that AAI could assign to the lessee under lease entered under section 12A of the AAI Act the power to levy fees for the purposes mentioned in clause (a) of Section 22A of the Act.

Operational Capital Expenditure

GVK

The operational capital expenditure comprises of the following:

Rs. in Crs.

Sr. No.	PROJECTS - Aeronautical	Total
1	Tunnel under Runway 14/32	224
2	Construction of new RET (including cost of boundary wall and enabling cost) – 14/32 – E6	68
3	Scheduled recarpeting of RWY 09-27	62
4	Rescue & Fire Fighting Facilities	61
5	Terminal 1A - Refurbishment cost	55
6	Reconstruction of RET N8 & provision of standby RET	35
7	Construction of compound wall - 15 Kms.	31
8	Development of Airside perimeter roads	30
9	Consstruction of UG tank and pumping system at Ter-IA/PBB A12 & Pumping	29
10	Passenger boarding bridges - T2 - Code F	22
11	Reconstruction of Apron "C"	20
12	Mithi River retaining wall	20
13	Crash fire tenders	20
14	Additional baggage reclaim carousals at T2	20
15	Central Store Utility Building	15
16	Airport Sweeper/Scrubber (additional)	9

Operational Capital Expenditure

GVK

Rs. in Crs.

Sr. No.	PROJECTS - Aeronautical	Total
17	Replacement of PBB A9 to A11	9
18	Rescue Stairs vehicle	5
19	Grooving on Runway 32 rigid surface.	8
20	Structure of Approach Radar	5
21	Steel Gate for Mithi river opening	5
22	Ceremonial Lounge renovation	5
23	Provision of 5 MVA Sub-Stn. at Gaondevi area	5
24	Construction of TWY S7 & R Junction	5
25	Maintenance(spares) for CFT (to be clubbed with CFT)	5
26	Replacement of 04 marking machines	5
27	Miscellaneous Assets (List of assets)	48
28	Provision for Operational capital expenditure	49
	Total Operational Capex	**875**

In our MYTP submission, we had projected operational capital expenditure of Rs. 975 crs., however in review of the same MIAL have rationalized some of the requirements and reduced the amt to operational capex to Rs. 875 crs.

Capital Expenditure

The capital expenditure comprises of the following:

Rs./Crs.

	Estimated Incurrence upto FY 14*	FY 15	FY 16	FY 17	FY 18	FY 19	Total FY 15-FY19	Total incl upto FY 14
Current Projects	11,263	962	268	7	0	0	1,237	12,500
New Projects		224	484	212	245	282	1,448	
Operational Capex		350	225	200	100	100	975	
Total		**1,537**	**978**	**419**	**345**	**381**	**3,660**	

* *Excludes Retirement compensation to AAI*

Hypothetical Regulatory Asset Base

- Hypothetical Regulatory Asset Base (HRAB) as per MIAL's calculation was Rs. 1817 crs. as at 31st March 2009 and accordingly opening HRAB (net of depreciation) as on 1st April 2014 would be Rs.1417 crs.

- HRAB calculated by AERA was Rs. 966 crs as at 31st March 2009 and accordingly opening HRAB as on 1st April 2014 would be Rs. 753 crs.

Regulatory Base for the control period

GVK

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Opening RB	6,530	6,764	6,997	6,939	6,466
Less: Depreciation	513	516	560	573	600
Add: Capitalization during the year	1,120	1,294	502	100	1,041
Less: DF	373	545	-	-	-
Less: Non Aeronautical Assets	-	-	-	-	-
Closing RB	6,764	6,997	6,939	6,466	6,907
Average RB	6,647	6,880	6,968	6,703	6,687
Average HRB	1,359	1,246	1,136	1,024	914
Average RB including HRB	**8,006**	**8,126**	**8,104**	**7,726**	**7,601**

Opening RB excludes Upfront Fee, Non-Aeronautical Asset and DF:

Rs./crs.

Opening Net Block	FY 15	FY 16	FY 17	FY 18	FY 19
Non Aeronautical Assets	1,222	1,139	1,063	986	907
DF	2,400	2,651	3,042	2,887	2,731
Upfront fees	113	108	103	98	93
Assets disallowed by AERA	104	101	97	94	90

RB : Assets Allocation – Summary

- **Aeronautical and Non Aeronautical Assets** include:
  - Assets defined as Aeronautical Assets in OMDA and used for provision of Aeronautical services (as listed in Schedule 5 of OMDA) are treated as aeronautical. For example, lifts, escalators and passenger conveyors are specifically included under Schedule 5 of OMDA and hence, included under Aeronautical Assets. Similarly, Assets used for provision of Non-Aeronautical Services (as listed in Schedule 6 of OMDA) are treated as Non-Aeronautical such as MLCP, Cargo, GA etc.

- **Common Assets** include
  - Assets that cannot be identified as purely Aeronautical or Non-Aeronautical are classified as common assets.

  - For the purpose of allocation of Common Assets, MIAL has considered the area used by Aeronautical services and Non-Aeronautical Services, including seating areas for provision of Non-Aeronautical Services. In addition, it has allocated the common seating areas in three proportions of Aeronautical: Non-Aeronautical i) Predominantly Aeronautical (90:10), (ii) Predominantly Non-Aeronautical (10:90) and (iii) Common (50:50)

RB : Allocation of Assets

The Aeronautical and Non-Aeronautical Assets after allocation of the common assets based on the area ratio is as follows:

	FY 15	FY 16	FY 17	FY 18	FY 19
Aeronautical Assets as % of Total Assets	88.76	89.84	90.21	90.28	90.95

Consultation Process requirement

Pursuant to State Support Agreement (SSA) signed between GoI and MIAL, each major development project costing in excess of Rs. 100 crores requires full consultation with the Airports' users / stakeholders. Consultation Protocol was submitted to the Authority for consideration, as per which consultation was proposed to be done in following 2 phases:-

- Needs identification and Options development stage (stage 1),
- Detail project design stage (stage 2).

Accordingly, MIAL conducted a users / stakeholders consultation meeting on March 5th, 2014 for the following projects:

Sl. No.	Description of the Project	Estimated Cost Rs./Crs.
1.	Metro Connectivity to CSIA - Two Metro Stations at Sahar and Santacruz	518
2.	Taxiway 'M' - Only Slum Rehab cost	157
3	Construction of South East Pier	370
4	Tunnel under Runway 14/32	224
	Soft cost i.e. IDC and Preoperative expenses	341
	Total	**1,610**

Needs identification and Options development stage (stage 1)

➢Stage 1 of the Consultation process was conducted by MIAL on 5th March, 2014. Participants were explained in detail on the four projects proposed to be undertaken by MIAL.

➢A detailed presentation was given for all the 4 proposed projects on the following attributes:

- Need of the Project
- Project Description
- Benefits of the Project
- Alternatives available, if any

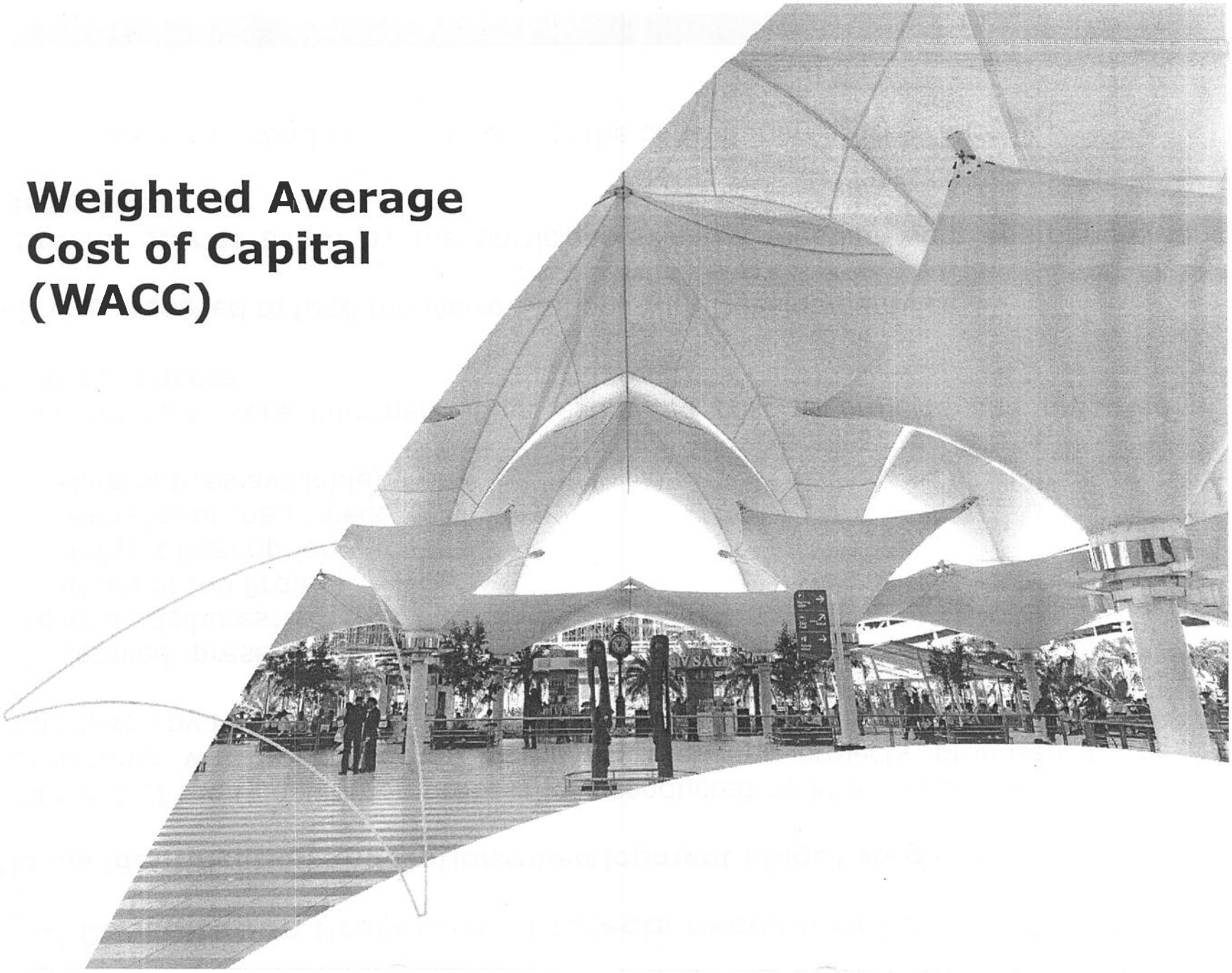
➢Stakeholders were informed about estimated cost of projects and proposed means of finance.

➢It was proposed to fund the Metro Stations with Development Fee.

➢Several queries asked by the participants in the meeting were appropriately responded.

➢MIAL intends to conduct the Stage 2 of the consultation process shortly.

Weighted Average Cost of Capital (WACC)

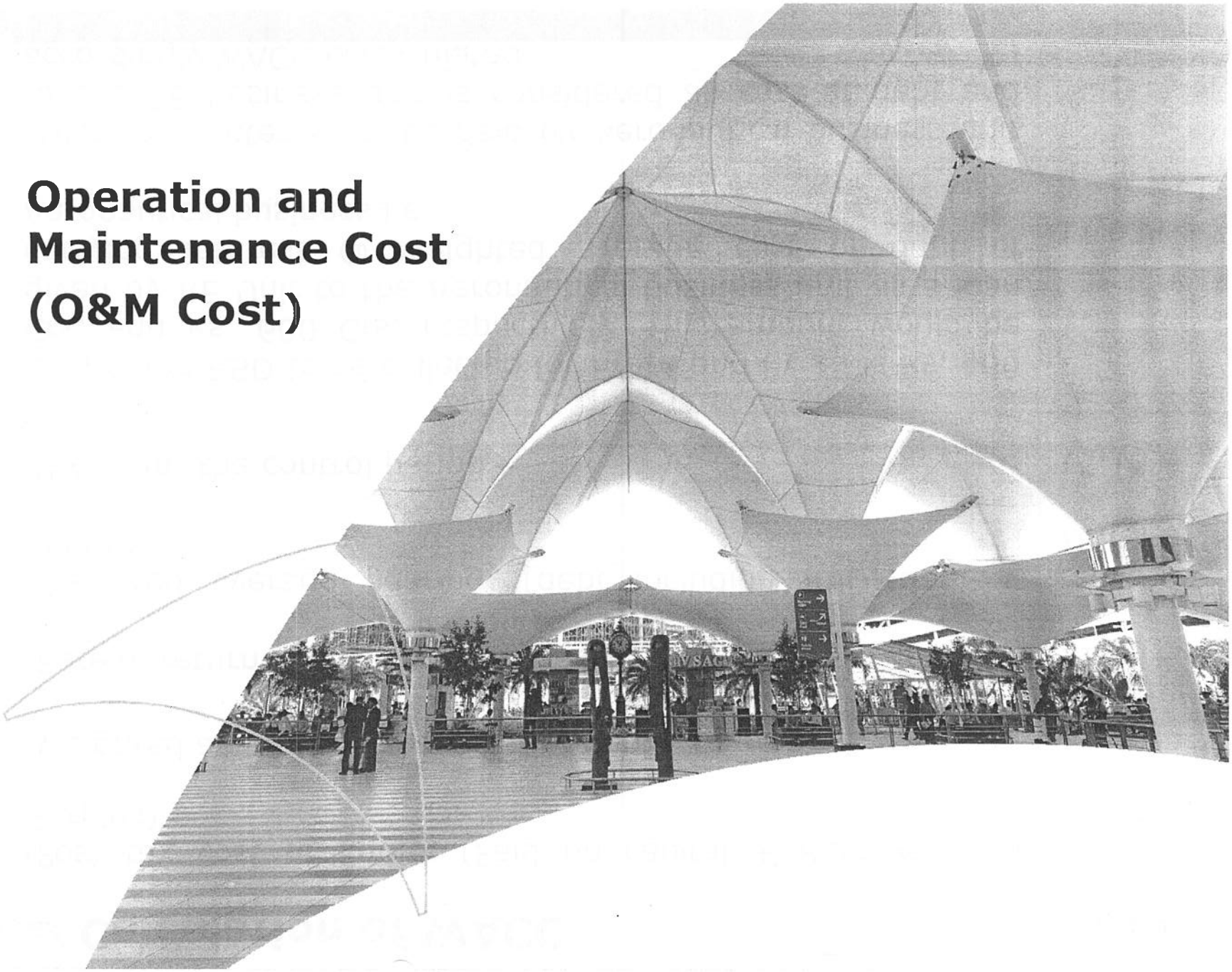


Calculation of WACC

GVK

•Post tax cost of Equity (Paid up capital + Reserves and Surplus)	⇨	23.00%
•Weighted average pre-tax cost of debt	⇨	11.93%
•Rate of return over RSD (inter unit debt)	⇨	11.93%
•Weighted average gearing. (debt including RSD/(debt + equity))	⇨	70.83%
•WACC for the control period –	⇨	15.16%
•Estimated RSD to be collected for FY 14 and FY 15 is Rs. 400 Crs. and Rs. 600 Crs. respectively. This amount would be given by RE Unit to the Aeronautical business unit as a loan carrying interest @ weighted average cost of debt of Aeronautical business i.e.	⇨	11.93%
•Therefore, interest to be paid by Aeronautical business unit to the RE business unit is considered as cost of debt and accordingly WACC is calculated.		

Operation and Maintenance Cost (O&M Cost)



Operation and Maintenance Costs

GVK

O&M Costs are projected as per details below:-

Inflation is assumed as per RBI forecast for CPI-IW for next 5 yrs i.e. 7.9%

Category of Cost	Cost Driver
Employee Cost	Headcount and annual increments
Power & Other Utilities Expenses	Increase in units consumption for new T2, rates based on MERC order and inflation/ BMC circular
Repair & Maintenance Expenses	As a percentage of Gross Fixed Assets and cost of IT Outsourcing
Expenses for Security, Horticulture, Cleaning, Trolley, Inter-terminal coach and Other Operating Contracts	Minimum Wages increase, Headcount, area or passenger growth
Consumables Expenses	Passenger Growth and inflation

Operation and Maintenance Costs

GVK

Property Tax	Considered based upon new capital value system. Being statutory cost will request AERA for truing up later on actual payment basis
Non Agriculture Tax	Considered based upon demand notice for FY14. Will request AERA for truing up later on actual payment basis.
Airport Operator Fee	As per agreement, annual increase linked to US CPI
Insurance Expenses	Value of Insured risks
Administrative Expenses	Inflation and Real Increase
Segregation of Operation and Maintenance Expenses into aero and non aero	Based on a study conducted by KPMG Identified aero, non aero and common costs for each cost head Common costs allocated in the overall proportion of aero and non-aero costs

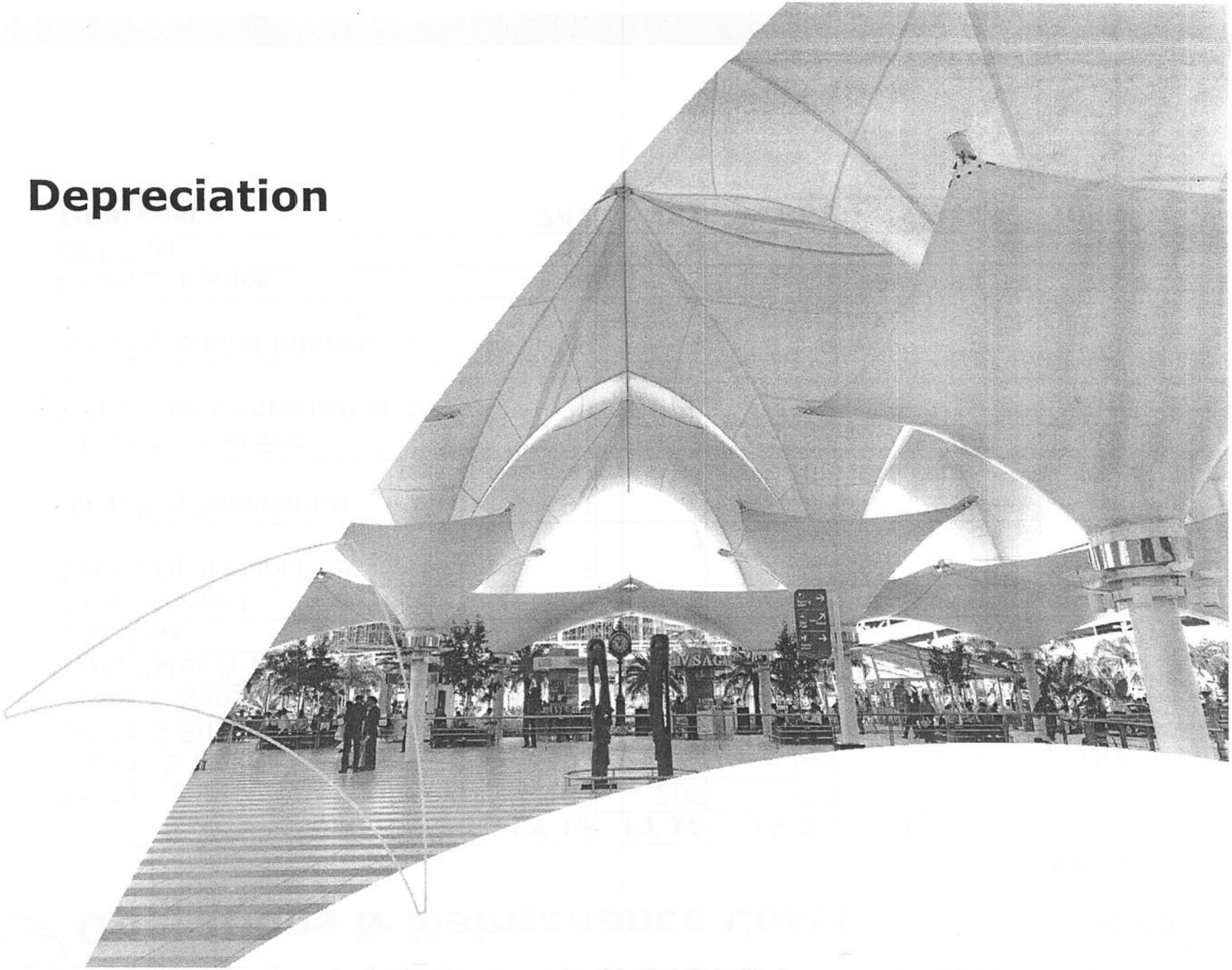
Operations & Maintenance Costs

GVK

Rs./Crs

	FY 15	FY 16	FY 17	FY 18	FY 19
Payroll	188	206	229	255	282
Repairs & Maint.	103	122	145	159	184
Stores & Supplies	3	3	3	4	4
Power & Water	153	156	171	188	205
Rent, Rates & Taxes	57	58	59	61	62
Insurance	8	8	9	9	10
Advertisement	9	8	8	9	9
Airport Operators Fees	7	7	7	8	8
Operating Expenditure	94	97	106	118	132
Administrative Exp.	79	77	87	99	112
Retirement compensation to AAI	20	20	19	19	18
Working capital Interest	9	9	9	9	9
Finance charges	3	3	4	4	4
CSR Cost	10	6	4	3	10
Total cost	**742**	**781**	**862**	**944**	**1050**

Depreciation



Depreciation

GVK

Depreciation

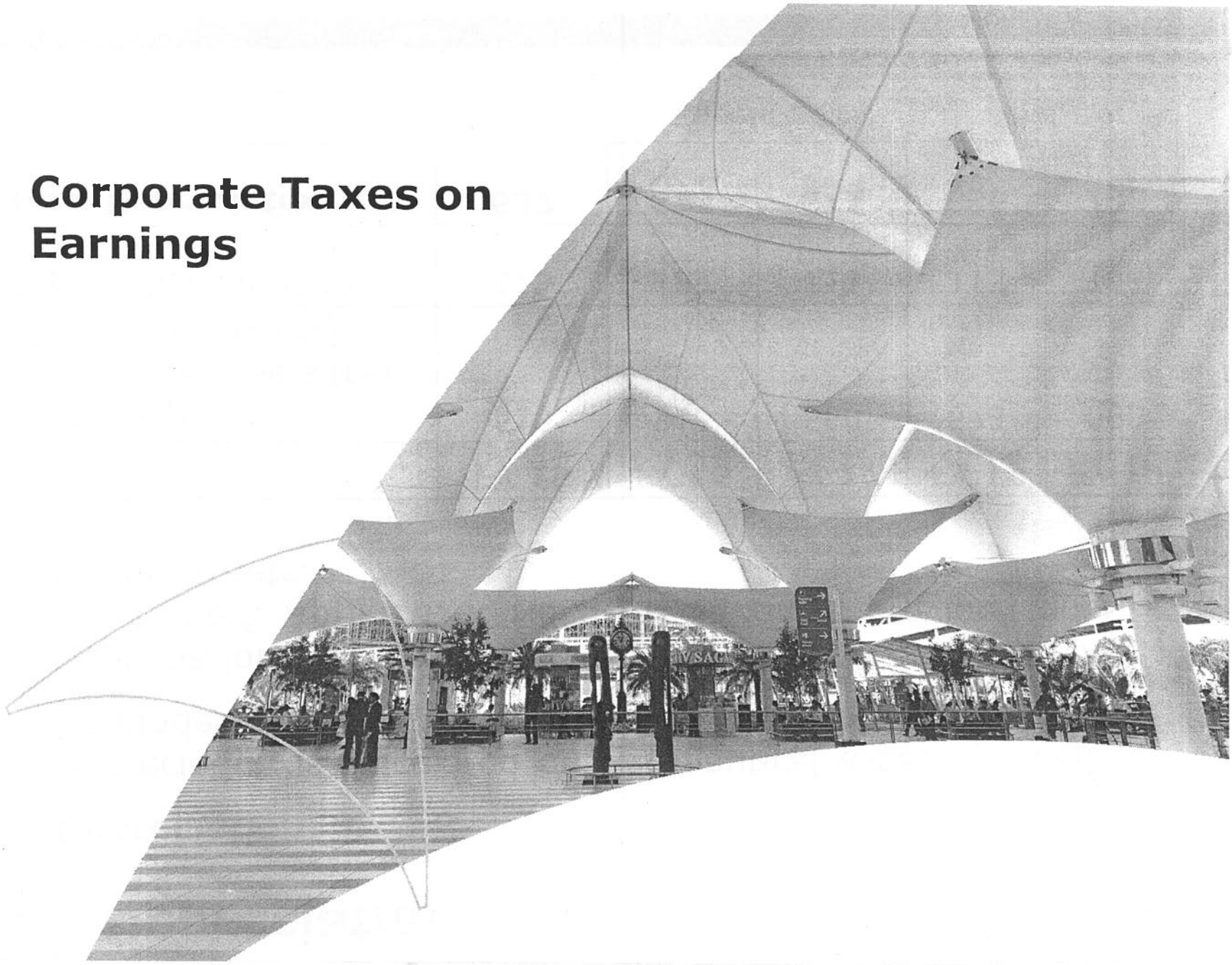
Depreciation is calculated on Aeronautical assets (excluding DF funded assets) and Hypothetical Regulatory Base.

Depreciation on assets is provided as per Companies Act, 2013 w.e.f. April 2014. No depreciation is provided on DF funded assets.

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Depreciation on Aeronautical Assets (net of DF funded assets)	513	516	560	573	600
Depreciation on HRAB	118	109	111	113	106
Total Depreciation	**632**	**625**	**671**	**686**	**706**

Corporate Taxes on Earnings



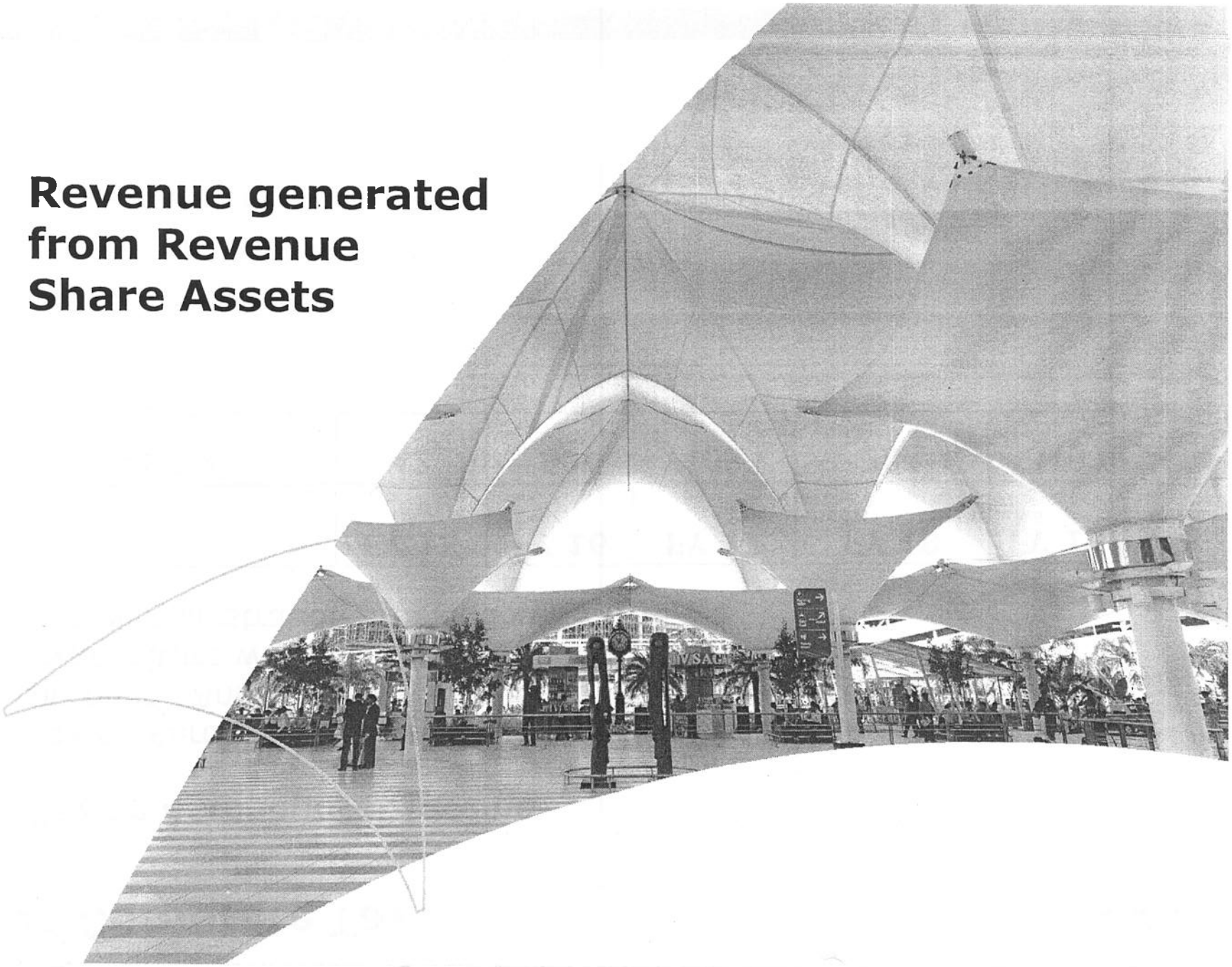
Tax on Aeronautical Income

Tax on Aeronautical Income is calculated based on Aeronautical P&L account. Annual Fee payable to AAI is not considered as an expenditure while calculating tax on Aeronautical Income. This is in line with illustration provided in SSA.

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Income Tax	42	80	103	204	310

Revenue generated from Revenue Share Assets



Revenue from Revenue Share Assets

GVK

- The revenue from Revenue Share Assets (RSA) has been projected based on revenue drivers as follows:

Category of revenues	Revenue Driver
Retail, Food & Beverage, Advertising & Lounges	Inflation and Passenger growth or as per contract
Duty free#	Passenger growth and inflation
Flight Kitchen	Passenger growth
Foreign Exchange	Passenger growth
Fuel Throughput Charge	WPI linked increase as per agreement with oil companies
Ground Handling	As per agreement (Revenue Share derived from Revenue per ATM and inflation or MAG)
Back Office Spaces	As per Contract
Banks & ATMs, Staff Canteen	As per Contract
Car Rental & Hotel Reservation	Inflation and Passenger

Duty free revenue was projected as per the Letter of Award issued for the new T2. Since the performance of selected bidder was not satisfactory, concession has been awarded to next highest bidder. Revised projections to be submitted.

Revenue from RSA (Non Aero revenues)

GVK

Rs./Crs

Concessions	FY 15	FY 16	FY 17	FY 18	FY 19
F&B	40	52	61	71	82
Flight Catering	26	28	30	31	33
Retail	93	119	132	149	166
Foreign exchange, Banks & ATM	57	60	62	65	68
Car Rentals & Hotel Reservation	19	21	24	28	32
Duty Free	180	242	279	322	371
Advertising	69	79	91	104	119
Car Parking	14	17	20	23	26
Ground Handling	77	81	85	90	95
Others	24	28	35	40	48
FTC	110	120	131	144	157
Total Concessions	**708**	**848**	**951**	**1066**	**1196**

Revenue from RSA (Non Aero revenues)

Rs./Crs

	FY 15	FY 16	FY 17	FY 18	FY 19
Land Lease rentals (excluding Real Estate)	32	34	36	38	49
Hangar Rent	9	10	11	12	12
Terminal Building Rent	38	44	47	51	59
Lounges	27	54	59	65	70
Cargo Building Rent	18	20	21	23	25
Total Rent & Services	**125**	**162**	**175**	**188**	**215**
Revenue from cargo and cargo concessions	**228**	**236**	**245**	**255**	**264**
Total	**1061**	**1247**	**1370**	**1509**	**1675**

Truing up – First Control Period



True – up of first control period

Amount for True-up by the Authority **Rs. in Crs.**

	FY 10	FY 11	FY 12	FY 13	FY 14	Amount
Landing charges	0	0	0	9	70	79
Parking charges	0	0	0	1	-2	0
Aerobridge	0	0	0	-2	-12	-13
UDF / PSF (FC)	0	0	0	52	144	196
Unauthorised Overstay	0	0	0	0	-6	-6
Fuel concession	0	0	0	9	9	18
Total (A)	**0**	**0**	**0**	**70**	**203**	**274**
Adjustment in RAB due to actual date of capitalisation and DF adjustment	(17)	3	2	(42)	(198)	(252)
Change in WACC	11	14	16	17	24	83
Change in Operating expenditure	0	0	0	(1)	67	66
Adjustment in depreciation due to actual date of capitalisation and DF adjustment	4	2	2	2	(88)	(79)
Non Aero revenue subsidy	0	0	0	(29)	(26)	(55)
Total (B)	(2)	19	21	(52)	(223)	(237)
Total True-up amount	**(2)**	**19**	**21**	**18**	**(19)**	**37**
Total True-up amount with carrying cost	**(3)**	**30**	**29**	**22**	**(22)**	**57**

Traffic Forecast



Outline of Presentation

- About CSIA
- Data Source
- Comparison of Historical Traffic Trend of CSIA with other Major Airports
- Forecast Based on CAGR
- Validation of Forecast

About CSIA

- CSIA handled 30.21 million passengers in FY 13, witnessed (-)1.8% decline in passengers and (–)4.3% decline in Air Traffic Movements (ATMs) compared to FY 12.

- However in FY 14 , it handled 32.22 million passengers and recorded growth of 6.7% compared to FY13

- CSIA handled 19.0% of India's passenger traffic and 28.9% of cargo traffic in FY14.

Data Source

- The data used for the analysis include CSIA historical data and "All India" traffic data taken from the 'Review of Traffic 2012-13' published by the Airport Authority of India (AAI) and also from the AAI website for FY13/14 data.

- Historical Indian GDP from the Economic Survey Report published by GOI and Projected GDP from RBI website

- World GDP data from World Bank report

Historical Traffic Trend with Major Airports

GVK

- A comparative study of CSIA traffic with "All India" traffic for the last ten years between FY 2003-04 and FY 2013-14 (Provisional Actual Traffic Data) shows that CSIA's Compound Annual Growth Rate (CAGR) of 10, 5 and 3-years respectively is always lower than the national CAGR, AAI and all Private airports i.e. Delhi, Bangalore, Hyderabad and Cochin.

Passengers							
Year	Mumbai	Delhi	Bangalore	Hyderabad	Cochin	All AAI	All India
CAGR (10 yrs)	9.3%	13.5%	15.0%	14.7%	15.1%	14.6%	13.2%
CAGR (5yrs)	6.6%	10.1%	8.0%	7.0%	10.0%	10.1%	9.0%
CAGR (3 yrs)	3.5%	7.3%	3.5%	4.6%	7.7%	5.6%	5.4%

ATM (Nos)							
Year	Mumbai	Delhi	Bangalore	Hyderabad	Cochin	All AAI	All India
CAGR (10 yrs)	6.6%	10.6%	9.7%	12.0%	10.8%	9.0%	9.1%
CAGR (5yrs)	2.8%	5.9%	2.3%	1.6%	2.6%	2.7%	3.2%
CAGR (3 yrs)	2.4%	4.2%	1.9%	1.9%	4.5%	3.2%	3.1%

Cargo (MT)							
Year	Mumbai	Delhi	Bangalore	Hyderabad	Cochin	All AAI	All India
CAGR (10 yrs)	7.1%	7.3%	10.3%	12.1%	12.5%	7.2%	7.7%
CAGR (5yrs)	4.1%	7.0%	8.9%	8.7%	10.7%	4.6%	5.8%
CAGR (3 yrs)	-1.1%	-0.1%	2.9%	3.4%	8.3%	-5.3%	-1.4%

CAGR for CSIA - International & Domestic

1. CSIA international and domestic 10, 5 and 3 yrs CAGR **with FY13/14 actual** numbers are as blow:

CAGR	Passengers			ATM			Cargo		
	Intl	Dom	Total	Intl	Dom	Total	Intl	Dom	Total
10 years	6.8%	10.7%	9.3%	6.8%	6.6%	6.6%	7.2%	6.9%	7.1%
5year	5.0%	7.4%	6.6%	2.0%	3.1%	2.8%	4.3%	3.7%	4.1%
3 years	4.4%	3.1%	3.5%	1.8%	2.7%	2.4%	-0.2%	-3.2%	-1.1%

2. CAGR for 10,5 & 3 years with estimated numbers for FY13/14 submitted earlier are as below :

CAGR	Passengers			ATM			Cargo		
	Intl	Dom	Total	Intl	Dom	Total	Intl	Dom	Total
10 years	6.8%	10.4%	9.1%	6.8%	6.2%	6.4%	6.9%	7.1%	7.0%
5year	5.0%	6.9%	6.3%	2.0%	2.4%	2.3%	3.8%	3.9%	3.9 %
3 years	4.5%	2.3%	3.0%	1.8%	1.5%	1.6%	-1.0%	-2.9%	-1.5%

3. Forecast for CSIA has been done on the basis of CAGR with actual traffic numbers for FY13/14.

Forecast based on CAGR

GVK

1. CSIA Traffic has been projected on the basis of 5 years CAGR(except the international passengers) with FY13/14 actual traffic as base year

Year	Passengers (Million)			ATM (Nos)			MIAL CARGO + COURIER (MT)		
	International	Domestic	Total	International	Domestic	Total	International	Domestic	Total
2013-14 (Provisional)	10.34	21.88	32.22	72,352	188,327	260,679	344,540	57,750	402,290
Growth rate 5yrs CAGR	**@4.1%**	**@7.4%**	**@6.4%**	**@2.0%**	**@3.1%**	**@2.8%**	**@4.3%**	**@3.7%**	**@4.1%**
2014-15	10.76	23.50	34.26	73799	194,165	267,964	359,355	59,887	419,242
2015-16	11.21	25.24	36.44	75275	200,184	275,459	374,807	62,103	436,910
2016-17	11.66	27.11	38.77	76781	206,390	283,170	390,924	64,400	455,325
2017-18	12.14	29.11	41.25	78316	212,788	291,104	407,734	66,783	474,517
2018-19	12.64	31.27	43.91	79882	219,384	299,267	425,267	69,254	494,521

2. Five years CAGR has been selected for the reason given in the next slide.

Reason for Choosing 5 years CAGR

GVK

1. CAGR for 10 years is very high and CSIA will not be able to handle such growth as demand will outpace the capacity. Average GDP growth for the last 10 years is approx 8% while projected GDP for next 5 years nearly 6.5%, which led to higher traffic growth.
2. CAGR for 3 years not considered as it shows low growth and does not reflect the current situation of CSIA.
3. Further, we have regressed the domestic traffic trend of CSIA with the domestic GDP and international traffic with world GDP from 1993-94 to 2012-13 time series datasets to find out the growth.
4. The model projected domestic traffic will grow by 7.6%, international traffic by 2.5% and overall by 6.1%.

Reason for Choosing 5 years CAGR (Continued)

5. For the model we have assumed that domestic GDP will grow by 6.5% for the next 5 years (as per RBI website) and international GDP by 3% (as per world bank report).
6. Five years CAGR of domestic traffic converges with the growth projected by the model.
7. For international traffic, our view is that 5% growth shown in CAGR is high considering the fact explained in the next slide and also taking into account/growth of only 2.5% as per model projected.

International Traffic- Reasons for Lower Forecast

1. International traffic growth witnessed by CSIA in last two years has been significantly lower than the growth at Delhi Airport mainly due to :

   a) shifting of Air India Hub to Delhi for international passenger traffic and

   b) also due to growing International traffic at other cities on grant of traffic rights from new point of calls, directly competing with CSIA.

2. A comparative growth analysis of Delhi and Mumbai for the last two year is given below and indicates how the international traffic at Mumbai affected due to relocation of base for AI's international operation to Delhi :

International Passengers (million)				
Year	DELHI	% Change	Mumbai	% Change
FY11/12	10.75	16.00%	9.7	6.90%
FY12/13	11.56	7.50%	9.93	2.30%

International Traffic- Reason for lower Forecast

GVK

3. Also FY14, while there was substantial growth in International passenger traffic at other airports, it was meager 4.1% at CSIA. Thus, it is projected that international passengers will at most grow by 4.1%.

	International Passengers (million)				
Year	MUMBAI	DELHI	BANGALORE	HYDERABAD	COCHIN
FY13/14	10.34	12.72	2.63	2.43	3.27
FY12/13	9.93	11.56	2.50	2.14	2.92
% Change	4.1%	10.0%	5.2%	13.6%	12.0%

Thank you

New Projects

2nd Control Period - FY 15 to FY 19

Chhatrapati Shivaji
INTERNATIONAL AIRPORT
MUMBAI

GVK

Mumbai

Agenda

Projects involving capex in excess of Rs. 100 crores in the 2nd Control Period (FY 15 to FY 19)

- Project 1: Metro Stations-Two (Terminal 1 and Terminal 2)
- Project 2: South East Pier
- Project 3: Taxiway "M"
- Project 4: Tunnel under Runway 14/32

Project 1: Metro Stations (Terminal 1 and 2)



Need for Metro Connectivity to CSIA(1/3)

- Chhatrapati Shivaji International Airport (CSIA) has **constrained connectivity** due to absence of any dedicated rail link and high dependence on the city's road infrastructure.

- Western Express Highway, the principal road link to airport, has **serious capacity issues**, particularly during peak hours.

- Due to the rapid increase of citywide traffic (approx 4.5% YoY) the journey time from South Mumbai to CSIA over the years **will increase from currently 120 mins in peak time to approx 180 min**s over the years.

- Key Issues:
  - Existing transportation system & connectivity is **under extreme pressure** owing to rapid increase in city level traffic volumes.

  - **Several limitations & constraints in augmentation of existing road network** capacity for future traffic volumes.

Need for Metro Connectivity to CSIA (2/3)

- A world class development of the magnitude of CSIA to be sustainable, needs to be complemented by a rail based MRTS link like the Metro, serving CSIA users' travel demands, apart from road connectivity from all major roads of Mumbai city.

- Metro connectivity **will reduce the journey time to approximate 50 mins** from 120 mins (approx reduction of 70 mins considering today's travel time) for an airport passenger travelling from South Mumbai during evening/morning peak. The difference in travel time will increase in the future due to increasing congestion.

- Metro would in turn **reduce the congestion** anticipated at the entry or exit roads to the airport and terminals, in turn providing a better level of service to the passengers who are inaccessible to the metro system.

- All major international airports in the world are served by dedicated Metro and Expressway corridors to provide reliable and time bound connectivity, like Hongkong, Beijing, Bangkok, Heathrow, Delhi, Chennai and Kolkata etc.

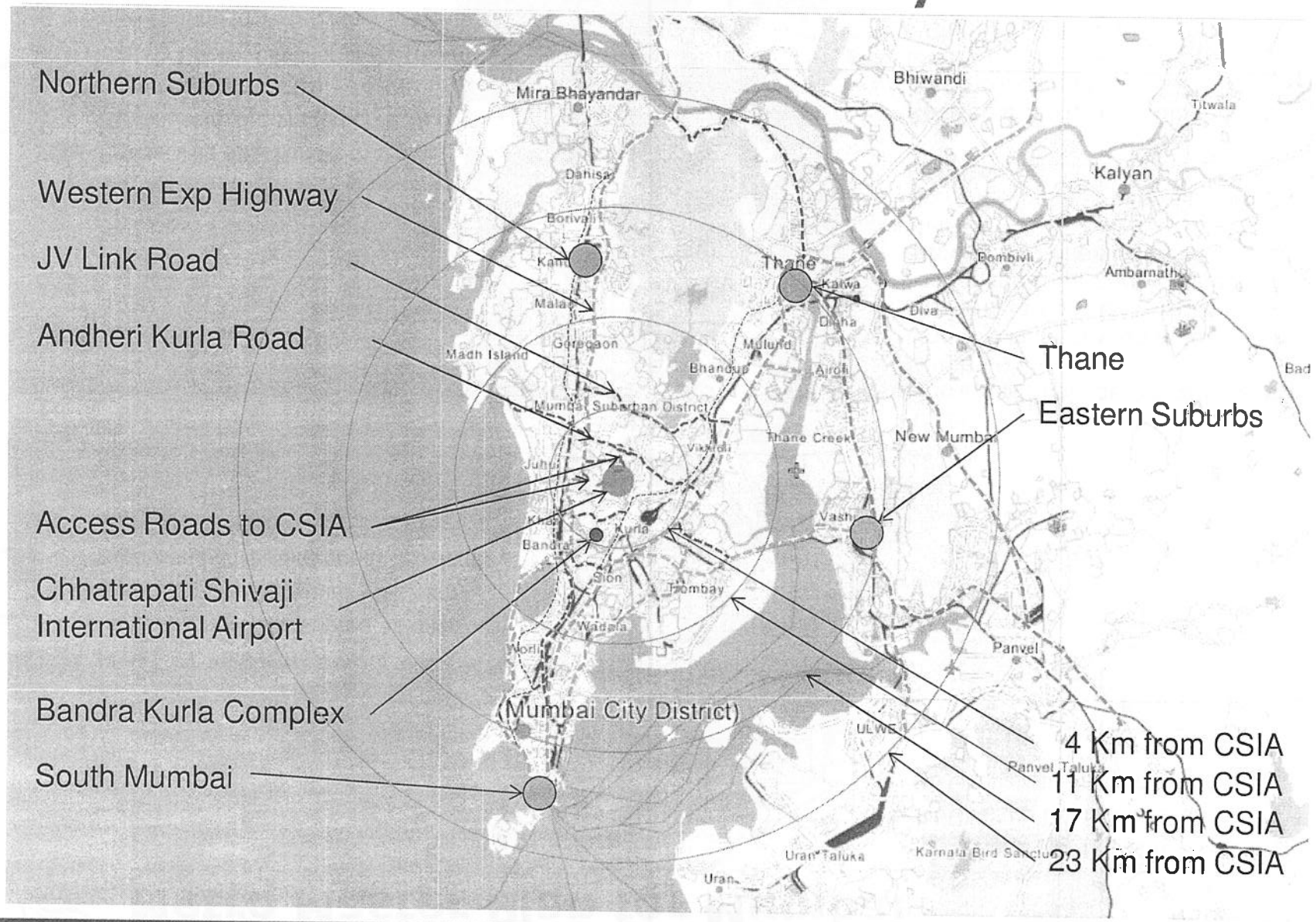
Need for Metro Connectivity to CSIA (3/3)

- This will also lead to a proportionate **savings of 30 times in cost of travel** (in an air conditioned fleet cab)* and assurance of a fixed journey time of approx 50 mins for the airport passenger from South Mumbai.

- Two stations within CSIA, one located in the Santacruz Domestic Terminal T1 forecourt and other located in the Sahar International Terminal T2 forecourt shall be directly connected to the Terminals, to provide access to domestic and international passengers & all airport users.

*****_Considering the difference in cost of travel to South Mumbai from CSIA in an air conditioned fleet cab indexed to year 2019 with 7.9% CPI Y-o-Y **(Rs 900)** to the cost of travel in a Metro **(Rs 30)** as per the fare structure proposed by MMRDA for a similar journey._

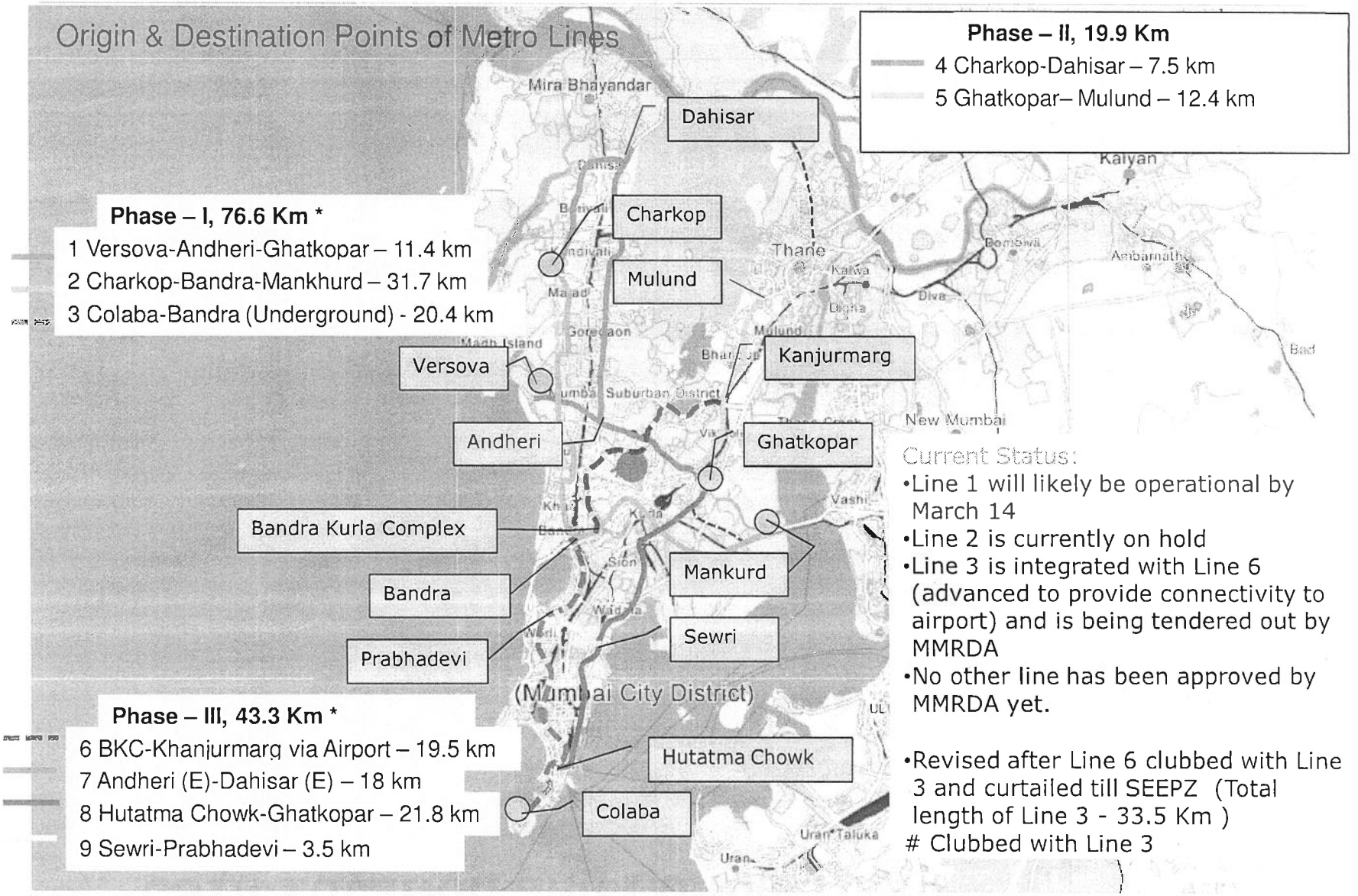
CSIA Location and Connectivity



Metro Master Plan for Mumbai

GVK

Origin & Destination Points of Metro Lines



Phase – I, 76.6 Km *

1 Versova-Andheri-Ghatkopar – 11.4 km
2 Charkop-Bandra-Mankhurd – 31.7 km
3 Colaba-Bandra (Underground) - 20.4 km

Phase – II, 19.9 Km

4 Charkop-Dahisar – 7.5 km
5 Ghatkopar– Mulund – 12.4 km

Phase – III, 43.3 Km *

6 BKC-Khanjurmarg via Airport – 19.5 km
7 Andheri (E)-Dahisar (E) – 18 km
8 Hutatma Chowk-Ghatkopar – 21.8 km
9 Sewri-Prabhadevi – 3.5 km

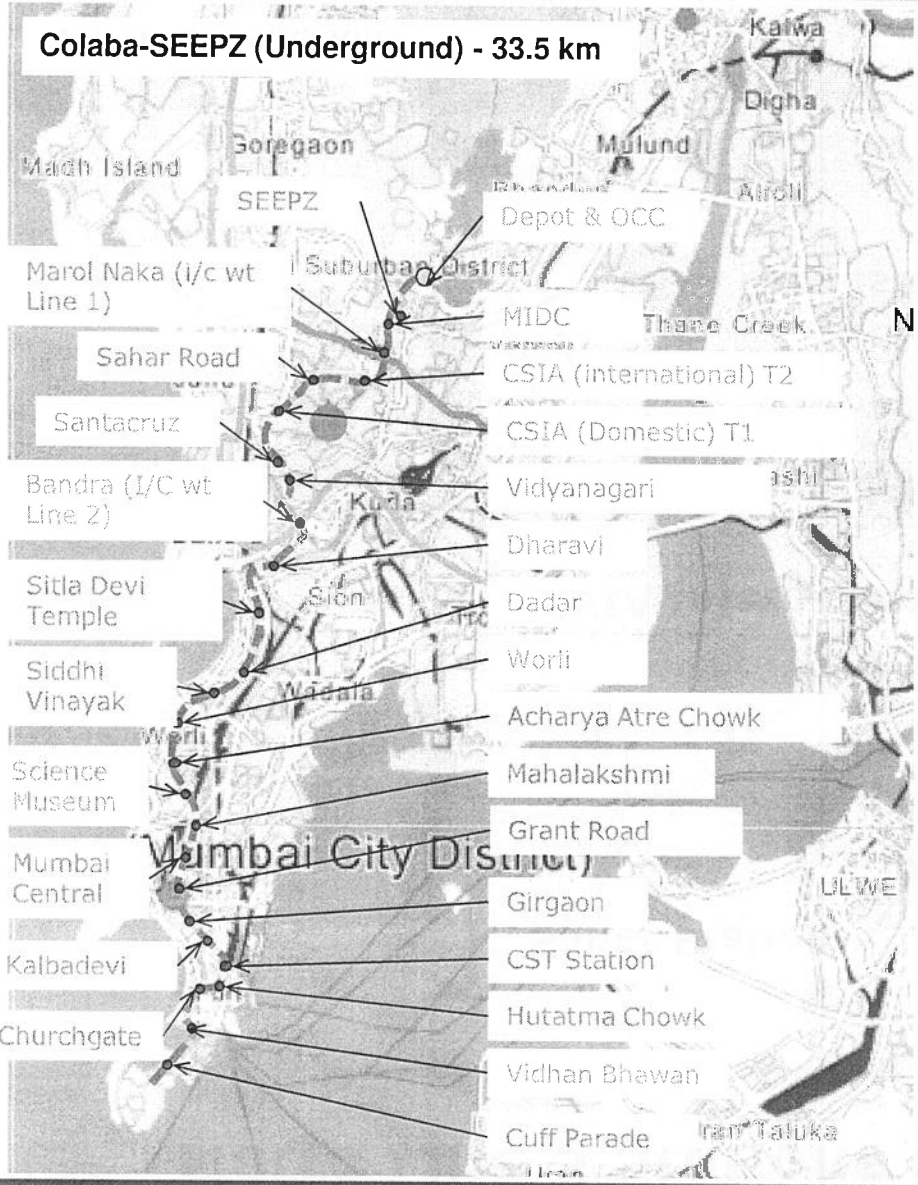
Current Status:

- Line 1 will likely be operational by March 14
- Line 2 is currently on hold
- Line 3 is integrated with Line 6 (advanced to provide connectivity to airport) and is being tendered out by MMRDA
- No other line has been approved by MMRDA yet.

- Revised after Line 6 clubbed with Line 3 and curtailed till SEEPZ (Total length of Line 3 - 33.5 Km)

Clubbed with Line 3

Metro Line 3 Project

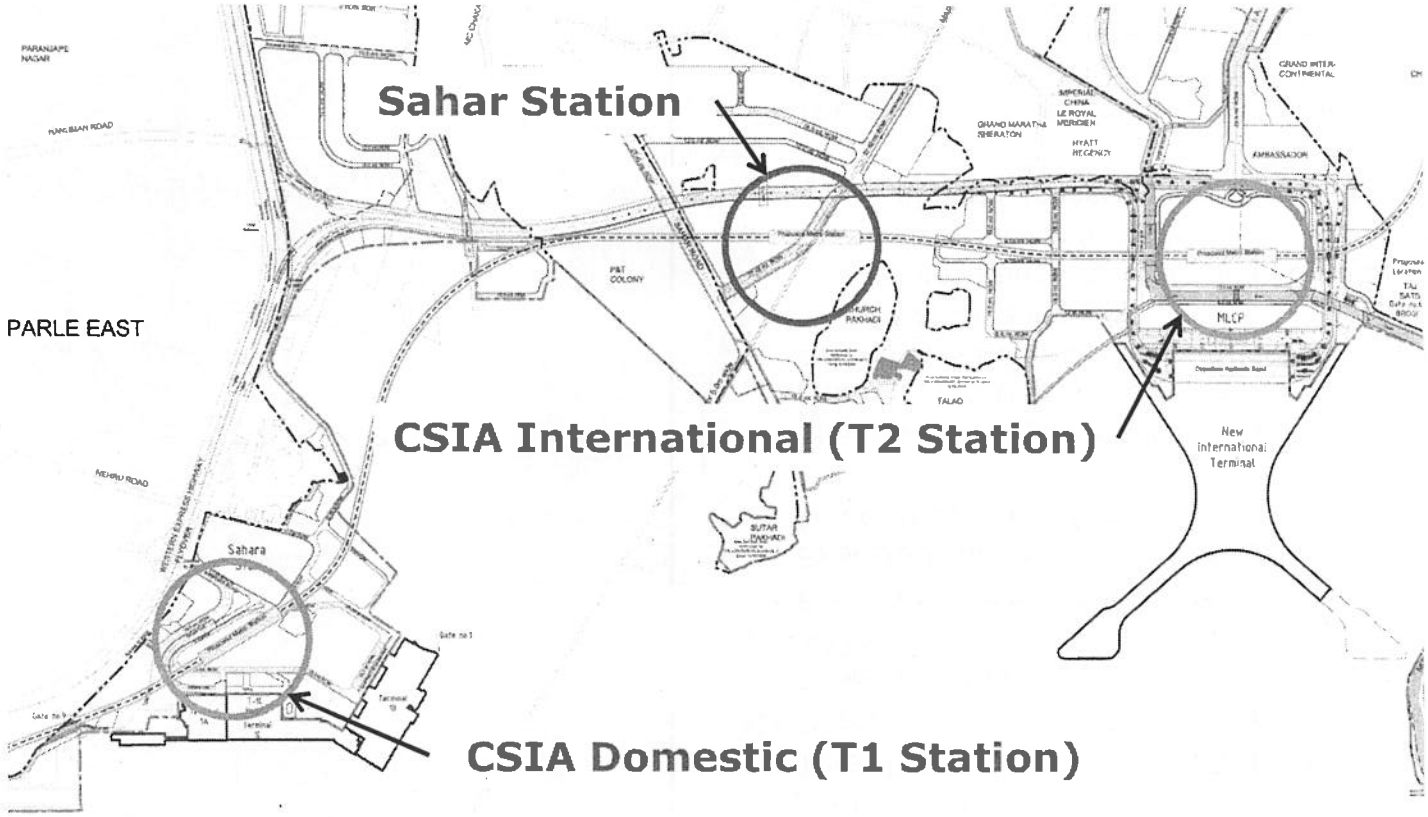


- Metro Line 3 has been envisaged as a complete underground system.
- Length of Proposed Line: **33.5 km** (Colaba to SEEPZ)
- No of stations planned: **26** (including 3 stations within CSIA)
- Total Travel time: approx **60 mins**
- Depth of Stations – **21.5 m** below ground
- Type of station construction – Cut and cover and NATM
- Expected completion: **2019**
- Expected commencement of Construction: **December 2014 (end)**

- Alignment through CSIA - The alignment and the station locations have been finalized after extensive studies by MMRDA/MMRCL regarding:
  - Catchment areas
  - Integration with other mass transit corridors
  - Construction feasibility
  - Airport's connectivity requirements

- The alignment will connect South Mumbai, Central Mumbai, with Suburbs and CSIA.
- Major Traffic Generators - Churchgate, CST, Dadar, BKC, SEEPZ and CSIA.

Metro Line 3 Stations in CSIA



In CSIA

Total Length 4.59 Kms
No. of Stations : 3 (underground)

Station Locations

Location 1: T1 Forecourt
Location 2: Sahar Road
Location 3: T2 Forecourt

Users of Metro Line 3 to CSIA

Metro Line 3 Project, a true integrator of major traffic generators of the city will immensely benefit the following airport users:

- Airport Passengers
- Meeters and Greeters
- Employees at the airport working with
  - airlines
  - cargo terminal operators
  - ground handling agencies
  - airport operator
  - CISF and other Government agencies
  - retailers and other concessionaires at the airport
- Visitors
- Surrounding areas of CSIA

Need for MIAL's Participation

GVK

- The National Facilitation Committee (NFC), Government of India, in 2009, recommended expeditious implementation of metro link to CSIA, as part of Metro Line 3 Project.

- MMRDA had insisted that CSIA participate in this Project by way of contribution of 20% of the total cost of Rs 24,430 Crores i.e Rs 4,886 Crores for which MIAL did not agree.

- In the NFC meetings, MoUD made it clear that cost of construction of 3 airport stations need to be borne only by MIAL as these are being constructed for airport users.

- It was decided that MIAL shall share cost of 3 stations of which 2 stations are related to Terminal Traffic (i.e. T1 & T2 stations) subjected to concurrence and approval of Statutory Authorities. Cost of 2 stations to be borne by MIAL is approx Rs 518 Crores (excluding cost of Electro-mechanical works of Rs. 118 Crores which is to be paid in 3 years after commissioning of Metro).

- DIAL has also contributed approx Rs. 350 crores for dedicated Metro connectivity to IGI Airport, New Delhi (Cost incurred in Yr 2009-10).

Project Cost

- The Project Cost of Metro Line 3: **Rs 23,136 Crores** (approximate completion cost as per Metro Line 3 funding plan given by MMRDA)

- Approximate civil cost of each station as per DPR prepared by MMRDA
  - **Rs 200 Crores Base cost**, to be indexed plus soft cost such as Interest During Construction and Preoperative Expenses

- MIAL will have to contribute **Rs 518 Crores** for two stations towards Metro connectivity:
  - Cost of construction of the two metro stations within the airport area: Rs 400 Crores (Rs. 200 crores each for metro station) plus Rs. 118 crs. taking into consideration inflation
  - Plus soft cost
- **Central Cabinet** approved Project on **27th June 2013**
- **JICA Loan Agreement** on JICA funding signed on **17th Sep 2013**
- **State Cabinet** approved Project on **26th Feb 2014**

Benefits to Stakeholders

GVK

- Help the airport passengers, employees and airport users immensely by reducing the travel time, ensuring that the lower loads on the roads leading to the terminals.

Benefits will be in terms of:

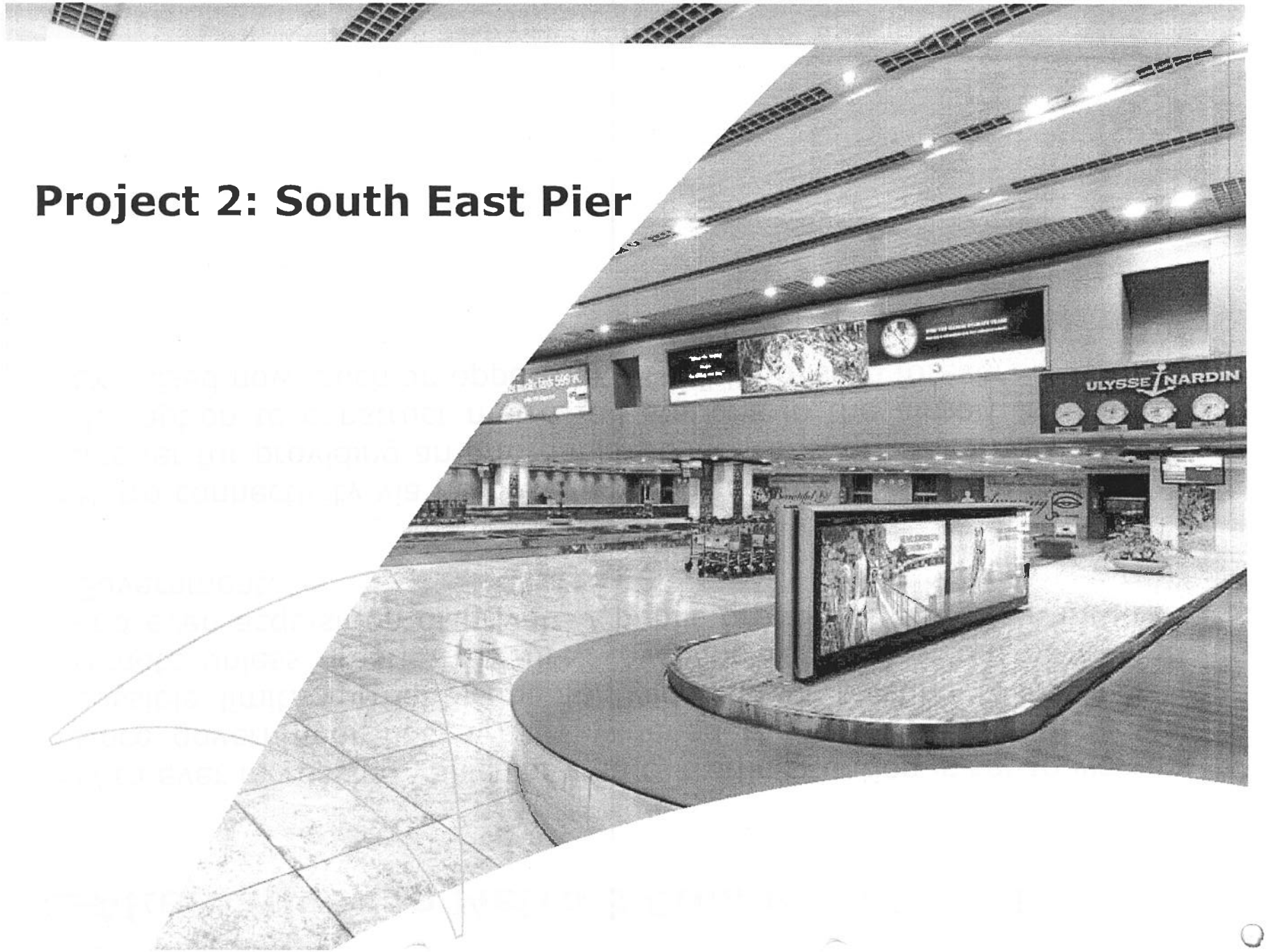
- Faster travel time to the airport (Reduction of more than half of travel time during congested peak for journey from South Mumbai)
- Reduced cost of travel (**30 times reduction** of travel cost i.e. Rs 30 in a metro compared to a journey by an air conditioned fleet cab from South Mumbai i.e approx Rs 900)
- Assurance of a fixed journey time (**Approx 50 mins** estimated)
- Direct connectivity from prominent locations (unlike today where one has to change 2/3 modes of public transport to reach the airport)
- Reliable and dependable mode of public transport (Services unlikely to be disturbed during monsoons and other road congestions, etc.)
- Round the clock connectivity
- Comfortable and safe journey with **air conditioned** facilities

Alternatives to Metro 3 Connectivity to CSIA

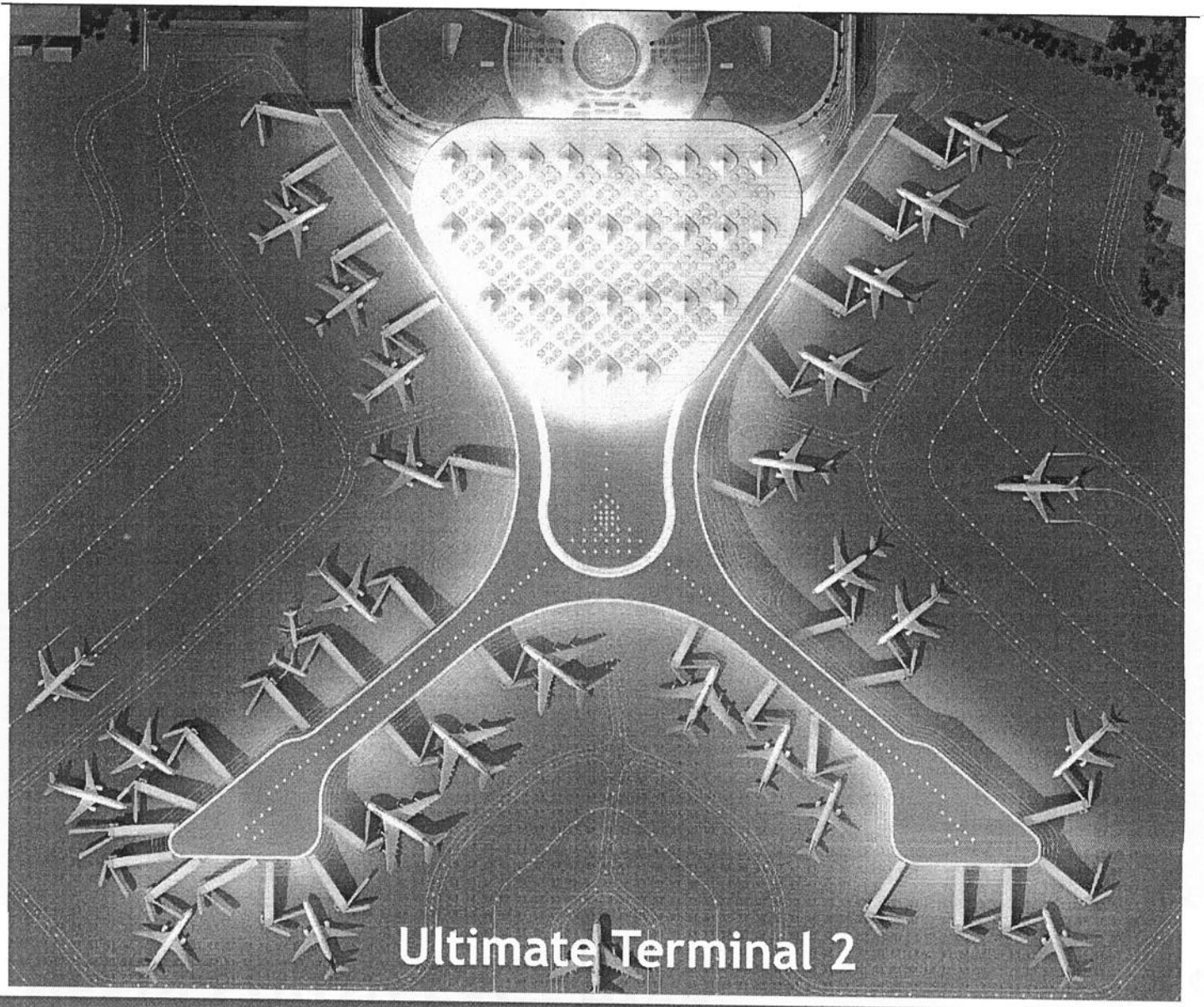
- With ever increasing vehicular traffic, traffic situation is set to worsen, since government has already widened the roads to the maximum possible limit. Further scope for widening of existing roads is very remote unless drastic measures involving removal of encroachments and even acquisition of private / public properties are taken by State Government.

- Metro connectivity via proposed stations seems to be the only feasible answer for providing an affordable public transport system to CSIA. If the option to construct metro rail stations in the airport area is not exercised now, such an opportunity shall be missed forever.

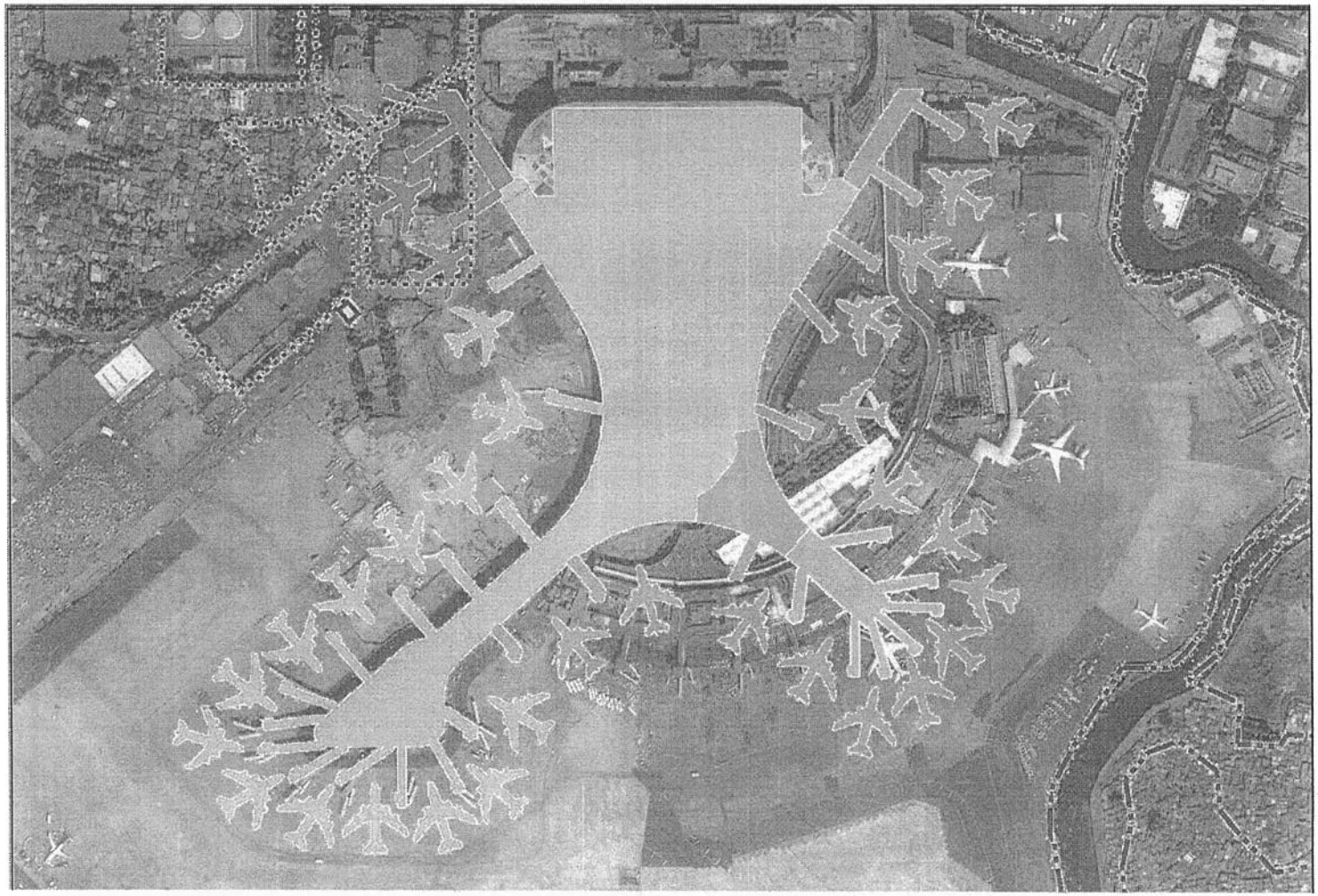
Project 2: South East Pier



Terminal 2 Development

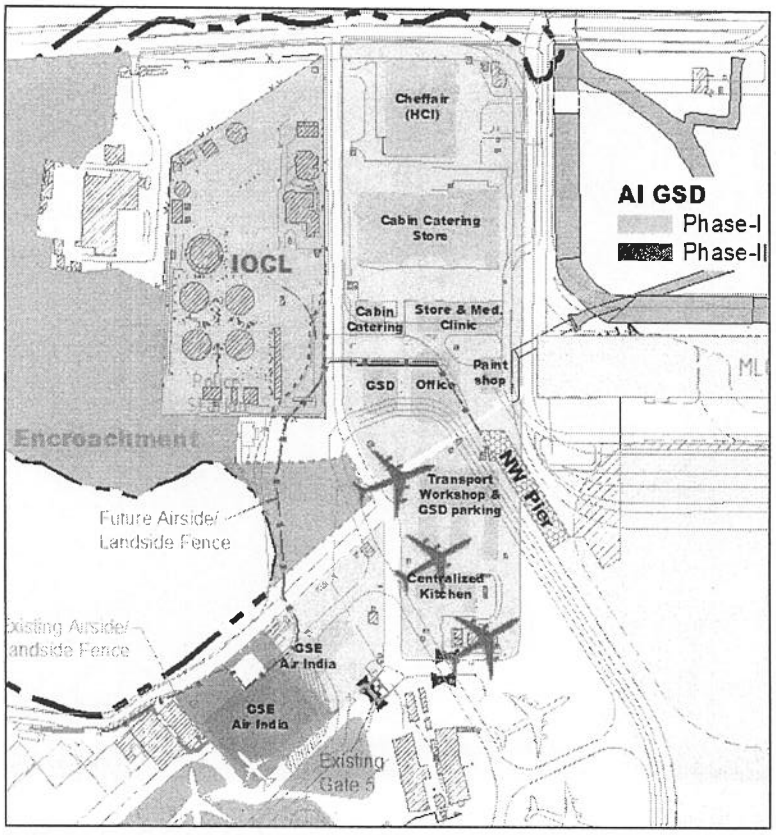


NEED: SOUTH EAST PIER



Proposed Terminal 2 Works

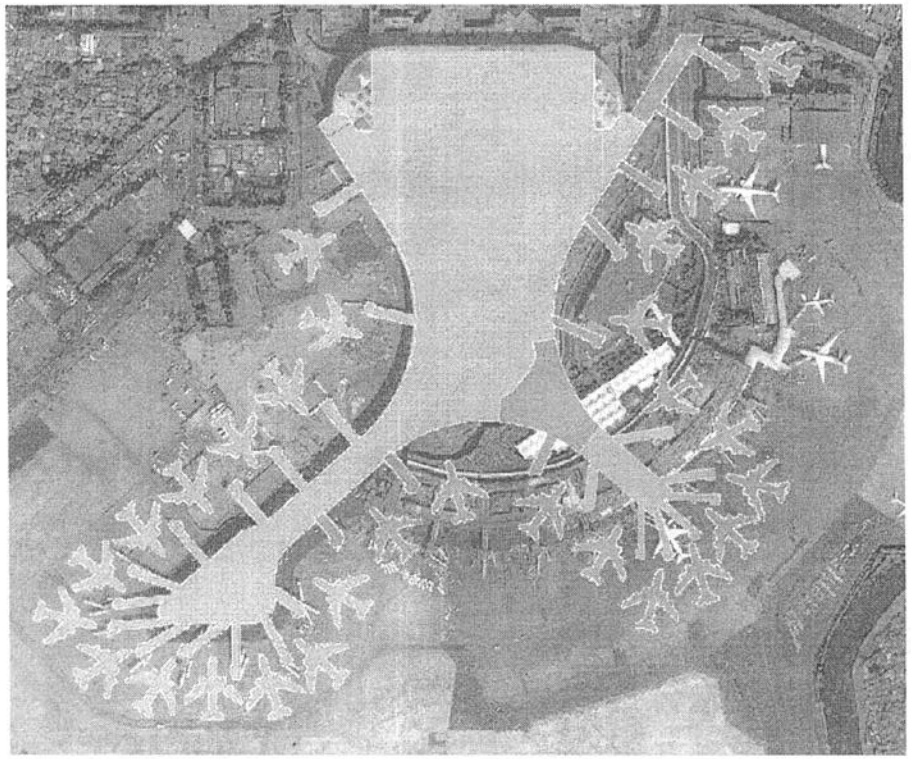
Need: South East Pier



- The encumbrances in North West Pier includes:
  - Air India (AI) Ground Services Department (GSD),
  - Encroachments; and
  - Small portion of IOCL land
- Time required for clearance of encroachment is difficult to estimate

Project Description: South East Pier

MIAL plans to convert the 7 remote stands to contact stands by constructing a additional portion of approximately 14300 Sqm of the SE Pier (as highlighted in figure below)



Number of Aircraft Stands

Total number of available aircraft stands around new T2:

- 2 Code F in-contact stands,
- 27 Code E in-contact stands

Benefits: South East Pier

GVK

With the construction of **a small section** of the Terminal, SEP, following benefits are achieved :

- ✓ **7** Remote stands are converted to **Contact stands**
- ✓ **Faster turnaround of aircraft** resulting in higher apron capacity.
- ✓ Leads to an **increase in efficiency** of Airline and Airport operations.
- ✓ Brings in increased level of service by use of Passenger Boarding Bridges at New T2.
- ✓ Leading towards the total stand count envisioned in the Master Plan

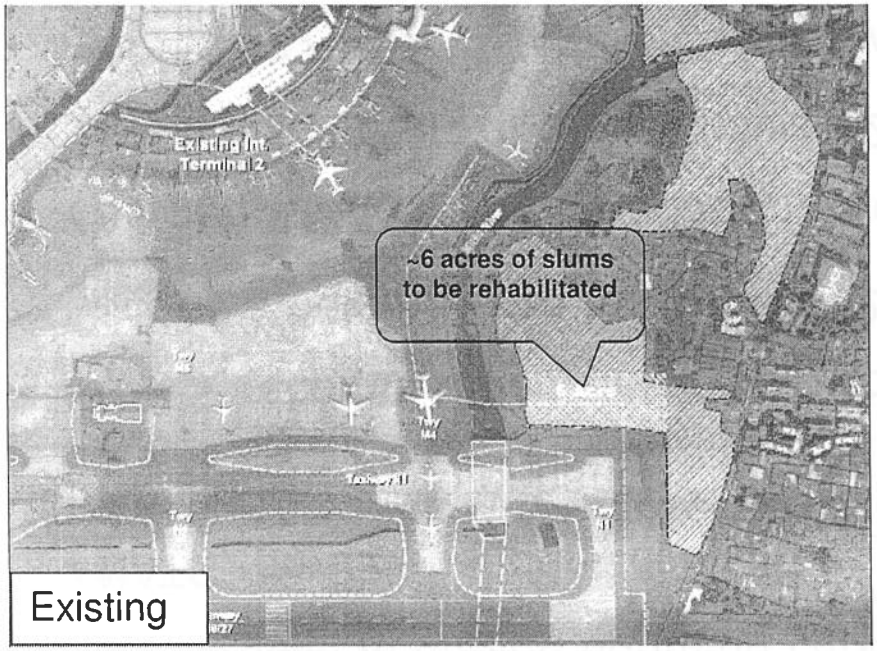
Project 3: Taxiway "M"

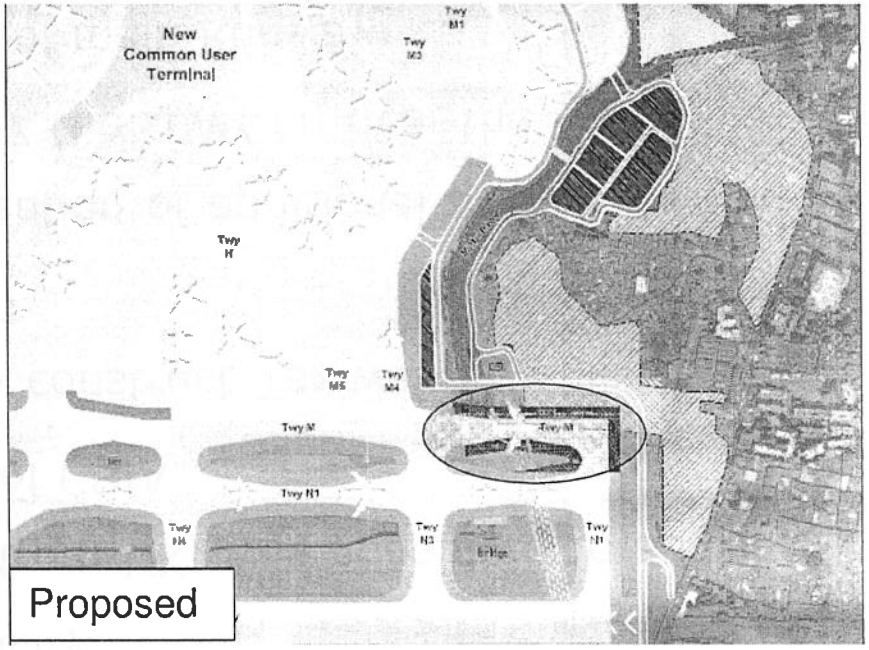


Need: Taxiway "M"

- To ensure that CSIA has the capability to handle High Intensity Runway Operations (HIRO) with at least 48 Air Traffic Movements per hour on the main runway 09/27
- The traffic at CSIA has grown at a rapid pace leading to requirement of increase in airside handling capacity.
- NATS, an independent consultant from UK, was appointed to advise, the measures to enhance capacity of CSIA.
- NATS recommended, inter-alia, to construct Taxiway M which could act as a holding area for Runway 27.
- As per NATS' recommendation, creation of additional aircraft holding area at the start of main Runway 27 (i.e. TWY M) over the Mithi River would increase the overall capacity of main Runway.

Description: Taxiway "M"





- The proposed taxiway M (parallel to existing Taxiway N1) connects the New Terminal 2 aircraft parking apron and the start of Runway 27.
- This can only be possible after slum rehabilitation on ~6 acres of land

Benefits: Taxiway "M"

- Increased runway capacity during departure peaks
- Increased runway capacity if there are same direction departures at the holding point by changing departure sequence and allowing other direction departures in between
- Taxiway M would provide more space for queuing of outbound traffic in addition to Taxiway N1, enabling clearing of the main apron and apron taxiways and reduce congestion around the T-2 apron.
- Air traffic controllers will have flexibility in managing the departure queue by holding aircraft in two streams.
- Presently, in case departing aircraft on taxiway N-1 is delayed due to any snag, it has to enter runway and vacate via the next taxiway, resulting in loss of one departure slot. After creation of a the holding area such aircraft shall be allowed to wait on taxiway N-1, allowing departure of aircraft from other taxiway

Project 4: Tunnel under Runway 14/32



Need : Tunnel under Runway 32

- Terminal 2 will have a capacity of 40 mppa while T2 apron will have a capacity of only 37-38 mppa until ultimate development of T2 apron is achieved.

- Shortfall in capacity of T2 apron will require remote parking of aircraft at T1 apron.

- Approximately 25 Late night arrivals and 25 early morning departures will be operating from T1 apron although passengers will be processed from T2

- Making 25 aircraft to taxi / tow from T1 apron to T2 will create conflicts on the ground and reduce capacity of runway and apron.

Need : Tunnel under Runway 32

- To create infrastructure to:-

(a) reduce travel times for passenger transfer between New T2 and T1 apron

(b) To reduce the time for arrival of baggage for all flights

- So the only solution is to transfer passengers, baggage and belly cargo between T2 and T1 apron.

Need : Tunnel under Runway 32

Existing Route around Runway 32

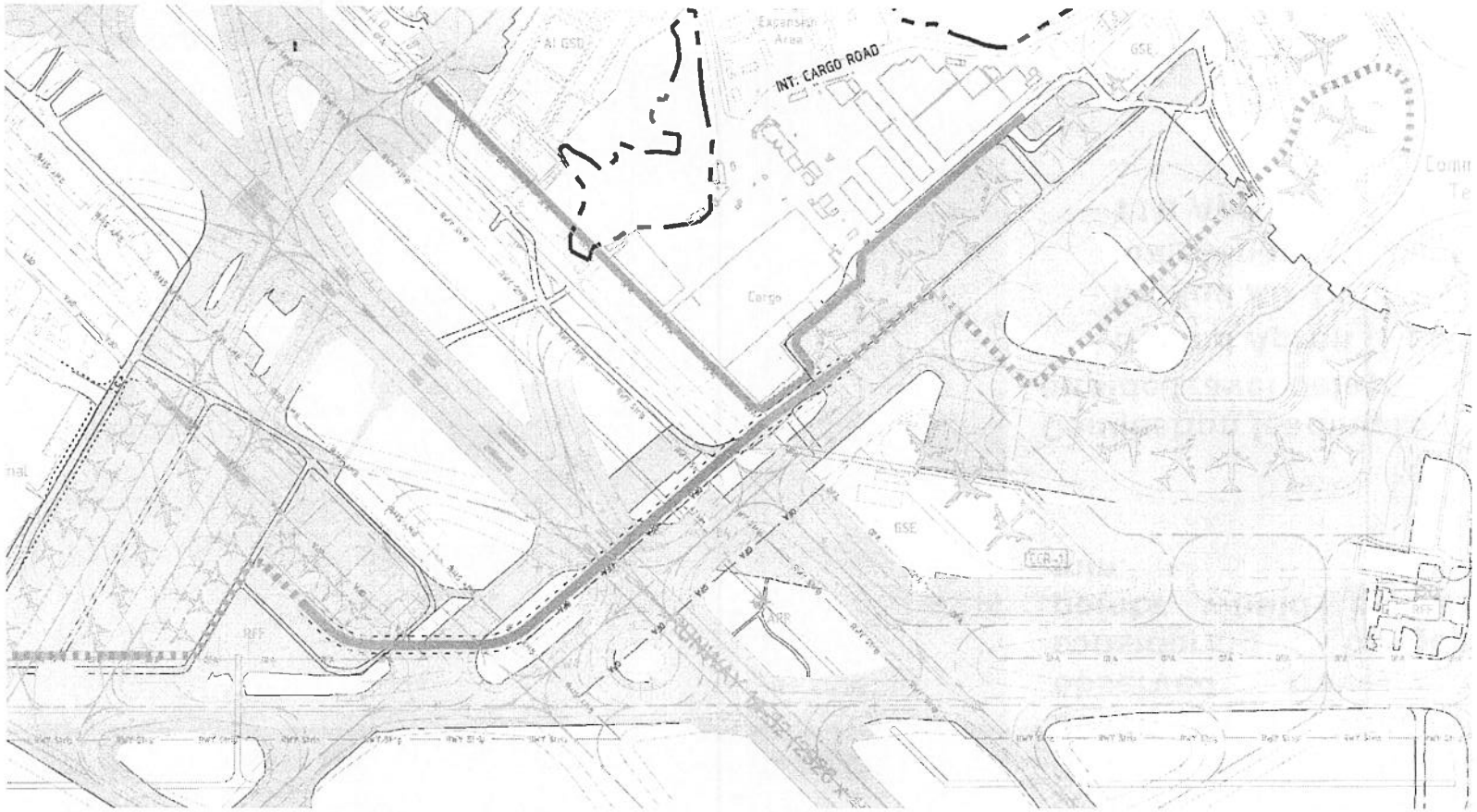


Current distance from T2 Bus Lounge to the remote stands on domestic apron is ~ 3.5-4.1 Kms. Based on 20-30 Km/hr speed, the observed travel time considering congestion points would be 15-20 min.

Congestion leading to airside travel delays

- Behind Apron G
- Behind Air India maintenance facility
- T1B Apron

Description : Tunnel under Runway 32



New Tunnel under Runway 14/32 connecting Aprons D & G

Benefits: Tunnel under Runway 32

- Faster transfer of passengers and baggage between T2 and T1 apron resulting in quick turnaround of aircraft and enhance apron capacity
  - Travel Distance: reduced by ~2km (around 50% reduction)
  - Travel Time: Reduced by 7 to 8 minutes (estimated) (around 50% reduction)
  - Potential congestion points are minimized

- Enhanced passenger experience by bringing operational efficiency

- Reduced travel distance for GSE vehicles resulting in operational (i.e. improved turn around times) and cost (i.e. fuel) efficiency

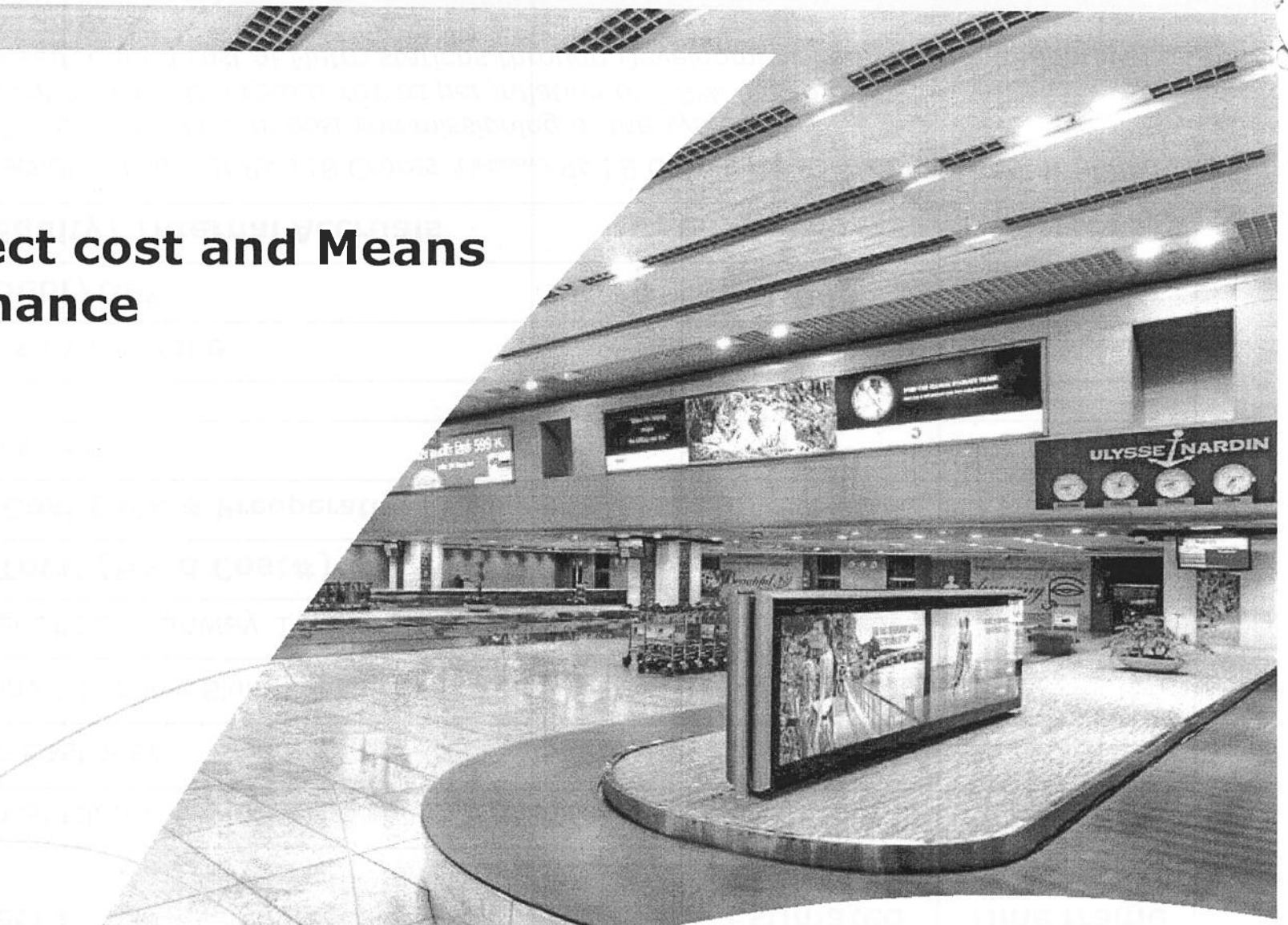
- The new tunnel will provide redundancy in the airfield roadway system and will make the transport system more robust.

Project Description

- This project envisages construction of a Tunnel road beneath the airside operational area to connect the T1 and T2 aprons

- The Tunnel will allow movement of passenger coaches and GSE between aprons of T1 and T2

Project cost and Means of Finance



Proposed Capex and Means of Finance

GVK

Rs./Crs.

Projects	Estimated cost (Rs Crs.)	Time frame
Metro Stations – Two*	518	FY 15-FY 19
South East Pier	370	FY 15-FY16
Taxiway 'M' (Only Slum Rehab cost)	157	FY 16-FY 19
Tunnel under Runway 14/32	224	FY16-FY17
Sub Total (Hard Cost#)	**1,269**	
Soft Cost (IDC & Preoperative)	**341**	
Total Cost	**1,610**	
Means of Finance		
Debt/DF@	**1,045**	
Equity/ Internal Accruals	**565**	

**Electro-mechanical cost of Rs 118 Crores (Un-indexed, Rs 59 Crores for each station) not included and is to be paid in 3 equal installments post commissioning of the system*

 # Hard Cost of Projects is indexed YoY as per inflation of 7.9% based on CPI

@It is proposed to fund cost of Metro stations through Development Fee, subject to approval of AERA

Thank you

Annexure 1 03/01/May

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of category wise assets capitalized during the financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

We have reviewed the books of account of the Company in connection with certification of category wise assets capitalized during the financial years 2009-10 to 2013-14 and certify the following:

i) Projects Assets

Rs in Million

Gross Block	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a. Tangible Assets					
i. Buildings / Improvements	2,143	433	1,235	2,141	53,250
ii. Runways, Taxiways and Aprons	1,276	4,942	3,293	1,440	168
iii. Plant and Machinery	1,052	459	298	1,166	13,514
iv. Computers	55	30	24	2	33
v. Office and Other Equipments	29	29	3	1	2
vi. Furniture and Fixtures	72	75	28	7	3,785
vii. Vehicles	(1)	-	-	-	-
Total (a)	**4,626**	**5,968**	**4,881**	**4,757**	**70,752**
b. Intangible Assets					
i. Upfront fee	39	-	-	-	-
ii. Computer Software	56	32	261	2	591
Total (b)	**95**	**32**	**261**	**2**	**591**
Total additions net of deletions	**4,721**	**6,000**	**5,142**	**4,759**	**71,343**

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

ii) Operations Assets

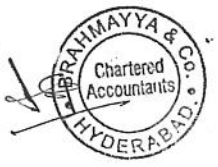
Rs in Million

Gross Block	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a. Tangible Assets					
i. Buildings / Improvements	-	-	58	41	5,082
ii. Runways, Taxiways and Aprons	-	-	0	132	547
iii. Plant and Machinery	-	-	142	86	1,179
iv. Computers	-	-	20	8	44
v. Office and Other Equipments	-	-	7	2	17
vi. Furniture and Fixtures	-	-	31	48	118
vii. Vehicles	-	-	3	-	2
Total (a)	**0**	**0**	**261**	**317**	**6,827**
b. Intangible Assets					
i. Upfront fee	-	-	-	-	-
ii. Computer Software	-	-	6	20	101
Total (b)	**0**	**0**	**6**	**20**	**101**
Total additions net of deletions	**0**	**0**	**267**	**337**	**7,090**

iii) Total Assets

Rs in Million

Gross Block	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a. Tangible Assets					
i. Buildings / Improvements	2,143	433	1,293	2,182	58,332
ii. Runways, Taxiways and Aprons	1,276	4,942	3,293	1,572	715
iii. Plant and Machinery	1,052	459	440	1,252	14,693
iv. Computers	55	30	44	10	77
v. Office and Other Equipments	29	29	10	3	19
vi. Furniture and Fixtures	72	75	59	55	3,903
vii. Vehicles	(1)	-	3	-	2
Total (a)	**4,626**	**5,968**	**5,142**	**5,074**	**77,741**
b. Intangible Assets					
i. Upfront fee	39	-	-	-	-
ii. Computer Software	56	32	267	22	692
Total (b)	**95**	**32**	**267**	**22**	**692**
Total additions net of deletions	**4,721**	**6,000**	**5409**	**5,096**	**78,433**



Note:
Gross block is exclusive of compensation paid to AAI and inclusive of fuel hydrant system and Multi-level car parking at Terminal 2.

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Compensation paid to AAI	2,609	-	561	-	-
Fuel Hydrant System (Included in Project Assets)	24	95	2	776	(101)
Multi-level car parking at Terminal 2 (Included in Operational Assets)	-	-	-	-	5,825

Since the procedures performed in connection with certification of category wise assets capitalized during the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & Co * Chartered Accountants * HYDERABAD.

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Mumbai
Date: 17 June, 2014

Ann 2

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

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Based on the representation and workings provided by the Management, we hereby certify the following:

1. Additional interest incurred during construction of Rs. 55 Crores due to delay in capitalization of New Terminal 2 from 1st September 2013 to 1st January 2014.
2. The Company will be paying Rs. 140 Crores as interest on the additional loan taken by it.
3. Individual elements of project cost increase of Rs. 380 Crores as per annexure enclosed.

Since the procedures performed in connection with certification of (1) additional interest incurred due to delay in capitalisation of New Terminal 2, (2) Interest on additional loan taken and (3) Individual elements of increase in project cost do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India and we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 10-07-2014

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

Annexure

S. No.	Item Description	Amount in Crores	Remarks
A	Statutory		
1	CENVAT Credit Disallowance	45	Cenvat Credit on inputs and input services used for Construction were disallowed by Service Tax Dept for the period 2007 to 2012, w.e.f. 1st July 2012, due to change in the definitions of inputs and input services.
2	Due to inability to avail EPCG benefit	17	W.e.f. Aug 2012, the Customs Authorities did not allow MIAL to clear the goods against EPCG licenses as the Company had some disputed service tax liabilities. As the goods could not have been held under detention and any delay would have affected the Project Progress, the Company cleared the same against Project Import License and/or on Merit. Thus, the additional duty payment.
3	Increase in cost of imported equipments	103	Increase in cost on account of change in forex conversion rates between rates assumed in earlier approved budget and actual remittance rates.
	Statutory – SubTotal (A)	165	
B	Time Delay		
	Overhead for T2 from September 2014 to April 2015	39	Earlier estimated cost was based on completion of Phase III works (for Domestic Operations) by August 2014, which has now been forecast as April 2015.
	Time Delay – SubTotal (B)	39	
C	Variation in Rate / Qty		
1	Interior works	55	Increase in Qty / rate / scope for false ceiling, Stone cladding, Interior Paneling & Cladding works, carpet flooring, Glass Partitions / doors, FLB Interior works, sky well partition etc - Rs 43 Crore and Cost towards works for Phase III Toilets, BOH works, which were not considered in earlier estimates - Rs 12 Crores
2	Additional check in area	28	Cost for additional check-in works added into scope
3	Arrival Plaza	21	Change in scope and area based on final design / actual awarded works. Further, MEP scope was not included in earlier estimate, being included now.



S. No.	Item Description	Amount in Crores	Remarks
4	Electrical Works	16	Increase in scope and quantity in number of fixtures as per final design/ award and Other additional electrical works for landscaping / retail areas, public area lighting as per site requirements.
5	Sahar Elevated Road – MIAL Portion		
	a. Elevated Road (Deck Slab)	12	i) Entry and exit to MLCP from departure level added to elevated scope; ii) Gap between Elevated road and Terminal building covered as part of elevated road and iii) Increase in RCC Deck area by 2,017 Sqm compared to area as per Procurement Certificate 47,237 Sqm and as per Final Design / layout area is 49,254 Sqm.
	b. At grade roads	11	Increase in area by 15,000 Sqm due to considering additional road for autos / buses on both sides of nallah . As per earlier Estimates, area considered is 50,000 Sqm whereas revised area works out to be 65,000 Sqm.
6	Signage work	8	Increase in no. of signages as per final design / award and statutory signage's requirement.
7	Bus Gate Canopy & Loading Dock	9	Scope was not considered in the earlier estimates.
8	Head House stand road	8	Increase in area based on final design / scope, resulting in increase in cost.
9	Staff Canteen	5	Scope was not considered in the earlier estimates.
10	Change in Roof	4	Differential cost on account of change from Membrane Roofing to RCC for Building no. 11A of T2.
11	Landscape work	5	Provision for Landscape of Rs 25 Crores was considered in the earlier estimates. However, based on committed cost, there is increase of Rs 5 Crores.
12	MCR Finishing works	2	Scope was not considered in the earlier estimates.
	Variation in Rate / Qty – SubTotal (C)	184	
I	T2 PROJECTS – Total (A+B+C)	388	

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S. No.	Item Description	Amt in Crs	Remarks
D.	ADDITIONAL PROJECTS		
	Contribution to MMRDA for Sahar Elevated Access Road	20	Revised project cost as conveyed by MMRDA vide letter no: ED/MUIP/SER/MIAL/13 dated 04.02.2013 (Increase over earlier Estimated cost of Rs 360 Crores to Rs 400 Crores)
	Cost of settlement for land	32	Settlement reached for entire land admeasuring 4.747 acres for Rs. 62 Crores, therefore total increase in cost of Rs. 32 Crores.
	ATC Tower	-60	Savings against ATC Tower equipments
II	ADDITIONAL PROJECTS SubTotal (D)	-8	
	Grand Total (I+II)	380	

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

Ann 3 05/01/May

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

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We have reviewed the books of account of the Company in connection with certification of Category wise depreciation during the financial years 2009-10 to 2013-14 and we hereby certify the following:

i) Depreciation Rates considered for the financial years 2009-10 to 2013-14

Gross Block	As per Companies Act (SLM) %	As per Income Tax Act (WDV) %
a. Tangible Assets		
i. Buildings	3.34	10.00
ii. Building Improvements	10.00	10.00
iii. Runways	5.00	10.00
iv. Taxiways and Aprons	3.34	10.00
v. Plant and Machinery	10.34	15.00
vi. Computers	16.21	60.00
vii. Office and Other Equipments	10.34	15.00
viii. Furniture and Fixtures	9.50	10.00
ix. Vehicles	11.31	15.00
x. Temporary Erections	3.34 (Useful life)	100.00
b. Intangible Assets		
i. Upfront fee	3.33 i.e. 30 Years	25.00
ii. Other Compensation (Retirement Compensation to AAI employees)	3.70 i.e. 27 Years	On payment basis
iii. Computer Software	16.21	60.00

Source: Audited Financial Statements and Return of Income filed with Income Tax Department

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

ii) Depreciation / Amortisation on
a) Project Assets

Rs in Million

Gross Block	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a. Tangible Assets					
i. Buildings / Improvements	172	227	263	327	638
ii. Runways, Taxiways and Aprons	107	269	413	481	498
iii. Plant and Machinery	223	322	356	418	684
iv. Computers	72	51	73	74	66
v. Office and Other Equipments	34	45	47	47	35
vi. Furniture and Fixtures	25	35	35	37	120
vii. Vehicles	-	-	-	-	-
Total (a)	633	949	1,187	1,384	2,041
b. Intangible Assets					
i. Upfront fee	51	51	51	51	51
ii. Computer Software	10	41	61	66	82
Total (b)	61	92	112	117	133
Total (a+b)	694	1,041	1,299	1,501	2,174

b) Operation Assets

Rs in Million

Gross Block	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a. Tangible Assets					
i. Buildings / Improvements	-	-	1	3	46
ii. Runways, Taxiways and Aprons	-	-	-	4	22
iii. Plant and Machinery	-	-	10	25	83
iv. Computers	-	-	2	4	7
v. Office and Other Equipments	-	-	1	1	2
vi. Furniture and Fixtures	-	-	3	5	16
vii. Vehicles	-	-	0	0	0
Total (a)	-	-	17	42	176
b. Intangible Assets					
i. Upfront fee	-	-	-	-	-
ii. Computer Software	-	-	1	3	9
Total (b)	-	-	1	3	9
Total (a+b)	-	-	18	45	185

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

c) Depreciation / Amortisation (Project and Operation assets)

Rs in Million

Gross Block	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a. Tangible Assets					
i. Buildings / Improvements	172	227	264	330	684
ii. Runways, Taxiways and Aprons	107	269	413	485	520
iii. Plant and Machinery	223	322	366	443	767
iv. Computers	72	51	75	78	73
v. Office and Other Equipments	34	45	48	48	37
vi. Furniture and Fixtures	25	35	38	42	136
vii. Vehicles	0	-	0	0	0
Total (a)	633	949	1,204	1,426	2,217
b. Intangible Assets					
i. Upfront fee	51	51	51	51	51
ii. Computer Software	10	41	62	69	91
Total (b)	61	92	113	120	142
Total (a+b)	694	1,041	1,317	1,546	2,359

Note:
Depreciation / Amortisation is exclusive of amortisation of compensation paid to AAI and inclusive of depreciation on fuel hydrant system and Multi-level car parking at Terminal 2 as detailed below:

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Compensation paid to AAI	97	97	102	119	119
Fuel Hydrant System (Included in Project Assets)	0	9	10	31	72
Multi-level car parking at Terminal 2 (Included in Operations Assets)	-	-	-	-	70

Since the procedures performed in connection with certification of certification of Category wise depreciation during the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

RAHMAYYA & CO. Chartered Accountants HYDERABAD

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & Co. Chartered Accountants HYDERABAD.

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Mumbai
Date: 17 June, 2014

Ann 4

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of (i) Development Fee (DF) Billed & Collected during the financial years 2009-10 to 2013-14, (ii) Projected year wise schedule of DF to be collected as on 01 April, 2014, (iii) Amounts securitized on account of DF till 31 March, 2014 and schedule of drawdowns of securitized loan, (iv) Interest paid on account of DF securitization loan during the financial years 2009-10 to 2013-14 (v) Capital expenditure incurred and assets capitalized out of the expenditure incurred during the each financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

Based on the certification from the management and on review of the Management Information System (MIS) and the books of account of the Company in connection with certification of (i) Development Fee (DF) Billed & Collected during the financial years 2009-10 to 2013-14, (ii) Projected year wise schedule of DF to be collected as on 01 April, 2014, (iii) Amounts securitized on account of DF till 31 March, 2014 and schedule of drawdowns of securitized loan, (iv) Interest paid on account of DF securitization loan during the financial years 2009-10 to 2013-14 (v) Capital expenditure incurred and assets capitalized out of the expenditure incurred during the each financial years 2009-10 to 2013-14 and we hereby certify the following:

(i) ADF Billed and Collected

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Balance as on 01-04					
Bank balances under AAI control	---	---	---	---	69
Receivable from airlines (net of service tax) (net of advance from airlines)	---	204	289	23	183
	---	204	289	23	252
Billed during the year	2,854	3,248	258	2,686	3,488
Interest on delayed payment	---	---	---	16	36
	2,854	3,248	258	2,702	3,524

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Collected during the year	2,650	3,163	524	2,473	3,283
Written off during the year	---	---	---	---	2
	2,650	3,163	524	2,473	3,285
Balance as on 31-03					
Bank balances under AAI control	---	---	---	69	67
Receivable from airlines (net of service tax) (net of advance from airlines)	204	289	23	183	424
	204	289	23	252	491

Reconciliation with DF auditor's report

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Collected during the year (above working)	2,650	3,163	524	2,473	3,283
Less: Collection of DF as per DF order dated 27th Feb 2009	---	---	---	(23)	---
	2,650	3,163	524	2,450	3,283
Adjustment of balances with Bank under AAI control	---	---	---	69	(2)
Collected during the year (as per DF auditor's report)	2,650	3,163	524	2,519	3,281

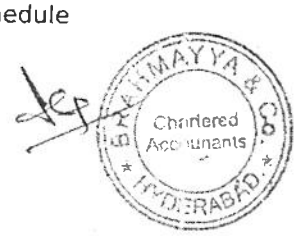
(ii) Balance DF to be collected as on 01 April, 2014 with projected yearwise schedule

Particulars	Rs in Million
DF Receivable as on 01 April, 2014	24,638
Interest on Loan taken on securitisation of DF (Note) (Based on the projected repayment schedule and applicable rate of interest as on 31 March, 2014)	22,108
Total DF receivable	46,746

Note:

(1) Calculated by considering Rate of interest as on 31 March 2014 is as applicable rate of interest for projected repayment schedule.

(2) Based on the Management representation for projected repayment schedule



Projected year-wise schedule for collection of DF

Financial Year	Rs in Million
2014-15	3,718
2015-16	3,903
2016-17	4,099
2017-18	4,305
2018-19	4,522
2019-20	4,755
2020-21	5,000
2021-22	5,259
2022-23	5,533
2023-24	5,652
Total	**46,746**

Note:

(1) Based on the Management representation for number of embarking passengers

(iii) Amounts securitized on account of DF till date & schedule of drawdowns of securitized loan

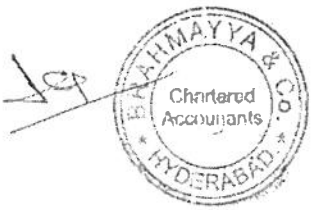
a) Rs 26,478 Millions securitized on account of DF

Name of the Bank	Rs in Million
Axis Bank Ltd	1,978
IDBI Bank Ltd	5,000
Bank of India	5,000
Canara Bank	3,000
Vijaya Bank	2,500
Union Bank of India	2,000
United Bank of India	4,000
L&T Infrastructure Finance Co Ltd	2,000
Adithya Birla Finance Ltd	1,000
Total	26,478

b) Securitized loan drawdown during the financial years 2012-13 and 2013-14 are of Rs 17,500 Million and Rs 8,978 Million respectively.

(iv) Interest paid on account of DF securitization loan

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Interest paid	---	---	---	411	2,982



(v) Capital expenditure incurred and assets capitalized out of the expenditure incurred during the each financial years 2009-10 to 2013-14

(₹ in Millions)

Particulars		FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Capital expenditure incurred during the year (Note – 1, 3 & 4)	(a)	12,413	16,322	19,902	22,229	16,887
Assets capitalised during the year from (a) above (Note – 2 & 4)	(b)	2,879	1,765	1,997	1,355	14,978
Aeronautical assets from (b) above	(c)	2,578	1,506	1,734	1,173	14,240
Depreciation on the Aeronautical assets during the year of above (c)	(d)	24	24	43	26	187
% of depreciation charged during the year [(d)/(c)]	(e)	0.93	1.56	2.48	2.25	1.31
Depreciation during the year if asset is capitalised on the first day of the year	(f)	157	60	70	43	795

Basis / assumptions for preparation of the above statement:

1. Capital expenditure incurred and assets classification between aeronautical and others are based on project wise information available in Management Information System of the Company;
2. Non-transferrable assets are considered as non-aeronautical assets;
3. Common assets are allocated to aeronautical and non- aeronautical assets based on terminal area wise (including sitting area) and
4. Depreciation on the Aeronautical assets during the year is calculated by applying applicable rate of depreciation and proportionate to asset used during the year.

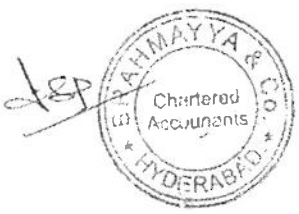
Note:

1. Capital expenditure incurred as per (a) above is exclusive of expenditure incurred on the following:
   a. Retirement Compensation to AAI,
   b. BOT Projects,
   c. Fuel Hydrant System and Other Projects and
   d. Real estate and urban planning

2. Assets capitalised as per (b) above excludes expenditure incurred on:
   a. Retirement Compensation to AAI and
   b. Fuel Hydrant System and Other Projects

3. Capital expenditure is inclusive of advances for capital works and expenditure during construction period, pending allocations (net).

4. Capital expenditure incurred as per (a & b) above is before netting off of expenditure funded through Development Fee (DF).



(vi) We further confirm that the Interest loan taken from banks and others on securitisation of ADF has not been included in the IDC considered in the total project cost of Rs 12,500 Crores presented by MIAL.

Since the procedures performed in connection with certification of (i) Development Fee (DF) Billed & Collected during the financial years 2009-10 to 2013-14, (ii) Projected year wise schedule of DF to be collected as on 01 April, 2014, (iii) Amounts securitized on account of DF till 31 March, 2014 and schedule of drawdowns of securitized loan, (iv) Interest paid on account of DF securitization loan during the financial years 2009-10 to 2013-14 (v) Capital expenditure incurred and assets capitalized out of the expenditure incurred during the each financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & CO. Chartered Accountants HYDERABAD.

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 10-07-2014

96

Ann 5

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of expenditure incurred on Power & Fuel and Water (net of recoveries from concessionaries) for the financial year 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

We have reviewed the books of account of the Company in connection with certification of expenditure incurred on Power & Fuel and Water (net of recoveries from concessionaries) for the financial year 2013-14 and we hereby certify that following:

i) Electricity Charges for the financial year 2013-14

Particulars	Terminal 1 (Note1)	Cargo	New Terminal 2	Others (Note2)	Total
Consumption (Units in Million) (i)	69.91	9.52	24.38	0.82	104.63
Rate per unit (INR) (Note 3) (ii)					8.40
(a) Consumption (Rs in Million) (i*ii)					879.18

(b) Recovery from Concessionaries	Cargo	Other Concessionaries	Total
Consumption (Units in Million)	5.31	16.25	21.56
Rate per unit (INR)			10.93
Recovery from Concessionaries (Rs in Million) (i)			235.64
Common User Charges (CUC) (Rs in Million) (ii)			91.71
Total Recovery (Rs in Million) (b=i+ii)			**327.35**
Net Electricity Charges (a-b)			**551.83**

Note 1: Terminal 1 includes Terminal 1, existing Terminal 2, CCR2, old STP and miscellaneous locations.
Note 2: Others includes new Sewage Treatment Plant, Multi-Level Car Parking, Elevated road and CSIA Entrance.
Note 3: Weighted Average rate for the year.

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

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For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & CO. Chartered Accountants HYDERABAD.

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 10-07-2014

Ann 6

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of Revenues from Land and Hanger Rent and Lease during the financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

Based on the certification from the Management for areas and on review of books of account of the Company in connection with certification of Revenues from Land and Hanger Rent and Lease during the financial years 2009-10 to 2013-14 and we hereby certify the following:

1) Land Lease:

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Private Parties	103	182	277	250	278
Government Parties	112	96	94	100	99
Total	215	278	371	350	377

Source: Audited financial statements

i) Land Lease from Private Parties:

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a) Land Lease (Rs in Million)	103	182	277	250	278
b) Area (Sq. mt.)	239,285	252,104	247,092	216,470	223,698
c) Average monthly rent per Sq. mt. (a/b/12)	36	60	93	96	104

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

II) Land Lease from Government Parties:

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a) Land Lease (Rs in Million)	112	96	94	100	99
b) Area (Sq. mt.)	900,265	836,373	879,795	848,340	835,618
c) Average monthly rent per Sq. mt. (a/b/12)	10	10	9	10	10

2) Hanger Rent:

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a) Hanger Rent (Rs in Million) *	11	44	44	80	86
b) Area (Sq. mt.)	22,353	22,353	22,353	34,203	34,203
c) Average monthly rent per Sq. mt. (a/b/12)	40	163	162	195	209

* Audited financial statements

Since the procedures performed in connection with certification of Revenues from Land and Hanger Rent and Lease during the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

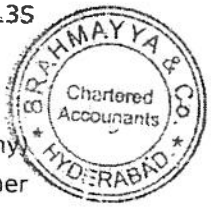
BRAHMAYYA & CO. Chartered Accountants HYDERABAD.

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 10-07-2014

This certificate is issued at the specific request of the Company and is not to be used, circulated. quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S



(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 10-07-2014

884/Tariff/14
8/5/14

MIAL/VPR/ 8

5th May, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003
Sir,

Sub: Hardcoded figures on the financial model
Ref: Multi Year Tariff Proposal for the second control period FY 2015 to FY 2019 for CSI Airport, Mumbai

Authority vide letter F.No. AERA/20010/ MYTP/MIAL/CP- II/ 2013-14 dated 24th April, 2014 and telephonic discussions in this behalf had asked to submit the required clarifications in respect of number of hard coded figures in various sheets of the financial model.

904/OSD-II
9/5/14
15/5/14
9/5
OSD-II

In response to this, undersigned and Mr. Alok Patni had attended a meeting with Mr. CV Deepak, Mr. Dheeraj Khanna and team of Consultants from *M/s Deloitte Touche Tohmatsu India Pvt. Ltd.* on 28th April, 2014. In this meeting all the clarifications sought by the consultants have been provided and certain sheets were classified as input sheets. Further, it was decided that certain hardcoded numbers in sheets other than input sheets will have to be shifted to 'Detailed Assumptions' sheet in the model, in another meeting to be held for updation of FY 14 audited numbers.

We hope that all the points regarding hard coding on the financial model, raised up to that date have been taken care of to the satisfaction of the Authority.

In case any other clarification or information is required, we shall be pleased to provide such further information that the Authority may require in this regard.

JTGM(R)
May pl. chk n record.

Thanking you,

Yours Sincerely,
For Mumbai International Airport Private Limited

(Sanjiv Bhargava)
Vice President Regulatory

9/5/14

Have forwarded copy of the letter to Deloitte for confirmation. Reflected 13/5

JTGM(R) Reflected 15/5 OSD-II

M(GR CWK)

352/RR/2014
15/5/2014

13/5/14

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
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-50- -157-

deepak

From: Vinod Hiran <Vinod.Hiran@gvk.com>
Sent: Wednesday, March 05, 2014 11:54 AM
To: alokshekhar@hotmail.com
Cc: cv.deepak@aera.gov.in; Sanjiv Bhargava; Alok Patni
Subject: MIAL MYTP - Appointment of Consultant for determination of Aeronautical Tariffs
Attachments: MYT Review Proposal-MIAL_4th March 2014.pdf

Sir,

This is with reference to the Authority's letter dated 21st January 2014 requesting MIAL to appoint a suitable consultant to assist the Authority in determination of tariffs for aeronautical services at CSIA for second control period.

We are please to inform you that we have engaged Deloitte Touche Tohamatsu India Private Limited for this purpose as per attached proposal.

Copy of finalised proposal with Deloitte Touche Tohamatsu India Private Limited is attached for your perusal and comments, if any.

You are requested to kindly intimate us date of commencement of this assignment for the purpose of reckoning billing.

Regards

Vinod Hiran

JTGM(R) Mgr (DK) Reallske
On go pls. 5/3
05/3/14

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1226/OSD-II
5/4/2014

GVK

MIAL/VPR/9

19th May 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai for second control period (FY 2014-15 to FY 2018- 19)

Ref: AERA letter no. AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-I/ dated 1st May, 2014

In reference to the aforementioned letter, which mainly requires Auditor's certificate for the figures from FY 2009-10 to FY 2013-14, we have already submitted certificates for FY 2009 -10 to FY 2011-12 during 1st Control Period filing. Further, Board meeting of MIAL for approval of its accounts for the FY 2013-14 is proposed to be held on 23rd May 2014. In view of this, we request the Authority to grant us time till 31st May 2014 for submission of Auditor's certificate for the FY 2012-13 and FY 2013-14.

Meanwhile, on Authority's request we are submitting the copy of certificates for the period FY 2009-10 to FY 2011-12 as summarised in **Annexure 1.**

We shall be pleased to provide any further information that Hon'ble Authority may require in this regard.

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President - Regulatory

Mumbai International Airport Pvt Ltd
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Annexure 1

Sl. Number of certificate as per Authority's Letter	Document/ Certificate No.	Remarks
1	1	Audited Accounts for FY 2012-13 submitted.
2	2(a) to 2 (e)	
3	2	
4	Will be submitted later on	
5	3	
6	4(a) & 4(b)	
7	Will be submitted later on	
8	Will be submitted later on	
9	5(a) & 5 (b)	
10	Will be submitted later on	
11	Will be submitted later on	
12	Will be submitted later on	
13	Will be submitted later on	
14	Will be submitted later on	
15	15	
16	6(a) to 6(e)	
17	7(a) & 7(b)	
18	8(a) & 8(b)	
19	9(a) & 9(b)	
20	6(d) & 6(e)	
21	Will be submitted later on	
22	16 & 17(c)	
23	17(a) to 17(c)	
24	Will be submitted later on	
25	16	
26	Will be submitted later on	
27	10, 10(a) to 10(c)	
28	11, 11(a) & 11(b)	
29	12(a) & 12(b)	
30	Will be submitted later on	

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. MUMBAI 400 099.

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Sl. Number of certificate as per Authority's Letter	Document/ Certificate No.	Remarks
31	13(a) & 13(b)	Break-up for FY 2013-14 would be provided later on.
32	Will be submitted later on	
33	13(a) & 13(b)	
34	Will be submitted later on	
35	13(a) & 13(b)	Break-up for FY 2013-14 would be provided later on.
36	13(a) & 13(b)	Break-up for FY 2013-14 would be provided later on.
37	Will be submitted later on	
38	13(a) & 13(b)	Break-up for FY 2013-14 would be provided later on.
39	13(a) & 13(b)	
40	13(a) & 13(b)	Break-up for FY 2013-14 would be provided later on.
41	13(a) & 13(b)	
42	13(a) & 13(b)	
43	13(a) & 13(b)	
44	Will be submitted later on	
45	13(a) & 13(b)	Break-up for FY 2013-14 would be provided later on.
46	14	
47	13(a) & 13(b)	Break-up for FY 2013-14 would be provided later on.
48	13(a) & 13(b)	Break-up for FY 2013-14 would be provided later on.
49	13(a) & 13(b)	Break-up for FY 2013-14 would be provided later on.
50	13(a) & 13(b)	

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Sl. Number of certificate as per Authority's Letter	Document/ Certificate No.	Remarks
51	13(a) & 13(b)	
52	18(a) & 18(b)	
53	18(a) & 18(b)	
54	18(a) & 18(b)	
55	18(a) & 18(b)	
56	18(a) & 18(b)	
57	18(a) & 18(b)	

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. MUMBAI 400 099.

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MIAL/VPR/14-15/ 10

6th June, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Dear Sir,

Sub : MYTP for Second Control Period and Study by ICWAI MARF

Ref: AERA letter no. AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-I dated 1st May, 2014 , 22nd May, 2014 and earlier letter no. A-12036 /I/2012-Tariff/ MIAL/ 5708 dated 25th April, 2014

In the letter dated 25th April, 2014, Authority had asked for certain documents in relation to the independent study for allocation of aeronautical assets and efficient operating and maintenance cost of aeronautical operations of MIAL. Except, Accounts Manual and Fixed Assets Register data all other data had been submitted by us. We request the Authority to kindly allow us to send the remaining data by 13th June, 2014.

With reference to the Authority's letter dated 1st May, 2014 received by us on 15th May, 2014, we are vigorously working on the same and the certification work in respect of 57 points is being completed, we expect the majority of the certificates to be ready for submission by 16th June, 2014, barring a few cases where information in respect of FY 2009-10 is being collated. We request the Authority to kindly allow the submission of the desired certificates by 20th June, 2014.

With reference to the Authority's letter dated 22nd May, 2014 also the details and reconciliations required are under advanced stage of preparation and we request the Authority to kindly allow the submission of the details required by 20th June, 2014.

Kindly allow the submission of the required details / certificates by the dates requested above, however, it would be our endeavor to submit the same before such requested dates.

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President - Regulatory

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India

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JtGM (R)

MIAL 2nd MYTP

All figures in Rs. Crores

							FY15	Source
Target UDF	Opening RAB						7476.74	Based on closing RAB of FY13-14 as estimated in Authority's Order Number 32
	Additional Capitalization						323.00	Capitalization of Operational Capex as provided by MIAL in FY15. Any other capitalization in FY15 not considered as discussed in the Authority Meeting
	Average Depreciation Rate on RAB						6.51%	Average Aero Depreciation Rate projected by MIAL for FY15
	Depreciation & Amortization						576.15	Depreciation Amount considered by MIAL - Changed for Hypothetical RAB Depreciation figures which are now based on Authority's Order No. 32 - done through relevant change in Summary sheet.
	Closing RAB						7223.59	*Calculation*
	Average RAB						7350.16	*Calculation*
	WACC						11.45%	Based on Authority's Order Number 32
	Return on RAB						841.59	*Calculation*
	ARR True up							
		FY10	FY11	FY12	FY13	FY14	FY15	
Based on MIAL Model	**Adjustment in RAB due to actual date of capitalization and Adjustment due to DF**	-16.90	2.77	2.29	-41.88	-198.43		Based on True-up figures projected by MIAL for Control Period 1 - changed for Authority decisions in the earlier order around Cost of Equity, HRAB etc.
	Change in WACC	11.24	14.33	16.33	17.20	23.53		Based on True-up figures projected by MIAL for Control Period 1 - changed for Authority decisions in the earlier order around Cost of Equity, HRAB etc.
	Change in Operating expenditure	0.00	0.00	0.00	-0.78	66.88		Based on True-up figures projected by MIAL for Control Period 1 - changed for Authority decisions in the earlier order around Cost of Equity, HRAB etc.
	Adjustment in depreciation due to actual date of capitalization and DF Adjustment	4.03	1.76	2.11	1.66	-88.38		Based on True-up figures projected by MIAL for Control Period 1 - changed for Authority decisions in the earlier order around Cost of Equity, HRAB etc.
	Share of Revenue from Revenue Share Assets	0.00	0.00	0.00	-28.59	-26.20		Based on True-up figures projected by MIAL for Control Period 1 - changed for Authority decisions in the earlier order around Cost of Equity, HRAB etc.
		-1.63	**18.85**	**20.74**	**4.79**	**-170.20**		Based on True-up figures projected by MIAL for Control Period 1 - changed for Authority decisions in the earlier order around Cost of Equity, HRAB etc.
True Up	**PV Value**	**-2.88**	**29.75**	**29.19**	**22.30**	**-21.53**	55.82	Based on True-up figures projected by MIAL for Control Period 1 - changed for Authority decisions in the earlier order around Cost of Equity, HRAB etc.
Target UDF	Non Aero Escalation Rate							
	Non Aero						318.30	Based on Tariff-filing for Control Period 2 by MIAL
	Opex Escalation Rate							
	Inflation Rate							
	Return on RAB						**841.59**	*Calculation*
	Depreciation						**576.15**	*Calculation*
	Operating expense						**723.36**	Based on Tariff-filing for Control Period 2 by MIAL
	Tax							
	Cross Subsidization						**318.30**	*Calculation*
	Net Target Revenue					**0.00**	**1822.80**	*Calculation*
	ATM Growth Rate					2.29%		Based on Tariff-filing for Control Period 2 by MIAL
	CPI							
	LPH					651.41	666.33	*Calculation - FY14 revenues increased by increase in traffic*
	CUTE Counter							
	FTC					133.94	137.01	*Calculation - FY14 revenues increased by increase in traffic*
	Net Target UDF						**1019.46**	*Calculation*
Actual UDF	PAX Growth					6.02%		Based on Tariff-filing for Control Period 2 by MIAL
	Actual UDF Expected					**463.75**	**491.67**	*Calculation - FY14 revenues increased by increase in traffic*
				Annual Gap			-527.80	*Calculation*
				Half-Yearly Gap			-263.90	*Calculation*

1141/Kakatiya
26.6.14

GVK

MIAL/VPR/14-15/17

25th June 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai for second control period (FY 2014-15 to FY 2018- 19)

Ref: AERA letter no. AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-I/ dated 1st May, 2014
AERA letter no. AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-I/ dated 22nd May, 2014
MIAL letter no. MIAL/VPR/9 dated 19th May 2014 & MIAL/VPR/15 dated 20th June 2014.

In reference to the aforementioned letters, which required clarifications and/or Auditor's certificates and continuation of our letter dated 20th June, 2014 please find below point-wise response:-

I. Response to the Authority's letter dated 1st May 2014

Sl. Number of certificate as per Authority's Letter	Document/ Certificate No. being submitted vide this letter dated 25th June 2014
2	Annexure no.1
7	Annexure no.2
18	Annexure no.3

Sl. no. 13 of Authority's letter dated 1st May, 2014: Details of Operational Capital Expenditure during the Second control period is submitted as per Annexure 4. Such

Secretary - On leave

Ms. Yashumati Kallipka 30/6

26.6.14

JHGM (R)

27/6/14

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operational capex of Rs. 875 crores as presented before the Authority has been revised to Rs. 1055 crore. The increase in operational capex is mainly attributed to detailed designing done for proposed tunnel under runway 14/32 and miscellaneous other operational capex deemed necessary during the second control period.

The certificates/ clarifications for Sr. No. 3,4,5,6, 14, 26, 47 and 48 will be submitted in due course.

II. **Response to the Authority's letter dated 22nd May 2014**

Sl. Number of certificate as per Authority's Letter	Document/ Certificate No. being submitted vide this letter dated 25th June 2014
2.1	Included in Annexure 2 above
2.2	Included in Annexure 2 above
2.3	Annexure 5

The certificates/ clarifications for Sr. No. 4.4 and 8 will be submitted in due course.

III. We are also shortly, arranging to submit the revised financial model for MYTP in view of updation of actual numbers of FY 2013-14 and other revisions.

MIAL will be pleased to provide any additional details/ clarifications, desired by the Authority.

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

Encl : as above

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Ann 1 02/01/May

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of Capital expenditure incurred during the financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

Based on the representation from the management for classification of assets and on review of books of account of the Company in connection with certification of Capital Expenditure incurred during the financial years 2009-10 to 2013-14 and we hereby certify the following.

i) Capital Expenditure incurred

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Projects Assets	12,413	16,322	19,902	22,229	16,887
Operations Assets	-	-	441	1,433	814
Multi Level Car Park (MLCP) at Terminal 2 (Note 2)	-	-	-	-	5,828
Fuel Hydrant System (Note 3)	-	-	-	-	1,198
BOT & Other Assets – as detailed below	687	575	1,800	2,723	(3,476)
Total	13,100	16,897	22,143	26,385	21,251

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

Details for BOT & Other Assets

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Multi Level Car Park (MLCP) at Terminal 2	626	388	864	678	(2,556) (Note 2)
Real Estate & Urban Planning	61	53	278	411	603
International Cargo including CPWD relocation	-	28	60	43	52
Domestic Cargo	-	-	-	-	157
Fuel Hydrant System	-	-	407	762	(1,169) (Note 3)
Airport Operations Readiness	-	4	(4) (Note 1)	-	-
Consultancy for Business Development	-	58	(58) (Note 1)	-	-
IT Infrastructure and Services	-	44	253	829	(563) (Note 4)
Total	687	575	1,800	2,723	(3,476)

Note 1: Charged to Statement of Profit and Loss.

Note 2: It was earlier envisaged by the Company that MLCP at T2 will be concessioned out on BOT basis and accordingly Company continues incurring cost till financial year 2012-13, pending finalization of BOT concessionaire. However, in financial year 2013-14 company decided to complete MLCP at T2 on its own and accordingly transferred to its own projects from BOT projects.

Note 3: It was earlier envisaged by the Company that Fuel Hydrant System will be concessioned out on BOT basis and accordingly Company continues incurring cost till financial year 2012-13, pending finalization of BOT concessionaire. However, since financial year 2013-14 these assets are in the books of the Company and accordingly it is transferred to its own projects from BOT projects.

Note 4: The Company has entered a Concession agreement with Wipro Limited wef 18 Jan, 2013. Accordingly the Company has transferred Capex of Rs 1,333 Million to Wipro Ltd during the financial year 2013-14

Note 5: Capital expenditure incurred is inclusive of advances for capital works and expenditure during construction period pending allocation (net).

Note 6: Capital expenditure incurred is excluding expenditure incurred on Retirement compensation to AAI as per provisions of OMDA.



ii) Interest during construction period

Rs in Million

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Interest during construction period	1,405	1,893	3,002	4,535	3,411
Interest during construction period after netting off interest income and excluding Bank Guarantee Commission	1,332	1,769	2,938	4,558	3,547
Interest cost capitalized (included in additions to fixed assets)	431	648	579	629	11,522

Source: Audited financial statements

Since the procedures performed in connection with certification of Capital Expenditure incurred during the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Mumbai
Date: 17 June, 2014

Ann 2 07/01 May

Brahmayya & Co.
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of allocation of area between Aeronautical and Non-aeronautical and allocation of asset cost based on area allocation for the financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

Based on the certification from the management on allocation of area and classification of assets between Aeronautical and Non-aeronautical and on review of books of account of the Company, we hereby certify the following:

I) Allocation of Terminal area between Aeronautical and Non-aeronautical

a) Aeronautical (Including Proportionate Sitting Area)

Sq Mts

Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Terminal 1	89,788	85,531	87,272	88,033	87,223
Terminal 2	82,512	82,481	80,608	80,431	82,374
New Terminal 2	-	-	-	-	4,08,711

b) Non-aeronautical (Including Proportionate Sitting Area)

Sq Mts

Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Terminal 1	13,343	17,600	15,859	15,098	15,908
Terminal 2	21,327	21,358	23,231	23,408	21,465
New Terminal 2	-	-	-	2,299	30,492

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

ii) Classification of assets between Aeronautical and Non-aeronautical and percentage thereof:

Rs In Million

Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Gross Block of:					
Aeronautical assets	12,964	18,755	23,993	28,545	97,251
Non-aeronautical assets (incl Cargo assets)	1,769	1,978	2,149	2,692	12,419
	14,733	20,733	26,142	31,237	109,670
% of Aeronautical assets	88.00	90.46	91,78	91.38	88.68
% of Non-aeronautical assets (incl Cargo assets)	12.00	9.54	8.22	8.62	11.32

Gross Block is inclusive of

Rs In Million

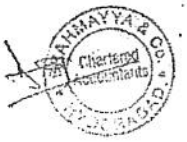
Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Fuel Hydrant System (Aeronautical assets)	24	119	121	897	796
Multi-Level Car Parking at Terminal 2 (Non-aeronautical assets)	-	-	-	-	5,828

Gross Block is exclusive of

Rs in Million

Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Upfront Fee	1,539	1,539	1,539	1,539	1,539
Other Compensation	2,609	2,609	3,170	3,170	3,170

Since the procedures performed in connection with certification of allocation of area between Aeronautical and Non-aeronautical and allocation of asset cost based on area allocation for the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.



This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Mumbai
Date: 17 June, 2014

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Mumbai
Date:

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S



(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Mumbai
Date: 17 June, 2014



हरियाणा HARYANA

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AGREEMENT No. 02/2014-15

This AGREEMENT (hereinafter called the "Agreement") is made on the 7th day of the month of May 2014, between, on one hand, the Chairperson, Airports Economic Regulatory Authority of India (hereinafter called the "the Authority" which expression shall include their respective successors and permitted assigns, unless the context otherwise requires) and, on the other hand, Deloitte Touche Tohmatsu India Private Limited (hereinafter called the "Consultant" which expression shall include their respective successors and permitted assigns).

WHEREAS

(A) M/s Deloitte Touche Tohmatsu India Private Limited has been appointed to provide advisory assistance to the Authority for "Review of Financial Models for Determination of Aeronautical charges in respect of Chhatrapati Shivaji International Airport, Mumbai (Mumbai Airport)" (hereinafter called the "Consultancy");

Rajpati Naidu

(B) AND WHEREAS Consultant has been explained and has understood the Scope of Services to be rendered and has also put forth the Consideration to be received by the Consultant from the Authority on rendering the services.

(C) AND WHEREAS having discussed various terms, conditions, roles and responsibilities, which shall bind the Parties hereto, the Parties have decided to execute this agreement incorporating all relevant terms and conditions governing this Agreement.

NOW, THEREFORE, the parties hereby agree to as follows:

1 General

1.1 Definitions and Interpretation

The words and expressions beginning with capital letters and defined in this Agreement shall, unless the context otherwise requires, have the meaning hereinafter respectively assigned to them:

(a) "Applicable Laws" means the laws and any other instrument having the forces of law in India as they may be issued and in force from time to time;

(b) "Agreement" means this Agreement, together with all its Annexures;

(c) "Assignment" means the assistance to be provided to the Authority by the consultant as per the Terms of Reference given in Annexure 1;

(d) "Effective Date" means the date on whichthis Agreement comes into force and effect pursuant to Clause 2.1;

(e) "Government" means the Government of India;

(f) " INR, Re. or Rs." means Indian Rupees;

(g) "Personnel" means the proficient personnel and subject experts hired by the Consultant and assigned to the performance of the required Services or any part thereof;

(h) "Party" means the Authority or the Consultant, as the case may be, and "Parties" means both of them;

Parayesh Nandu

(i) "Services" means the work required to be performed/ services required to be rendered by the Consultant pursuant to this Agreement, as described in the Terms of Reference hereto as Annexure 1.

(j) "Current Control Period" shall mean the current control period in respect of Mumbai Airport i.e. the period form 01.04.2014 to 31.03.2019.

1.2 Relation between the Parties

Nothing contained herein shall be construed as establishing a relation of master and servant or of agent and principal as between the Authority and the Consultant. The Consultant shall, subject to this Agreement, have complete control / charge and supervision over Personnel performing the Services and shall be fully responsible for the Services to be performed by them or on their behalf hereunder.

1.3 Rights and Obligations

The mutual rights and obligations of the Authority and the Consultant shall be as set forth in the Agreement; in particular:

(a) the Consultant shall render the Services in accordance with the provisions of this Agreement; and

(b) the consultant shall honor and fulfil the obligation of 'confidentiality' and conflict of interest as provided in this agreement; and

(c) the payments to the Consultant shall be made as per commitment under the Agreement.

1.4 Governing law and jurisdiction

This Agreement shall be construed and interpreted in accordance with and governed by the laws of India, and the courts at New Delhi alone shall have exclusive jurisdiction over matters arising out of or relating to this Agreement.

1.5 Language

Prayuta Nandu

All notices required to be given by one party to the other Party and all other communications, documentation and proceedings which are in any way relevant to this Agreement shall be in writing and in English language.

1.6 Notices

Any notices or other communications to be given by any party to the other party under or in connection with the matters contemplated by this Agreement shall be in writing and shall:

(a) In the case of the Consultant, be given by facsimile and by letter delivered by hand to the address given and marked for attention of the Consultant's Representative set out below in Clause 1.8 or to such other person as the Consultant may from time to time designate by notice to the Authority; provided that notices or other communications to be given to an address outside India may, if they are subsequently confirmed by sending a copy thereof by registered acknowledgement due, air mail or by courier, be sent by facsimile to the address as the Consultant may from time to time designate by notice to the Authority;

(b) In the case of the Authority, be given by facsimile and by letter delivered by hand and be addressed to the Authority with a copy delivered to the Authority's Representative set out below in Clause 1.8 or to such other person as the Authority may from time to time designate by notice to the Consultant; provided that if the Consultant does not have an office in Delhi it may send such notice by facsimile and by registered acknowledgement due, air mail or by courier; and

(c) Any notice or communication by a party to the other party, given in accordance herewith, shall be deemed to have been delivered when in the normal course it is posted and ought to have been delivered.

1.7 Location

Rajneesh Naidu

The Services shall be performed, delivered at the offices of the Authority or any other place as required by the Authority and at such locations as are incidental thereto, including the offices of the Consultant.

1.8 The Consultant/Authority's authorised representatives shall be as under:,

The Consultant's Representative	*The Authority's Representative*
Mr. Peeyush Naidu	Secretary,
Senior Director	Airports Economic Regulatory Authority,
Deloitte Touche Tohmatsu India Private Limited	AERA Building,
7th Floor, Building 10, Tower - B	Safdarjang Airport Administrative Complex,
DLF Cyber City Complex, DLF Phase - II	Safdarjang Airport,
Gurgaon – 122002, Haryana, India	New Delhi-110003
Tel: +91 (124) 6792000	Tel : 01124695040
Fax: +91 (124) 6792012	Fax: 01124695039

1.9 Taxes and duties

Unless otherwise specified in the Agreement, it shall be the obligation of the Consultant to pay all such taxes, duties, fees and other impositions as may be levied under the Applicable Laws and the Authority shall perform its obligations as lawfully imposed on it.

2 COMMENCEMENT, COMPLETION AND TERMINATION OF AGREEMENT

2.1 Effectiveness of Agreement

This Agreement shall be deemed to have come into force and effect on and from 11th March 2014 (the **"Effective Date"**) and shall remain in force till completion of the Services by the Consultant as per clause 2.2.

2.2 Term of Agreement

Unless terminated earlier pursuant to Clause 2.7 hereof, the term of agreement is six (6) months w.e.f. 11th March 2014 . Provided, if the

Peeyush Naidu

agreement is to be extended beyond six (6) months from commencement of the agreement or if any other additional work is added to the scope mentioned in Annexure 1, additional fee, if any, be payable as per Annexure 2 appended to this agreement.

2.3 Expiration of Agreement

Unless terminated earlier pursuant to Clause 2.7 hereof, this Agreement shall expire when the Services have duly been completed and a period of 90 (ninety) days has elapsed and all payments due under this Agreement, have been made.

2.4 Entire Agreement

This Agreement and the Annexes together constitute a complete and exclusive statement of the terms of the agreement between the Parties on the subject hereof, and no amendment or modification hereto shall be valid and effective unless such modification or amendment is specifically agreed to in writing by the Parties and duly executed by persons especially empowered in this behalf by the respective Parties.

2.5 Modification of Agreement

Modification of the terms and conditions of this Agreement, including any modification of the scope of the Services, may be made only by written agreement between the Parties and not otherwise.

2.6 Force Majeure

2.6.1 Definition

(a) For the purpose of this Agreement, "Force Majeure" means an event which is beyond the reasonable control of a Party, and which makes a Party's performance of its obligations hereunder impossible or so impractical as reasonably to be considered impossible in the circumstances, and shall be limited to war, riots, civil disorder, earthquake, fire, explosion, storm, flood or other adverse weather conditions, strikes, lockouts or other industrial action (except where such strikes, lockouts or other industrial

Pragnesh Naidu

action are within the power of the Party invoking Force Majeure to prevent), confiscation or any other action by government agencies.

(b) Without prejudice to the generality of clause (a) above, it is specifically clarified that Force Majeure shall not include (i) any event which is caused by the negligence or intentional action of a Party or such Party's agents or employees, nor (ii) any event which a diligent Party could reasonably have been expected to either (A) take into account at the time of the conclusion of this Agreement and (B) avoid or overcome in the carrying out of its obligations hereunder.

(c) Force Majeure shall not include insufficiency of funds or failures to make any payment required hereunder.

2.6.2 No breach of Agreement

The failure of a Party to fulfil any of its obligations hereunder shall not be considered to be a breach of, or default under, this Agreement insofar as such inability arises from an event of Force Majeure, provided that the Party affected by such an event has taken all reasonable precautions, due care and reasonable alternative measures, all with the objective of carrying out the terms and conditions of this Agreement.

2.6.3 Measures to be taken

(a) A Party affected by an event of Force Majeure shall take all reasonable measures to remove such Party's inability to fulfil its obligations hereunder with a minimum of delay.

(b) A Party affected by an event of Force Majeure shall notify the other Party of such event as soon as possible, and in any event not later than seven (7) days following the occurrences of such event, providing evidence of the nature and cause of such event, and shall similarly give notice of the restoration of normal conditions as soon as possible.

Reynold Naidu

(c) The Parties shall take all reasonable measures to minimize the consequences of any event of Force Majeure.

2.6.4 Extension of time/Termination of Services

Any period within which a Party shall, pursuant to this Agreement, complete any action or task, may be extended for a period equal to the time during which such Party was unable to perform such action as a result of Force Majeure, to be decided at the sole discretion of the Authority.

Not later than fifteen (15) days after the Consultant has, as a result of any event of Force Majeure etc., becomes incapable to perform a material portion of the Services, the Authority will be at liberty to terminate the Agreement and award the same to another party.

2.6.5 Suspension of Payments

Notwithstanding any other clause of this agreement, the Authority may, by written notice of suspension to the Consultant, suspend all payments to the Consultant hereunder if in the opinion of the Authority the Consultant has been in breach of this Agreement, or has in any manner failed to perform any of its obligations under this Agreement including the carrying out of the Services; provided that such notice of suspension (i) shall state the nature of the breach or failure, and (ii) shall provide an opportunity to the Consultant to remedy such breach or failure within a period not exceeding five (5) days after receipt by the Consultant of such notice of suspension.

2.7 Termination of Agreement

2.7.1 By the Authority

The Authority may, by not less than fifteen (15) days' written notice of termination to the Consultant, such notice to be given after the occurrence of any of the events specified herein, terminate this Agreement if:

(a) The Consultant fails to remedy any breach hereof or any failure in the performance of its obligations hereunder, as specified in the

Parupathi Naidu

notice of suspension pursuant to Clause 2.6.5 hereinabove, within five (5) days of receipt of such notice of suspension;

(b) the Consultant becomes insolvent or bankrupt or enters into any agreement with its creditors for relief of debt or take advantage of any law for the benefit of debtors or goes into liquidation or receivership whether compulsory or voluntary;

(c) the Consultant fails to comply with any final decision reached as a result of arbitration proceedings pursuant to Clause 7 hereof;

(d) the Consultant submits to the Authority a statement which has a material effect on the rights, obligations or interests of the Authority and which the Consultant has reason to believe is false;

(e) any document, information, data or statement submitted by the Consultant in its Proposals, based on which the Consultant was considered eligible or successful, if found to be false, incorrect or misleading;

(f) as a result of Force Majeure, the Consultant is unable to perform a material portion of the Services for a period of not less than fifteen (15) days;

(g) a situation of conflict of interest as set out in Clause 3.2.3 of this agreement;

(h) the Authority, in its sole discretion and for any reason whatsoever, decides to terminate this Agreement.

Notwithstanding anything contained in this agreement, it is specifically agreed by the parties that on such issuance of notice of termination by the Authority, the Authority will be at liberty to initiate the process for fresh award of the agreement and award the same to any other consultant.

2.7.2 By the Consultant

The Consultant may, by not less than thirty (30) day's written notice to the Authority, such notice to be given after the occurrence of any of the events specified herein, terminate this Agreement if:

Pragati Nanda

(a) the Authority fails to pay any money due to the Consultant pursuant to this Agreement and not being the subject of dispute pursuant to Clause 7 hereof or otherwise, within forty-five (45) days after receiving written notice from the Consultant stating that such payment is overdue;

(b) the Authority is in material breach of its obligations pursuant to this Agreement and has not remedied the same within forty-five (45) days (or such longer period as the Consultant may have subsequently granted in writing) following the receipt by the Authority of the Consultant's notice specifying the particular breach in question, the manner in which such breach has affected the performance of the services of the Consultant under this Agreement and the action required from the Authority with regard to such breach;

2.7.3 Cessation of rights and obligations

Upon termination of this Agreement pursuant to Clause 2.7 hereof, or upon expiration of this Agreement pursuant to Clause 2.2 hereof, all rights and obligations of the Parties hereunder shall cease, except (i) such rights and obligations as may have accrued on the date of termination or expiration, (ii) the obligations of confidentiality set forth in Clause 3.3 hereof, as relate to the Consultant's Services provided under this Agreement; and (iii) any right or remedy which a Party may have under this Agreement or the Applicable Law.

2.7.4 Cessation of Services

Upon termination of this Agreement by notice of either Party to the other pursuant to Clauses 2.7.1 or 2.7.2 hereof, the Consultant shall, immediately upon dispatch or receipt of such notice, take all necessary steps to bring the Services to a close in a prompt and orderly manner without causing any detrimental effect to the work/service in question. The Consultant agrees to render all assistance to the Authority/ the New Consultant in this regard. With respect to documents prepared by the

Prasanth Naidu

Consultant and any materials furnished by the Authority, the Consultant shall proceed as provided by Clause 3.7 hereof.

2.7.5 Payment upon Termination

Upon termination of this Agreement pursuant to Clauses 2.7.1 or 2.7.2 hereof, payments due to the Consultant, till the date of termination, shall be made after adjustment of any amount that may be considered due from the Consultant to the Authority.

2.7.6 Disputes about Events of Termination

If either Party disputes whether an event specified in Clause 2.7.1 or in Clause 2.7.2 hereof has occurred, such Party may, within 30 (thirty) days after receipt of notice of termination from the other Party, refer the matter to arbitration pursuant to Clause 7 hereof, and this Agreement shall not be terminated on account of such event except in accordance with the terms of any, resulting arbitral award. However the provisions of this Clause will not affect the right of the Authority to initiate the process for fresh award of this agreement or to award this Agreement to some other Consultant.

3 OBLIGATIONS OF THE CONSULTANT

3.1 General

3.1.1 Standards of Performance

The Consultant shall perform the Services and carry out obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted professional techniques and practices, and shall observe sound management practices, and employ appropriate and effective methods. The Consultant shall always act and conduct itself in a manner, in respect of any matter relating to this Agreement or to the Services, as a faithful advisor to the Authority, and shall at all times support and safeguard the Authority's interests.

3.1.2 Terms of Reference

Rayesh Naidu

The scope of Services to be performed by the Consultant is specified in the Terms of Reference at Annexure 1 of this Agreement.

3.1.3 Applicable Laws

The Consultant shall perform the Services in accordance with the Applicable Laws and shall take all practicable steps to ensure that the Personnel of the Consultant comply with the Applicable Laws.

3.2 Conflict of Interest

3.2.1 The Consultant shall not have a Conflict of Interest, (refer to in Clause 3.2.3) and any breach hereof shall constitute a breach of the Agreement making this agreement liable to termination at the behest of the Authority.

3.2.2 Consultant and Affiliates not to be otherwise interested in the Project

The Consultant agrees that, during the term of this Agreement and after its termination, the Consultant and any entity affiliated with the Consultant, shall not take up any assignment or render any advice or opinion relating to any challenge of the validity or the legality of any advice or any other work which is related to or has arisen as part of Services under the scope of this Agreement. Any breach of this obligation shall amount to a Conflict of Interest.

3.2.3 Prohibition of conflicting activities

Neither the Consultant nor its Personnel shall engage in any activities relating to challenging the validity or the legality of any advice or any other work which is related to or has arisen as part of Services rendered under the scope of this Agreement. Such restrictions on activities shall subsist for the duration of the current Control Period.

3.3 Confidentiality

The Consultant, and its Personnel shall not, either during the term and two years after the expiration or termination of this Agreement disclose

any proprietary information excepting the information which is made public or put in public domain, including but not limited to information relating to reports, data, software or other material, whether written or oral, in electronic or magnetic format, and the contents thereof; and any reports, digests or summaries created or summaries created or derived from any of the foregoing that is provided by the Authority to the Consultant, and its Personnel; any information provided by or relating to the Authority, its technical processes, business affairs or finances or any information relating to the Authority's employees, officers or other professionals or suppliers, customers, or contractors of the Authority; and any other information which the Consultant is under an obligation to keep confidential in relation to the Project, the Services or this Agreement **("Confidential Information"),** without the prior written consent of the Authority.

Notwithstanding the aforesaid, the Consultant and its Personnel may disclose, with prior written approval of the Authority, Confidential Information to the extent that such Confidential Information:

(i) is required to be disclosed by Law or judicial or administrative or arbitral process or by any Governmental Instrumentalities, provided that for any such disclosure, the Consultant and its Personnel shall give the Authority, prompt written notice, and use reasonable efforts to ensure that such disclosure is accorded confidential treatment;

(ii) is provided to the professional advisers, agents, auditors or representatives of the Consultant as is reasonable under the circumstances; provided, however, that the consultant or its Personnel as the case may be, shall require their professional advisers, agents, auditors or its representatives, to undertake in writing to keep such Confidential Information, confidential and shall use its best efforts to ensure compliance with such undertaking.

Sangeeta Naidu

Subject to the confidentiality obligations above, the Consultant shall be allowed to use this engagement as an experience citation with other clients.

3.4 Liability of the Consultant

It is agreed between the parties that the Consultant shall be liable to the Authority for any and all loss or damage caused due to deficiency in Services rendered by it. It shall be no defense for the Consultant to state that such loss incurred or damage sustained by the Authority was not the direct cause of or proximate to any act or omission by the Consultant.

The Consultant's overall liability under the Agreement shall be capped at ten percent (10%) of the Agreement Value and shall be restricted to direct costs only. The Consultant shall not be, in any event, liable for indirect or consequential losses or damages.

3.5 Reporting obligations

The Consultant shall submit to the Authority the reports and documents specified in the Agreement, in the form and in the number within the time periods set forth therein.

3.6 Documents prepared by the Consultant to be the property of the Authority

3.6.1 All reports and other documents prepared and submitted by the Consultant in performing the Services under this Agreement shall become and remain the property of the Authority, and the Consultant shall, not later than termination or expiration of this Agreement; deliver all such documents to the Authority, together with a detailed inventory thereof. The Consultant may retain a copy of such documents. Restrictions about the future use of these documents shall be as specified in the Agreement.

3.6.2 All reports and other documents prepared and submitted by the Consultant in performing the Services under this Agreement shall

Ruchi Nandu

become and remain the property of the Authority, and all intellectual property rights in such Consultancy Documents shall vest with the Authority. Any Consultancy Document, of which the ownership or the intellectual property rights do not vest with the Authority under law, shall automatically stand assigned to the Authority as and when such Consultancy Document is created and the Consultant agrees to execute all papers and to perform such other acts as the Authority may deem necessary to secure its rights herein assigned by the Consultant.

3.6.3 The Consultant shall not use these documents for purposes unrelated to this Agreement without the prior written approval of the Authority.

3.7 Any data / information / report furnished by the Authority

Any data/ information / report made available to the Consultant by the Authority shall be the property of the Authority. Upon termination or expiration of this Agreement, the Consultant shall furnish forthwith to the Authority, an inventory of such data/ information / reports and shall dispose of such data/ information / report in accordance with the instructions of the Authority.

The Consultant would be allowed to retain a copy of its working papers to maintain a professional record of its involvement in the engagement and to comply with applicable legal and regulatory requirements. In all cases, the Consultant shall be responsible for not using such information for purposes unrelated to this Agreement without the prior written approval of the Authority.

3.8 Access to the Consultant's Office and Personnel

The Consultant shall ensure that the Authority, and its officials authorised by the Authority, are provided unrestricted access to the Consultant's Office and to all Personnel during office hours. Such officials shall have the right to inspect the Services in progress, interact with Personnel of the Consultant and verify the records for their satisfaction.

4 OBLIGATIONS OF THE AUTHORITY

Prayusha Naidu

4.1 Scope of services

The Authority is responsible for determining the scope of services. The Authority shall further co-operate with the Consultant in performance of services, including but not limited to providing reasonable facilities and timely access to data, information to Consultant.

4.2 Payment

Payment shall be made as set out in clause 4.2.1 below.

4.2.1 In consideration of the services performed by the Consultant under this Agreement, payment shall be made to the Consultant in the manner as under:

(a) All payments shall be made in Indian Rupees

(b) The payments to the Consultant shall be made for its Services as per the Payment Schedule at Annexure 2 of this Agreement.

(c) The payment due to the consultant is to be made within 21 (Twenty one) days after the receipt of bills raised by the Consultant for the stage with necessary particulars (the "Due Date").

(d) The Final payment under this Clause shall be made only after the final Progress Report has been submitted by the Consultant and approved as satisfactory by the Authority. The Services shall be deemed completed and finally accepted by the Authority and the final Progress Report shall be deemed approved by the Authority as satisfactory upon expiry of 60 (sixty) days after receipt of the final Progress Report by the Authority unless the Authority, within such 60 (sixty) day period, gives written notice to the Consultant specifying in detail, the deficiencies in the Services or the final Progress Report. The Consultant shall thereupon promptly make any necessary corrections and/or additions at his own cost and

Parynst Naidu

expenses and upon completion of such corrections, the foregoing process shall be repeated.

(e) Any amount which is paid or caused to be paid in excess of the amounts actually payable in accordance with the provisions of the Agreement shall be reimbursed by the Consultantwithin 15 (fifteen) days after receipt by the Consultant of notice thereof. Any such claim for reimbursement must be made within 1 (one) year after receipt of a final report in accordance with Clause 4.2.1(d). Any delay by the Consultant in reimbursement by the due date shall attract simple interest @ 10% (ten percent) per annum.

(f) All payments under this Agreement shall be made to the account of the Consultant as may be notified by the Consultant.

5 EXTENSIONS

5.1 Provisions for delay

In the event of delay caused due to reasons beyond the control of the Consultant, Authority may, in its sole discretion, consider granting of appropriate extension of time and fees as per the terms and conditions as per Annexure - 2.

6 FAIRNESS AND GOOD FAITH

6.1 Good Faith

The Parties undertake to act in good faith with respect to each other's rights under this Agreement and to adopt all reasonable measures to ensure the realisation of the objectives of this Agreement.

6.2 Operation of the Agreement

The Parties recognize that it is impractical in this Agreement to provide for every contingency which may arise during the life of the Agreement, and the Parties hereby agree that it is their intention that this Agreement shall operate fairly as between them, and without detriment to the interest of either of them, and that, if during the term of this Agreement either Party believes that this Agreement is operating unfairly, the Parties

will use their best efforts to agree on such action as may be necessary to remove the cause or causes of such unfairness, but failure to agree on any action pursuant to this Clause shall not give rise to a dispute subject to arbitration in accordance with Clause 7 hereof.

7 SETTLEMENT OF DISPUTES

7.1 Amicable settlement

The Parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Agreement or the interpretation thereof.

7.2 Dispute Resolution

7.2.1 Any dispute, difference or controversy of whatever nature howsoever arising under or out of or in relation to this Agreement (including its interpretation) between the Parties, and so notified in writing by either Party to the other Party (the "Dispute") shall, in the first instance, be attempted to be resolved amicably in accordance with the conciliation procedure set forth herein.

7.2.2 The Parties agree to use their best efforts for resolving all Disputes arising under or in respect of this Agreement promptly, equitably and in good faith, and further agree to provide each other with reasonable access during normal business hours to all non-privileged records, information and data pertaining to any Dispute.

7.3 Conciliation

In the event of any Dispute between the Parties, either may call upon the Chairperson, Airports Economic Regulatory Authority of India, and the Chairman of Deloitte Touche Tohmatsu India Private Limited for amicable settlement, and upon such reference, the said persons shall meet no later than 10 (ten) days from the date of reference to discuss and attempt to amicably resolve the Dispute. If such meeting does not take place within the 10 (ten) day period or the Dispute is not amicably settled with 15 (fifteen) days of the meeting or the Dispute is not resolved as evidenced by the signing of written terms of settlement

Yogesh Nanda

within 30 (thirty) days of the notice in writing or such longer period as may be mutually agreed by the Parties, either Party may refer the Dispute to arbitration in accordance with the provisions of Clause 7.4.

7.4 Arbitration

(a) In the event of any question, dispute or difference arising under or in connection with (except as to any matters the decision of which is specially provided for by these or the special conditions) the same shall be referred to the sole arbitration of the Chairperson, Airports Economic Regulatory Authority or a person so appointed by him in this regard.

(b) It will be no objection that the arbitrator is a Government Servant or a member/officer of the Authority or that he had to deal with the matters to which the agreement relates or that in the course of his duties as a Government servant/ or a member/officer of the Authority, he has expressed views on all or any of the matters in dispute or difference and the consultant hereby waives the plea of institutional bias. The award of the arbitrator shall be final and binding on the parties to this contract.

(c) In the event of the Arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his award being set aside by the court for any reason, it shall be lawful for the Chairperson, Airports Economic Regulatory Authority to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid.

(d) It is further a term of this contract that no person other than the person appointed in terms of clause (a), above as aforesaid should act as arbitrator and that, if for any reason that is not possible, the matter is not be referred to arbitration at all.

(e) The Consultant agrees that an award may be enforced against the Consultant and their respective assets wherever situated.

Rangesh Naidu

(f) All disputes connected to or arising in relation to the above process of arbitration shall be restricted to the courts of New Delhi. This Agreement and the rights and obligations of the Parties shall remain in full force and effect, pending the Award in any arbitration proceedings hereunder.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed in their respective names as of the day and year first above written.

SIGNED, SEALED AND DELIVERED
For and on behalf of
Consultant:

Peeyush Naidu

Mr. Peeyush Naidu
Senior Director
Deloitte Touche Tohmatsu India Private Limited
7th Floor, Building 10, Tower - B
Complex,
DLF Cyber City Complex, DLF Phase - II
Gurgaon – 122002, Haryana, India
Tel: +91 (124) 6792000
Fax: +91 (124) 6792012

SIGNED, SEALED AND DELIVERED
For and on behalf of
Airports Economic Regulatory
Authority of India

Alok Sherman

Secretary,
Airports Economic Regulatory Authority,
AERA Building,
Safdarjang Airport Administrative
Safdarjang Airport,
New Delhi-110003
Tel : 01124695040
Fax: 01124695039

ANNEXURE 1

TERMS OF REFERENCE

Scope of Work

Review of the Financial Model prepared and submitted by MIAL would involve assessment of the models' arithmetic accuracy, check for logical and calculation integrity of the model and assistance in undertaking certain sensitivity analyses. Tasks to be undertaken under this engagement by us would be as listed below:

Review of the Financial Models

1. A cell-by-cell inspection and sheet-by-sheet review of the arithmetic accuracy of formulae and calculations contained in the model. This will include tracing items through the various interlinked sheets and calculations back to the input data and verifying the correct application of addition, subtraction, multiplication and division based on standard business and financial logic
2. Verify that the links within the model are working accurately.
3. Assessing that any macros that govern calculations in the model are running as intended.
4. Assessing that the model is logically constructed, internally consistent with respect to calculations and formulae and is fit for the purpose of undertaking analyses of relevant aspects for tariff determination by the Authority.
5. Assessing that assumptions in the Financial Model are at one place and that there are no hard coded numbers in calculations in the Financial Model that might influence calculation results in unexpected ways.
6. Checking whether the assumptions listed in the assumption sheet are getting correctly reflected in the various others sheets of the financial model.

Consistency check with provisions of key agreement(s)/ concession, AERA Act, 2008 and the AERA Guidelines

The objective of this module would be to ensure that the Financial Model accurately reflects the concession offered by the Central Government with respect to key Agreement(s), and financial documents as also the provisions in the AERA Act, 2008.

The tasks here would include:

1. Consistency check for incorporation of provisions from key agreements related to various Building Blocks into the financial model covering aspects such as:
   a) To check whether the correct formulas, with respect elements like X Factor, CPI etc as given in SSA are incorporated into the financial model;
   b) To check whether the financial model is consistent in terms of being developed on real or nominal (inflation adjusted) basis for all the building blocks; etc.
2. The Authority will be seeking certification from auditors / Chartered Accountants of MIAL of key aspects / assumptions taken from the key agreement(s) / concession. Assistance will be provided to the Authority in identifying such elements that may need to be certified.

Truing up the various elements in the Regulatory Building Blocks

Based on the Authority's Order No 32 / 2012-13 in the matter of Determination of Aeronautical Tariff in respect of CSI Airport, Mumbai for the 1st Regulatory Period (01.04.2009 - 31.03.2014), assist the Authority determination of True-ups for various elements in the Regulatory building blocks towards determination of aeronautical tariff for 2nd Control Period.

Assistance in undertaking Sensitivity Analyses using the Financial Model

The Authority may like to review implications / changes in results through sensitivity analysis of various factors like growth rate in traffic, inflation etc. The sensitivity analysis may need to be conducted with respect to specific changes to assumptions for a factor or even reviewing the drivers and projection bases

Prayusha Naidu

for such factors. The assistance to be provided to the Authority in this regard would include:

1. Assessing that the Financial Model provides for changes in assumptions and sensitivities to correctly flow through to the results. The review of the financial model as mentioned earlier would form the basis for doing such assessment.
2. Assisting the Authority in conducting sensitivity analyses based on specific decisions taken by the Authority on regulatory building blocks
3. The assistance in conducting sensitivity analyses would be provided in the following manner:
   a) Decisions of the Authority to be understood on assumptions to be changed and extent of changes to be analysed
   b) Changing assumptions for a particular parameter as required and documentation of results for such change in the form of tables or MS Excel based charts etc.
   c) Changing the bases and drivers for certain parameters in the Financial Models through changes in the scheme of calculations if required by the Authority and documentation of results of such change.

Provision of other associated Advisory Assistance

The assistance to be provided by the Consultant to the Authority under this module would include the following:

1. Assisting the Authority in its drafting of the Consultation Paper for determination of tariffs / charges by providing assistance on documentation of required analyses.
2. Assisting the Authority in the process of Stakeholder Consultation by documenting various stakeholder responses and assisting the Authority in its consideration of various stakeholder responses.

3. Assisting the Authority in the determination of tariffs / charges post stakeholder consultations by undertaking required sensitivity / modelling analysis to reflect the Authority's decisions.
4. Assisting the Authority in its drafting of the Order for determination of tariffs / charges by providing assistance on documentation of required analyses.

Scope Exclusions:

The Scope of Work does not include:

- Any specific studies that the Authority may require on aspects pertaining to allocation / segregation or determination of efficient assets & costs, determination of cost of equity, determination of useful / economic life of assets;
- Any review of plausibility or correctness of the assumptions made in the Tariff Model including traffic forecast nor any review of prior years' financial statements, whether they are adequately presented in the Tariff Model and whether they provide a suitable basis for the planning of the future development;
- Preparation of operating manual for the financial model / tariff model
- Any financial audit;
- Any tax and accounting review / audit / advice as part of the MYT Proposal review process;
- Provision of legal interpretations / advise that may be required for the purpose of tariff determination;
- Any assistance with respect to MYT proposals for any other airports;
- Any subsequent review of Aeronautical tariffs at Mumbai Airport;
- Any organizing of meetings / stakeholder consultations / tours, etc.

Naidu

ANNEXURE 2

TIMELINES AND FEES

Timelines

The services are being contracted for a period of 6 months from the Effective Date.

Fees

The Fee will be payable as per the following monthly schedule. In case of earlier completion of services vis-à-vis the Term of the Agreement, the balance fee will be payable to the Consultant upon submission of a final invoice.

Activity	Fee per month (INR)
At the end of months 1, 2, 3, 4 and 5 from commencement of review of MYT Proposal of Mumbai Airport based on reporting of activities undertaken during the period to the Designated AERA Staff	7 lakhs
At the end of each subsequent month after completion of 5th month from commencement of review of MYT Proposal of Mumbai Airport based on a reporting of activities undertaken during the period to the Designated AERA Staff	6 lakhs

Associated Considerations:

1. Fees would be payable within 21 days of submission of our invoices.
2. Fees are exclusive of Service Tax, which will be charged additionally at actuals at prevailing rates.
3. Payments would be made after deduction of TDS or any other impositions, as may be required under the applicable law.
4. The above fee does not include any Out-of-Pocket Expenses on travel outside National Capital Region of India (NCR).

GVK

MIAL/CEO/157

26th December 2013

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai

Sir,

Please find enclosed the Multi Year Tariff Proposal (MYTP) for Chhatrapati Shivaji International Airport (CSIA), Mumbai for the second control period, i.e. FY 15 to FY 19 for consideration and approval of Hon'ble Authority.

Since some of the information contained in this proposal are commercially sensitive information, which are not in public domain. Hon'ble Authority is requested to kindly accept MIAL request to redact such information during consultation process. MIAL will intimate list of such information shortly.

We shall be pleased to provide any further information that Hon'ble Authority may require in this regard.

Thanking you,

Yours Sincerely,
For Mumbai International Airport Private Limited

(R.K. Jain)
Chief Executive Officer

Encl.: as above

Mumbai International Airport Pvt Ltd
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Mumbai International Airport Private Limited

Multi Year Tariff Proposal
FY 15 to FY 19



CONTENTS **Page No.**

1.	Background	4
2.	Determination of Target Revenue	5
2.1.	Regulatory Base (RB)	5
2.1.1.	Capital Expenditure	5
2.1.2.	Segregation and allocation of Fixed Assets	10
2.1.3.	Hypothetical Regulatory Base (HRB)	11
2.1.4.	Regulatory Base for the Control Period	12
2.2.	Means of Finance	13
2.3.	Weighted Average Cost of Capital (WACC)	13
2.3.1.	Cost of Equity	13
2.3.2.	Cost of Debt	14
2.3.3.	Cost of Real Estate Deposits	14
2.3.4.	Weighted Average Cost of Capital (WACC) Computation	15
2.4.	Operation & Maintenance cost	16
2.4.1.	Employees Cost	17
2.4.2.	Electricity, Water and Fuel	18
2.4.3.	Repair and Maintenance cost	19
2.4.4.	Information Technology (IT) related cost	20
2.4.5.	Rents, Rates and Taxes	20
2.4.6.	Advertising Cost	21
2.4.7.	Administrative Cost	21
2.4.8.	Airport Operator Fee	22

2.4.9. Insurance Cost 22

2.4.10. Interest on Working Capital and Financial Charges 22

2.4.11. Other Operating Costs 23

2.4.12. Corporate Social Responsibility cost 23

2.4.13. Issues pertaining to security expenses (PSF-SC) 23

2.4.14. Bad debts 24

2.5. Depreciation 25

2.6. Income Tax 25

2.7. Revenue from Revenue Share Assets (S) 26

2.7.1. Land Lease Rentals, License Fee and Space Rent 26

2.7.2. Lounge Concessions 26

2.7.3. Retail Concessions 27

2.7.4. Food and Beverage (F&B) Concessions 27

2.7.5. Flight Catering Concessions 27

2.7.6. Forex Concessions 28

2.7.7. Automated Teller Machines (ATMs) Concessions 28

2.7.8. Car Rental and Hotel Reservation Concessions 28

2.7.9. Duty Free Concession 28

2.7.10. Advertising Concession 29

2.7.11. Car Parking Concessions 29

2.7.12. Ground Handling Concessions 29

2.7.13. Fuel Concessions 30

2.7.14. Cargo 30

MUMBAI INTERNATIONAL AIRPORT MUMBAI

3.	Truing up for the first control period	32
4.	Summary of Target Revenue	33
5.	Passenger Traffic, Air Traffic Movements (ATMs) and Cargo Forecast	33
6.	Determination of Escalation Factor	35
7.	Cash Flows: Anticipated shortfall in meeting obligations:	35
8.	Annual Tariff Proposal (ATP)	36
9.	Information to be redacted	36
10.	Prayers	36

MUMBAI INTERNATIONAL AIRPORT LTD. MUMBAI

1. Background

Mumbai International Airport Private Limited (hereinafter referred to as "MIAL") is a Joint Venture Company (hereinafter referred to as "JVC") incorporated under the Companies Act, 1956 and is engaged in operating, maintaining, developing, designing, constructing, upgrading, modernizing, financing and managing the Chhatrapati Shivaji International Airport, Mumbai (hereinafter referred to as "CSIA").

MIAL has taken over these functions from AAI w.e.f. 03.05.2006. The following agreements (collectively referred to as "Project Agreements") were executed by MIAL with various counter parties:

1. Operation, Management and Development Agreement dated 04.04.2006 (hereinafter referred to as "OMDA") between MIAL and the AAI;

2. The State Support Agreement (hereinafter referred to as "SSA") dated 26.04.2006 between the President of India, acting through the Ministry of Civil Aviation (hereinafter referred to as 'MoCA'), and MIAL;

3. Shareholders Agreement;

4. CNS-ATM Agreement;

5. Airport Operator Agreement;

6. State Government Support Agreement;

7. The Lease Deed;

8. Substitution Agreement and

9. Escrow Agreement.

Airports Economic Regulatory Authority (hereinafter referred to as "the Authority") was established by the Central Government vide notification no. GSR 317 (E) dated 12.05.09 with its head office at Delhi under the Airports Economic Regulatory Authority of India Act, 2008 (hereinafter referred to as "AERA Act") to regulate tariffs for Aeronautical Services, inter-alia, taking into consideration the concession offered by the Central Government in any agreement or memorandum of understanding or otherwise.

The Authority issued Order No.29/ 2012-13 dated 21st December, 2012 in the matter of determination of Development Fee (DF Order) and Order No.32/ 2012-13 dated 15th January, 2013 in the matter of determination of aeronautical tariff in respect of CSIA for first control period (Tariff Order).

MIAL has approached Hon'ble Airports Economic Regulatory Authority Appellate Tribunal (hereinafter referred as "AERAAT") over certain issues emerging from the

MUMBAI INTERNATIONAL AIRPORT LTD. MUMBAI

aforesaid Orders issued by the Authority vide Appeal No. 2 of 2013 and Appeal No. 4 of 2013 against DF Order and Tariff Order respectively. The present MYTP is being filed without prejudice against to the contentions and submissions of MIAL in respective appeals to AERAAT. The issues raised in these appeals subsequent to decisions of AERAAT may have an implication on the present MYTP. Suitable changes will have to be made, inter alia, in MYTP based upon outcome of these appeals.

2. Determination of Target Revenue

2.1. Regulatory Base (RB)

The Regulatory Base for the first year of the control period has to be determined based on the RB for the year immediately preceding the second control period and has to be computed as follows:

> *"RB_0 for the first regulatory period would be the sum total of*
>
> *(i) the Book Value of the Aeronautical Assets in the books of the JVC and*
>
> *(ii) the hypothetical regulatory base computed using the then prevailing tariff and the revenues, operation and maintenance cost, corporate tax pertaining to Aeronautical Services at the Airport, during the financial year preceding the date of such computation."*

The RB for any year i of the control period is to be computed using the following formula:

$$RB_i = RB_{i-1} - D_i + I_i$$

where,

D_i = Depreciation for the year i

I_i = Investments capitalised in year i

The following section provides computation of the Hypothetical RB and the RB for the control period.

2.1.1. Capital Expenditure

Capital Expenditure includes the following

i. Projects Capital Expenditure
   a. Current Projects (Project Cost)
   b. New Projects to be undertaken in second control period

ii. Operational Capital Expenditure

MUMBAI INTERNATIONAL AIRPORT LTD. MUMBAI

i) Projects Capital Expenditure

a) Current Projects (Project Cost)

The Authority vide its Order No. 29/2013 dated 21st December, 2012, in relation to determination of Development Fee had approved Project Cost of Rs. 12,069.80 Crs. against estimated cost of Rs. 12380 Crs. Thus disallowing Rs. 310.20 Crs. of Project Cost comprising of upfront fee of Rs. 153.85 Crs. and other capital expenditure of Rs. 156.35 Crs. The Authority had vide Orders no. 29 and 32 dated 21.12.2012 and 15.01.2013 respectively had capped overall Project Cost at Rs. 12069.80 Crs., which has been challenged by MIAL before AERAAT. While determining DF, the Authority had left funding gap of Rs. 1241.39 Crs. unaddressed which had to be met out of additional debt. The Authority's Order No. 29 specifically mentioned that increased IDC on such additional debt shall be considered by it as and when such additional debt is raised and evidential details are produced to the Authority. Such interest cost is estimated to be Rs. 140 Crs. Although capping of cost for an ongoing project has been challenged by MIAL but still Board of Directors of MIAL discussed the issue of Project Cost and to mitigate impact of increase in Project Cost of Rs. 435 Crs., after above orders of AERA, comprising of increase of Rs. 380 Crs. in project cost and Rs. 55 Crs. increase in IDC due to capitalisation of new Terminal on 1st January, 2014 instead of 31st August, 2013 envisaged earlier, decided to contain the cost by reviewing various projects so that, some of the projects could be dropped without material adverse effect on capacity and efficiency of the airport. After intensive review following projects have been dropped from the scope of the current projects. While dropping these projects it has been ensured that there is no significant impact on efficiency, capacity and operations of the airport. This effort in no way should be construed that these projects were earlier included without adequate requirements and justifications. Details of such projects are as follows:

Rs./Crs.

Particulars	**Estimated cost**
North West Pier (Part of New T2)	60
Apron for North West Pier (Part of Airside Projects)	20
Relocation of Air India GSD Facility (Part of Misc. Projects)	60
Airport Management Building (Part of Misc. Projects)	40
ATC Technical Block (Part of Additional Projects)	200
Total	**380**

While sanctioning Project Cost of Rs. 12,069.80 Crs., AERA had deferred, *inter alia*, Rs. 25 Crs. towards slum rehabilitation cost as it was expected to be reimbursed by HDIL. Subsequently on continuous failure of HDIL, MIAL had terminated Slum Rehabilitation Agreement dated 15th October, 2007, with HDIL, and accordingly it encashed Performance Security of Rs. 25 Crs. of HDIL and the same was appropriated

towards receivables from HDIL. Hence effectively Project Cost as sanctioned by AERA may be considered as Rs. 12044.80 Crs. Adding Rs. 140 Crs. of IDC on additional debt, the sanctioned Project Cost may be considered as Rs. 12184.80 Crs. which, obviously, does not include Rs. 310.20 Crs. which has been disallowed by AERA (revised disallowed cost will be Rs. 260.20 Crs. considering that Rs. 50 Crs. pertaining to cargo development is not to be incurred and accordingly also reduced from total Project cost) and not contested by MIAL, however MIAL has to arrange for funding of disallowed capex of Rs. 260.20 Crs also (Rs. 310.20 Crs. less Rs. 50 Crs. cost not to be incurred towards cargo development). However, the cap of Rs. 12069.80 Crs. imposed by AERA has been challenged by MIAL, looking into the fact that it is an ongoing project prone to various contingencies and unforeseen and uncontrollable circumstances. In spite of such increase of Rs. 380 Crs., Board of Directors of MIAL has taken pains to ensure that projects of Rs. 380 Crs. are dropped resulting in increase of only Rs. 55 Crs. in IDC due to change in the date of capitalization of new terminal, because of reasons beyond control of MIAL.

Please find enclosed **Annexure 1** providing details of projects of Rs. 380 Crs. being dropped to contain Project Cost as far as possible.

However, MIAL reiterates that capping of Project Cost by the Authority was not justifiable.

Construction of new terminal was completed on 31st August, 2013, which may be verified from the report of the Independent Engineer enclosed as **Annexure 2**, however commencement of operations could not take place because of the following reasons:

1) Delay in settlement of issue of placement of Immigration counters after Security Check against present practice of placement of Immigration counters before Security Check. The matter could not be resolved at the level of administrative ministry, i.e. MoCA and even in the office of Cabinet Secretary, by Secretary (Coordination). Ultimately, the matter was taken to Cabinet Committee on Investments chaired by the Hon'ble Prime Minister. We understand in this committee decision was taken to continue with configuration implemented by MIAL for which SOPs were to be finalised by BCAS and to be approved by MoCA. Approved SOPs were issued by MoCA to BCAS on 6th December, 2013 and BCAS has forwarded the copy of the same to MIAL on 18th December, 2013 only. There was no possibility of starting operations from the terminal without SOPs being in place. Copy of letter received from BCAS dated 18th December, 2013 is enclosed for ready reference as **Annexure 3**.

   We would like to bring to the notice of the Authority that before embarking on new configuration, all stakeholders including Bureau of Immigration (BoI) were kept

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informed. Objections were raised by BoI at very late stage when it was not possible to undo the configuration adopted, resolution of this matter, as indicated above, took unreasonable time leading to delay in commencement of operations.

2) Delay in completion of MMRDA portion of Sahar Elevated Access Road which is mainly attributable to the delay in works of Vehicular Underpass at Western Express Highway, which was dependent on removal and relocation of existing foot over bridge. The foot over bridge was relocated on 13th October 2013 by MMRDA and consequently the vehicular underpass is expected to be completed by end December 2013.

3) Security clearance from BCAS for new terminal has been received only on 24th December, 2013. Letter received from BCAS dated 24th December, 2013 is enclosed for ready reference as **Annexure 4.** We would like to put on record the fact that application for security clearance was submitted well in advance. BCAS took its own time to give security approval. MLCP, integral part of the terminal, is yet to be security approved.

   Due to site constraints, it was not possible to construct Multi Level Car Park (MLCP) far away from the terminal. MLCP is compliant with the provisions of IATA Airport Development Reference Manual. However, BCAS is yet to approve MLCP as part of terminal. It was impossible to commence operations from terminal without security clearance from BCAS.

   It may kindly be observed that commissioning of terminal was delayed because of clearances from main regulatory bodies, viz. BoI and BCAS. These reasons were beyond control of MIAL. It is worthwhile to mention that adequate number of immigration staff is also not available. MIAL Letter No. MIAL/CEO/138 dated 18.11.2013 to Secretary, MoCA is enclosed for ready reference as **Annexure 5.** This issue was also raised by MIAL in 17th OIOC meeting held on 19th December, 2013 under chairmanship of Secretary, MoCA.

   As mentioned above, delay in commissioning led to change in expected date of capitalization of new T2 to 1st January 2014 instead of 31st August, 2013 which has resulted in increased IDC of Rs. 55 Crs.

b) New Projects to be undertaken in second control period

Please find enclosed **Annexure 6** showing details of projects to be undertaken in second control period aggregating Rs. 1,448 Crs. including soft cost i.e. IDC, pre-operative expenses and anticipated inflationary impact during implementation of these projects. This is to inform to the Authority that MIAL has initiated the process of consultation

MUMBAI INTERNATIONAL AIRPORT LTD. MUMBAI

with stakeholders for each project costing more than Rs. 100 Crs. as per provisions of OMDA and SSA. We shall keep the Authority apprised of progress of the same.

In absence of detailed guidelines for stakeholders / user consultation under SSA, MIAL has conceptualized the process of stakeholders consultation and the same shall be submitted to the Authority in due course.

ii) Operational Capital Expenditure

The Operational Capital Expenditure for the second control period is estimated at Rs 975 Crs.

The year-wise Capital Expenditure Incurrence and Capitalization, both before Development Fee (DF) adjustment, for the control period is as follows:

Table 1: Capital Expenditure Incurrence

Rs./Crs.

	Estimated Incurrence upto FY 14*	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**	**Total FY 15-FY19**	**Total incl upto FY 14**
Current Projects	11,263	962	268	7	0	0	1,237	12,500
New Projects		224	484	212	245	282	1,448	
Operational Capex		350	225	200	100	100	975	
Total		**1,537**	**978**	**419**	**345**	**381**	**3,660**	

* Excludes Retirement compensation to AAI

Table 2: Capitalisation

Rs./Crs.

	Estimated Upto FY 14*	**FY 15**	**FY 16**	**FY 17**	**FY 18**	**FY 19**	**Total FY 15-FY19**	**Total incl upto FY 14**
Current Projects	10,865	798	672	165	-	-	1,635	12,500
New Projects		-	507	-	-	941	1,448	
Operational Capex		323	115	337	100	100	975	
Total		**1,121**	**1,282**	**502**	**100**	**1,041**	**4,058**	

* Excludes Retirement compensation to AAI

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2.1.2. Segregation and allocation of Fixed Assets

As per definition of the RB given in the Schedule 1 of the SSA, the RB includes only the Aeronautical Assets, which necessitates segregation and allocation of assets into Aeronautical and Non-Aeronautical Assets.

KPMG has conducted a study for segregation and allocation of assets for the year FY 2011-12 and FY 2012-13 using asset-by-asset segregation approach. The report of the study has been attached as **Annexure 7(a)** and the same basis has been adopted by MIAL in the current Multi Year Tariff Proposal.

In the asset-by-asset segregation approach, the asset base is segregated for Aeronautical and Non-Aeronautical Services based on the usage of the asset for the respective service. In case the assets located in the Terminal Building are jointly required by both services (common assets) they are allocated in proportion to the aeronautical and non-aeronautical areas of the terminal building where such assets are located.

In the entire approach the critical assumptions are:

- Assets defined as Aeronautical Assets in OMDA and used for provision of Aeronautical services (as listed in Schedule 5 of OMDA) are treated as aeronautical. For example, lifts, escalators and passenger conveyors are specifically included under Schedule 5 of OMDA and hence, included under Aeronautical Assets. Similarly, Assets used for provision of Non-Aeronautical Services (as listed in Schedule 6 of OMDA) are treated as Non-Aeronautical.

- Assets that cannot be identified as purely Aeronautical or Non-Aeronautical are classified as common assets.

The segregation of assets for the financial year ended 31st March 2012 and 31st March 2013 is as given below.

Table 3: Segregation of Assets

Rs./Crs.

	As at 31st March 2012	**As at 31st March 2013**
Aeronautical Assets	2070	2448
Non-Aeronautical Assets	168	219
Common Assets	365	367
Total*	**2603**	**3034**

**Excluding Upfront Fee and Retirement Compensation*

MIAL has five existing Terminals 1A, 1B, 1C, 2B and 2C and new T2. In all these terminals, each of the asset has been identified as Aeronautical, Non-Aeronautical or Common Assets. For the purpose of allocation of Common Assets, MIAL has considered the area used by Aeronautical services and Non-Aeronautical Services, including seating areas for provision of Non-Aeronautical Services. In addition, it has

allocated the common seating areas in three proportions of Aeronautical: Non-Aeronautical i) Predominantly Aeronautical (90:10), (ii) Predominantly Non-Aeronautical (10:90) and (iii) Common (50:50)

The Aeronautical and Non-Aeronautical Assets after allocation of the common assets based on the area ratio is as follows:

Table 4: Aeronautical and Non-Aeronautical Assets after Allocation of Common Assets

Rs./Crs.

	As at 31st March 2012	As at 31st March 2013
Aeronautical Assets	2374	2754
Non-Aeronautical Assets	229	280
Total	**2603**	**3034**

Based on the above approach, Aeronautical and Non-Aeronautical Assets have been segregated for second control period. The overall ratio between Aeronautical Assets and Total Assets (i.e. Aeronautical and Non-Aeronautical Assets) has been computed for each year of the control period, which is summarized below:

Table 5: Overall Aeronautical Assets as a % of Total Assets

Percentage

	FY 15	FY 16	FY 17	FY 18	FY 19
Aeronautical Assets as % of Total Assets	88.76	89.84	90.21	90.28	90.95

2.1.3. Hypothetical Regulatory Base (HRB)

While submitting MYTP for first control period, MIAL had arrived at the amount of HRB of Rs. 1817 Crs. based on its understanding of SSA. Details of such calculations are as below:

Table 6: Computation of Hypothetical Regulatory Base

Rs./ Crs.

	FY 09
Aeronautical Revenue (A)	375
Non-Aeronautical Revenue(B)	563
Operation and Maintenance Expenditure pertaining to Aeronautical Services(C)	335
Tax pertaining to Aeronautical Services (D)	16
Weighted Average Cost of Capital - WACC (E)	11.45%
Hypothetical Regulatory Base((A+30%*B-(C+D))/E)	**1,817**

Accordingly depreciated HRB of Rs. 1420 Crs. has been considered as on 1st April, 2014 for inclusion in RB of Second Control Period.

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Hypothetical Regulatory Base is being depreciated at the average rate of depreciation applicable to aeronautical assets.

2.1.4. Regulatory Base for the Control Period

The Regulatory Base (RB) to be used for computation of the Target Revenue pertains to only Aeronautical Asset. Further, the SSA has defined that the RB for a year during the control period to be determined as follows:

$$RB_i = RB_{i-1} - D_i + I_i$$

RB for any year i (RB_i) will be the sum of the closing value of the RB for the immediately preceding year (RB_{i-1}) and investments undertaken in the current year i (excluding capital works in progress and Upfront Fee) adjusted for the depreciation charged for the current year. Thus the RB for the year i is the closing value of RB for that year.

For the second control period, RB for each year has been calculated as the average of opening and closing RB. However, for the first control period (excluding FY 14), due to availability of actual capitalisation dates and disposal dates, RB has been calculated considering such actual dates. This treatment is in line with The Authority's Order No. 32/2012-13 dated 15.01.2013.

Further, MIAL has excluded DF funded assets from the RB and has not claimed any depreciation on assets funded through DF assuming that replacement of such assets would also be funded through DF.

The estimated closing RB for FY 2013-14 forms the opening RB for the first year of the second control period i.e. FY 2014-15. The Assets capitalized during the year have been added to the opening RB and adjusted for depreciation charged during the year to arrive at closing value of RB for 2014-15. RB for other years of control period has been computed on similar basis. The CWIP not capitalized during the year has not been included in RB. The details of RB for the control period are as follows:

Table 7: Computation of RB for the second control period ***Rs./Crs.***

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Opening RB	6,530	6,764	6,997	6,939	6,466
Less: Depreciation	513	516	560	573	600
Add: Capitalization during the year	747	749	502	100	1,041
Closing RB	6,764	6,997	6,939	6,466	6,907
Average RB	6,647	6,880	6,968	6,703	6,687
Average HRB	1,359	1,246	1,136	1,024	914
Average RB including HRB	**8,006**	**8,126**	**8,104**	**7,726**	**7,601**

Note: RB excludes Upfront Fee, Non-Aeronautical Asset and DF funded assets.

2.2. Means of Finance

The Means of Finance for the Current Projects Cost of Rs. 12,500 Crs. and for New Projects cost of Rs 1,448 Crs. is considered as follows:

Table 8: Means of Finance

Rs./Crs.

	Current Projects - Rs 12,500 Crs.	**New Projects - Rs. 1,448 Crs.**
Equity		
a. Paid Up Capital	1,200	-
b. Internal Accruals (Reserves)	1154	342
c. Internal Resource Generation	65	
Real Estate deposits (refundable)*	1,000	-
DF	3,400	-
Debt – tied up	4,231	-
Debt – yet to be tied up	1,450	1,106
Total	**12,500**	**1,448**

*Carrying interest at weighted average cost of debt of MIAL to be charged by Real Estate division to airport division.

The Operational Capital Expenditure of Rs. 975 Crs. is expected to be funded through Internal Accruals and any shortfall shall be met through additional debt.

2.3. Weighted Average Cost of Capital (WACC)

A fair rate of return would be allowed on the Regulatory Base defined under SSA. This would be a combination of Cost of Equity (Paid up Capital + Reserves) and Cost of Debt.

$$WACC = g*R_d + (1-g)*R_e$$

Where: g = Weighted Average Gearing for the control period

R_d = Weighted Average Pre-Tax Cost of Debt for the control period

R_e = Post-Tax Cost of Equity.

2.3.1. Cost of Equity

The Cost of Equity has been taken on the basis of Report prepared by KPMG (attached as **Annexure 7(b)**) wherein Cost of Equity has been computed based on CAPM as per following formula:

$$Re = Rf + ß * (Rm - Rf)$$

Where: Rf = the current return on risk-free rate

Rm = the expected average return of the market

(Rm – Rf) = the average risk premium above the risk-free rate that a "market" portfolio of assets is earning

ß = the beta factor, being the measure of the systematic risk of a particular asset relative to the risk of a portfolio of all risky assets

MIAL submits that it is relying on the analysis done by KPMG for Cost of Equity. KPMG has arrived at Cost of Equity of 23.12% and accordingly MIAL has considered cost of equity as 23% for WACC calculation. For details, enclosed report of KPMG may kindly be referred. The cost of Equity has been worked out as follows:

Table 9: Cost of Equity (Re)

Parameter	Value
Risk free rate (Rf) - 10 year benchmark government bond yield	8.62%
Beta for Infrastructure companies	1.57
Market risk premium	9.24%
Cost of Equity (Re)	23.12%

2.3.2. Cost of Debt

The weighted average Cost of Debt (Rd) for the control period is estimated to be 11.93%, computed from the outstanding debt and yearly average cost of debt as given below.

Table 10: Cost of Debt

Rs./Crs.

Particulars	FY 15	FY 16	FY 17	FY 18	FY 19
Outstanding debt	5,682	5,831	5,633	5,260	4,839
Cost of Debt* (%)	11.49	11.80	12.07	12.16	12.18

*Weighted average cost of debt is 11.93%.

2.3.3. Cost of Real Estate Deposits

As the Authority is kindly aware that one of the means of finance is Refundable Security Deposit (RSD) from leasing of land for real estate development to the extent of Rs. 1,000 Crs.

MIAL has a separate Real Estate division and all expenses to run such department including various developmental costs are accounted separately in this division. Because of various encumbrances monetization of land got delayed. Now some of the land has been freed of encumbrances / occupations and process of monetization has been initiated.

As the Authority may be aware that SSA explicitly keeps any revenue generated from Real Estate development out of the purview of cross subsidisation of aeronautical charges. There is no doubt that subsidization from real estate revenues in any form is not envisaged in SSA which was the clear understanding of all the bidders before submitting bids.

RSD may be deployed in various investments opportunities which include Real Estate Development by MIAL itself or deployment of funds to earn interest.

Any utilisation of such deposits for the purpose of funding cost of project without charging interest by one independent division of the Company (Real Estate Division) to another division of the Company (Airport Division) will tantamount to subsidising airport division resulting in subsidisation of aeronautical charges from assets which are not Revenue Share Assets, which is against the provisions of SSA.

This issue was deliberated in the 40th Board meeting of MIAL and the Board decided, *inter alia*, as below:

1) Accounts of Airport Division and Real Estate Division should be maintained separately, and
2) Any utilisation of RSD towards Project Cost should bear interest equivalent to weighted average cost of the debt of the Company.

Accordingly, while preparing this MYTP effect of above decisions has been incorporated.

2.3.4. Weighted Average Cost of Capital (WACC) Computation

The weighted average Cost of Capital has been computed based on the following formula:

$$WACC = \%D*R_d+\%E*R_e+\%RE*R_{RE}$$

Table 11: WACC Computation

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total Capital Employed(Net of DF) (a+b+c)	**9,036**	**9,214**	**9,151**	**9,054**	**9,071**
Outstanding Debt (a)	5,682	5,831	5,633	5,260	4,839
Real Estate Security Deposit (refundable) (b)	1,000	1,000	1,000	1,000	1,000
Equity (c)					

	FY 15	FY 16	FY 17	FY 18	FY 19
Paid up Capital	1200	1200	1200	1200	1200
Internal Accruals (Reserves)	1154	1182	1318	1594	2032
Debt (%)	62.88	63.29	61.55	58.10	53.35
Real Estate (%)	11.07	10.85	10.93	11.04	11.02
Equity (%)	26.05	25.86	27.52	30.86	35.63
Weighted Average Gearing (%)	59.85				
Weighted Average Security Deposit (%)	10.98				
Weighted Average Equity (%)	29.17				
Cost of Debt (%)	11.49	11.80	12.07	12.16	12.18
Weighted Average Cost of Debt (%)	11.93				
Cost of RE Security Deposit (%)	11.93				
Cost of Equity (%)	23.00				
Weighted Average Cost of Capital (%)	**15.16**				

2.4. Operation & Maintenance cost

The Operation and Maintenance (O&M) cost consists of the employees cost, electricity, water and fuel cost, repairs & maintenance costs and other operating expenditure. The projection of the O&M cost for the second control period is based on the cost in the base year i.e. FY 2014-15. Segregation and allocation of O&M cost between Aeronautical and Non Aeronautical services is based on the study carried out by KPMG for FY 12 and FY 13 (Report of KPMG enclosed as **Annexure 7(a)**).

KPMG's study is based on the cost incurrence. This implies that the costs will be segregated based on whether they are attributable to Aeronautical or Non-Aeronautical Services. However there are a few costs which cannot be directly attributable to Aeronautical or Non-Aeronautical Services and hence considered as common cost, for which the allocation is done based on the methodology as described in the subsequent paragraphs under each sub-head.

Segregation and allocation of cost is done in 3 stages:

- Identification of directly attributable cost to Aeronautical services, Non-Aeronautical Services and common cost;
- Segregation of directly attributable cost based on its incurrence; and
- Allocation of common cost based on the methodology discussed in the subsequent paragraphs under each sub-head;

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The proportion of Aeronautical cost under various heads of Operation and Maintenance cost to total O&M cost for the period FY 2014-15 to FY 2018-19 is as given below. Percentage of Aeronautical O&M cost to Total O&M cost for FY 15-FY 19 is based on KPMG study for FY 13 which is adjusted for International cargo operation which is assumed to be outsourced w.e.f 01.01.2014.

Table 12: Percentage of Aeronautical O&M cost to Total O&M cost

Cost Head	FY 15 – FY 19
Employees Cost	93.74%
Electricity, Water and Fuel Costs (net of recoveries)	100.00%
Repair & Maintenance Cost	97.93%
Rents, Rates & Taxes (net of recoveries)	99.62%
Advertising Cost	93.09%
Administrative Cost	94.63%
Insurance Cost	90.76%
Consumables	100.00%
Other Operating Cost	92.12%
Working Capital Loan Interest	94.63%
Financial Charges	94.63%
AAI retirement compensation	100.00%
CSR cost	100.00%

Based on above overall percentage of Aeronautical O&M cost to the total O&M cost is 94.63%.

Consumer Price Index for Industrial Workers (CPI-IW) as specified in Schedule 1 of SSA, is assumed 7.90% as per RBI forecast for the second control period.

(Source:http://www.rbi.org.in/scripts/QuarterlyPublications.aspx?head=Survey%20of%20Professional%20Forecasters)

The assumptions and rationale for each cost head projection are described in detail below:

2.4.1. Employees Cost

The key drivers for employees cost are the number of employees employed for the Aeronautical and Non-Aeronautical Services and compensation payable. The junior and middle level management employees can be clearly identified for providing the Aeronautical and Non-Aeronautical Services. However, the senior management cost cannot be directly attributed to either Aeronautical or Non-Aeronautical Services; therefore it has been allocated based on the proportion of identified Aeronautical and Non-Aeronautical costs.

The cost incurred towards employees in a year is determined by the head-count and the applicable compensation. Projected head-count is based on incremental requirements for New T2 and increase due to new activities. In addition, the employees compensation is expected to increase by 10% YoY, inclusive of CPI of 7.9% i.e. real increase of meager 2.1% per annum basis. The cost incurred towards employee in a year is determined by the head-count and the applicable compensation.

Average employees cost for all new employees has been calculated based upon grades in which these employees are likely to be recruited and estimated average salary in that grade, which is then multiplied by number of new employees in each year to arrive at employee cost of new employees.

Total employee cost for these years is then calculated by adding the cost of existing and new employees.

Table 13: Employees Cost

Head Count (Nos.)

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
- Operations including corporate (excluding cargo)	1,054	1,089	1,113	1,141	1,146
- Cargo	15	15	15	15	15
- Retainers	23	23	23	23	23
- Outsourced	78	85	90	95	101
Total Payroll cost – Rs./Crs.	**188**	**206**	**229**	**255**	**282**

2.4.2. Electricity, Water and Fuel

a) Electricity Cost

Electricity consumption is based upon existing operations and additional load factor due to New T2 and other facilities getting commissioned less facilities to be decommissioned. The electricity cost per unit is based on order of MERC for FY 15-FY 16 and thereafter is increased YoY by CPI. The Authority is requested to true up the unit rate based upon actual applicable unit rate for the control period. Recoveries from concessionaires (towards Non-Aeronautical costs) have been deducted from total electricity cost to arrive at net electricity cost for Aeronautical Services.

Also, the impact of previous year's regulatory asset recovery ordered by the Maharashtra Electricity Regulatory Commission ("MERC") and levy of cross-subsidy surcharge (CSS) of Re. 0.26/unit on clectricity consumed via Reliance Infrastructure's (Distribution) network on changeover consumers like MIAL are pending in various appeals and therefore cannot be quantified at this stage. MIAL requests the Authority to

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consider allowing true-up of these costs and electricity rates as and when the same are finalised by the competent the Authority.

b) Water Cost

The projections for consumption for the control period are based on actual consumption in FY 13 along with extra consumption due to commissioning of New T2 where increase is considered based on expected level of usage. The water rate per unit is increased YoY by CPI for the control period. Hence the total cost in a year is estimated by multiplying the projected cost per unit with the projected consumption in that year. Estimated recoveries from concessionaires (towards Non-Aeronautical costs) have been deducted from total water cost to arrive at net water cost for Aeronautical services. The Authority is requested to true up the unit rate based upon actual applicable unit rate for the control period.

c) Fuel Cost

MIAL has projected consumption of Petrol, Diesel and CNG for FY 15 considering estimated requirements which is expected to increase by 5%, 2% and 8% YoY respectively. Further, price per liter of Petrol and CNG is estimated to increase by 10% YoY while Diesel is estimated to increase by 15% YoY. The Authority is requested to true up the unit rates based upon actual applicable unit rate for the control period.

Table 14: Electricity, Water & Fuel Costs

Rs./Crs.

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Electricity	140	142	154	168	182
Water	10	12	13	16	18
Fuel	3	3	4	4	5
Total Electricity, Water and Fuel cost	**153**	**156**	**171**	**188**	**205**

2.4.3. Repair and Maintenance cost

Repairs and Maintenance Cost is estimated to be 0.75% of the Gross Fixed Assets (GFA) without reducing by DF amount, and YoY escalated by CPI. Average R&M costs as percentage of GFA for FY 2012-13 and FY 2013-14 is 1.3% and 0.85% respectively. A lower percentage at 0.75% has been considered because major assets are newly created.

Table 15: R&M Costs

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
R&M projected @ 0.75% of Gross Fixed Assets	**103**	**122**	**137**	**149**	**172**

2.4.4. Information Technology (IT) related cost

Estimated IT related cost during second control period is as under:

Table 16: IT related cost

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
IT related cost	**-**	**-**	**8**	**11**	**12**

2.4.5. Rents, Rates and Taxes

Rents

Rents have been considered at actuals for FY 2013-14 and assumed to grow YoY in line with agreements/ CPI for second control period.

Property Tax

Property tax has been estimated based upon demand received from Municipal Corporation of Greater Mumbai (MCGM) for FY 14 and estimated additional tax for New T2 has been added. No annual increases have been considered in the property tax forecast. Being a statutory cost, MIAL requests the Authority for truing up of property tax on actual basis and if so required on interim basis.

Non Agricultural Tax

Non agricultural tax for second control period has been considered based upon demand received from revenue authority of Government of Maharashtra for FY 14. Standard rate of land for the purpose of NA tax is revised periodically which cannot be estimated currently. Hence, interim true-up is requested.

Table 17: Rents, Rates and Taxes

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Rents, Rates & Taxes	**57**	**58**	**59**	**61**	**62**



2.4.6. Advertising Cost

The estimated advertising cost for FY 15 is assumed to increase YoY in line with the CPI. Also specific one time expenditure of Rs. 2 Crs. on launch of domestic wing of New T2 is included in FY 15.

Table 18: Advertising Cost

Rs./Crs.

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Advertising Expenses	7	8	8	9	9
Domestic section of T2 Launch	2	0	0	0	0
Advertising cost - Total	**9**	**8**	**8**	**9**	**9**

2.4.7. Administrative Cost

The administrative costs such as travelling and conveyance, legal and professional charge, communication etc. have been assumed to increase in line with the CPI. Real increase of 10% in FY 15, FY 16 and 5% real increase from FY 17 to FY 19 has been assumed considering incidence of various additional expenses which are likely to occur but difficult to predict in advance. Further, following specific expenditure to be incurred has been provided separately:-

- Consultancy cost for Business Development and Airport Operations Readiness (AOR) are expected at Rs.2 Crs. and Rs. 12 Crs. respectively for FY 15.
- Consultants cost for specific studies.

Table 19: Administrative Cost

Rs./Crs.

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Administrative Expenses	65	77	87	99	112
AOR	12	0	0	0	0
Consultancy for Business Development	2	0	0	0	0
Consultants' cost for spccific studies	9	0	0	0	0
Administrative cost - Total	**88**	**77**	**87**	**99**	**112**

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2.4.8. Airport Operator Fee

The fee payable to the airport operator is projected to increase annually at the rate equal to US CPI Inflation (which is assumed at 1.7% p.a.) as per Airport Operator Agreement dated 28.04.2006 between MIAL and ACSA Global Limited. This expenditure is projected to continue till FY 19 on the same basis.

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Airport Operator Fees	**7**	**7**	**7**	**8**	**8**

2.4.9. Insurance Cost

The insurance cost is based on value of insurance under various policies. MIAL has two major insurance policies. One is Industrial All Risk Policy covering all fixed assets of MIAL where insured amount will be based on value of fixed assets. Another policy is Airport Operator's Liability Policy for third party claims, premium of which is expected to increase in line with CPI.

Table 20: Insurance Cost

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Insurance Cost - Total	**8**	**8**	**9**	**9**	**10**

2.4.10. Interest on Working Capital and Financial Charges

The interest on working capital has been calculated assuming utilisation of Rs.75 Crs. limits during the control period at interest rate of 12.5%. Financial charges have been taken at projected levels based on increased requirements for subsequent years.

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Interest on Working capital	9	9	9	9	9
Financial charges	3	3	4	4	4
Total - Interest and Financial charges	**12**	**12**	**13**	**13**	**13**

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2.4.11. Other Operating Costs

Other operating costs have been estimated as follows:

- **Cleaning, Security and Other operating Contracts** – These contracts are labour intensive. For the increase in the wages, 5 years CAGR of National Floor Level of minimum wages has been considered. Also, increase in cost is based on contracts wherever specifically applicable.

- **Trolley Contract** –Increase is based on passenger growth and 5 years CAGR of National Floor Level of minimum wages.

- **Inter-Terminal coaches Contract** – Per Bus per annum expenditure is expected to increase YoY by CPI. Number of buses would reduce due to part shifting of domestic operations from T1B to New T2.

Table 21: Other Operating Cost

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Cleaning Contract	42	43	46	51	57
Security Contract	15	16	17	19	21
Other Operating Contracts	20	22	24	27	31
Trolley Contract	8	9	11	13	15
Inter-terminal coaches Contract	10	7	7	8	9
Total – Other Operating cost	**94**	**97**	**106**	**118**	**132**

2.4.12. Corporate Social Responsibility cost

CSR cost is estimated as per the provisions of new Companies Act, 2013.

Rs./Crs..

	FY 15	FY 16	FY 17	FY 18	FY 19
CSR cost	**10**	**6**	**4**	**3**	**10**

2.4.13. Issues pertaining to security expenses (PSF-SC)

One of the component of Passenger Service Fee is Security Component – PSF (SC)- this amount is prescribed by MoCA and collected by MIAL to be kept in escrow account to be utilised as per guidelines of MoCA. From time to time there have been amendments carried out by MoCA subsequent to execution of SSA. Amount of PSF (SC) is not subjected to Revenue Share as it is collected on behalf of GoI for security

related expenses and security is a sovereign function. Role of MIAL is mainly to utilize the amount as per directions from MoCA from time to time. Hence, it acts as a custodian of Government funds.

It is understood that in future, may be even for the past, capital expenditure being met through PSF(SC), will have to be incurred by respective Airport Operators. Such capital expenditure will be treated as part of Project Cost. Since there is no clarity as on date, it is assumed that capital expenditure towards security expenses will continue to be incurred through PSF (SC). However if any such amount is required to be incurred by Airport Operators and, consequently, is to be incorporated as Project Cost it shall result in increase in tariff to that extent. However, in order to maintain exclusion of such amount from Annual Fee it is imperative that tariff for this purpose is determined separately and is not subjected to Revenue Share (AF).

It is requested that the Authority takes note of the above. The Authority may have to obtain clarifications from MoCA in this respect.

Also, MIAL had incurred certain expenses out of PSF (SC) which, to the best of MIAL's knowledge and belief, pertained to security requirements at the airport and accordingly were eligible to be incurred from PSF (SC). However, MoCA decided that certain expenses like expenses on Private security for landside security and other expenses were not allowable, accordingly it directed MIAL to reverse these expenses. Since it is not possible to exactly quantify all the expenditure at this stage which MoCA may disallow from PSF(SC) account, we request the Authority to kindly consider the expense for the purpose of truing up as and when decided by MoCA.

2.4.14. Bad debts

An amount of Rs. 17.28 Crs. has been written off as bad debts due to failure of Kingfisher Airlines during FY 13 and FY 14. With continuous efforts it was possible to bring down dues from Kingfisher Airlines to this level. It was ensured that balance amount was also covered through post-dated cheques. In spite of all these precautions, Rs. 17.28 Crs. could not be realised and, being non-recoverable, Board of Director decided to write off this amount. This is a onetime issue which was beyond control of MIAL. Similarly bad debt of Rs. 0.6 Crs pertaining to Bahrain Air written off in FY 13 should also be allowed as Bahrain Air is under liquidation. In case of other airlines all out efforts are made to realise the amount though there may be some delays specifically in case of Air India. We request the Authority to allow this amount of Rs. 17.88 Crs. as O&M Cost.

2.5. Depreciation

As per SSA, rates applicable under Schedule XIV of the Companies Act, 1956 are to be applied on the value of the assets. This Act has been replaced by the Companies Act, 2013. Depreciation is calculated as per Schedule II of the Companies Act, 2013.

Table 22: Depreciation on Aeronautical Assets

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Depreciation	632	625	671	685	706

2.6. Income Tax

During the bidding process all prospective bidders were provided draft of the Project Agreements which included SSA. Each bidder quoted Annual Fee (Revenue Share) based on earning prospects envisaged by respective bidders.

AERA has adopted provisions of SSA – Reference Schedule 1 and clause 3.1.1 concerning, *inter alia*, non-allowability of Annual Fee as cost past through. However while accepting one part of the issue, the Authority has disregarded the fact that the tax has to be computed without considering Annual Fee as an expense. Hence impact of non-allowability of Annual Fee to be borne by MIAL is net of applicable tax.

Negative impact on Target Revenue of MIAL as per the Authority's Order no. 32 dated 15th January, 2013 compared to that as per SSA Schedule 1 are shown by way of an illustration in the table below; assuming aeronautical revenue of Rs. 100, operating expenses of Rs. 31.30 and corporate tax rate of 30%.

	As per The Authority's Order (Rs.)	As per SSA Rs.
Aeronautical Revenue	100.00	100.00
Revenue Share @ 38.7%	(38.70)	0.00
Operating exp.	(31.30)	(31.30)
Profit Before Tax	30.00	68.70
Tax @ 30%	**9.00**	**20.61**
Loss to MIAL vis-a-vis SSA provisions	**11.61**	

As is evident from above, disallowance of part of corporate tax reimbursement is against the explicit provisions of SSA which were considered by each bidder while quoting Revenue Share.

We understand that in another similar case the Authority had allowed Income Tax based on SSA provisions i.e. without considering Annual Fee as an expense, while determining tariff for first control period.

Accordingly, the allowable income tax for Aeronautical Services for each year of the control period has been calculated as follows:

Table 23: Tax on Aeronautical Income

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Income Tax	**42**	**80**	**103**	**204**	**310**

2.7. Revenue from Revenue Share Assets (S)

The revenues from Revenue Share Assets (RSA) include the revenue from lease rentals, license fees, space rents, various concessions and cargo handling services. Revenues from Fuel Concessions, Ground Handling Concessions and Cargo Handling have been considered as Revenues from Revenue Share Assets. Based on underlying revenue drivers / agreements / contracts, as applicable, the Revenue from Revenue Share Assets has been projected for the second control period.

The approach adopted in each case is described below:

2.7.1. Land Lease Rentals, License Fee and Space Rent

Land Lease Rent and Hangar rent are expected to increase at the rate of 7.5% p.a. Terminal Building rent and other building Rent is also expected to increase at a rate of 7.5% p.a. or as per existing agreements/ LoIs/LoAs.

Table 24: Revenue from Land, Hangar and Terminal buildings

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Land Lease rentals (excluding Real Estate)	32	34	36	38	49
Hangar Rent	9	10	11	12	12
Terminal Building Rent	38	44	47	51	59
Other Building Rent	18	20	21	23	25
Total	**98**	**108**	**115**	**123**	**145**

2.7.2. Lounge Concessions

Revenue from Lounge concession is assumed higher of: i) MAG and ii) estimated revenue based on per embarking passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 25: Lounge concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**27**	**54**	**59**	**65**	**70**

2.7.3. Retail Concessions

Revenue from retail concessions for international passengers is assumed higher of: i) MAG and ii) estimated revenue based on per embarking and transit passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Revenue from retail concessions for domestic passengers is assumed based on revenue per embarking pax earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 26: Retail concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**93**	**119**	**132**	**149**	**166**

2.7.4. Food and Beverage (F&B) Concessions

Revenue from F&B concessions for international passengers is assumed higher of: i) MAG and ii) estimated revenue based on per embarking (including transit) passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Revenue from F&B concessions for domestic passengers is assumed based on revenue per embarking passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 27: Food and Beverage concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**40**	**52**	**61**	**71**	**82**

2.7.5. Flight Catering Concessions

This is dependent on the embarking passengers. No increase is expected in the revenue per embarking passenger due to intense competition and fall in catering rates. Therefore, the total revenue from catering concessions is expected to increase in line with the growth in embarking passengers.

Table 28: Flight Catering concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	26	28	30	31	33

2.7.6. Forex Concessions

The revenue from foreign exchange concessions are expected to increase as per growth in international passenger traffic.

Table 29: Forex concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	45	47	49	51	54

2.7.7. Automated Teller Machines (ATMs) Concessions

The revenue from ATM concessions is assumed to increase as per contracts.

Table 30: ATMs concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	12	12	13	14	14

2.7.8. Car Rental and Hotel Reservation Concessions

Only the disembarking passengers avail the car rental and hotel reservation facilities. The revenue per disembarking passenger is expected to grow in line with CPI.

Table 31: Car Rental and Hotel Reservation

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	19	21	24	28	32

2.7.9. Duty Free Concession

Duty free revenue is projected as per the Letter of Award issued for the new T2 based on higher of i) MAG and ii) estimated revenue share. Sales at Duty Free Shop for the purpose of Revenue share is based on revenue per International passenger, including transit, increased YoY in line with CPI. Duty free concession, through a process of competitive bidding, was awarded to a consortium of Aer Rianta International Cpt. and

Buddy Retail Pvt. Ltd. Due to delay in regulatory approvals like FIPB, Customs and BCAS, performance of concessionaire is not satisfactory. Revenue projections based on LoA may undergo changes. This is requested that The Authority permits interim true up for this revenue head.

Table 32: Duty free concession

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**180**	**242**	**279**	**322**	**371**

2.7.10. Advertising Concession

Revenue from Advertising concession is assumed higher of: i) MAG and ii) estimated revenue based on per passenger earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 33: Advertising concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**69**	**79**	**91**	**104**	**119**

2.7.11. Car Parking Concessions

Revenue from Car park concession in case of new terminal is based on revenue per passenger and estimated passenger traffic. In case of domestic car park, fixed amount contract has been considered to arrive at revenue. Contract for Car park for International MLCP is yet to be awarded. Depending upon bids received there may be significant change in projected revenues. Hence, we request the Authority, to allow us to submit actual details as and when contract is awarded for its consideration.

Table 34: Car parking concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**14**	**17**	**20**	**23**	**26**

2.7.12. Ground Handling Concessions

Revenue from Ground Handling concessions are assumed higher of: i) MAG and ii) estimated revenue based on per ATM revenue earned by MIAL in FY 14, which is increased YoY in line with CPI.

Table 35: Ground handling concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**77**	**81**	**85**	**90**	**95**

2.7.13. Fuel Concessions

Revenue from fuel concessions is projected based on average consumption per ATM in FY 14 multiplied by projected ATMs and throughput charge rate/KL. Throughput charge rate/KL is assumed to increase by 7% YoY. However, this increase may vary between 5% and 7% and needs to be trued up by the Authority.

The Authority in its order dated 15.01.2013 had considered Fuel concession as an Aeronautical service which has been disputed by MIAL before AERAAT. Hence, depending upon order of AERAAT, nature of this revenue will be finally decided.

Table 36: Fuel concessions

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Total	**110**	**120**	**131**	**144**	**157**

2.7.14. Cargo

Cargo revenue has been considered as under based upon MAG/ Revenue Share as per respective concessions:

i) Domestic cargo concession given to CONCOR which came into effect from May 2013;

ii) International Cargo concession (excluding x–ray charges) given to CONCOR which is expected to commence from January 2014;

iii) Perishable cargo concession given to Cargo Service Centre; and

iv) Courier handling concession given to Express Industry Council of India.

MIAL has also applied for increase in the rates for international cargo operations by 10% w.e.f 01.06.2013 to the Authority for which approval is awaited. Increased rates have been considered while calculating applicable revenue share.

Table 37: Revenue from Cargo

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
MIAL	**20**	**21**	**21**	**22**	**23**
Concessions:					
Domestic cargo	1	1	1	1	1
International cargo	192	199	207	215	223
Perishable Cargo	3	3	3	3	4
Courier	12	13	13	14	14
Total	**228**	**236**	**245**	**255**	**264**

The Summary of the Projected Revenues from Revenue Share Assets for the control period is as follows:

Table 38: Total Revenue from Revenue Share Assets (RSA)

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
F&B	40	52	61	71	82
Flight Catering concession	26	28	30	31	33
Retail concession	93	119	132	149	166
Foreign exchange, Banks & ATM	57	60	62	65	68
Car Rentals & Hotel Reservation	19	21	24	28	32
Duty Free Shops	180	242	279	322	371
Advertising Income	69	79	91	104	119
Car Parking	14	17	20	23	26
Ground Handling	77	81	85	90	95
Others	24	28	35	40	48
Fuel concession	110	120	131	144	157
Total Concessions	**708**	**848**	**951**	**1066**	**1196**
Land Lease rentals (excluding Real Estate)	32	34	36	38	49
Hangar Rent	9	10	11	12	12
Terminal Building Rent	38	44	47	51	59
Lounges	27	54	59	65	70
Cargo Building Rent	18	20	21	23	25
Total Rent & Services	**125**	**162**	**175**	**188**	**215**

	FY 15	FY 16	FY 17	FY 18	FY 19
Revenue from cargo and cargo concessions	**228**	**236**	**245**	**255**	**264**
Total	**1061**	**1247**	**1370**	**1509**	**1675**

3. Truing up for the first control period

The Authority had passed tariff order for first control period FY 10-FY14 on 15.01.13 and had decided to true-up certain revenues and expenditures. True up workings have been done accordingly considering actual numbers upto FY 13 and estimated numbers for FY 14. Since FY 14 is yet to be completed, we request the Authority to finally true up the numbers for first control period based on audited numbers of FY 14.

Rs./Crs.

Revenue streams	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Landing charges	-	-	-	9	70	79
Parking charges	-	-	-	1	(2)	(0)
Aerobridge charges	-	-	-	(2)	(12)	(13)
UDF	-	-	-	55	144	199
PSF (FC)	-	-	-	(3)	-	(3)
Unauthorised Overstay	-	-	-	-	(6)	(6)
Fuel concession Fee				9	9	17
Total (A)	**-**	**-**	**-**	**70**	**203**	**274**
Adjustment in RAB due to actual date of capitalisation and Adjustment due to DF	(17)	3	2	(42)	(198)	(252)
Change in WACC	11	14	16	17	24	83
Change in Operating expenditure (Property Tax and NA Tax, changes in unit rate of electricity and Water, CPI)	-	-	-	(1)	67	66
Adjustment in depreciation due to actual date of capitalisation and DF Adjustment	4	2	2	2	(88)	(79)
Share of Revenue from Revenue Share Assets	-	-	-	(29)	(26)	(55)
Total (B)	(2)	19	21	(52)	(223)	(237)
Total True-up amount	**(2)**	**19**	**21**	**18**	**(19)**	**37**

Rs./Crs.

Revenue streams	FY 10	FY 11	FY 12	FY 13	FY 14	Total
Total True-up amount with carrying cost	**(3)**	**30**	**29**	**22**	**(22)**	**57**

4. Summary of Target Revenue

Based on the above details Target Revenue for the control period has been computed and the same has been summarized below:

Table 39: Summary of Target Revenue

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Regulatory Base*	8,006	8,126	8,104	7,726	7,601
WACC	15.16%	15.16%	15.16%	15.16%	15.16%
Return on Regulatory Base	1,213	1,232	1,228	1,171	1,152
Operation & Maintenance cost	723	752	829	908	1,009
Depreciation	632	625	671	686	706
Corporate Tax	42	80	103	204	310
30% of Revenue from Revenue Share Assets (RSA)	318	374	411	453	503
Truing up of first control period	57	-	-	-	-
Target Revenue	2,349	2,314	2,421	2,516	2,674
CPI -X	**68.11%**	**7.90%**	**7.90%**	**7.90%**	**7.90%**
Revenue from proposed tariff	1,980	2,214	2,477	2,773	3,106

(*) *Net of Upfront Fees, DF funded assets and Non-Aeronautical Assets.*

5. Passenger Traffic, Air Traffic Movements (ATMs) and Cargo Forecast

Passenger Traffic

MIAL has internally forecasted passenger traffic, ATMs and cargo volumes at CSIA for the control period.

Traffic forecast has been arrived at by following two methods:-

1. Quantitative analysis based on regression equation model (Econometric model) with single independent variable (GDP), GDP being explanatory or independent variable. Domestic GDP growth forecast of 6.5% (as per RBI) and International GDP growth forecast of 3% (as per World Bank report) has been considered

during this control period. Under this methodology, projected growth in domestic passenger is 7.6%, in International passenger it is 2.5% and overall projected traffic growth based on passenger mix is 6.1%.

2. Based on past CAGR
    a. Past 10 years CAGR of passenger traffic – Projected traffic growth is 10.4% for Domestic, 6.8% for International and overall growth is 9.1%.
    b. Past 5 years CAGR of passenger traffic – Projected traffic growth is 6.9% for Domestic, 5% for International and overall growth is 6.3%.
    c. Past 3 years CAGR of passenger traffic – Projected traffic growth is 2.3% for Domestic, 4.5% for International and overall growth is 3%.

As far as domestic passenger growth is concerned it may be kindly observed that forecast as per Econometric model and 5 years CAGR is converging and accordingly forecast based on past 5 years CAGR of passenger traffic is considered.

Based on 5 years CAGR, projected International passenger traffic growth is 5%. However, due to Air India having made a hub for International passenger traffic at New Delhi and also due to growing International traffic at other cities because of grant of traffic rights from new point of calls, directly competing with CSIA, there is a sudden drop in International traffic growth at CSIA as low as 2.3 % in FY 13 as compared to FY 12. While in FY 14 (upto Nov 13) there is substantial growth in International passenger traffic at other airports, at CSIA it was meager 4.2%. Hence it has been rightly assumed that projected growth will be 4.2% and not 5%.

ATMs

ATM numbers are projected to grow in line with past 5 years CAGR of 2.3% with domestic ATMs growing by 2.4% and International ATMs growing by 2.1%.

Table 40: Passenger and ATM forecast

	FY 15	FY 16	FY 17	FY 18	FY 19
Passengers (in Mn)					
- Domestic	22.89	24.47	26.16	27.97	29.90
- International	10.78	11.23	11.71	12.20	12.71
Total	33.67	35.71	37.87	40.16	42.61
ATMs (nos)					
- Domestic	186,371	190,844	195,424	200,114	204,917
- International	73,932	75,410	76,918	78,457	80,026
Total	260,303	266,254	272,343	278,571	284,943

Cargo Forecast

Domestic and International cargo traffic for CSIA is projected from FY14 (estimated) data based on the past 5 years CAGR (3.8% for international and 3.7% for domestic). Same growth is assumed to arrive at cargo forecast for MIAL's concessionaires for second control period.

The projected cargo tonnage is as below:

Table 41: Cargo forecast

(in '000 MTs)

	FY 15	FY 16	FY 17	FY 18	FY 19
Domestic Cargo	57.33	59.45	61.65	63.93	66.29
International cargo	352.00	365.37	379.26	393.67	408.63
Total	**409.32**	**424.82**	**440.90**	**457.59**	**474.92**

6. Determination of Escalation Factor

The escalation factor for tariff increase is to be calculated by solving the equation given in the SSA. While determining X factor at the beginning of regulatory period, the value of CPI would be forecasted value, which would need to be replaced by actual value subsequently. MIAL has assumed a One-time tariff increase to be effective from 1st April, 2014 for the next control period and yearly inflationary increase thereafter. Based on building blocks discussed hereinabove and underlying assumptions, Target Revenue requirements and proposed tariff increase are as below:

Table 42: Target Revenue and Proposed Tariff increase

Rs./Crs.

	FY 15	FY 16	FY 17	FY 18	FY 19
Target Revenue	2,349	2,314	2,421	2,516	2,674
Proposed Tariff increase (w.e.f. 01.04.2014)	**68.11%**	**7.90%**	**7.90%**	**7.90%**	**7.90%**
Estimated Revenue at Proposed Tariff	1,980	2,214	2,477	2,773	3,106

7. Cash Flows: Anticipated shortfall in meeting obligations:

Based on this MYTP projected cash flow for the control period is shown in Table 43. However, under tariff order for the first control period, there are differences in treatment of various issues like nature of particular revenue, return on equity and return on

refundable security deposit etc. Accordingly, there will be change in cash flows, if those differences persist. As the Authority is kindly aware of that vide section 13(1)(a)(iv) of the Act, while determining the tariff the Authority has to take into consideration economic and viable operations of airports. This provision mandates, inter alia, that in case of inability of a particular airport to meet its debt obligations, the Authority needs to consider matching cash flow with debt obligations. This may involve, inter alia, allowing accelerated depreciation and upfront tariff increase including towards expected yearly CPI increase. With the above stated Target Revenue and derived CPI-X, the projected cash flow for the control period would be as follows:

Table 43: Projected Cash flows

Rs./Crs.

	FY 15	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Net Cash Inflow/(Shortage)	**(30)**	**236**	**381**	**523**	**731**

However, in case the Authority chooses to fix the tariff lower than requested by MIAL, it is quite possible that a mismatch between the projected cash inflow and outflow may put MIAL in a financially difficult position and MIAL may not be able to meet its debt obligations. To avoid such a situation, and without prejudice to the other rights and remedies available to MIAL, it is requested that the Authority may allow accelerated depreciation/ higher tariffs in the initial years, in such a way that the mismatch in sources and outflow of cash, if any, is eliminated and MIAL is able to have economic and viable operations, which the Authority is required to ensure under Section 13(1)(a)(iv) of the AERA Act. Charge of depreciation/ tariff in the later years would be lower to the tune of excess depreciation charge/ higher tariffs allowed to facilitate such shortfall in meeting the obligations to service the loan.

8. Annual Tariff Proposal (ATP)

In this regard, it is submitted that MIAL is preparing its Annual Tariff Proposal, which shall be filed before the Authority in due course.

9. Information to be redacted

With reference to MYTP, MIAL will make various submissions/ providing information from time to time to the Authority. We would like to request the Authority to kindly redact the submissions / information details of which will be submitted in due course considering commercial sensitivity involved as disclosure of the same in public domain might affect interest of MIAL adversely.

10. Prayers

In view of the foregoing submissions MIAL prays before the Authority:

a) To consider and approve the Proposed Target Revenue for the control period from FY15 to FY19 by approving the proposed increase in Tariff.

b) To allow Interim true up of any levy of new or increased taxes, increase in unit rates of electricity and water, besides other true ups as may be decided by the Authority.

c) In case of a mismatch in cash inflows and outflows, allow accelerated depreciation / higher tariffs in earlier years of the control period and accordingly allow re worked Target Revenue for the purposes of calculation of Tariff.

It is to be noted that submission of this MYTP is without prejudice to MIAL's rights and contentions in other proceedings before the AERAAT, and any omission to deal with any specific issue should not be construed as an admission on part of MIAL. MIAL reserves its right to submit further details, comments, documents, response, etc, as and when necessary.



-49-

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली--110003
प्राप्त
डायरी नं० 2032
तारीख 9/1/2014

GVK

MIAL/VPR/5

January 8, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003.

Dear Sir,

Sub: - Consultation Protocol in respect of Airports' stakeholders / users for major developments

We have recently submitted our Multi Year Tariff Proposal (MYTP) in respect of CSIA, Mumbai for the second control period from FY 15 to FY 19. This MYTP includes certain major development projects, costing in excess of Rs.100 crores each, proposed to be undertaken during second control period.

As per terms of State Support Agreement (SSA) we need to have consultation with the airports' stakeholders / users for each of the major development project costing in excess of Rs. 100 crores. In absence of detailed guidelines in this respect in SSA for process to be followed, we have conceptualised the process for stakeholders / users consultation as per Annexure 1 attached. Accordingly, process outlined in the Annexure will be followed by us for consultation with airports' stakeholders / users for each of the major development project costing in excess of Rs.100 crores.

We hope the Authority would find the above in order. We will be glad to receive comments of the Authority on the proposed process and changes, if any that needs to be made.

Thanking you,

Yours faithfully

For Mumbai International Airport Pvt. Ltd.

Sanjiv Bhargava
Vice President - Regulatory

Encl: As above

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Annexure I

Consultation Protocol with Airports' stakeholders / users

1. The need to establish Consultation Protocol

In terms of Clause 3.8.1 of the State Support Agreement, the JVC (MIAL) must prepare and submit to GOI a Major Development Plan for each major development or any development, which is expected to have a capital cost in excess of Rupees 100,00,00,000/- (Rupees One Hundred Crores Only) and each Major Development Plan must be in accordance with the OMDA and should have been subject to consultation with all relevant stakeholders and, in the case of aeronautical developments, must be the subject of full consultation with Airport users adequately taking into account their requirements.

2. Consultation Protocol

The objective of consultation with the users is to provide required and necessary information for reaching better and well informed decisions on the key elements of project planning and implementation and thereby have effective consultation. Broadly following information, as may be applicable on a case to case basis, is required to enable users take well informed decisions:-

a. Description and need of the project
b. Justification of the project, including if it will result in improvement in the quality of service, provision of new facilities among such other improvements;
c. Options for development;
d. Airport traffic forecast and methodology thereof;
e. Project cost estimates and funding, including relevant benchmark information on costs;
f. Likely impact on Tariff(s) including, UDF, DF, if any – immediate and over next 5 year period;
g. Proposed funding mechanism.

3. Formation of Airport Users Consultative Committee (AUCC)

It is proposed that AUCC shall have the following composition to adequately represent interest of airport users, who shall be invited for participation in consultation process:

a) **Airlines:** FIA, IATA, BAR and Indian registered scheduled airlines
b) **Passengers:** FICCI, ASSOCHAM, CII and any local chamber of commerce; Representative of the State Government; Voluntary Organisation in Interest of Consumer Education (VOICE); Consumer Education and Research Center (CERC): Consumer Unity & Trust Society (CUTS); and

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c) Representatives each of **AAI and APAO**

d) Any other person(s) who may be nominated by the Authority

Note: Users of Services viz. Cargo facility, Ground handling and Fuel supply to an aircraft are not being included as part of this consultation process in view of no major capex planned for such services. In future, appropriate users / service providers shall be included for consultation, wherever necessary, when the planned capex for such Services is more than Rs.100 crore.

4. Scope of Consultation

Each development project, major or otherwise, involving capital cost of more than Rs.100 crores shall be subject of users' consultation.

5. Consultation Process

a. The consultation process shall begin when the information is submitted to AUCC in the form of a project investment file with a copy to the Authority for reference.

b. There will be two stages for consultation process as mentioned below:

   i. **Needs identification and Options development stage (stage 1),** i.e. when the need for a project is identified and project brief has been developed along with proposed solutions for each identified project ;

   ii. **Detail project design stage (stage 2),** i.e. when a solution or option for development has been selected and the Users have understanding of such reasons.

c. **Timeline for completion of Consultation Process**
   Consultation Process shall be completed within an overall maximum timeline of 3 months from the time when project investment file is provided to AUCC. Minimum one month time shall be provided to users between stage 1 and 2.

d. MIAL shall maintain records of the Consultation Process, information shared with the users and minutes of the meeting for the purpose of review by the Authority.

e. MIAL shall submit the final project investment file and records, documents related to Consultation Process to the Authority at the end of the consultation period.

f. The project investment file to be submitted to the Authority shall include the process of consultation undertaken; highlighting the suggestions, areas of concern, decisions made and rationale adopted for final decisions taken.

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Annexure 1

Details of Projects which are dropped Rs in Crs.

Sl. No.	Project Description	Estimated Cost of project	Remarks
1.	Air India – GSD Facilities (Ground Services Department)	60	It has been decided to retain GSD facilities at present location. Relocation was necessary to construct NW Pier which has been dropped.
2.	Airport Management (AOEM) Building	40	Airport Management Building was proposed to be constructed behind Ambassador flight Kitchen. It has been decided to manage it from scattered locations without constructing this facility.
3.	North West (NW) Pier with pavement	80	This project includes Rs 60 Crs towards construction of NW Pier and Rs 20 Crs for related apron (included in airside project cost). NW Pier of New T2 to accommodate three wide body contact stands (V1 to V3) or six narrow body aircraft equivalent contact stands cannot be completed in present circumstances due to many site encumbrances and hence it has been decided not to undertake this project. To recoup the loss in capacity due to this unattainable project at present, MIAL plans to convert the seven remote stands to contact stands by constructing the extended portion of SE Pier, as per details included in the list of new projects separately.
4.	ATC Technical Block	200	ATC Technical Block was to be relocated because of three reasons : (i) To facilitate relocation of Air India GSD facilities, (ii) It penetrates the transitional surface of Runway 14/32 (iii) To make parallel taxiway of Runway 14/32 compliant for Code F aircraft operations (iv) To construct a perimeter road adjacent to Code F Taxiway parallel to Runway 14/32. Now it has been decided to drop this project due to following reasons: (i) Air India GSD facilities area not being relocated. (ii) We will explore the possibility to make ATC Technical block compliant by removing part of the top portion of the building that is penetrating the transitional surface, and (iii) Implement an SOP wherein Code F aircraft operating on Runway 14/32 will backtrack on the portion of the runway opposite to ATC block, instead of taxiing on the taxiway, (iv) We will regulate traffic on perimeter road during operation of Code E aircraft on the taxiway, thus obviating the need to construct perimeter road.
	Total	**380**	

MUMBAI INTERNATIONAL AIRPORT MUMBAI

Annexure – 2

इंजीनियर्स इंडिया लिमिटेड ENGINEERS INDIA LIMITED

DOCUMENT/ DRAWING TRANSMITTAL

To:

Date: 31.08.2013

Document No. 1048-Cert-NMCP-023

Name of Recipient	No. of copies	Action Required	Name of Recipient	No. of copies	Action Required
Mr. Chanderbhan Manwani MIAL	1	A			
Mr. S. Samanta, GM (F&A)	1	I			

Enclosed please find herewith the following Documents/ Drawings issued (hard copy/through email) for your necessary action mentioned above:

S. No.	Document/ Drawing description	Document/ Drawing Number	Rev.
1.	Certificate of Completion of Construction – International Terminal Expansion of New Common User Terminal -T2 (operational area for international operation only). (Project Code: N055B)	1048-CERT- NMCP-0027	R0

Legend for "Action Required"

A – Construction/Survey	B – EPC Bid
C – Comments/Approval	E – Engineering
I – Information	R – Record
O – Any other (Specify)	M – Modification in Document

Project

Sanjoy Mukherjee (SANJOY MUKHERJE

Issued by (Division/department/group/ discipline)Name and Signature of issuing authority

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CERTIFICATE OF COMPLETION OF CONSTRUCTION

It is hereby certified that N55B: International Terminal Expansion of New Common User Terminal -T2 (operational area for international operation only- Refer Annexure I (2 Sheets)) has been completed.

This certificate is issued as verification of compliance of 'Schedule 21 - Clause C' & 'Chapter VIII - Clause 8.7' of the Operation, Management and Development Agreement (for Non Mandatory Capital Projects).

Signed:

(Sanjoy Mukherjee)
Project Manager
Independent Engineer

Date: 31st August 2013

Kind Attention: Shri Chanderbhan Manwani,
Sr. Vice President (Projects),
Mumbai International Airport Pvt. Ltd. (MIAL),
Project Office, next to Hyatt Hotel,
Sahar Road, Andheri (East),
Mumbai-400099.

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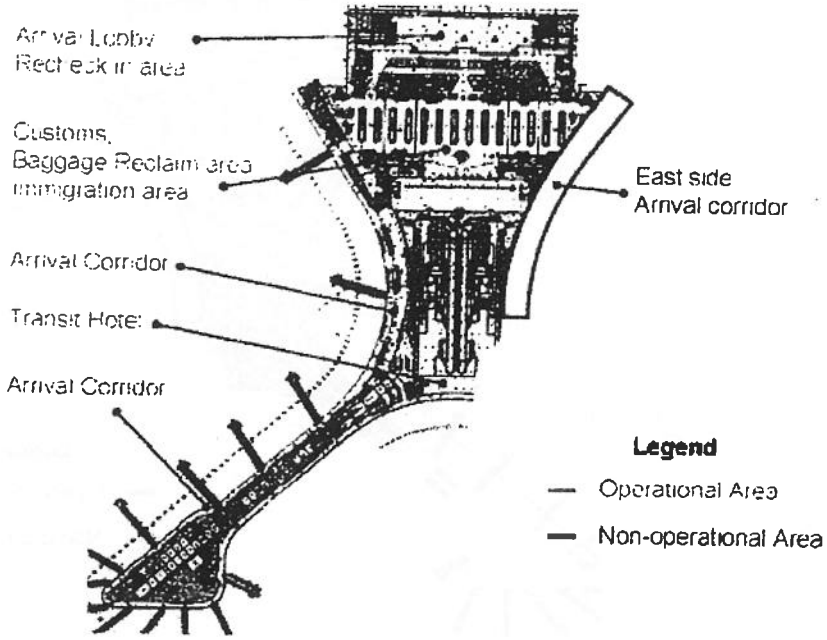
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ANNEXURE-I sht. 1 of 2

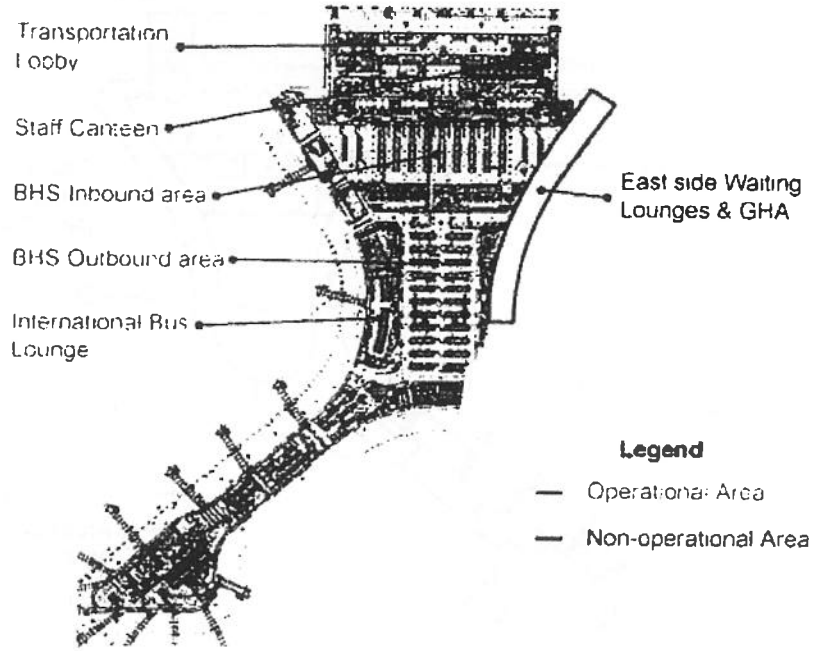
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PAGE NO.	- 3 -

T2 - Level 2



T2 - Level 1



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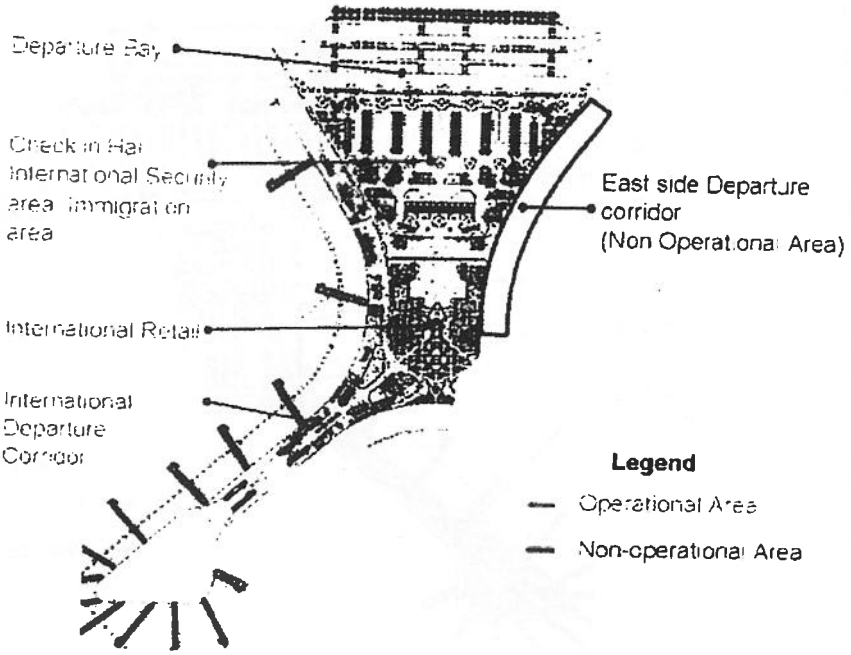
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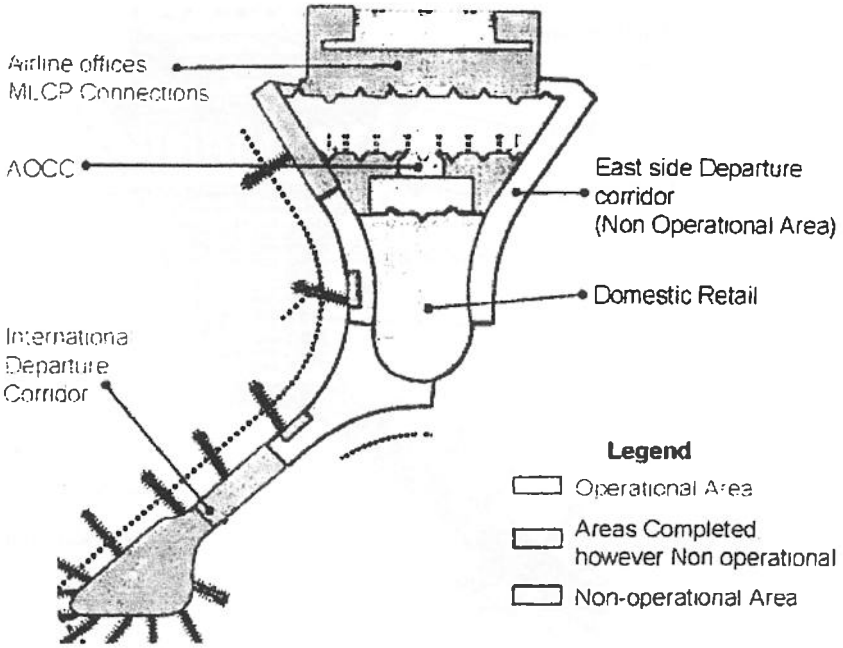
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REV.	0
PAGE NO.	- 2 -

T2 - Level 4



T2 - Level 3



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Chhatrapati Shivaji GVK

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Annexure :

Government of India
Office of the Regional Deputy Commissioner of Security
Bureau of Civil Aviation Security,
D-9/2, MIAL Residential Colony, Andheri Sahar Road,
Andheri (East), Mumbai.

No. CAS (M)-2013/DIV-II/AEP

Date: 18/02/2013

To

The Head of Security,
MIAL,
CSIA,
Mumbai

(Kind attn. Shri. Zon Edamuttah, Asstt. G.M)

Subject : Standard Operating Procedure for facilitating expeditious security checks for immigration personnel at the new terminal at CSI Airport, Mumbai

Sir,

Reference may be made to BCAS letter no. CAS-6(18)/2009/Div.I (MIAL) dated 6/12/2013 on above mentioned subject.

You are requested to review the SOP and give your comments.

Yours faithfully,

(B.S.Tiwary)
Sr. Regl. Dy. Commissioner of Security(CA)

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No. CAS-6(18)/2005/Div-I(MIAL)
भारतसरकार/ Government of India
(नागर विमाननमंत्रालय)/ (Ministry of Civil Aviation)
नागरविमाननसुरक्षाब्यूरो/ Bureau of Civil Aviation Security
'अ' खंड,प्रथमतल, जनपथभवन, जनपथ/ 'A' Wing -I, II, III, Janpath Bhawan, Janpath,
नई दिल्ली-110001 / New Delhi-110 001
Dated 05/12/2013

To,

RDCOS, BCAS
Mumbai Airport
Mumbai

Subject : Standard Operating Procedure for facilitating expeditious security checks for immigration personnel at the new terminal at CSI Airport, Mumbai

Ref : This office letter of even No dated 20.11.2013 on the subject

Sir,

In enclosing a copy of revised draft SOP on the subject cited above, I am directed to request you to furnish your comments urgently.

Yours faithfully,

(O.P. Yadav)
Dy. Commissioner of Security (CA)
Tele. 011-23731721

6/12/13
C.R. UNIT

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. ★ MUMBAI

SECRET

REVISED DRAFT

Standard Operating Procedure for facilitating expeditious security checks for immigration personnel at the new terminal at the CSI airport, Mumbai.

*****

At the newly constructed terminal No. 2 of CSIA, Mumbai, the security check has been configured before the immigration check. This issue has been considered by the competent authority who has directed that the existing configuration of the immigration and security arrangements in the newly constructed terminal No. 2 at the CSI airport, Mumbai will not be altered at this stage; and the MHA/Security agencies will be fully involved in preparation of Standard Operating Procedure(s) for facilitating expeditious security checks for immigration personnel at the new terminal at the Mumbai airport. Meeting has been held by BCAS and BoI officers on 26/8/13. Further, IB vide their DIB U.O No. 11/Imm/2013(9)-3136 dated 17/10/2013 have also communicate certain points for inclusion in the SOP.

2. In view of the above, the following procedures will be followed for smooth movement of Immigration officers for discharge of their official duties :

2.1 A specific pathway/lane with screening facilities shall be made available by MIAL for entry and exit of immigration officers. Two lanes (out of six) of the fast track access corridors at the level 4 departures (east & west end) should be dedicated for the exclusive movement of the immigration officials /staff for entry in to immigration area via SHA. The specific pathway/lane for the Immigration officers to access immigration counters and offices in departure shall be manned by the CISF (24x7). There should be proper signage over the dedicated lanes.

2.2 During the changeover time of Immigration shifts to ensure smooth changeover in minimum possible time, adequate staff of CISF and additional lanes/ counters shall be provided. The number of counters and manpower in this regard would be mutually decided by FRRO, Mumbai and CASO.

2.3 To undertake dynamic deployment of staff between arrival and Departure immigration area, CISF shall designate additional counter in consultation with FRRO, Mumbai, in addition to the specific lane to ensure expeditious movement of immigration staff.

2.4 In case of mechanical failure in security frisking/scanning equipment handled by the CISF in the dedicated Immigration lane/additional counters, CISF should have contingency plan in place.

2.5 In case any passenger or airline staff need to interact with Immigration officers for visa verification, document verification, input sharing and other purposes, they will be allowed through the earmarked lane after proper security check and after maintaining record of pax in this regard. Also, if any person's presence is required by Immigration, then passes shall be issued by the operator on the request of authorized Immigration officer valid till Immigration area i.e. SHA.

2.6 In case of any passenger going out of SHA for non-clearance by Immigration, then his security check boarding pass should have offloading stamp of immigration before allowing him exit from SHA. Both Immigration and CISF shall keep record of such non-cleared passengers. Record in respect of passenger/s entry and exit in/from SHA, who had visited Immigration either unescorted or under the escort of airline shall also be maintained by Immigration and CISF.

2.7 Security check boarding pass/ temporary SHA entry pass of such passengers/ visitors along with baggage tag will be cancelled by ASG/CISF while leaving the SHA. A record of such passenger/s, the boarding pass and tag shall be kept for verification/enquiry, if any, at a later date. These passes and tag will be kept in the custody of ASG/CISF before the pax is allowed to leave SHA.

2.8 Sufficient manning will be done by Immigration so that large queues do not form in the security hold area.

2.9 Any pax not cleared by Immigration will be handed over to the airline forthwith and uptill that time, such pax will be under escort of Immigration officials in SHA so that boarding card does not get exchanged. Crowding of such pax in SHA should be avoided.

2.10 In cases, where legal action is anticipated against a non-cleared passenger in Immigrating, the boarding pass of such passenger shall be required as evidence by the prosecuting agency; hence Immigration/ prosecuting agency shall be allowed to retain such boarding passes. However, CISF may retain photo copy of the same for their record. CISF and BoI will evolve a procedure to cancel security clearance in respect of such boarding cards.

2.11 To resolve any issues/disputes arising between the staff of the two agencies (Immigration and CISF) or any other issue concerning Immigration, a Joint Co-ordination Committee (JCC) shall be constituted having representatives of BCAS,

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Immigration, CISF and Airport operator. The Committee should meet at least once in every three months or even before, if required.

2.10 Any Immigration/Airlines staff entering the SIIA will be subject to prescribed screening procedure even if he/ she needs to enter and exit several times.

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Annexure 4

MIAL-Vetting

No. CAS-6(18)/2009/Div.-I (MIAL-Vetting)
भारत सरकार / Government of India
(नागर विमानन मंत्रालय) / (Ministry of Civil Aviation)
नागर विमानन सुरक्षा ब्यूरो / Bureau of Civil Aviation Security
'अ' खंड, प्रथम तल, जनपथ भवन, जनपथ / 'A' Wing -I, II, III, Janpath Bhawan, Janpath,
नई दिल्ली-११०००१ / New Delhi-110 001
Dated: 24 /12/2013

To
C.E.O, MIAL
C S I airport, Mumbai

Subject: Security clearance for New Integrated Terminal (T-2) and MLCP at T2 at CSI Airport Mumbai.

Sir,

Reference is invited to your letter no. MIAL/CEO/151 dated 03/12/2013 and 23/10/2013 on the security clearance for (i) New Integrated Terminal (T2) and (ii) Multi Level Car Park at T2 at C.S.I. Airport, Mumbai.

2. As regards(i) above, in terms of Rule-5 read with Rule-9 of Aircraft (Security) Rules, 2011, I am directed to convey approval of Competent Authority to the design and operations of the New Integrated Terminal-2 at CSI Airport, Mumbai subject to compliance of the following conditions prior to commencement of operation :-

i. Landscaping of distance of 1.5 mtr to be provided in the non-sterile area near Glass Partition post VIP/CIP SSCP so as to prevent any person going close to glass partition wall.
ii. Motion Detection video analytics system to be provided on the CCTV cameras focusing on all glass partition between partition non-sterile and sterile area.

3. As informed in our earlier letter dated 12/06/2012 and its reminder dated 18/02/2013, MIAL will submit the details of airside hotels for vetting and consideration of security clearance. Similarly, complete details in respect of re-check-in of passengers vis-à-vis international practices to be provided by MIAL at the earliest for approval.

4. As regards (ii) above regarding Multi Level Car Park at T2, observations vide this office letter of even number dated 12/06/2012 and reminder dated 18/02/2013 and requirements of AVSEC Circular dated 01/07/97 and AVSEC Order 18/2011 dated 02/02/2011 are pending. Details regarding utilization of the roofed space in the arrival plaza have not been provided. Further details regarding future utilization of arrival plaza, any construction there etc. may be provided at the earliest.

Yours faithfully

24/12/13

(M. T. Baig)
Asstt. Commissioner of Security (CA)
Ph. No. 011-23731721 Fax: 23315695

Copy to : RDCOS (CA), BCAS, Mumbai : For necessary action w.r.t CAS (M) 2013 Div.II /Mumbai/ New-T-2/5001 dated 19/12/2013
Copy for information to:
MCA (Shri U.K. Bhatia, Under Secretary), Rajiv Gandhi Bhavan, New Delhi

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-62-

Annexure:

MIAL/CEO/138

18th November, 2013

The Secretary,
Ministry of Civil Aviation,
Rajiv Gandhi Bhavan,
Safdarjang Airport,
New Delhi – 110 003.

Sir,

Subject: Requirement of immigration staff at CSI Airport

New terminal at CSIA, is scheduled to be inaugurated in December, 2013.

In order to reduce waiting time at immigration, number of counters have been increased from present 81 to 140. This will require extra manpower. FRRO, Mumbai has approached for additional 393 staff. However, additional staff are yet to be posted at Mumbai.

With constant increase in number of passengers, posting of additional staff is critical. There are some other activities which will require additional staff viz., expansion of visa on arrival facility, and proposal of Bureau of Immigration to operate few registration counters for last minute registration and exit cases of passengers.

It is essential that new terminal is commissioned with adequate staff to utilise benefits of enhanced facilities.

We request you to kindly take up the matter with Bureau of Immigration for doing the needful.

Thanking you

Yours Sincerely
For Mumbai International Airport Pvt. Ltd.

(R.K.Jain)
Chief Executive Officer

CC: 1) JS, Ministry of Civil Aviation, New Delhi
2) FRRO, Mumbai

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Chhatrapati Shivaji International Airport
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ENERGY
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES

Annexure 6

New Projects to be undertaken in Second Control Period

Estimated capital cost towards new projects to be incurred in second control period is Rs. 1448 crores. Estimated cost includes soft cost such as IDC, Preoperative Expenses and Indexation at expected yearly CPI increase of 7.9% .

Table below lists New Projects for second control period:

Sl. No.	Description of the Project	Estimated Cost (including indexation) Rs./Crs.	Expected year of completion
1.	Metro Connectivity to CSIA - Two Metro Stations at Sahar and Santacruz	518	FY 19
2.	Taxiway 'M' - Only Slum Rehab cost	157	FY 19
3	Compensation to Air India for Code 'C' Hangar	51	FY 16
4	Construction of South East Pier- between Grid RE 29 to PE 12	370	FY 16
5.	Relocation of existing IMD facilities to NAD Colony of AAI.	10	FY 16
	Soft cost i.e. IDC and Preoperative expenses	342	
	Total	**1448**	

Details of each of the above project are given below:

1. **Metro connectivity to CSIA - Two Metro Stations at Sahar and Santacruz**

   CSIA presently has only road connectivity. In absence of rail link, Western Express highway, the principal road link to airport from city, has serious capacity issues, particularly during peak hours due to rapid increase in traffic volumes. All major international airports in the world are served by dedicated Metro and Expressway corridors, for the benefit of the passengers, visitors and employees.

   The National Facilitation Committee (NFC), under Chairmanship of Cabinet Secretary, Government of India, in 2009, recommended expeditious implementation of metro link to CSIA, as part of Metro Line 3 Project.

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The Government of Maharashtra (GoM) through Mumbai Metro Rail Corporation Limited (MMRCL), a SPV of Mumbai Metropolitan Region Development Authority (MMRDA) is implementing Metro Line-3 (Colaba–BKC-Airport-SEEPZ). The Metro Line 3 shall be a 33.5 kms underground metro line from Colaba to SEEPZ, Andheri passing through CSIA.

This Corridor shall have 26 stations, with a travelling time of about 60 minutes from Colaba to SEEPZ. The travel time to airport from Colaba shall be 40 minutes.

Metro Line 3 shall have a section of approximately 4.59 kms within CSIA site area, with three stations. Two stations at CSIA, one located in the Santacruz Domestic Terminal T1 forecourt and other located in the Sahar International Terminal T2 forecourt shall be directly connected to the respective Terminals, to provide access to domestic and international passengers and other airport users. The third station is located in MIAL Colony in Sahar, to cater to upcoming Real Estate Development (Sky City).

Cost of two Metro stations at Santacruz and Sahar (with proportionate E&M cost) is being included in Airport Project Cost while cost of one Station (In MIAL Colony at Sahar Road) shall be included as part of Sky City Development.

Implementation shall result in development of the mass public transport corridor boosting the airport connectivity.

2. **Enabling cost for Taxiway M**

In order to achieve targeted capacity of minimum 48 hourly aircraft movements through main Runway 09/27, one of the recommendation from NATS is to create an additional aircraft holding area at the beginning of Runway 27. Construction of this taxiway will allow flexibility to ATC to change the departure sequence at the last moment which will increase the runway capacity. Taxiway M has also been recommended by AAI. In this MYTP only cost of Slum Rehabilitation has been considered since it is anticipated that actual construction would start only in the third control period, post slum rehabilitation.

3. **Compensation to Air India for Code C Hangar**

Two Line Maintenance Hangars of Air India needs to be demolished for construction of apron before shifting domestic operations to Integrated Terminal. In lieu of one of the hangars, MIAL has already constructed a new hangar at New Engineering Complex (NEC) of Air India. Another hangar which was to be constructed in a land to be acquired east of Mithi River has got delayed because land to be acquired is fully encroached. Even acquisition cost will be prohibitive. Hence, construction of hangar is uncertain.

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MIAL discussed the matter with Air India and it has been mutually agreed that MIAL shall pay compensation based on valuation which is being finalized.

This matter has also been discussed in OIOC meetings from time to time and latest in the OIOC meeting held on December 19, 2013, Chairman, OIOC has directed Air India for valuation of hangar without considering value of underlying land which belongs to Airports Authority of India (AAI). Once valuation is finalized by Air India, which is expected to be based on replacement cost of the hangar less 50% of normal depreciation, compensation will be paid to Air India.

4. Construction of South East Pier

As per current development plan, 25 contact stands were envisaged at the new T2. However three wide body aircraft contact stands (stands V1 to V3) or equivalent 6 narrow body aircraft contact stands at the North-West (NW) pier of New T2 cannot be constructed at present due to many site encumbrances and relocation issues with Air India. Due to this reason, contact stands for wide body aircraft get reduced to only 22 at T2 against 25 envisaged earlier, which shall affect the percentage of passengers that can be served through the boarding bridges, one of the critical requirements to be met under OMDA.

This reduction in contact stands shall reduce the apron capacity due to increased utilisation of remote stands which have higher turnaround times leading to apron congestion, delays, etc.

To deal with the above difficulties it is proposed to convert, the seven remote stands around New T2 by constructing the extended portion of the SE Pier at New T2, which will increase the total count of contact stands to 29 for wide body aircraft.

5. Relocation of existing IMD facilities to NAD Colony

The underlying land where existing IMD facilities i.e. office building, observatory building and staff quarters are situated are to be relocated to AAI NAD colony. These facilities are hindrance to airport connectivity and overall development of the airport.

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Annexure 7(a)

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India

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Fax +91(22) 3090 2511
Internet www.kpmg.com/in

23 December 2013

Mr. Rajeev Jain
Chief Executive Officer
Mumbai International Airport Private Ltd.
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E)
Mumbai 400099

Dear Mr. Jain,

Sub: 1. Report on classification of aeronautical and non-aeronautical assets/ expenses

2. Report on cost of equity for MIAL

Ref: Advisory assistance on regulatory matters – Change Order No. 2 dated 11 September 2011

We are pleased to attach the final reports on our services to MIAL on regulatory matters with reference to the subject engagement. We trust you find the reports in order.

We thank you for giving us an opportunity to be of assistance to MIAL

We look forward to working with you on future assignments.

Yours sincerely,

Amber Dubey

Partner and Head – Aerospace and Defence

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Encl: As above

52

KPMG

cutting through complexity

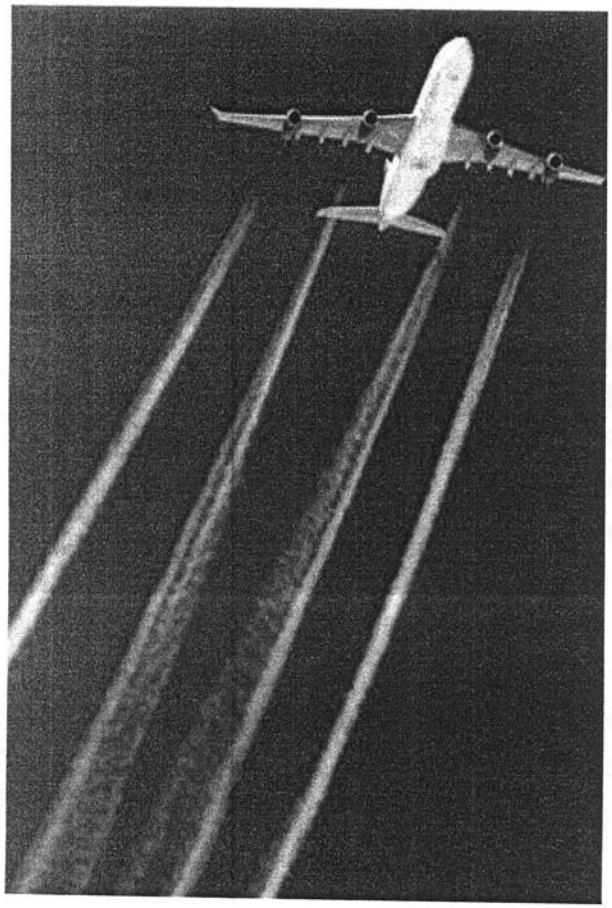
Report on Allocation of Assets and Operating Expenditure

Mumbai International Airport Private Limited

December 2013



Contents



- Statement of Confidentiality
- Disclaimers
- Section 1: Allocation of assets
- Section 2: Allocation of operating expenditure

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- This document is solely for the use of the Client as per the scope of work specified in its Engagement Letter dated March 9, 2011 and subsequent Change Order No. 2 dated September 11, 2013 issued to KPMG, and for no other purpose. It is based on the limited information represented to us by Client, which has not been verified whether for completeness or accuracy and the limited research of publicly available information.

- This document and the content of our subsequent discussions, should not be disclosed to any person or referred to, in whole or in part, other than for Client's internal purposes, without our prior written consent .

- KPMG has relied on information provided to it by MIAL. KPMG has not undertaken any form of audit, verification or validation of capital expenditure, operating expenditure and any other data / underlying assumptions provided by MIAL.

- KPMG does not intend to express any opinion on the accuracy or appropriateness of such expenditures / underlying assumptions



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Section 1: Allocation of assets into aeronautical and non-aeronautical

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Definition of asset categories

- **Aero Assets** are:
  - Airside assets and assets directly and exclusively utilized for provision of aeronautical services (for e.g. runway, apron, etc.)
  - Assets located in the terminal building that are necessary for provision of aeronautical services even though they may be utilized for provision of non-aeronautical services
- **Non- Aero Asset** are:
  - Assets exclusively utilized for provision of non-aeronautical services
  - Assets in respect of provision of cargo and general aviation terminal services and other services that are defined as non-aeronautical service under OMDA
- **Common Assets are:**
  - Assets primarily used for provision of aeronautical services but which are also used for provision of non-aeronautical services as well (for e.g. civil works for project office)
  - Assets for which the benefits or use cannot be exclusively linked to either aeronautical /or non-aeronautical services
  - Assets within the Terminal building that are used for provision of both aeronautical and non-aeronautical services

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Summary of fixed assets

All values in INR cr

Type of asset	Gross Block as on March 2012			Gross Block as on March 2013		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Runways, Taxiways & Aprons	1,213	(91)	1,122	1,370	(139)	1,231
Buildings	836	(82)	755	1,046	(114)	932
Plant & Machinery	372	(111)	262	428	(152)	276
Computers	48	(26)	22	49	(34)	15
Office Equipment	47	(14)	33	47	(19)	28
Furniture & Fixtures	44	(14)	30	49	(18)	31
Computer Software	41	(12)	30	44	(18)	25
Vehicles	0.31	(0.06)	0.25	0.32	(0.09)	0.23
Total	**2,603**	**(349)**	**2,254**	**3,034**	**(495)**	**2,539**

Source: MIAL
Notes: *Please refer to the following slide*

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Summary of Fixed Assets – notes

1. Capital expenditure of Rs. 89.26 cr on fuel hydrants and allied infrastructure has not been included. Since this expenditure was not part of the project cost submitted to / approved by AERA , it has not been considered for re-allocation of assets for this period, for the purpose of tariff determination.

2. General Aviation services are classified as Non-Aeronautical Services as per Schedule 6 of OMDA; General Aviation terminal assets have been classified as non-aeronautical

3. Assets pertaining to cargo services have been classified as non-aeronautical assets

4. Gross block presented in the previous table is lower than reported in the balance sheet on account of non-inclusion of (1) Upfront Fee paid to AAI, and (2) Retirement Compensation paid to AAI

5. Summation mismatches are on account of rounding-off

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Fixed assets classified as aeronautical, non-aeronautical and common assets

All values in INR cr

Type of asset	Gross Block as on March 2012				Gross Block as on March 2013			
	Gross Block	Aero	Non-aero	Common	Gross Block	Aero	Non-aero	Common
Runways, Taxiways & Aprons	1,213	1,211	2	-	1,370	1,368	2	-
Buildings	836	347	141	348	1,046	515	181	350
Plant & Machinery	372	341	15	16	428	390	22	16
Computers	48	48	-	-	49	49	1	-
Office Equipment	47	43	4	-	47	43	4	-
Furniture & Fixtures	44	38	5	0	49	40	9	-
Computer Software	41	41	-	-	44	43	-	-
Vehicles	0.31	0.30	-	0.01	0.32	0.31	-	0.01
Total	**2,603**	**2,070**	**168**	**365**	**3,034**	**2,448**	**219**	**367**

Source: MIAL

Note: Summation mismatches are on account of rounding-off

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Approach adopted for classification of fixed assets

- Fixed assets as on March 31, 2012 and March 31, 2013 have been taken up under the asset classification exercise
- Fixed assets that are exclusively or predominantly used for providing either aeronautical or non-aeronautical services have been classified as aeronautical or non-aeronautical assets respectively. Assets that are used for the provision of both aeronautical and non-aeronautical services have been classified as common assets
- Such common assets are then apportioned to aeronautical and non-aeronautical categories in proportion of the aeronautical and non-aeronautical areas of the terminal building where such assets are located
  - The methodology used for apportioning common assets is as per AERA's order in respect of determination of aeronautical tariffs for CSIA
  - The areas within a terminal utilized for aeronautical and non-aeronautical purposes have been provided by MIAL



62

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Terminal wise area distribution

All values in sq. m., except percentages

Terminal	Total Area	Aeronautical Area	Non Aeronautical Area	Aeronautical Area %	Non Aeronautical Area %
Terminal 1A	34,984	30,210	4,774	86.35%	13.65%
Terminal 1B	40,545	33,694	6,851	83.10%	16.90%
Terminal 1C	27,602	23,275	4,327	84.33%	15.67%
Terminal 1	**103,131**	**87,180**	**15,951**	**84.53%**	**15.47%**
Terminal 2B	40,382	33,273	7,109	82.40%	17.60%
Terminal 2C	63,457	47,300	16,157	74.54%	25.46%
Terminal 2	**103,839**	**80,573**	**23,266**	**77.59%**	**22.41%**
Terminal 1 & 2	**206,970**	**167,753**	**39,217**	**81.05%**	**18.95%**
New Terminal 2	**453,512**	**391,782**	**61,730**	**86.39%**	**13.61%**
Total	**660,482**	**559,535**	**100,947**	**84.72%**	**15.28%**

Source: MIAL

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Allocation of common assets into aeronautical and non-aeronautical

All values in INR cr

Location of asset	Gross Block as on March 2012			Gross Block as on March 2013		
	Common Assets	Apportioned to Aero	Apportioned to Non-aero	Common Assets	Apportioned to Aero	Apportioned to Non-aero
Terminal 1A	34	29	5	34	29	5
Terminal 1B	89	74	15	89	74	15
Terminal 1C	141	119	22	140	118	22
Terminal 1	1	-	-	1	-	-
Terminal 2B	57	47	10	57	47	10
Terminal 2C	11	9	3	11	9	3
Terminal 2	2	2	-	2	2	-
Terminal 1 & 2	30	24	6	30	24	6
New Terminal 2	1	1	-	3	3	-
Total	**365**	**304**	**61**	**367**	**306**	**61**

Source: MIAL

Notes:

1. Allocation of common assets into aeronautical and non-aeronautical assets has been done as per the proportion of the aeronautical and non-aeronautical areas of the terminal building where such assets are located
2. Summation mismatches are on account of rounding-off

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Allocation of common assets into aeronautical and non-aeronautical

All values in INR cr

Type of asset	Gross Block	
	As on Mar 2012	As on Mar 2013
Aeronautical	2,374	2,754
Non-aeronautical	229	280
Total fixed asset	2,603	3,034
Aeronautical asset as a percentage of total assets	**91.22%**	**90.76%**

Source: Analysis

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Section 2: Allocation of operating expenditure into aeronautical and non-aeronautical

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Operating expenditure – principles of classification

- **Aeronautical operating expenditure** includes
  - Costs incurred for operation and maintenance of aeronautical assets.
  - Costs incurred for provision of Aeronautical Services as per OMDA
  - For e.g.:- Operation Support Cost, Utility expenses net of recovery, rent, rates and taxes net of recovery, AOA Fees and Consumables

- **Non- Aeronautical operating expenditure** includes
  - Costs incurred for operation and maintenance of non-aeronautical assets including cargo assets
  - Costs incurred for provision of Non-Aeronautical Services as per OMDA

- **Common operating expenditure** includes
  - Costs incurred for operation and maintenance of common assets (for e.g. part of payroll cost, administrative expenses, etc.)
  - Cost not clearly ascribable as being exclusively or predominantly aeronautical or non-aeronautical assets

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Summary of operating expenditure

All values in INR cr

Operating expenditure head	FY 2012	FY 2013
Employee cost	103.37	115.18
Electricity, water and fuel (net of recoveries)	36.88	43.71
Repair and maintenance	39.35	46.85
Rents, rates and taxes (net of recoveries)	12.13	56.65
Advertisement	3.97	3.81
Administrative	54.31	62.28
Airport Operator's Fees	6.14	6.76
Insurance	2.74	3.13
Consumables	4.37	3.90
Other operating cost	59.68	65.76
Working capital interest	0.22	1.72
Financing charges	1.13	0.63
Payment to AAI – arrears	-	3.82
Interest on AAI compensation loan	5.63	3.95
Collection charges over DF	-	0.84
Payment to AAI for retirement compensation	54.37	21.13
Bad debts written off	0.03	15.16
Provision for bad debts	3.00	1.26
Provision of PSF (SC) expenditure	-	19.95
Total	**387.31**	**476.49**

Source: MIAL

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Classification of operating expenditure for FY12

All values in INR cr

Operating expenditure head	Total	Aero	Non-aero		Common
			Cargo	Others	
Employee cost	103.37	44.35	9.26	3.22	46.55
Electricity, water and fuel (net of recoveries)	36.88	34.96	1.92	-	-
Repair and maintenance	39.35	34.87	2.32	0.04	2.11
Rents, rates and taxes (net of recoveries)	12.13	8.06	0.16	0.01	3.90
Advertisement	3.97	2.49	0.22	0.10	1.15
Administrative	54.31	-	-	-	54.31
Airport Operator's Fees	6.14	6.14	-	-	-
Insurance	2.74	2.50	-	0.24	-
Consumables	4.37	4.18	0.19	-	-

Source: MIAL

Details of other operating expenditure heads on following slide

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Classification of operating expenditure for FY12 (contd.)

All values in INR cr

Operating expenditure head	Total	Aero	Non-aero		Common
			Cargo	Others	
Other operating cost	59.68	37.68	20.38	0.72	0.90
Working capital interest	0.22	-	-	-	0.22
Financing charges	1.13	-	-	-	1.13
Interest on AAI compensation loan	5.63	5.63	-	-	-
Payment to AAI for retirement compensation	54.37	54.37	-	-	-
Provision for bad debts	3.00	-	-	-	3.00
Bad debt written off	0.03	0.03	-	-	-
Total	**387.31**	**235.25**	**34.44**	**4.34**	**113.28**

Source: MIAL

Note: Summation mismatches are on account of rounding-off.

For additional notes, refer to slide on 'notes'

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Classification of operating expenditure for FY13

All values in INR cr

Operating expenditure head	Total	Aero	Non-aero		Common
			Cargo	Others	
Employee cost	115.18	50.30	10.67	3.36	50.85
Electricity, water and fuel (net of recoveries)	43.71	41.01	2.70	-	-
Repair and maintenance	46.85	38.00	5.26	0.79	2.80
Rents, rates and taxes (net of recoveries)	56.65	51.80	-	0.20	4.65
Advertisement	3.81	3.37	0.04	0.25	0.15
Administrative	62.28	-	-	-	62.28
Airport Operator's Fees	6.76	6.76	-	-	-
Insurance	3.13	2.84	-	0.29	-
Consumables	3.90	3.90	-	-	-

Source: MIAL

Details of other operating expenditure heads on following slide

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-85-

Classification of operating expenditure for FY13 (contd.)

All values in INR cr

Operating expenditure head	Total	Aero	Non-aero		Common
			Cargo	Others	
Other operating cost	65.76	36.61	22.97	3.13	3.05
Working capital interest	1.72	-	-	-	1.72
Financing charges	0.63	-	-	-	0.63
Payment to AAI – arrears	3.82	3.40	-	0.42	-
Interest on AAI compensation loan	3.95	3.95	-	-	-
Payment to AAI for retirement compensation	21.13	21.13	-	-	-
Collection charges over DF	0.84	-	-	0.84	-
Bad debts written off	15.16	8.48	-	6.68	-
Provision for bad debts	1.26	-	-	-	1.26
Provision of PSF (SC) expenditure	19.95	19.95	-	-	-
Total	**476.49**	**291.51**	**41.64**	**15.96**	**127.37**

Source: MIAL

Note: Summation mismatches are on account of rounding-off

For additional notes, refer to slide on 'notes'

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Classification of operating expenditure for FY12 and FY13 - notes

1. Bad debts written off – As per paragraph 17.75 of the order issued by AERA on 15 Jan 2013 in respect of determination of aeronautical tariffs for CSIA ('Tariff Order'), it is mentioned that:

> The Authority also did not support the position of the Airport Operators that allowances should be included for bad debts in operating costs and is of the opinion that any allowance provided for working capital should be net of allocations for bad debts.

Subsequently, in the Consultation Paper No. 14 / 2013-14 for tariff determination for BIAL, AERA has stated:

> In Authority's view managing the risk of Bad Debts is within the Business Activity to be undertaken by the Airport Operator and palpable efforts are required to be taken to minimize and recover these. Hence, the Authority does not propose to allow for any Bad Debts based on any estimates made by BIAL.
>
> However, the Authority also notes that BIAL, in its financial statements of 2012-13 carries a charge on account of Bad Debts actually written off to the tune of Rs. 47.51 crores, which is on account of what can be called one-off event viz. dues from Kingfisher becoming unrecoverable. While the Authority proposes to not consider the Bad debts on an estimate basis, the **Authority proposes to consider Bad Debts actually written off, as part of Operating expenses to be considered as part of ARR.** The Authority invites comments from stake holders on the consideration of allowance for Bad Debts.

Based on the above position of AERA in respect of 'Bad debts written off', the same has been classified as aeronautical expenditure.

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Classification of operating expenditure for FY12 and FY13 – notes (contd.)

2. Operating expenses pertaining to insurance for a given financial year have been apportioned as aeronautical and non-aeronautical expenditure on the basis of ratio of gross block of aeronautical assets to non-aeronautical assets for that year.



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Methodology for apportioning 'common' operating expenditure between aeronautical and non-aeronautical

1. Under a given operating expenditure head, individual expenses / sub-heads are classified as aeronautical, non-aeronautical or common based on the principles mentioned in Slide 14
2. Based on step 1, the ratio of aeronautical to non-aeronautical expenditure, for a specific expense head, is determined. It may be noted that this ratio has been determined without considering the common expenditure.
3. Thereafter, common expenditure under that particular expense head is apportioned between aeronautical and non-aeronautical as per the ratio of aeronautical to non-aeronautical expenditure
4. Since expenses under the 'administrative expenditure', 'provision for bad debts', 'working capital interest' and 'financial charges' heads are of a common nature, and difficult to classify as either aeronautical or non-aeronautical, these expenses have been classified as "common expenses". The overall ratio of total aeronautical expenses to total non-aeronautical expenses have been applied on each of these heads to apportion them into aeronautical and non-aeronautical categories.

Ratio	FY 2012	FY 2013
Aeronautical operating expenses as a percentage of total operating expenses	84.88%	82.85%
Non-aeronautical operating expenses as a percentage of total operating expenses	15.12%	17.15%

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Operating expenditure – Common: apportioned to aeronautical and non-aeronautical (FY12)

All values in INR cr

Operating expenditure head	Common expenditure	Apportioned to Aeronautical (%)	Apportioned to Non - aeronautical (%)
Employee cost	46.55	36.33 (78%)	10.22 (22%)
Repair and maintenance	2.11	1.98 (94%)	0.13 (6%)
Rents, rates and taxes (net of recoveries)	3.90	3.82 (98%)	0.08 (2%)
Advertisement	1.15	1.02 (88%)	0.13 (12%)
Administrative	54.31	46.10 (85%)	8.21 (15%)
Other operating cost	0.90	0.58 (64%)	0.32 (36%)
Provision for bad debts	3.00	2.55 (85%)	0.45 (15%)
Working capital interest	0.22	0.19 (85%)	0.03 (15%)
Financing charges	1.13	0.95 (85%)	0.17 (15%)
Total	**113.28**	**93.52 (85%)**	**19.76 (15%)**

Source: Analysis

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Operating expenditure – Common: apportioned to aeronautical and non-aeronautical (FY13)

All values in INR cr

Operating expenditure head	Common expenditure	Apportioned to Aeronautical (%)	Apportioned to Non - aeronautical (%)
Employee cost	50.85	39.76 (78%)	11.09 (22%)
Repair and maintenance	2.80	2.36 (84%)	0.44 (16%)
Rents, rates and taxes (net of recoveries)	4.65	4.63(100%)	0.02 (0%)
Advertisement	0.15	0.13 (92%)	0.01 (8%)
Administrative	62.28	51.44 (83%)	10.804(17%)
Other operating cost	3.05	1.78 (58%)	1.27 (42%)
Provision for bad debts	1.26	1.04 (83%)	0.22 (17%)
Working capital interest	1.72	1.42 (83%)	0.29 (17%)
Financing charges	0.63	0.52 (83%)	0.11 (17%)
Total	**127.37**	**103.35 (81%)**	**24.13 (19%)**

Source: Analysis

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Classification of operating expenditure for FY12 & FY13

All values in INR cr

Operating expenditure head	FY 2012			FY 2013		
	Aero opex	Non-aero opex	Aero opex %	Aero opex	Non-aero opex	Aero opex %
Employee cost	80.68	22.69	78.05%	90.06	25.12	78.19%
Electricity, water and fuel (net of recoveries)	34.96	1.92	94.80%	41.01	2.70	93.82%
Repair and maintenance	36.85	2.50	93.65%	40.36	6.49	86.14%
Rents, rates and taxes (net of recoveries)	11.88	0.25	97.90%	56.44	0.21	99.62%
Advertisement	3.51	0.46	88.38%	3.50	0.30	92.05%
Administrative	46.10	8.21	84.88%	51.60	10.68	82.85%
Airport Operator's Fees	6.14	-	100.00%	6.76	-	100.00%
Insurance	2.50	0.24	91.22%	2.84	0.29	90.76%
Consumables	4.19	0.19	95.69%	3.90	-	100.00%
Other operating cost	38.26	21.42	64.11%	38.39	27.37	58.38%
Working capital interest	0.19	0.03	84.88%	1.42	0.29	82.85%
Financing charges	0.95	0.17	84.88%	0.52	0.11	82.85%

Source: MIAL, Analysis

Details of other operating expenditure heads on following slide

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Classification of operating expenditure for FY 12 & FY13

All values in INR cr

Operating expenditure head	FY 2012			FY 2013		
	Aero opex	Non-aero opex	Aero opex %	Aero opex	Non-aero opex	Aero opex %
Payment to AAI – arrears	-	-	-	3.40	0.42	89.07%
Interest on AAI compensation loan	5.63	-	100.00%	3.95	-	100.00%
Payment to AAI for retirement compensation	54.37	-	100.00%	21.13	-	100.00%
Bad debts written off	0.03	-	100.00%	8.48	6.68	55.94%
Collection charges over DF	-	-	-	-	0.84	0.00%
Provision for bad debts	2.55	0.45	84.88%	1.04	0.22	82.85%
Provision of PSF (SC) expenditure	-	-	-	19.95	-	100.00%
Total	**328.77**	**58.54**	**84.88%**	**394.76**	**81.72**	**82.85%**

Source: MIAL, Analysis

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28

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Report on Cost of Equity

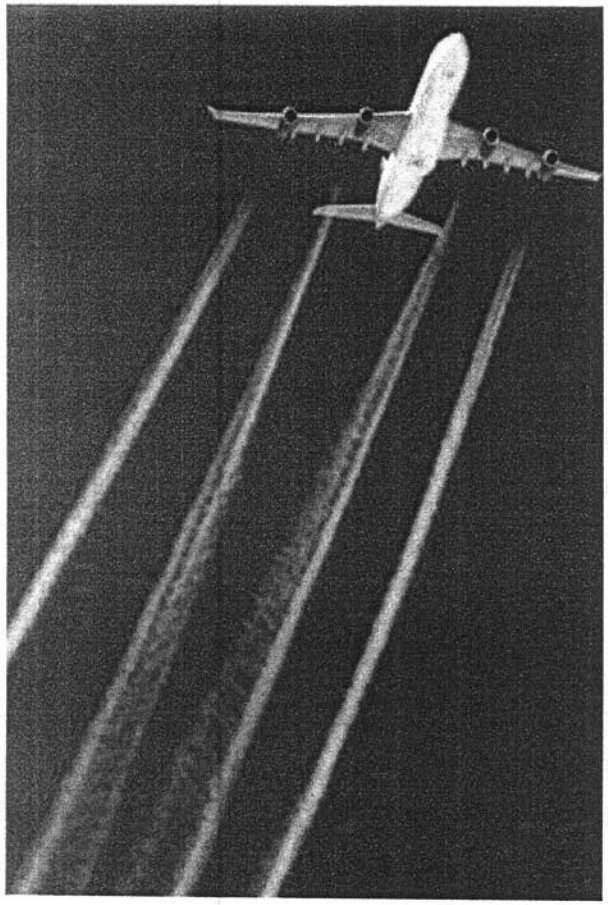
Mumbai International Airport Private Limited

December 2013

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Annexure 7(b)

Contents



- Statement of Confidentiality
- Disclaimers
- Cost of Equity for MIAL

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Disclaimers

- This document is solely for the use of the Client as per the scope of work specified in its Engagement Letter dated March 9, 2011 and subsequent Change Order No. 2 dated September 11, 2013 issued to KPMG, and for no other purpose. It is based on the limited information represented to us by Client, which has not been verified whether for completeness or accuracy and the limited research of publicly available information.

- This document and the content of our subsequent discussions, should not be disclosed to any person or referred to, in whole or in part, other than for Client's internal purposes, without our prior written consent .

- KPMG has relied on information provided to it by MIAL. KPMG has not undertaken any form of audit, verification or validation of capital expenditure, operating expenditure and any other data / underlying assumptions provided by MIAL.

- KPMG does not intend to express any opinion on the accuracy or appropriateness of such expenditures / underlying assumptions



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Cost of equity estimation

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Cost of Equity – summary

S No.	Item	Value	Reference Date	Remarks
1	Risk-free rate (R_f)	8.62%	31 Oct 2013	Yield of 10-year Govt. of India bond (viz. GoI bond with coupon rate of 7.16% maturing on 20-May-2023)
2	Equity risk premium ($R_m - R_f$)	9.24%	Oct 2003 to Oct 2013	Refer to slide on 'Equity Risk Premium'
3	Beta (β)	1.57		Refer to slide on 'Beta'
4	**Cost of Equity**	**23.12%**		

Cost of equity for MIAL has been determined at 23.12% as on October 2013

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Equity Risk Premium

S No.	Item	Value	Reference Date	Methodology for determination
1	Historical market return (R_m)	16.73%	Oct 2003 to Oct 2013	10 year CAGR between 90 day average of BSE Sensex closing as on 31-Oct-2013 (from 31-Oct-2003)
2	Historical risk-free rate (R_f)	7.49%		• Average (i.e geometric mean) return on the following generic risk-free security: – **India Govt Bond Generic Bond Yield 10 Year – GIND10YR:IND** as defined by Bloomberg has been used to determine historical R_f • Bond yields as on the last trading day of October during the period 2003 to 2013 has been used to calculate the above average
3	**Equity Risk Premium ($R_m – R_f$)**	**9.24%**		

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Beta

S No.	Item	Option 1	Option 2	Remarks
1	Sample set of listed companies in emerging economies representing a risk profile comparable to that of MIAL	Set of seven companies as used in our previous report to be used (Refer Annex 1)	A list of 20 companies in emerging economies and belonging to sectors such as airports, port, cargo, logistics, etc. (Refer Annex 2)	
2	Median beta (unlevered)	0.62	0.62	• Value of unlevered beta taken directly from Bloomberg – Bloomberg calculates unlevered beta based on market value of equity
3	Debt-Equity Ratio (DER)	2.33		• Debt – equity ratio as per Balance Sheet as on March 31, 2013
4	**Levered Beta (β)**	**1.57**		

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Annex 1 – Unlevered beta of airport companies

Sample set as used in KPMG report of Jan 2012

S No.	Company	Unlevered Beta
1	Guangzhou Baiyun International Airport	0.79
2	Xiamen International Airport	0.77
3	Airports Of Thailand Plc	0.71
4	Shanghai International Airport	0.62
5	Malaysia Airports Holdings Berhad	0.51
6	Grupo Aeroport Del Sureste-B	0.47
7	Beijing Capital International Airport	0.38
	Median	**0.62**

Source: Bloomberg

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Annex 2 – Unlevered beta of larger set of comparable companies

S No.	Company	Country	Sector	Unlevered Beta
1	Beijing E-Hualu Info Tech-A	China	Logistics and Transport	0.80
2	Guangzhou Baiyun International Airport	China	Airport	0.79
3	Xiamen International Airport	China	Airport	0.77
4	Tangshan Port Group Co Ltd	China	Port and Cargo Operations	0.74
5	Airports Of Thailand Plc	Thailand	Airport/Cargo Management	0.71
6	Yingkou Port Liability Co	China	Port and Cargo Operations	0.69
7	Grupo Aeroport Del Pacific-B	Mexico	Airport/Cargo Management	0.68
8	Rizhao Port Co Ltd	China	Port and Cargo Operations	0.63
9	Shanghai International Airport	China	Airport	0.62
10	Shenzhen Chiwan Wharf Holding	China	Cargo	0.62
11	Santos Brasil Participa-Unit	Brazil	Port and Cargo Operations	0.62
12	Malaysia Airports Holdings Berhad	Malaysia	Airport Management	0.51
13	Shenzhen Airport Co	China	Airport	0.49
14	Grupo Aeroport Del Sureste	Mexico	Airport/Cargo Management	0.47
15	Jinzhou Port Co Ltd	China	Port and Cargo Operations	0.43
16	Beijing Capital International Airport	China	Airport	0.38
17	Grupo Aeroportuario Del Cent	Mexico	Airport/Cargo Management	0.22
18	Cardig Aero Services Tbk Pt	Indonesia	Aviation Support	0.21
19	Puerto Ventanas Sa	Chile	Port and Cargo Operations	0.14
20	Bintulu Port Holdings Bhd	Malaysia	Port Management	0.06
			Median	**0.62**

Source: Bloomberg

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MIAL/VPR/7/1

February 15, 2014

Mr. Rohit Nandan
Chairman and Managing Director,
Air India, 2nd floor, Airlines House,
113, Gurudwara Rakabganj Road,
New Delhi-110 001

Dear Sir,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

Mumbai International Airport Private Limited (MIAL) was established in 2006, inter-alia, with the objectives of operating, maintaining, developing, designing, constructing, upgrading, modernizing, financing and managing the Chhatrapati Shivaji International Airport, Mumbai (CSIA).

MIAL is in the process of modernizing and upgrading CSIA which is one of the busiest airports in India. New integrated Terminal T2 was inaugurated by Hon'ble Prime Minister of India on 10th January 2014 and has been appreciated greatly by everyone. Airlines have started operations from New T2 from 12th February 2014.

Pursuant to State Support Agreement (SSA) signed between Government of India and MIAL, each major development project costing in excess of Rs. 100 crores requires full consultation with the Airports' users / stakeholders. Consultation Protocol for users / stakeholders consultation to be followed is attached as per Annexure 1.

The Consultation Protocol as detailed in the Annexure 1 provides a basic framework for consultation between MIAL and Airport users / stakeholders to be followed on an on-going basis, during each key phase of investment planning and implementation.

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Projects proposed to be taken up during second control period, starting from FY 2014-15 and ending on FY 2018-19, are enclosed as per Annexure 2 and the same are being put-up for users' / stakeholders' consultation.

We are pleased to invite you for Airport users' / stakeholders' consultation meeting scheduled to be held on 5th March, 2014 at 06.00 PM at "The Lalit, Sahar Airport Road, Andheri East, Mumbai", to solicit your views on the Proposed Projects to be undertaken during the second control period for the modernization and upgradation of CSIA.

We would request you to kindly make it convenient to attend the same or nominate your representative to attend the meeting.

A line of confirmation regarding your program to attend or otherwise, to email id alok.patni@gvk.com shall be highly appreciated.

Thanking you,

Yours sincerely,
For Mumbai International Airport Pvt. Ltd.

Bhargava

Sanjiv Bhargava
Vice President – Regulatory

Encl: As above

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MIAL/VPR/7/2

February 15, 2014

Mr. Naresh Goyal,
Chairman, Jet Airways,
Siroya Centre, Sahar Airport Road,
Andheri (East),
Mumbai-400099

Dear Sir,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

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MIAL/VPR/7/3

February 15, 2014

Mr. Aditya Ghosh,
President and Executive Director,
Interglobe Aviation Limited, Level 1, Tower C,
Global Business Park, Mehrauli-Gurgaon Road,
Gurgaon – 122 002,
Haryana, India.

Dear Sir,

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MIAL/VPR/7/4

February 15, 2014

Mr. Kalanithi Maran,
Chairman and Managing Director,
Spicejet Limited, Murasoli Maran Towers,
73, MRC Nagar Main Road,
MRC Nagar, Chennai- 600028,
Tamil Nadu

Dear Sir,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

Mumbai International Airport Private Limited (MIAL) was established in 2006, inter-alia, with the objectives of operating, maintaining, developing, designing, constructing, upgrading, modernizing, financing and managing the Chhatrapati Shivaji International Airport, Mumbai (CSIA).

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We would request you to kindly make it convenient to attend the same or nominate your representative to attend the meeting.

A line of confirmation regarding your program to attend or otherwise, to email id alok.patni@gvk.com shall be highly appreciated.

Thanking you,

Yours sincerely,
For Mumbai International Airport Pvt. Ltd.

Sanjiv Bhargava
Vice President – Regulatory

Encl: As above

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MIAL/VPR/7/5

February 15, 2014

Mr. Giorgio De Roni,
Chief Executive Officer,
Go Airlines (India) Ltd,
C-1, Wadia International centre (WIC),
Pandurang Budhkar Marg, Worli,
Mumbai – 400 025

Dear Sir,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

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Sanjiv Bhargava
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MIAL/VPR/7/6

February 15, 2014

Mr. Amitabh Khosla,
Country Director,
IATA,
702, Tower 4A, DLF Corporate Park,
Phase III, MG Road,
Gurgaon 122 002

Dear Sir,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

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MIAL/VPR/7/7

February 15, 2014

Ms Rita Motilal,
B.A.R., Chairman,
1st floor, Air India Building,
Nariman Point,
Mumbai - 400 021

Dear Madam,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

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Sanjiv Bhargava
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MIAL/VPR/7/8

February 15, 2014

Mr. Ram Khanna,
VOICE, Managing Trustee,
O - 45 (Basement), Ring Road,
Lajpat Nagar-II,
New Delhi-110 024

Dear Sir,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

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Thanking you,

Yours sincerely,
For Mumbai International Airport Pvt. Ltd.

Bhargava

Sanjiv Bhargava
Vice President – Regulatory

Encl: As above

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MIAL/VPR/7/9

February 15, 2014

Dr. V.G. Patel,
Chairman,
Consumer Education and Research Center,
'Suraksha Sankool', Thaltej,
Sarkhej-Gandhinagar Highway,
Ahmedabad-380054,
Gujarat.

Dear Sir,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

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-139-

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MIAL/VPR/7/10

February 15, 2014

Mr. Pradeep S. Mehta,
Secretary General,
Consumer Unity & Trust Society (CUTS),
D-217, Bhaskar Marg, Bani Park
Jaipur 302 016,
Rajasthan

Dear Sir,

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Sanjiv Bhargava
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MIAL/VPR/7/11

February 15, 2014

Mr. Ujjwal Dey,
Sr. Executive Officer,
FIA, I-1734, Ist Floor, Chittaranjan Park,
New Delhi - 110019

Dear Sir,

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-193-

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MIAL/VPR/7/12

February 15, 2014

Mr. Ajay Sharma,
Senior Director,
ASSOCHAM
Corporate Office, 5, Sardar Patel Marg,
Chanakyapuri,
New Delhi – 110021

Dear Sir,

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MIAL/VPR/7/13

February 15, 2014

Mr. Manab Majumdar,
FICCI, Federation House,
Tansen Marg,
New Delhi – 110 001

Dear Sir,

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MIAL/VPR/7/14

February 15, 2014

Mr. Rajesh Menon,
Deputy General Manager,
CII, 23 Institutional Area, Lodhi Road
New Delhi 110 003

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Thanking you,

Yours sincerely,
For Mumbai International Airport Pvt. Ltd.

Sanjiv Bhargava
Vice President – Regulatory

Encl: As above

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MIAL/VPR/7/15

February 15, 2014

Mr. Uday Kenkre,
Maharastra Chambers of Commerce, Industry & Agriculture,
Oricon House, 6th Floor, K Dubhash Marg,
Near Kala Ghoda, Fort,
Mumbai – 400 001

Dear Sir,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

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For Mumbai International Airport Pvt. Ltd.

Bhargava

Sanjiv Bhargava
Vice President – Regulatory

Encl: As above

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MIAL/VPR/7/16

February 15, 2014

Mr. P.S. Meena,
Additional Chief Secretary,
(Administrative Reforms, Organisation & Method & Civil Aviation),
Ist Floor, 102 Annexe
Mantralaya
Mumbai – 400 032

Dear Sir,

Sub: - Invitation for Stakeholder's Consultation Meeting for CSIA

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MIAL/VPR/7/18

February 15, 2014

Mr. Satyan Nayar,
Secretary General,
Association of Private Airport Operators of India,
7th Floor, 710, Surya Kiran Building,
19, Kasturba Gandhi Marg,
New Delhi – 110 001

Dear Sir,

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For Mumbai International Airport Pvt. Ltd.

Sanjiv Bhargava
Vice President – Regulatory

Encl: As above

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MIAL/VPR/7/17

February 15, 2014

The Chairman,
Airports Authority of India,
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi – 110 003

Dear Sir,

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Encl: As above

CC: Joint Secretary, Ministry of Civil Aviation, New Delhi

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Vice President – Regulatory

Encl: As above

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नई दिल्ली-110003
डायरी नं. 2225
तारीख 18/02/2014

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MIAL/VPR/8
17th February 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Dear Sir,

Sub: Consultation meeting with Airport's stakeholders/ users for major developments at CSIA

Ref: - MIAL's letter, MIAL/VPR/5 dated 8th January, 2014

MIAL vide its letter dated 8th January 2014 had informed the Airports Economic Regulatory Authority of India ("Authority") regarding the consultation protocol for the projects exceeding Rs. 100 Crs. to be taken up during second control period, starting from FY 2014-15 and ending on FY 2018-19.

In continuation of our aforesaid letter, we would like to inform the Authority that the Airport users' / stakeholders' consultation meeting is scheduled to be held on 5th March, 2014, 06.00 PM at "The Lalit, Sahar Airport Road, Andheri East, Mumbai", to solicit stakeholders views on the Proposed Projects to be undertaken during the second control period for the modernization and upgradation of CSIA.

We have sent the invitations to the stakeholders for the consultation meeting along with a description of the Proposed projects, enclosed as **Annexure 1**.

We shall be pleased to provide any further information that Hon'ble Authority may require in this regard.

Thanking you,
Yours Sincerely,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President - Regulatory
Encl.: as above

JTGM (R)
On file for Authorities information pls.
19/2/14

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Alok Patni

From:	Sanjiv Bhargava
Sent:	Saturday, February 15, 2014 6:33 PM
To:	RB Umralkar; milind.parab@goair.in; Charnel D'Souza; Harjinder Singh; tarun kalwadia; khoslaa@iata.org; barindia@vsnl.net; coo@consumer-voice.org; cerc@cercindia.org; cuts@cuts.org; ujjwaldey@gmail.com; ajay.sharma@assocham.com; manab.jvc@ficci.com; rajesh.menon@cii.in; sec.general@maccia.org.in; snayar@apao.com
Cc:	kamal.kikani@goair.in; kamal.hingorani@spicejet.com; gshetty@jetairways.com; sanjay.kumar@goindigo.in; wr.gmght@airindia.in
Subject:	Invitation for Stakeholder's Meeting for CSIA on 5th March, 2014 , 6 PM at The Lalit , Mumbai
Attachments:	Annexures.pdf

Dear Sir,

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Alok Patni

From: Sanjiv Bhargava
Sent: Saturday, February 15, 2014 5:18 PM
To: snene@airarabia.com; tangzhongling@hotmail.com; kasengupta@airfrance.fr; vgupte@airmauritius.com; o.iguchi@ana.co.jp; bomkkpg@bangkokair.com; chascox@cathaypacific.com; ashish.g.peshawaria@delta.com; bombay_to@egyptair.com; essa.ahmad@emirates.com; tekebah@ethiopianairlines.com; nbhatia@etihad.ae; abdulhussain.hussain@gulfair.com; zare@iranair.com; sjain@iraqiairways.org; abraham.joseph@kenya-airways.com; jkkim@koreanair.com; bomszku@kuwaitairways.com; mohamedsathikali.mohdmeera@malaysiaairlines.com; Hamad.Al-Harthy@omanair.com; bomuupk@piac.com; hmoses@in.qatarairways.com; bomkzrj@rj.com; gmasiaaust@saudiairlines.com; david_lau@singaporeair.com.sg; sajidkhan@flysaa.com; markus.altenbach@swiss.com; MEHMETA2@THY.COM; mumbai@yemenia.com; pankaj.mehta@ba.com; yeshwant.pawar@klm.com; thomas.eschke@dlh.de; azhar.hamid@malaysiaairlines.com; lalith.desilva@srilankan.com; delaa@thaiairways.co.in; Harvinder.singh@united.com; stephen.king@fly.virgin.com
Cc: apmbom; V Kumar; Renuka Pereira; Oscar Cardoz; Kenji Kurita; pgbomapm; Hemant Sethi; Debbie Gonsalves; gerry.dlima@delta.com; Sherif Abou EiNasr; binav@elal.co.il; Eddie jaggi; Kifle Gutema; kshermeen@etihad.ae; Homyar Godrej; mehra@iranair.com; Ansari abdullah; Neeru Pandey; Ajay Singh; Glenn D'Couto; Madhusudan Rao; milind.sawant@malaysiaairlines.com; Manju Tullu; Nadeem Murtaza; Kaushik Deb; Subroto Sarkar; Paresh Shirodkar; Syaifullah Sarip; Sunil Athilat; Colin Periera; Stephen Murzello; Anan Suwannaphokin; Smita Naik; chetan.bhansali@united.com; Arun Khanna; Omar Mohammed Yazidi
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Sanjiv Bhargava
Vice President- Regulatory

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Annexure I - Consultation Protocol

1. The need to establish Consultation Protocol

In terms of Clause 3.8.1 of the State Support Agreement, the JVC (MIAL) must prepare and submit to GOI a Major Development Plan for each major development or any development, which is expected to have a capital cost in excess of Rupees 100,00,00,000/- (Rupees One Hundred Crores Only) and each Major Development Plan must be in accordance with the OMDA and should have been subject to consultation with all relevant stakeholders and, in the case of aeronautical developments, must be the subject of full consultation with Airport users adequately taking into account their requirements.

2. Consultation Protocol

The objective of consultation with the users is to provide required and necessary information for reaching better and well informed decisions on the key elements of project planning and implementation and thereby have effective consultation. Broadly following information, as may be applicable on a case to case basis, is required to enable users take well informed decisions:-

a. Description and need of the project
b. Justification of the project, including if it will result in improvement in the quality of service, provision of new facilities among such other improvements;
c. Options for development;
d. Airport traffic forecast and methodology thereof;
e. Project cost estimates and funding, including relevant benchmark information on costs;
f. Likely impact on Tariff(s) including, UDF, DF, if any – immediate and over next 5 year period;
g. Proposed funding mechanism.

3. Formation of Airport Users Consultative Committee (AUCC)

It is proposed that AUCC shall have the following composition to adequately represent interest of airport users, who shall be invited for participation in consultation process:

a) **Airlines:** FIA, IATA, BAR and Indian registered scheduled airlines
b) **Passengers:** FICCI, ASSOCHAM, CII and any local chamber of commerce; Representative of the State Government; Voluntary Organisation in Interest of Consumer Education (VOICE); Consumer Education and Research Center (CERC): Consumer Unity & Trust Society (CUTS); and
c) Representatives each of **AAI and APAO**
d) Any other person(s) who may be nominated by the Authority

4. Scope of Consultation

Each development project, major or otherwise, involving capital cost of more than Rs.100 crores shall be subject of users' consultation.

5. Consultation Process

a. The consultation process shall begin when the information is submitted to AUCC in the form of a project investment file with a copy to the Authority for reference.
b. There will be two stages for consultation process as mentioned below:
   i. **Needs identification and Options development stage (stage 1)**, i.e. when the need for a project is identified and project brief has been developed along with proposed solutions for each identified project ;

   ii. **Detail project design stage (stage 2)**, i.e. when a solution or option for development has been selected and the Users have understanding of such reasons.

c. **Timeline for completion of Consultation Process**
   Consultation Process shall be completed within an overall maximum timeline of 3 months from the time when project investment file is provided to AUCC. Minimum one month time shall be provided to users between stage 1 and 2.
d. MIAL shall maintain records of the Consultation Process, information shared with the users and minutes of the meeting for the purpose of review by the Authority.
e. MIAL shall submit the final project investment file and records, documents related to Consultation Process to the Authority at the end of the consultation period.

f. The project investment file to be submitted to the Authority shall include the process of consultation undertaken; highlighting the suggestions, areas of concern, decisions made and rationale adopted for final decisions taken.

Annexure 2 - Proposed Projects (>Rs 100 crores each) to be undertaken in Second Control Period

The table below lists the proposed projects for second control period:

Sl. No.	Description of the Project	Estimated Cost Rs./Crs.	Expected year of completion
1.	Metro Connectivity to CSIA - Two Metro Stations at Sahar and Santacruz	518	FY 19
2.	Taxiway 'M' - Only Slum Rehab cost	157	FY 19
3	Construction of South East Pier	370	FY 16
4	Tunnel under Runway 14/32	224	FY 17
	Soft cost i.e. IDC and Preoperative expenses	341	
	Total	**1610**	

The estimated capital cost towards proposed projects, each exceeding Rs 100 crores, to be incurred in second control period is Rs. 1610 crores. The estimated cost includes soft cost such as interest during construction, preoperative expenses and indexation at expected yearly CPI increase of 7.9%.

Details of each of the above project is as given below:

1. **Metro connectivity to CSIA - Two Metro Stations at Sahar and Santacruz**

   CSIA presently has only road connectivity. In absence of rail link, Western Express highway, the principal road link to airport from city, has serious capacity issues, particularly during peak hours due to rapid increase in traffic volumes. All major international airports in the world are served by dedicated Metro and Expressway corridors, for the benefit of the passengers, visitors and employees.

The National Facilitation Committee (NFC), under Chairmanship of Cabinet Secretary, Government of India, in 2009, recommended expeditious implementation of metro link to CSIA, as part of Metro Line 3 Project.

The Government of Maharashtra (GoM) through Mumbai Metro Rail Corporation Limited (MMRCL), a SPV of Mumbai Metropolitan Region Development Authority (MMRDA) is implementing Metro Line-3 (Colaba–BKC-Airport-SEEPZ). The Metro Line 3 shall be a 33.5 kms underground metro line from Colaba to SEEPZ, Andheri passing through CSIA.

This Corridor shall have 26 stations, with a travelling time of about 60 minutes from Colaba to SEEPZ. The travel time to airport from Colaba shall be 40 minutes.

Metro Line 3 shall have a section of approximately 4.59 kms within CSIA site area, with three stations. Two stations at CSIA, one located in the Santacruz Domestic Terminal T1 forecourt and other located in the Sahar International Terminal T2 forecourt shall be directly connected to the respective Terminals, to provide access to domestic and international passengers and other airport users. The third station is located in MIAL Colony in Sahar, to cater to upcoming Real Estate Development (Sky City).

Cost of two Metro stations at Santacruz and Sahar is being included in Airport Project Cost while cost of one Station (In MIAL Colony at Sahar Road) shall be included as part of Sky City Development. Further, cost does not include Rs. 118 Crs. to be paid in respect of E&M after commencement of Metro Stations.

Implementation shall result in development of the mass public transport corridor boosting the airport connectivity.

2. Enabling cost for Taxiway M

In order to achieve targeted capacity of minimum 48 hourly aircraft movements through main Runway 09/27, one of the recommendations from NATS is to create an additional aircraft holding area at the beginning of Runway 27. Construction of this taxiway will allow flexibility to ATC to change the departure sequence at the last moment which will increase the runway capacity. Taxiway M has also been recommended by AAI. In this MYTP only cost of Slum Rehabilitation has been considered since it is anticipated that actual construction would start only in the third control period, post slum rehabilitation.

3. Construction of South East Pier

As per current development plan, 25 contact stands were envisaged at the new T2. However three wide body aircraft contact stands (stands V1 to V3) or equivalent 6 narrow body aircraft contact stands at the North-West (NW) pier of New T2 cannot be constructed at present due to many site encumbrances and relocation issues with Air India. Due to this reason, contact stands for wide body aircraft get reduced to only 22 at T2 against 25 envisaged earlier, which shall affect the percentage of passengers that can be served through the boarding bridges, one of the critical requirements to be met under OMDA.

This reduction in contact stands shall reduce the apron capacity due to increased utilization of remote stands which have higher turnaround times leading to apron congestion, delays, etc.

To deal with the above difficulties it is proposed to convert, the seven remote stands around New T2 by constructing the extended portion of the SE Pier at New T2, which will increase the total count of contact stands to 29 for wide body aircraft.

4. Tunnel under Runway 14/32

In order to reduce connect times for transfer between existing domestic terminals and apron near existing domestic terminal and new T2, It is also proposed to create tunnel under the runway 14/32. This project envisages construction of a 600 meter Tunnel road with 100m ramps on both the sides beneath the RWY 14/32 and airside operational area to connect the domestic terminal and apron near domestic terminal to new T2. Construction of the new tunnel will provide redundancy in the airfield roadway system and will make the transport system more robust. The travel distance will be reduced by approximately 2 kms and the travel time will be reduced by 6-8 minutes.

cv.deepak

From: Vinod Hiran <Vinod.Hiran@gvk.com>
Sent: Wednesday, March 05, 2014 11:54 AM
To: alokshekhar@hotmail.com
Cc: cv.deepak@aera.gov.in; Sanjiv Bhargava; Alok Patni
Subject: MIAL MYTP - Appointment of Consultant for determination of Aeronautical Tariffs
Attachments: MYT Review Proposal-MIAL_4th March 2014.pdf

Sir,

This is with reference to the Authority's letter dated 21st January 2014 requesting MIAL to appoint a suitable consultant to assist the Authority in determination of tariffs for aeronautical services at CSIA for second control period.

We are please to inform you that we have engaged Deloitte Touche Tohamatsu India Private Limited for this purpose as per attached proposal.

py of finalised proposal with Deloitte Touche Tohamatsu India Private Limited is attached for your perusal and comments, if any.

You are requested to kindly intimate us date of commencement of this assignment for the purpose of reckoning billing.

Regards

Vinod Hiran

JTGM(R) Mgr (DK) Reddy 5/3
On go pls.
05/3/14

Disclaimer

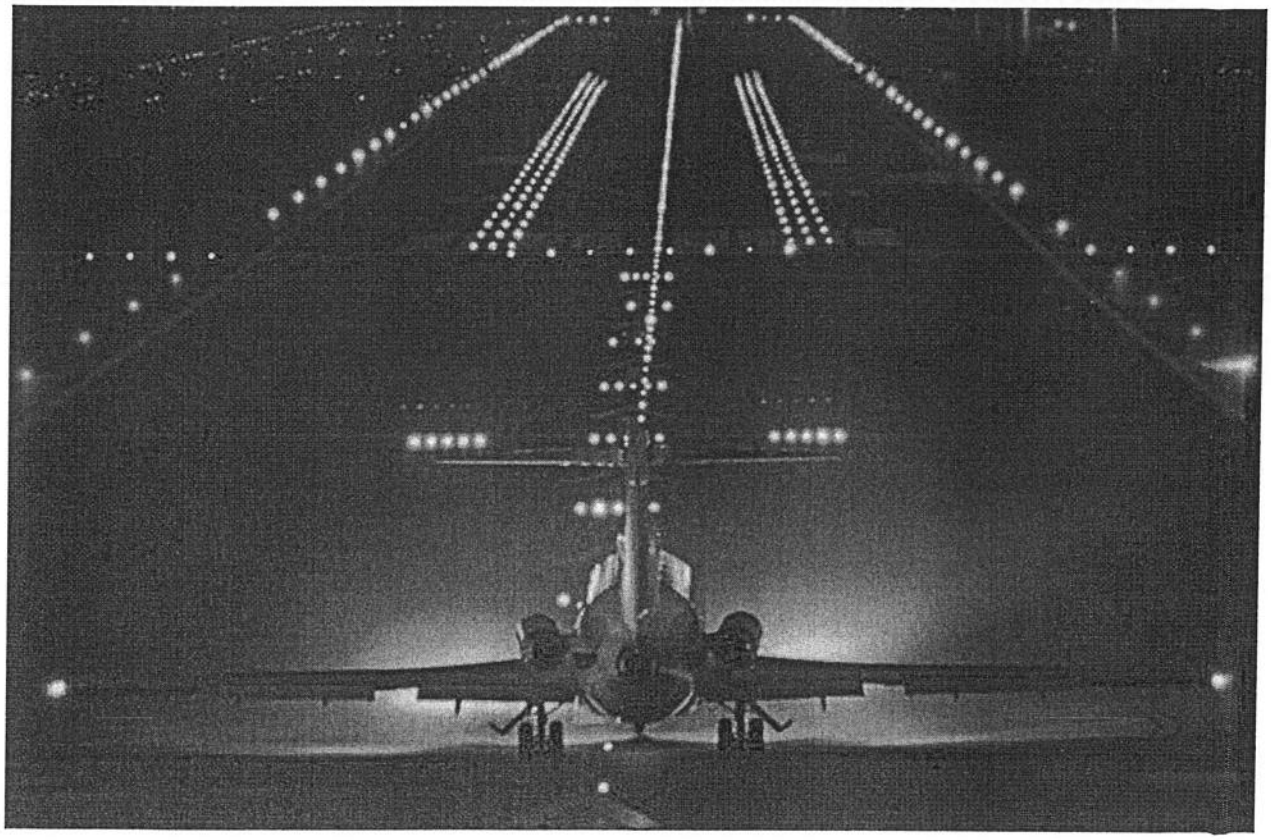
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Visit us at www.gvk.com / www.csia.in

1226/OSD-II
5/4/2014

Deloitte.

Proposal for Consultancy for Review of Financial Model for Tariff Determination submitted by Mumbai International Airport Pvt. Ltd. and provision of advisory assistance



Submitted to:
Mumbai International Airport (P) Limited

Submitted by:
Deloitte Touche Tohmatsu India Private Limited

Table of Contents

Cover Letter 3

Scope of Work 5

Review of the Financial Models 5
Consistency check with provisions of key agreement(s)/ concession, AERA Act, 2008 and the AERA Guidelines 5
Truing up the various elements in the Regulatory Building Blocks 6
Assistance in undertaking Sensitivity Analyses using the Financial Model 6
Provision of other associated Advisory Assistance 6
Scope Exclusions 7

Deloitte Aviation Team 8

Helping our clients in India excel - Since 1995 8
Consulting Firm of Choice in Infrastructure sector in India 8
Leading Consulting Firm in Economic Regulatory space in Indian Aviation 9

Timelines, Reporting Obligations and Fees 11

General Terms & Conditions 12

Cover Letter

Deloitte.

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Gurgaon, Haryana – 122002
India

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Gurgaon
4th March 2014

To,

Mr. Vinod Hiran
VP - Finance
Mumbai International Airport Pvt Limited
Chhatrapati Shivaji International Airport,
First Floor, Terminal 1B, Santacruz (E),
Mumbai – 400 099

Subject: Proposal for Advisory Assistance to AERA in review of MYT Proposal for CSI Airport, Mumbai for 2nd Control Period
Reference: Your email dated 23rd January 2014 and our subsequent discussions

Dear Sir,

We thank you for providing us the opportunity to present our proposal for the subject engagement.

We take pride in having a dedicated team of over 125 infrastructure professionals who have been involved in advising numerous national and state level Governments and Government Undertakings, Regulatory Agencies, Multilateral Funding Institutions, Private Sector Players and other industry stakeholders on several pioneering projects and initiatives across infrastructure sectors in India. Our service spectrum includes economic regulation, tariff determination, commercial due diligence, sector studies, policy assessments, business planning, assessment of infrastructure linkages and capacities, project assessment and structuring, PPP transactions and feasibility assessments etc.

In the context of the subject engagement, the team is ideally placed to leverage our substantial experience and expertise in analyzing areas covered in the Scope of Work. Our ability to do so effectively will also be supported by our other experiences presented briefly in this proposal.

In this Proposal document, we present the Scope of Work, our capabilities - uniquely positioning us for the advisory assistance to AERA, timelines and our discounted Fee Quote.

Please note that this proposal and any engagement which arises out of it will be in accordance with this proposal and the Deloitte General Terms and Conditions attached to this proposal. Please note that this Proposal will remain valid for 30 (thirty) days from the date of this Proposal.

We sincerely appreciate this opportunity to be of assistance and assure you of our best services.

Please feel free to contact me anytime in case you may like any clarifications or additional details.

Thank you!

Yours Sincerely,

Peeyush Naidu
Senior Director
Deloitte Touche Tohmatsu India Pvt. Ltd.
Mobile: +91 98990 66289
Email: pnaidu@deloitte.com

Scope of Work

Mumbai International Airport Pvt Limited ("MIAL") has submitted a Multi-Year Tariff Proposal ("MYT Proposal") to AERA for determination of aeronautical charges for the second control period in respect of CSI Airport, Mumbai. As part of the MYT Proposal, MIAL has also submitted a financial model to AERA for arriving at the proposed tariffs.

We further understand that AERA requires assistance on the following for review of the MYT proposal:

- Carrying out a review of the Financial Model submitted for CSI Airport, Mumbai so as to assure itself of the consistency of the calculations within the Financial Model as it undertakes analyses of the tariff proposal and determination of tariff;
- Carrying out a review of drivers used for determination of Major Building Blocks for aeronautical charges; and
- Assisting in drafting of Consultation Paper, evaluating stakeholder responses on stakeholder consultation and determination of aeronautical tariffs.

Scope of Work

Review of the Financial Model prepared and submitted by MIAL would involve assessment of the models' arithmetic accuracy, check for logical and calculation integrity of the model and assistance in undertaking certain sensitivity analyses. Tasks to be undertaken under this engagement by us would be as listed below:

Review of the Financial Models

1. An independent cell-by-cell inspection and sheet-by-sheet review of the arithmetic accuracy of formulae and calculations contained in the model. This will include tracing items through the various interlinked sheets and calculations back to the input data and verifying the correct application of addition, subtraction, multiplication and division based on standard business and financial logic
2. Verify that the links within the model are working accurately.
3. Assessing that any macros that govern calculations in the model are running as intended.
4. Assessing that the model is logically constructed, internally consistent with respect to calculations and formulae and is fit for the purpose of undertaking analyses of relevant aspects for tariff determination by the Authority.
5. Assessing that assumptions in the Financial Model are at one place and that there are no hard coded numbers in calculations in the Financial Model that might influence calculation results in unexpected ways.
6. Checking whether the assumptions listed in the assumption sheet are getting correctly reflected in the various others sheets of the financial model.

Consistency check with provisions of key agreement(s)/ concession, AERA Act, 2008 and the AERA Guidelines

The objective of this module would be to ensure that the Financial Model accurately reflects the concession offered by the Central Government with respect to key agreement(s), and financial documents as also the provisions in the AERA Act, 2008.

The tasks here would include:

1. Consistency check for incorporation of provisions from key agreements related to various Building Blocks into the financial model covering aspects such as:
    a. To check whether the correct formulas, with respect elements like X Factor, CPI etc as given in SSA are incorporated into the financial model;
    b. To check whether the financial model is consistent in terms of being developed on real or nominal (inflation adjusted) basis for all the building blocks; etc.
2. The Authority will be seeking certification from auditors / Chartered Accountants of MIAL of key aspects / assumptions taken from the key agreement(s) / concession. Assistance will be provided to the Authority in identifying such elements that may need to be certified.

Truing up the various elements in the Regulatory Building Blocks

The assistance to be provided to the Authority in this regard would include:

1. Based on the Authority's Order No 32 / 2012-13 dated 15.01.2013 in the matter of Determination of Aeronautical Tariff in respect of CSI Airport, Mumbai for the 1st Regulatory Period (01.04.2009 - 31.03.2014), assist the Authority in determination of True-ups for various elements in the Regulatory building blocks towards determination of aeronautical tariff for 2nd Control Period.

Assistance in undertaking Sensitivity Analyses using the Financial Model

The Authority may like to review implications / changes in results through sensitivity analysis of various factors like growth rate in traffic, inflation etc. The sensitivity analysis may need to be conducted with respect to specific changes to assumptions for a factor or even reviewing the drivers and projection bases for such factors.

The assistance to be provided to the Authority in this regard would include:

1. Assessing that the Financial Model provides for changes in assumptions and sensitivities to correctly flow through to the results. The review of the financial model as mentioned earlier would form the basis for doing such assessment.
2. Assisting the Authority in conducting sensitivity analyses based on specific decisions taken by the Authority on regulatory building blocks
3. The assistance in conducting sensitivity analyses would be provided in the following manner:
    a. Decisions of the Authority to be understood on assumptions to be changed and extent of changes to be analysed
    b. Changing assumptions for a particular parameter as required and documentation of results for such change in the form of various tables or MS Excel based charts etc.
    c. Changing the bases and drivers for certain parameters in the Financial Models through changes in the scheme of calculations if required by the Authority and documentation of results of such change.

Provision of other associated Advisory Assistance

The assistance to be provided by the Consultant to the Authority under this module would include the following:

1. Assisting the Authority in its drafting of the Consultation Paper for determination of tariffs / charges by providing assistance on documentation of required analyses.
2. Assisting the Authority in the process of Stakeholder Consultation by documenting various stakeholder responses and assisting the Authority in its consideration of various stakeholder responses.
3. Assisting the Authority in the determination of tariffs / charges post stakeholder consultations by undertaking required sensitivity / modelling analysis to reflect the Authority's decisions.

Annexure 4

Terminal	Total Terminal Area	Non - aero					Sitting Area					Non-aero sitting area					Non-aero incl sitting area					Aero incl sitting area				
		FY 15	FY 16	FY 17	FY 18	FY 19	Aero 100% aero	Predominate Aero (90% Aero & 10% Nonaero)	Common (50% Aero & 50% Nonaero)	Non Aero 100% Nonaero	Predominate Non Aero (10% Aero & 90% Nonaero)	FY 15	FY 16	FY 17	FY 18	FY 19	FY 15	FY 16	FY 17	FY 18	FY 19	FY 15	FY 16	FY 17	FY 18	FY 19
Terminal 1A	34,984	5,478	5,478	-	-	-	386	352	29	-	-	50	50				5,528	5,528	-	-	-	29,456	29,456	-	-	-
Terminal 1B	40,545	6,027	6,027	6,027	6,027	6,027	151	560	47	-	-	80	80	80	80	80	6,107	6,107	6,107	6,107	6,107	34,438	34,438	34,438	34,438	34,438
Terminal 1C	27,602	3,266	3,266	3,266	3,266	3,266	300	341	-	973	-	1,008	1,008	1,008	1,008	1,008	4,274	4,274	4,274	4,274	4,274	23,328	23,328	23,328	23,328	23,328
Terminal 2	439,203	29,059	42,744	42,744	42,744	42,744	527	17,407	876	4,341	1,915	8,243	8,243	8,243	8,243	8,243	37,302	50,987	50,987	50,987	50,987	401,901	388,216	388,216	388,216	388,216

	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
New total area in FY 14	35,884	43,830	57,515	52,037	52,037	52,037

BRAHMAYYA & CO.,
CHARTERED ACCOUNTANTS

PHONE : +91-80-22274551, 22274552
FAX : +91-80-22212437
EMAIL : srinivas@brahmayya.com
admin@brahmayyablr.com
'KHIVRAJ MANSION'
10/2, KASTURBA ROAD,
BENGALURU - 560 001

Auditor's Certificate

We, M/s. Brahmayya & Co., being joint statutory auditors of M/s. Delhi International Airport Private Limited having its registered office at New Udaan Bhawan, Opp: Terminal 3, New Delhi - 110037 (the Company) have performed the agreed-upon procedure as agreed vide Engagement Letter dated May 15, 2014 with respect to the Certification of Disbursement of Development Fee Loan from Banks. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon procedures regarding Financial Information" issued by the Institute of Chartered Accountants of India.'

We have verified the Relevant Documents from March 01, 2009 to March 31, 2013. Based on our examination, we hereby certify that the Disbursement of Development Fee Loan for the aforesaid period as shown below is verified and found correct.

I. As per Ministry of Civil Aviation order dated February 09, 2009

Bank	Date of Disbursement from Bank	Amount (Rs in Crores)
Bank of India	02-Apr-09	300.00
Canara Bank	24-Apr-09	300.00
Corporation Bank	30-Apr-09	150.00
Dena Bank	21-Mar-09	250.00
Oriental Bank of Commerce	08-May-09	227.00
Punjab National Bank	21-Apr-09	500.00
Syndicate Bank	01-May-09	100.00
Total		1,827.00

II. As per Airports Economic Regulatory Order No 28/2011-12

Bank	Date of Disbursement from Bank	Amount (Rs in Crores)
ICICI Bank	13-Feb-12	1,210.00

BRAHMAYYA & CO. Chartered Accountants BENGALURU

III. As per Airports Economic Regulatory Authority Order No 12/2012-13

Bank	Date of Disbursement from Bank	Amount (Rs In Crores)
ICICI Bank	28-Aug-12	177.26
Central Bank of India	28-Aug-12	34.75
Canara Bank	28-Aug-12	74.49
TOTAL		286.50

IV. As per Airports Economic Regulatory Authority Order No 30/2012-13

Bank	Date of Disbursement from Bank	Amount (Rs in Crores)
IDFC Ltd	15-Mar-13	350.00
Central Bank of India	15-Mar-13	300.00
Canara Bank	15-Mar-13	300.85
Corporation Bank	15-Mar-13	250.00
Total		1,200.85

Note:

1. The above drawdowns are before giving effect of re-financing made by the Company.

Since the procedures performed in connection with the above Certification do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India, accordingly we do not express any opinion.

This certificate is issued in connection with the Company's Tariff filing for Control Period starting from April 1, 2009 to March 31, 2014 and this certificate is not to be used, circulated, quoted, or otherwise referred to for any other purpose or any other document, except that reference may be made to it in any documents to be submitted to Ministry of Civil Aviation of India or AERA.

For Brahmayya & Co.,
Chartered Accountants
Firm Registration No. 000515S

G.Srinivas
Partner
Membership No. 086761

Place: Bengaluru
Date: 27th May, 2014

BRAHMAYYA & CO. Chartered Accountants

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली–110003
प्राप्त
डायरी नं० 3236
तारीख 24/9/14

1656/सचिव/14
24/9/14

GVK

576/SD-II
25/9/14

MIAL/VPR/14-15/32

22nd Sep, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai for second control period (FY 2014-15 to FY 2018- 19)

Ref: AERA letter no. AERA/20010/MYTP/MIAL/CP-II/2013-14/Vol-I/6335 dated 28th Aug, 2014
AERA e mail dated 12th September, 2014;
MIAL letter no. MIAL/VPR/14-15/29 dated 12th September, 2014
MIAL letter no. MIAL/VPR/14-15/31 dated 17th September, 2014

With reference of the certificates and clarifications required by the Authority, please find below point-wise response to the same:-

1. **AERA letter dated 28th August 2014 - Response to Section A – Point No. 1**

Auditor's certificate for asset-wise actual operational capital expenditure is attached as **Annexure 1.**

2. **AERA letter dated 28th August 2014 - Response to Section B – Point No. 10**

Earlier Passenger Service Fee (PSF) had two components. One PSF (Facilitation Component) and second PSF (SC). PSF (FC) has since been merged with UDF by AERA. PSF (SC) is being collected at the old rates approved by MoCA. PSF (SC) is collected by MIAL and kept in separate escrow account to be utilised as per guidelines of MoCA for security related expenses. From time to time there have been amendments carried out by MoCA subsequent to execution of SSA as to purpose for which PSF (SC) can be utilized. Amount of PSF (SC) is not subject to Revenue Share as it is collected on behalf of GoI for security related expenses and security is a sovereign function. Role of MIAL is mainly to utilize the amount as per directions of MoCA from time to time. Hence, we act in a fiduciary capacity for the Ministry of Civil Aviation, Government of India.

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
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www.csia.in
CIN-U45200MH2006PTC160164

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Recently Ministry of Civil Aviation had issued an order dated 18th February,2014 (copy enclosed as Annexure 2) directing all the airport operators to reverse/reimburse back the total amount spent on creation of fixed assets and procurement of capex from 2006 onwards. MIAL had filed an appeal against the said order in Bombay High Court. Matter is not yet heard by the Court. In view of the above, in all probability, capital expenditure so far being met through PSF(SC), will have to be incurred by respective Airport Operators. Such capital expenditure will be treated as part of Project Cost. Pending outcome of the litigation, presently it is assumed that capital expenditure towards security expenses will continue to be incurred through PSF (SC). However if any such amount is required to be refunded/reversed/incurred by Airport Operators and, consequently, is to be included as Project Cost it shall result in increase in tariff to that extent. However, in order to maintain exclusion of such amount from Annual Fee it is imperative that tariff for this purpose is determined separately and is not subjected to Revenue Share (AF).

Also, MIAL had incurred certain operating expenses out of PSF (SC) which, to the best of MIAL's knowledge and belief, pertain to security requirements at the airport and accordingly were eligible to be incurred from PSF (SC). However, MoCA decided that certain expenses like salary of inline baggage screeners were not allowable, accordingly it directed MIAL to reverse these expenses. Mial has represented MoCA against the same justifying as to why these expenses are allowable from PSF (SC) account. However, MoCA is yet to take decision in the matter. Pending finality of the matter, MIAL has made provision in its books towards this expenditure amounting to Rs. 242.07 Mn in respect of years 2009-10, 2012-13 and 2013-14 is provided. Further, in year 2012-13, due to disallowance by MoCA from PSF (SC) account, MIAL has paid Rs. 142.1 Mn and considered the same under expenditure. Further, Rs.131.67 Mn for the year 2011-12 and 2012-13 are yet to be accounted for in MIAL books.

Since it is not possible to exactly quantify all the capital and operating expenditure at this stage which MoCA may disallow from PSF(SC) account, we request the Authority to kindly consider the expense for the purpose of truing up as and when matter is decided finally.

It is requested that the Authority takes note of the above.

3. AERA email dated 12th September 2014 - MIAL Response to the point no. 4

Auditor's certificate for expected MAG from retail concession is enclosed as **Annexure 3.**

4. AERA email dated 12th September 2014 - MIAL Response to the point no. 16

Mumbai International Airport Pvt Ltd
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Auditor's certificate for depreciation as per Income Tax is enclosed as **Annexure 4.**

5. AERA email dated 12th September 2014 - MIAL Response to the point no. 17

Auditor's certificate for AAI compensation arrears is enclosed as **Annexure 5.**

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

Enclosed : as above

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
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Ann 1

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of Comparison between projected operations capital expenditure and operations capital expenditure incurred during the Financial Years 2012-13 and 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

Based on the representation from the management for classification of assets and on review of books of account of the Company in connection with certification of Comparison between projected operations capital expenditure and operations capital expenditure incurred during the Financial Years 2012-13 and 2013-14 and we hereby certify the following:

Comparison between projected operations capital expenditure and operations capital expenditure incurred during the Financial Years 2012-13 and 2013-14

Rs in Million

Particulars	Financial Year 2012-13	Financial Year 2013-14	Total
Capital Expenditure projected (As per AERA Order No. 32)	1,773	853	2,626
Capital Expenditure incurred during the year	1,433	814	2,247
Variance	340	39	379

Above expenditure excludes Rs 5,828 Millions for Multi Level car park at Terminal 2 and Rs 1,198 Millions for Fuel Hydrant system. Details are annexed.

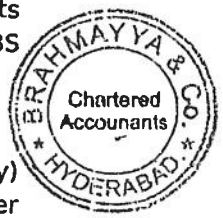
Since the procedures performed in connection with certification of Comparison between projected operations capital expenditure and operations capital expenditure incurred during the Financial Years 2012-13 and 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S



(S S Narayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 18 Sept, 2014

Comparison between projected operations capital expenditure and operations capital expenditure incurred during the Financial Years 2012-13 and 2013-14

Rs in Millions

Sr. No.	Particulars	Financial Year 2012-13		Financial Year 2013-14	
		Submitted to AERA	Actually incurred during the year	Submitted to AERA	Actually incurred during the year
	Section - A : Expenditure to be incurred during the year				
1	New Airside Projects - Taxiway N1	600	582	150	-
2	Terminal - 1C Car Park	80	219	-	-
3	Construction of concrete road for operational area - 13 Km	100	-	150	-
3	Reconstruction of Apron C	-	-	150	-
4	Construction of compound wall - 15 kms	85	6	117	-
5	Reconstruction of Taxiway P	-	65	150	5
6	Provision of Visual Docking Guidance System (VDGS)	10	-	-	-
7	Hi mast for apron lighting as per DGCA	10	-	-	-
8	Provision of 5 MVA Sub-Stn. At Gaondevi area	40	-	10	-
9	Kal Kit for Airfield Ground Lighting (AGL)	14	-	-	-
10	Escalator & Lifts in the terminal	10	35	-	7
11	Development of road and drains (Gaondevi area)	20	4	20	-
12	Bus lounge at Terminal IB (Inter terminal coach)	14	-	-	6
13	Aerobridge renovation & refurbishment	12	-	-	-
14	Construction of Civil store for Airside maint (Gaondevi area)	30	-	-	-
15	Procurement of Articulate Boom / Scissor Lift - 17 Nos.	20	5	20	20
16	Development of Taxi Parking area at Terminal-IA	25	-	-	-
17	Public Addressing system in Terminal 1A	12	-	-	1
18	Installation of Precision Approach Path Indicator (PAPI)	-	-	3	-
19	Relocation of Gate No.8	20	-	-	-
20	Disel Generator sets for Constant Current Regulator (CCR)	12	-	-	-
21	Beautification and landscaping in front of gate No.8	10	-	-	-
22	Construction of Under Ground tank, aerobridge A 12 and pumping system at Terminal-IA	-	-	60	-
23	Replacement of Airconditioning plant at Terminal-IA	-	-	23	-
24	Reconstruction of power house	10	-	-	-
25	Preventive maintenance & BMS software packages	20	1	-	-
	Sub-total (A)	1,154	917	853	39

RAHMAYYA & CO. Chartered Accounants HYDERABAD.

Rs in Millions

Sr. No.	Particulars	Financial Year 2012-13		Financial Year 2013-14	
		Submitted to AERA	Actually incurred during the year	Submitted to AERA	Actually incurred during the year
	Section B - Shortfall of Capital Expenditure incurred in Financial Year 2011-12 brought forward to FY 2012-13				
	E&M-Civil				
1	Replacement of Granite Tiles for Terminal - 1A/B	35	-	-	-
2	Terminal Access Roads/footpaths	20	-	-	-
3	Construction of civil store at Operational Area	15	-	-	-
4	Construction of bus lounge - inter terminal	10	-	-	-
	E&M-Electrical				
5	Replacement of Aerobridges A9 -A11	75	-	-	-
6	Replacement of Aerobridges A7 & A8	50	-	-	-
7	Upgradation of power house Terminal - 1B	50	-	-	-
8	New Aerobridge A12	40	-	-	-
9	UPS for critical lighting & ATS switches for Terminal 1	20	-	-	-
10	Fire alarm system	20	-	-	-
11	Disel Generator Sets at Terminal - 1A	10	11	-	4
12	Public Addressing system at Terminal - 1A	10	-	-	-
	Information Technology				
13	Trunk Mobile Radio communication system	44	-	-	-
14	Operations related Software (Maximo, BMS)	35	-	-	-
15	Wifi system in terminal	25	-	-	-
	Airside operations				
16	Runway Grooving machinery	80	91	-	-
17	Emergency vehicles (CFT/Rescue Staircase/Command Post Vehicle)	80	3	-	-
	Sub-total (B)	619	105	-	4

B.P.A.H.M.A.Y.A & Co. Chartered Accountants HYDERABAD

Since the procedures performed in connection with certification of Addition to fixed assets [net of deletions / adjustments including assets funded through Airport Development Fee (ADF)] during the year and depreciation for the year as per Income Tax for the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing Standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19.

for Brahmayya & Co.
Firms' Registration No. 000513S
Chartered Accountants

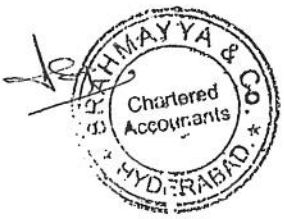


(S Satyanarayana Murthy)
Membership No. 023651
Partner

Place: Hyderabad
Date: 15th Sept, 2014

Rs in Millions

Sr. No.	Particulars	Financial Year 2012-13		Financial Year 2013-14	
		Submitted to AERA	Actually incurred during the year	Submitted to AERA	Actually incurred during the year
51	Porta Cabins for Vile Parle Police Station	-	6	-	-
52	Pre Engineered Building	-	16	-	-
53	Proposes Singapore Cargo	-	2	-	2
54	Refrigeration Systems	-	8	-	-
55	Refurbishment of Back Office	-	32	-	4
56	Refurbishment of Cermonial Lounge	-	3	-	-
57	Radio Set	-	32	-	-
58	Scarecrow Premier 1500 Vehicle	-	1	-	-
59	Security Compound wall at 09	-	3	-	-
60	Sewage Treatment Plant at Cargo	-	16	-	-
61	Smoking Lounges	-	5	-	-
62	Software & Licenses	-	35	-	16
63	Trolly & Trolly Scooter	-	-	-	43
64	VOIP/IP/Help Phones	-	16	-	-
65	Structural Barricade near petrol pump	-	2	-	-
66	TCT Sheet Fencing	-	3	-	-
67	Tensile Barriers & Tops	-	1	-	13
68	Truck Parking Near Hotel Leela	-	5	-	-
69	X - Ray for Cargo	-	6	-	-
70	X - Ray Screeing	-	15	-	6
	Sub-total (C)	-	411	-	771
	Total (A+B+C)	1,773	1,433	853	814



Ann 2

AV. 13024/03/2011-AS (Pt.I)
Government of India
Ministry of Civil Aviation

Issue 19/2/2014

'B' Block, R.G.Bhawan, Safdarjung Airport,
New Delhi-03, Dated the 18th February, 2014.

ORDER

Subject: Expenditure out of Passenger Service Fee(Security Component) Escrow Accounts – regarding.

As per the respective Operation, Management and Development Agreements (OMDAs) and State Support Agreements (SSAs), the private operators/JVCs are responsible for procuring and maintaining, at its own cost, security systems and equipment (*except arms and ammunition*) as required by Government of India/Bureau of Civil Aviation Security (BCAS) or its designated nominee(s)/representative(s) from time to time. The Comptroller and Auditor General of India on the basis of the annual audit of escrow accounts of various Private/JV airport operators pertaining to Passenger Service Fee (Security Component) funds, have inter-alia made similar observations. It has been observed by this Ministry that Private/JV airport operators are meeting their Capital expenditure out of PSF(SC) funds, which is improper, as these airport operators are not endowed with authority to do so as per the provisions of OMDAs/SSAs.

2. The aforesaid issue has been examined in this Ministry at length and it has now been decided that since PSF(SC) funds are meant only for meeting revenue expenditure on deployment of CISF and other security forces at the airports, the total capital expenditure incurred by the airport operators out of the PSF(SC) Escrow account opened and maintained by the respective airport operators in fiduciary capacity, together with the interest, has to be reimbursed back to the respective Escrow accounts. Accordingly, all the airport operators are hereby directed that they shall reverse/reimburse back to the respective PSF(SC) Escrow account, within a period of one month, the total amount spent (*on account of capital costs/expenditure*) so far towards procurement and maintenance of security systems/equipment and on creation of fixed assets out of the PSF(SC) Escrow Account, together with the interest that would have accrued in normal course had the said amount not been debited against the PSF(SC) Escrow account.

3. This issues with the approval of Hon'ble Minister of Civil Aviation.

(Ito)

4. With the issue of the directions as above, the previous circulars/orders, etc. issued by this Ministry from time to time on the subject of utilization of PSF(SC) funds shall stand clarified/modified accordingly.

(S.V.Ramana)
Under Secretary to the Government of India
011-24610374.

Copy to:-

1. The Chairman, Airports Authority of India, R.G.Bhawan, Safdarjung Airport, New Delhi.
2. The Managing Director, Opposite Terminal-3, Delhi International Airport Ltd., New Udaan Bhawan, Indira Gandhi International Airport, New Delhi - 110037.
3. The Managing Director, Bangalore International Airport Ltd., Alpha 2, Administration Block, Bengaluru International Airport, Devanahalli - 560300.
4. The Managing Director, Cochin International Airport Ltd., Kochi Airport, P.O. Nedumbassery, Kerala – 683 111.
5. The Managing Director, GMR Hyderabad International Airport Ltd., Shamshabad, Hyderabad – 500 409.
6. The Managing Director, Mumbai International Airport Ltd., CSI Airport, Mumbai.
7. MIHAN India Ltd., Dr. Babasheb Ambedkar International Airport, Nagpur – 440005, India

Copy to:

1. The Commissioner of Security(Civil Aviation), Bureau of Civil Aviation Security, Janpath Bhavan, New Delhi-1.
2. PS to HMCA.
3. PPS to Secretary (CA)/PS to JS(A)/PS to Director(SN).

(S.V. Ramana)
Under Secretary

Ministry of Civil Aviation
1 2 FEB 2014
R.G. Bhawan, Safdarjung Airport, N.D.-3

Ann 3

Brahmayya & Co.,
CHARTERED ACCOUNTANTS

VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of minimum annual guarantee for retail concession during the financial years 2014-15 to 2018-19 as per the contracts for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

We have reviewed the agreements with concessionaries of the Company in connection with certification of minimum annual guarantee for retail concession during the financial years 2014-15 to 2018-19 as per the contracts and we hereby certify the following:

Minimum annual guarantee for retail concession — Rs in Million

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Minimum annual guarantee	139	153	168	186	202

Note: Though the Concession agreements with concessionaries are up to Feb, 2019. Proportionate Minimum Annual Guarantee is considered as the Company is expecting that the agreement will be renewed for the further periods.
The above excludes Concession agreement with "Out of India" is only on revenue sharing basis.

Since the procedures performed in connection with certification of minimum annual guarantee for retail concession during the financial years 2014-15 to 2018-19 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 18 Sept, 2014

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

Ann 4

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

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We have reviewed the books of account and tax audit report of the Company in connection with certification of Addition to fixed assets [net of deletions / adjustments including assets funded through Airport Development Fee (ADF)] during the year and depreciation for the year as per Income Tax for the financial years 2009-10 to 2013-14. Based on our review we hereby certify the following:

(₹ in Millions)

Additions (net of deletions) during the Year	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Buildings / Improvements	3,295	4,784	4,543	3,340	36,920
Temporary Erections	2	285	8	7	---
Furniture and Fixtures	70	38	55	48	2,313
Plant and Machinery:					
: General	1,013	392	451	1,148	9,396
: Computers	110	54	311	32	680
Upfront Fee	39	---	---	---	---
Total	4,-529	5,553	5,368	4,575	49,309

Depreciation for the year	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Buildings/Improvements	758	1,179	1,559	1,787	3,508
Temporary Erections	2	173	120	7	---
Furniture and Fixtures	24	27	30	31	144
Plant and Machinery:					
: General	378	428	437	496	1,161
: Computers	164	96	156	154	275
Upfront Fee	168	126	93	71	53
Total	1,494	2,029	2,394	2,546	5,141

Source: FY 09-10 to 12-13 are as per tax audit report and FY 13-14 is subject to tax audit

BRAHMAYYA & Co. Chartered Accountants

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

Rs in Millions

Sr. No.	Particulars	Financial Year 2012-13		Financial Year 2013-14	
		Submitted to AERA	Actually incurred during the year	Submitted to AERA	Actually Incurred during the year
	Section C - Additional expenditure incurred which was not part of the list submitted to AERA				
1	Air India Office	-	-	-	18
2	Air-Conditioning to new Constant Current Regulator (CCR)	-	3	-	-
3	Airline Office	-	-	-	78
4	Airside Vehicles	-	3	-	2
5	Anticlimb fencing system at New Terminal - 2	-	-	-	11
6	ATM House	-	-	-	3
7	Cargo Racks	-	17	-	-
8	Cargo Screening Machine	-	7	-	-
9	Cargo shed	-	24	-	4
10	Chian Link Fencing at Runway 27	-	1	-	-
11	Check in Counter, Immigration Counter & Info Desk at Terminal	-	-	-	-
12	Cleaning Machines	-	4	-	48
13	Compound wall at Runway 09	-	-	-	-
14	CSUB	-	-	-	29
15	Development of area near Gate 4E	-	-	-	11
16	Data Centre at Terminal - 1A	-	-	-	-
17	Drain Inside Operational area near ATC Tower	-	3	-	-
18	Delhi Office	-	10	-	-
19	Drinking Water Fountain	-	3	-	-
20	Energy Efficient Motors	-	2	-	2
21	Electric Spider Lift	-	-	-	30
22	Fire Alarm	-	5	-	5
23	Fire Fighting Equipment	-	1	-	-
24	Forklift & Pallet for Cargo	-	9	-	3
25	Golf Cart	-	-	-	10
26	Horading at Terminal - 2	-	-	-	15
27	HT/LT Power Cable	-	4	-	-
28	Import Perishable Cargo	-	8	-	25
29	Info Desk at Terminal	-	-	-	-
30	IP Phones	-	2	-	-
31	Laptop , Desktop and end User Infra	-	37	-	41
32	Meet & Assist Lounage	-	-	-	26
33	Maharaja Lounge	-	2	-	-
34	MIAL Pass Section Cargo	-	1	-	-
35	MLCP - T1B	-	4	-	-
36	NATS - Runway study	-	11	-	-
37	Network Switch	-	2	-	-
38	Nursery at MIAL Residential	-	1	-	1
39	Furniture at New Terminal 2	-	-	-	6
40	Plant & Machinery at New Terminal 2	-	-	-	8
41	Constrcution of Taxiway - N8	-	-	-	307
42	Office Furniture	-	7	-	4
43	Miscellaneous	-	3	-	-
44	Others Civil	-	10	-	-
45	Office Equipment	-	1	-	-
46	Others P&M	-	15	-	-
47	Parking of baggage trolley	-	1	-	-
48	Piling work for shed near ATC tower	-	3	-	-
49	Porta Cabin Toilet	-	-	-	-
50	Porta Cabins for Labour Entry	-	-	-	-



Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of payments to Airports Authority of India towards (i) Arrears of Annual Fee and (ii) Arrears of retirement compensation during the financial year 2012-13 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

Based on our review of books of account of the Company, we hereby certify that during the financial year 2012-13 the Company has paid (i) Rs 4 Million towards Arrears of Annual Fee and (ii) Rs 34 Million towards Arrears of retirement compensation to Airports Authority of India.

Since the procedures performed in connection with certification of payments to Airports Authority of India towards (i) Arrears of Annual Fee and (ii) Arrears of retirement compensation during the financial year 2012-13 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

BRAHMAYYA & CO. Chartered Accounants HYDERABAD

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 18 Sept, 2014

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

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For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S



(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 18 Sept, 2014

MIAL/VPR/14-15/33

27th Sep, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai for second control period (FY 2014-15 to FY 2018- 19)

Ref: AERA e mail dated 23rd September, 2014;

With reference of the certificates and clarifications required by the Authority, please find below point-wise response to the same:-

1. Response to Point No. 1

Documentary evidence pertaining to the status of deposit, made by MIAL, of PSF (SC) in the escrow account with the Government of India, during the year 2012-13 is enclosed as **Annexure 1.** No amount is deposited by MIAL in PSF (SC) escrow account in year 2013-14.

2. Response to Point No. 2

MIAL has five existing Terminals 1A, 1B, 1C, 2B and 2C and new T2. In all these terminals, each of the asset has been identified as Aeronautical, Non-Aeronautical or Common Assets. For the purpose of allocation of Common Assets, MIAL has considered the area used by Aeronautical services and Non-Aeronautical Services, including seating areas for provision of Non-Aeronautical Services. Detailed methodology for calculation of bifurcation of Terminal Areas in Aero and Non Aero is as below.

In section 'A', MIAL has taken the area for each terminal. In section 'B', Area in sq mtr given to concessionaires as at year end is aggregated.

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
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www.csia.in
CIN-U45200MH2006PTC160164

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. MUMBAI 400 099.

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LIFE SCIENCES

In sq. mtr.

Terminal	Total Terminal Area	FY 10	FY 11	FY 12	FY 13	FY 14
	(A)	Non – Aero Area (B)				
Terminal 1A	34,984	5,588	6,229	5,567	4,396	5,478
Terminal 1B	40,545	6,618	8,555	7,144	6,453	6,027
Terminal 1C	27,602	-	1,678	2,011	3,112	3,266
Terminal 1	**103,131**	**12,207**	**16,463**	**14,722**	**13,962**	**14,771**
Terminal 2B	40,382	8,376	6,200	6,549	6,260	5,969
Terminal 2C	63,457	12,599	14,806	16,330	16,796	15,144
Terminal 2	**103,839**	**20,975**	**21,006**	**22,879**	**23,056**	**21,112**
Terminal 1&2	**206,970**	**33,182**	**37,469**	**37,601**	**37,018**	**35,884**
New Terminal T02	439,203	-	-	-	2,299	22,249

In section 'C, MIAL has identified the sitting areas in five categories viz:

(i) Purely Aeronautical (100:0),

(ii) Predominantly Aeronautical (90:10),

(iii) Common (50:50),

(iv) Purely Non-Aeronautical (0:100) and

(v) Predominantly Non-Aeronautical (10:90).

In section 'D', year wise total Non Aeronautical area including proportionate Non Aeronautical sitting areas are added.

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. MUMBAI 400 099.

Mumbai International Airport Pvt Ltd
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GVK

In sq.mtr.

Terminal	Aero 100% aero (i)	Predominantly Aero (90% Aero & 10% Non aero) (ii)	Common (50% Aero & 50% Non aero) (iii)	Non Aero 100% Non aero (iv)	Predominantly Non Aero (10% Aero & 90% Non aero) (v)	FY 10	FY 11	FY 12	FY 13	FY 14
	Sitting Area (C)					Non-Aero incl sitting area (D) =B+C(i*0+ii*0.1+iii*0.5+iv*1+v*0.9)				
T1A	388	352	29	-	-	5,638	6,279	5,617	4,446	5,528
T1B	151	560	47	-	-	6,698	8,635	7,224	6,533	6,107
T1C	300	341	-	973	-	1,008	2,686	3,019	4,120	4,273
T1	**839**	**1,253**	**76**	**973**	**-**	**13,343**	**17,600**	**15,859**	**15,098**	**15,908**
T2B	621	81	383	-	-	8,576	6,400	6,748	6,460	6,168
T2C	295	253	254	-	-	12,751	14,958	16,482	16,948	15,296
T2	**915**	**334**	**637**	**-**	**-**	**21,327**	**21,358**	**23,231**	**23,408**	**21,465**
T1&2	**1,754**	**1,587**	**713**	**973**	**-**	**34,670**	**38,958**	**39,090**	**38,507**	**37,372**
New T2	527	17,407	876	4,341	1,915	-	-	-	2,299	30,492

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. MUMBAI 400 099.

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
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www.csia.in
CIN-U45200MH2006PTC160164

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After that from the each terminal area respective non – aeronautical area are deducted to arrive at Aeronautical areas. Aeronautical % is then calculated which is used for allocation of the common assets based on the area ratio. Auditors Certificate for Non Aeronautical area (including sitting area) is enclosed as **Annexure 2.**

Terminal	FY 10	FY 11	FY 12	FY 13	FY 14	FY 10	FY 11	FY 12	FY 13	FY 14
	Aero incl sitting Area (E) In sq. mtr.					Aero % (Aero incl sitting area / Terminal Area) (F)				
T1A	29,346	28,705	29,367	30,538	29,456	83.88%	82.05%	83.94%	87.29%	84.20%
T1B	33,847	31,910	33,321	34,012	34,438	83.48%	78.70%	82.18%	83.89%	84.94%
T1C	26,594	24,916	24,583	23,482	23,329	96.35%	90.27%	89.06%	85.08%	84.52%
T1	**89,788**	**85,531**	**87,272**	**88,033**	**87,223**	**87.06%**	**82.93%**	**84.62%**	**85.36%**	**84.58%**
T2B	31,806	33,982	33,634	33,922	34,214	78.76%	84.15%	83.29%	84.00%	84.72%
T2C	50,706	48,499	46,975	46,509	48,161	79.91%	76.43%	74.03%	73.29%	75.90%
T2	**82,512**	**82,481**	**80,608**	**80,431**	**82,374**	**79.46%**	**79.43%**	**77.63%**	**77.46%**	**79.33%**
T1&2	172,300	168,012	167,880	168,463	169,598	**83.25%**	**81.18%**	**81.11%**	**81.40%**	**81.94%**
New T2					408,711				99.48%	93.06%

3. Response to Point No. 3

The present classification of operating expenses in the MYTP model is in line with classification approved by Authority in the 1st Control Period. All the reconciliations between the expenses as per audited accounts and as per MYTP model have already been submitted. MIAL has also submitted the Auditors certificate for operating expenses in line with MYTP model. Revising the classification of expenses as per audited financials has the following constraints:-

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
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T +91 22 6685 0900 / 6686 0901 F +91 22 6685 2059
www.csia.in
CIN:U45200MH2006PTC160164

MUMBAI INTERNATIONAL AIRPORT PVT. LTD. MUMBAI 400 099.

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1. Operating expenses classification and numbers are as per Order no. 32/2012-13. Changing the classification would make the truing up exercise complex as the numbers of MYTP order would itself change.

2. KPMG study for operating expenses classification into Aeronautical and non Aeronautical expenses as well as Auditors certification obtained would become redundant; and a new study would be needed.

3. Projections for the second control period would be needed to be realigned which would need a fresh working/ estimation of numbers.

Further, change of classification does not result into any tangible benefit considering the fact reconciliation has been provided for all the expense heads.

4. Response to Point No. 4

Auditor certificate for Utility expenses will be submitted in due course.

5. Response to Point No. 5

Explanation of the basis of apportionment of operating expenses between aeronautical and non-aeronautical for all the heads of operating expenses is enclosed as **Annexure 3.**

6. Response to Point No. 6

Integrated terminal has been constructed and commissioned. However, construction of part of integrated terminal and apron can take place only after demolition and disposal of old Terminal 2. As part of the project implementation demolition of old Terminal 2 was essential for completion of the project as envisaged in the Master Plan. Written Down Value (WDV) of old Terminal 2 as on 1st April, 2014 was Rs. 298 crores. This amount after considering realisable value from scrap is part of the O & M cost of FY 15 and the same has been treated accordingly. RAB has been reduced by WDV, net of realization, on such disposal. MIAL has also passed the necessary entries in its books of accounts in Q1 of FY 15.

Similarly part of T1 i.e. T1A will be disposed/ retired once domestic operation shifts to new T2. WDV of Rs. 44 crores has been considered as part of the O&M cost for FY 16 and accordingly RAB has been reduced by Rs. 44 crores. This amount to be charged to O&M expenses may vary by the amount realised through sale of scrap.

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5

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GVK

Rs. In Crs.

Gross Block	FY 15	FY 16
Buildings/Improvements	294	45
Runways, Taxiways and Aprons	1	-
Plant and Machinery	120	13
Computers	18	2
Office and Other Equipment	1	0
Furniture and Fixtures	4	2
Computer Software	0	-
Total - Gross block (A)	**438**	**63**
Net Block		
Buildings/Improvements	241	37
Runways, Taxiways and Aprons	1	-
Plant and Machinery	52	6
Computers	2	0
Office and Other Equipment	0	0
Furniture and Fixtures	2	1
Computer Software	0	-
Total - Net block (B)	**298**	**44**
Proceeds from Sale of Scrap (C)	**12**	-
Loss on demolition of existing T2 and T1A (B-C)	**287**	**44**

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

Enclosed: as above

Mumbai International Airport Pvt Ltd
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6

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Ann 1

FROM :

FAX NO. :

24 Sep. 2014 11:05 P 1

बैंक ऑफ़ इंडिया BOI
Bank of India
Vile Parle (East) Branch
52, Pardhy House, Hanuman Road,
Vile Parle (E), Mumbai – 400 057
Tel: 2616 9034/2616 9632 / 9285 / 9077 Fax: 26116867

Ref. No.VLP(E):A&S:12-13:551

Date: 20.03.2013

To,

Shri U.K. Bhatla,
Under Secretary to the Govt. of India,
Ministry of Civil Aviation,
"B" Block, R.G. Bhawan,
Safdarjung Air Port,
New Delhi – 110001.

Sir,

Re. :Compliance of Order Passed by Hon'ble Delhi High Court i.r.o WP No.4242/2012 filed by MIAL Vs. UOU & others-reg.

We refer to your letter No.AV.13024/29/2012-AS dated 27/02/2013 on the captioned subject.

2. We confirm that amount of Rs.15.21 cr. has been credited on 25/02/2013 by MIAPL to the PSF (SC) Escrow account NO.004620110000536 with us. We are also enclosing the statement of said account for said date, wherein amount of Rs.15.21 cr is showing, for your immediate reference.

Thanking you,

Yours faithfully,
For BANK OF INDIA

(R.K. Bajpai)
Asst. General Manager

Encl: a/a.

C.C.: Mumbai International Airport Pvt. Ltd.,
Chhatrapati Shivaji International Airport,
1st floor, Terminal 1B, Santacruz (E),
Mumbai 400 099.

7

Kind. Att :-
Mr Murthy. D.V.S

AV.13024/29/2012-AS
Government of India
Ministry of Civil Aviation

'B' Block, R.G.Bhawan,
Safdarjung Airport,
New Delhi-110001
Dated: 27.02.2013

To,

The Chief Manager,
Bank of India
Vile Parle (East) Branch,
Mumbai - 400057

Subject: Compliance of Order Passed by Hon'ble Delhi High Court i.r.o WP No. 4242/2012 filed by MIAL Vs UOI & others – reg.

Sir,

I am directed to refer to the subject mentioned above and to say that in pursuance to the orders passed by the Hon'ble High Court of Delhi dated 29.01.2013 (in connection with WP No. 4242/2012 filed by MIAL). MIAL has been directed to reverse an amount of Rs. 15.21 Cr to the PSF (SC) escrow accounts on or before 28.02.2013, Escrow A/c Banker i.e. Bank of India is to confirm that the said amount of Rs. 15.21 Cr has been physically credited to the PSF (SC) escrow account maintained in your bank by MIAL. It is also requested that an inflow chart confirming the physical credit to the PSF (SC) escrow account may kindly be furnished to this Ministry for further necessary action.

2. The matter may be treated as 'Most Urgent'.

Yours faithfully

(U.K.Bhatia)
Under Secretary to the Govt. of India
011-24640217

Copy to:
Mumbai International Airport Pvt. Ltd.
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E)
Mumbai - 400099

2

MIAL/CFO/480

February 27, 2013

Ministry of Civil Aviation
B-Block, Rajiv Gandhi Bhavan,
Safdurganj Airport,
New Delhi- 110003

Kind Attn: **Ms. Shifali Juneja-Director**

Sub: **Disallowance of expenses from Passenger Service Fee (Security Components) PSF (SC)**
Ref: **1. Your letter dated 26th December 2012**
2. Court Case- Mumbai International Airport Pvt. Ltd V/s. Union of India (W.P. 4242 of 2012) Pending before Delhi High Court.
3. Order dated 29th January 2013 of Delhi High Court
4. MIAL letter dated 19th February 2013

Madam,

This is with reference to your letter dated 26 December 2012 and our earlier letter no. MIAL/CFO/467 dated 19th February 2013 wherein we had forwarded the above referred order dated 29th January 2013 passed by the Hon'ble Delhi High Court.

Please note that Hon'ble Delhi High Court had in the hearing on 29th January 2013 directed stay on recovery of any amount for subsequent years on deposit of Rs. 15.21 crores under protest by MIAL. Further Additional Solicitor General (ASG) appearing for MoCA has made a statement in the Court that no coercive measures in form of initiation of criminal proceedings will be triggered in the meanwhile qua MIAL. The matter is now posted for further proceedings on 2nd May, 2013. Copy of the order dt 29th January 2013 is attached for your ready reference.

As offered by us during hearing to deposit a sum of Rs.15,21,85,097/72 under protest in the PSF (SC) Account and accepted by Hon'ble High Court at Delhi to deposit the amount within four weeks, this is to confirm that we have deposited Rs.15,21,85,097/72 to PSF (SC) Account on 25th February 2013.

The above deposit is subject to the final outcome of the above Writ Petition.

This is for your information and records please.

Thanking you.

Yours sincerely,
For Mumbai International Airport Pvt. Ltd

Vinod Hiran
CFO & Company Secretary

Encl: **As Above**

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9

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Ann 2
07/01 May
2.14, 2.2, 22 May

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of allocation of area between Aeronautical and Non-aeronautical and allocation of asset cost based on area allocation for the financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

Based on the certification from the management on allocation of area and classification of assets between Aeronautical and Non-aeronautical and on review of books of account of the Company, we hereby certify the following:

I) Allocation of Terminal area between Aeronautical and Non-aeronautical

a) Aeronautical (Including Proportionate Sitting Area)

Sq Mts

Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Terminal 1	89,788	85,531	87,272	88,033	87,223
Terminal 2	82,512	82,481	80,608	80,431	82,374
New Terminal 2	-	-	-	-	4,08,711

b) Non-aeronautical (Including Proportionate Sitting Area)

Sq Mts

Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Terminal 1	13,343	17,600	15,859	15,098	15,908
Terminal 2	21,327	21,358	23,231	23,408	21,465
New Terminal 2	-	-	-	2,299	30,492

BRAHMAYYA & Co. Chartered Accountants HYDERABAD.

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

II) Classification of assets between Aeronautical and Non-aeronautical and percentage thereof:

Rs In Million

Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Gross Block of:					
Aeronautical assets	12,964	18,755	23,993	28,545	97,251
Non-aeronautical assets (Incl Cargo assets)	1,769	1,978	2,149	2,692	12,419
	14,733	20,733	26,142	31,237	109,670
% of Aeronautical assets	88.00	90.46	91.78	91.38	88.68
% of Non-aeronautical assets (Incl Cargo assets)	12.00	9.54	8.22	8.62	11.32

Gross Block is inclusive of

Rs In Million

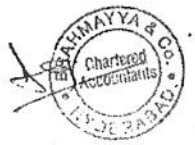
Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Fuel Hydrant System (Aeronautical assets)	24	119	121	897	796
Multi-Level Car Parking at Terminal 2 (Non-aeronautical assets)	-	-	-	-	5,828

Gross Block is exclusive of

Rs In Million

Particulars	As at 31Mar, 10	As at 31Mar, 11	As at 31Mar, 12	As at 31Mar, 13	As at 31Mar, 14
Upfront Fee	1,539	1,539	1,539	1,539	1,539
Other Compensation	2,609	2,609	3,170	3,170	3,170

Since the procedures performed in connection with certification of allocation of area between Aeronautical and Non-aeronautical and allocation of asset cost based on area allocation for the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.



Annexure 3

Operating expenses – Head	**Basis of allocation**
Employee Cost	Actual amount incurred for Aeronautical, Non Aeronautical and common expenditure is identified. Common expenditure is then allocated based on ratio of Aeronautical and Non Aeronautical expenditure.
Utilities Expenses (power+water)	Actual amount incurred for Aeronautical, Non Aeronautical and common expenditure is identified. Common expenditure is then allocated based on ratio of Aeronautical and Non Aeronautical expenditure.
Repair & Maintenance Expense	Actual amount incurred for Aeronautical, Non Aeronautical and common expenditure is identified. Common expenditure is then allocated based on ratio of Aeronautical and Non Aeronautical expenditure.
Rents, Rates & Taxes	Actual amount incurred for Aeronautical, Non Aeronautical and common expenditure is identified. Common expenditure is then allocated based on ratio of Aeronautical and Non Aeronautical expenditure.
Advertisement Expense	Actual amount incurred for Aeronautical, Non Aeronautical and common expenditure is identified. Common expenditure is then allocated based on ratio of Aeronautical and Non Aeronautical expenditure.
AOA Fees	The fee payable to the airport operator is paid as per Airport Operator Agreement dated 28.04.2006 between MIAL and ACSA Global Limited. AO undertakes the operation, maintenance and management of the airport to meet the requisite performance standards so as to ensure performance by the JVC of its obligations (in particular, satisfying the Objective and Subjective Service Quality requirements as described under the OMDA).
Insurance Expense	This expenditure depends upon the amount invested in Fixed Assets and therefore expenditure is allocated based on ratio of Aeronautical and Non Aeronautical assets for FY 14.
Consumable stores	Actual amount incurred for Aeronautical, Non Aeronautical and common expenditure is identified. Common expenditure is then allocated based on ratio of Aeronautical and Non Aeronautical expenditure.
Operating cost	Actual amount incurred for Aeronautical, Non Aeronautical and common expenditure is identified. Common expenditure is then allocated based on ratio of Aeronautical and Non Aeronautical expenditure.

Operating expenses – Head	Basis of allocation
Bad Debts written off	Actual amount incurred for Aeronautical, Non Aeronautical and common expenditure is identified. Common expenditure is then allocated based on ratio of Aeronautical and Non Aeronautical expenditure.
Provision for Bad Debts	Actual amount incurred for Aeronautical, Non Aeronautical and common expenditure is identified. Common expenditure is then allocated based on ratio of Aeronautical and Non Aeronautical expenditure.
Working Capital Interest	Working capital Interest and Finance charges are not specific to any expenditure and hence are allocated in the overall ratio of aeronautical and non aeronautical of other expenses.
Financing charges	Working capital Interest and Finance charges are not specific to any expenditure and hence are allocated in the overall ratio of aeronautical and non aeronautical of other expenses.
Interest over AAI Retirement compensation loan	Amount paid as retirement compensation to AAI is paid as per the terms of OMDA, and is not related to any aeronautical or non aeronautical activity. Same treatment is given to interest on loan taken for payment of retirement compensation.
Collection charges over DF	Authority has not allowed DF collection charges as Operating expense, hence 100% of the amount is considered as Non Aeronautical.
Payment to AAI for Retirement compensation plus arrears	Amount paid as retirement compensation to AAI is paid as per the terms of OMDA, and is not related to any aeronautical or non aeronautical activity. Same treatment is given to interest on loan taken for payment of retirement compensation.
Provision for PSF(SC) exp	MIAL had incurred certain expenses out of PSF (SC) in respect to screener's salary. However, due to lack of clarity from MoCA, MIAL has made provision for the same in its books. Since these expenditure relates to security of the airport, they are considered 100% aeronautical expense.
Administrative Expenses	Administrative expenses are allocated in overall ratio of aeronautical and non aeronautical of other expenses.

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली–110003
प्राप्त
डायरी नं० : 3347
तारीख : 21/10/14

MIAL/VPR/14-15/36

20th October, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai for second control period (FY 2014-15 to FY 2018- 19)

Ref: AERA e mail dated 23rd September, 2014;
AERA e mail dated 24th September, 2014;
MIAL letter no. MIAL/VPR/14-15/33 dated 27th September, 2014;

With reference of the certificates and clarifications required by the Authority, please find below point-wise response to the same:-

1. Response to point no. 4 of AERA email dated 23rd September 2014

Auditor certificate for Power cost is enclosed as **Annexure 1.** MIAL has already responded to other queries of Authority vide its letter letter no. MIAL/VPR/14-15/33 dated 27th September, 2014.

2. Response to email dated 24th September 2014

Auditor certificate for capital expenditure as required by Authority is enclosed as **Annexure 2.**

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

Enclosed: as above

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VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of (i) Capital expenditure incurred towards project assets and upfront fee and Compensation paid / payable to Airports Authority of India, (ii) Capital expenditure disallowed by Airport Economic Regulatory Authority (AERA) and (iii) Breakup of capital expenditure incurred between Aeronautical and Non-aeronautical assets with a percentage of expenditure incurred towards aeronautical with total capital expenditure during the financial years 2006-07 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

We have reviewed the books of account of the Company and representation from the Management in connection with certification of (i) Capital expenditure incurred towards project assets and upfront fee and Compensation paid / payable to Airports Authority of India, (ii) Capital expenditure disallowed by Airport Economic Regulatory Authority (AERA) and (iii) Breakup of capital expenditure incurred between Aeronautical and Non-aeronautical assets with a percentage of expenditure incurred towards aeronautical with total capital expenditure during the financial years 2006-07 to 2013-14 and we hereby certify the following:

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

(Rs in Million)

Particulars	FY * 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
a) Capital expenditure incurred towards expansion of the CSIA	4,797	6,068	10,155	12,413	16,322	19,902	22,229	16,887
b) Upfront fee included in (a) above	1,500	---	---	39	---	---	---	---
c) Capital expenditure on assets disallowed by the authority included in (a) above	---	---	120	120	208	512	68	36
d) Capital expenditure incurred towards aeronautical assets out of (a) above	4,797#	6,068#	10,155#	12,063	15,880	19,538	22,060	16,204
e) Capital expenditure incurred towards other than aeronautical assets out of (a) above				350	442	364	169	683
f) % Capital expenditure incurred towards aeronautical assets out of (a) above	---	---	---	97%	97%	98%	99%	96%
g) Capital expenditure incurred (a) above is excluding expenditure incurred on Retirement compensation to AAI as per provisions of OMDA	---	---	---	2,609	---	561	---	---

* for the period 02nd March, 2006 to 31st March, 2007.

Total capital expenditure sans bifurcation between Aeronautical and Non Aeronautical capital expenditure.

Note:

1. Capital expenditure incurred is inclusive of advances for capital works and expenditure during construction period [net] pending allocations.

PRAHLADA & Co. Chartered Accountants HYDERABAD

2. Capital expenditure incurred is exclusive of

Rs in Million

Particulars	FY * 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Operations Assets	---	---	---	---	---	441	1,433	814
Multi Level Car Park (MLCP) at Terminal 2	---	---	---	626	388	864	678	3,272
Fuel Hydrant System	---	---	---	---	---	407	762	29
BOT & Other Assets	---	---	79	61	187	529	1,283	249
Total	---	---	79	687	575	2,241	4,156	4,364

* for the period 02nd March, 2006 to 31st March, 2007.



Since the procedures performed in connection with certification of (i) Capital expenditure incurred towards project assets and upfront fee and Compensation paid / payable to Airports Authority of India, (ii) Capital expenditure disallowed by Airport Economic Regulatory Authority (AERA) and (iii) Breakup of capital expenditure incurred between Aeronautical and Non-aeronautical assets with a percentage of expenditure incurred towards aeronautical with total capital expenditure during the financial years 2006-07 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 13-10-2014

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of expenditure incurred towards Electricity Charges (net of recoveries from concessionaries) during the financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

Based on the representation from Management and on review of the books of account of the Company in connection with certification of expenditure incurred towards Electricity Charges (net of recoveries from concessionaries) during the financial years 2009-10 to 2013-14 and we hereby certify the following:

	Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
	Electricity Units (in Mn)	81	89	88	86	105
	Rate per unit (Note 1)	9.76	6.70	7.10	7.61	8.40
A	Electricity cost (Rs. in Mn)	786	598	624	655	879
	Less:					
	Recovery from concessionaires					
	Cargo concessionaire (Units in Mn)	6	7	6	6	5
	Other concessionaire (Units in Mn)	13	16	19	16	16
B	Recovery from concessionaires (Units in Mn)	19	23	25	22	21
	Cargo concessionaire (Rs. in Mn)	75	57	59	56	57
	Other concessionaire (Rs. in Mn)	172	222	162	147	179
C	Recovery from concessionaires (Rs. in Mn)	247	279	221	203	236
	Weighted average Rate per unit (C/B) (Note 1)	13.57	12.49	8.87	9.26	10.93

Note 1: Weighted average rate for the year

BRAHMAYYA & CO. Chartered Accountants HYDERABAD

403 & 404, Golden Green Apartments, Irrum Manzil Colony, Hyderabad - 500 082.
Phones : (040) - 2337 0002/4, Fax : 2337 0005, E-mail : hydbrahmayya@gmail.com

	Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
	Recovery of Common Utility Charges					
	Cargo concessionaire (Rs. in Mn)	-	25	5	4	4
	Other concessionaire (Rs. in Mn)	-	107	85	84	87
D	Recovery of Common Utility Charges (Rs. in Mn)	-	132	90	88	91
A-C-D	Net electricity cost (Rs. in Mn)	539	187	313	364	552

Since the procedures performed in connection with certification of expenditure incurred towards Electricity Charges (net of recoveries from concessionaries) during the financial years 2009-10 to 2013-14 do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000459S

BRAHMAYYA & Co. Chartered Accountants HYDERABAD.

(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Hyderabad
Date: 13-10-2014

GVK

MIAL/VPR/14-15/40 20th November, 2014

The Secretary,
Airports Economic Regulatory Authority of India,
AERA Building, Administrative Complex,
Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Multi Year Tariff Proposal (MYTP) for CSIA, Mumbai for second control period (FY 2014-15 to FY 2018- 19)

Ref: AERA e-mail dated 26th September, 2014;

With reference of the certificates and clarifications required by the Authority, please find below point-wise response to the same:-

1. Response to Point No. 1

Rs. 118 crs. shall be paid by MIAL to MMRC in three yearly equal installments starting from the year in which operation of the Metro Line 3 commences, towards cost of Electro Mechanical (E&M) systems.

i. First installment of Rs 39.33 Crores on the date of commencement of operation (COD).
ii. Second installment of Rs 39.33 Crores on or completion of 1 year after COD.
iii. Third installment of Rs 39.33 Crores on or before completion of 2 years after COD.

As per MMRC letter dated 7th April, 2014, commercial operations are expected to begin by early 2020. (copy of letter enclosed as **Annexure 1**).

Accordingly, payments for Electro-Mechanical systems are expected to be made as under:

Rs. In Crs.

	FY 20	FY 21	FY 22
Schedule of payment for E&M systems	39.33	39.33	39.33

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2. Response to Point No. 2

Retirement Compensation to AAI is paid based on Schedule of payments for Other Compensation agreed with AAI. Auditors certificate for the same is attached as **Annexure 2.** The payment of amount is based on Schedule of payments agreed between MIAL and AAI, hence there is reduction from FY 10 to FY 12.

MIAL had paid to AAI Rs. 154.23 crores in FY 10 in respect to Retirement compensation. This amount includes both One time payment as well as the monthly claim. However, AAI in FY 11 informed that the amount to be paid as Retirement Compensation till FY 11 was only Rs. 123.07 crs. (which consists of One time payment of Rs. 93.84 crs. and monthly claim of Rs. 29.23 crs.) and hence the reversal of Rs. 31.16 crs. was made in FY 11.

Amount paid to AAI in FY 11-12 of Rs. 54.37 crs. consists of one time claim of Rs. 32.84 crs. and monthly claim of Rs. 21.53 crs. Figures from FY 12-13 onwards represents the amount paid/ to be paid as monthly claim.

Rs. In Mn

	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	Total
Schedule of payments	1,542	(312)	544	211	208	204	200	193	186	179	15	3,170

3. Response to Point No. 3

Board approval for the revised project cost is enclosed as **Annexure 3.** Detailed method of calculation for each head of the escalated project cost of Rs. 380 Crores is enclosed as **Annexure 4** including details of variation due to foreign exchange.

4. Response to Point No. 4

Operational capex assets capitalized during the first control period are enclosed as **Annexure 5.**

5. Response to Point No. 5

Project cost of Rs. 12,500 crs. includes cost of Hotel T1C super-structure amounting to Rs. 54 crs. However, the same is considered as Non Aeronautical asset and not included in regulatory asset base.

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6. Response to Point No. 6

Details of Operational capital expenditure incurrence for first control period, classifying the same into aeronautical and non aeronautical is enclosed as **Annexure 6.** Operational capex assets capitalized in the first control period is enclosed as **Annexure 5.**

7. Response to Point No. 7

Expenditure pertaining to Fuel Hydrant system in FY 10 and FY 11 was clubbed with Project capital expenditure. However, in FY 12 the same was excluded from project expenditure and classified separately as Operational Capital expenditure.

			Rs. In Crs.
	FY 10	**FY 11**	**FY 12**
Project capex incurrence (including FHS) (a)	1241	1632	2031
Less: Amount pertaining to FHS included above			
-pertaining to FY 10			7
-pertaining to FY 11			26
-pertaining to FY 12			8
Sub- total (b)			**41**
Net Project capital expenditure incurrence (a-b)	**1241**	**1632**	**1990**
FHS capitalized	**2**	**10**	**0.2**

Thanking you,
For Mumbai International Airport Private Limited

Sanjiv Bhargava
Vice President – Regulatory

Enclosed: as above

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Annexure 1

Ref.No.T/MRTS/MIAL/ Date: 07/04/2014

MMRC

To
Shri Charudatta Deshmukh,
Director – Urban Planning,
Mumbai Airport,
1st Floor, Terminal 1B,
Santacruz, Mumbai – 400 099

Sub: Metro Line 3 – Colaba-Bandra-Airport SEEPZ

Dear Sir,

Union Cabinet in the Government of India, granted approval to the Metro Line 3 (Colaba – Bandra – SEEPZ) project on 27th June 2013; the Government of Maharashtra vide GR dt 3rd March 2014 has also approved the implementation of this project.

2. This is to confirm that Metro Line 3 (Colaba-Bandra-Airport SEEPZ) implementation will commence from 2014 and the commercial operations are expected to begin by early 2020. To meet this schedule, MMRC has initiated pre-qualification of contractors for Civil Works (tunnels and stations) and it is expected that the tenders for stations and tunnels will be awarded and construction will begin in the latter half of this year. A broad schedule for the project is enclosed herewith.

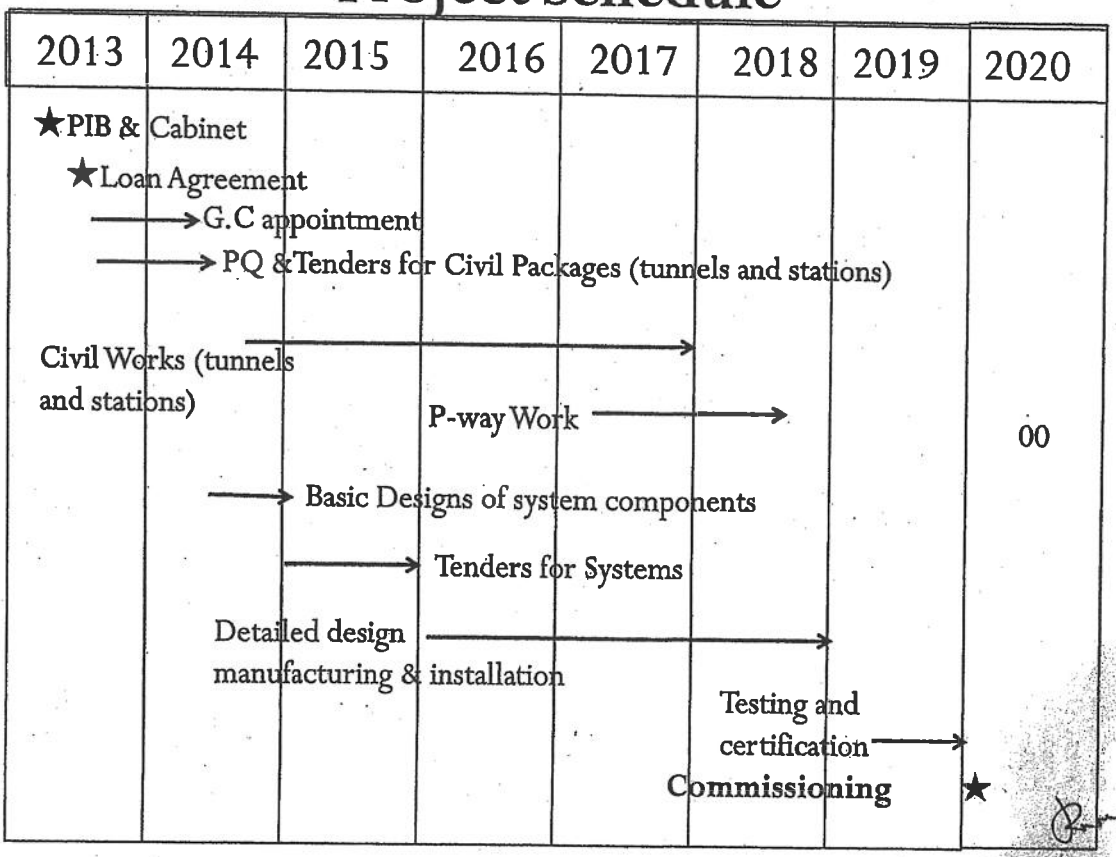
Yours Faithfully

(R.Ramana)
Additional Chief (TP)

Received on 07/04/2014
D.No.120
O/o. Director-Urban Planning
M.I.A.L., CSI Airport, Mumbai - 400 099

Mumbai Metro Rail Corporation Limited.
MMRDA Building, Bandra-Kurla Complex, Mumbai - 400 051.
T +91 2659 1234 F +91 2659 1112 E mmrcltd2010@gmail.com http://www.mmrdamumbai.org

Project Schedule



Ann 2

Brahmayya & Co.,
CHARTERED ACCOUNTANTS
VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

Certificate

We M/s. Brahmayya & Co., Chartered Accountants, being joint statutory auditors of M/s. Mumbai International Airport Private Limited ("The Company" / "MIAL") having its registered office at "Office of the Airport Director, Terminal 1B, Chhatrapati Shivaji International Airport (CSIA), Santacruz, Mumbai – 400 099" have performed the agreed upon procedure, as agreed vide Engagement Letter dated 27th May, 2014 with respect to the certification of VRS Payments schedule of both historic and future period to Airport Authority of India (AAI) for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airport Economic Regulatory Authority (AERA) for the controlling period 2014-15 to 2018-19. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400 on "Engagements to perform Agreed upon Procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

We have reviewed the Claim from AAI and books of account of the Company in connection with certification of VRS Payments schedule of both historic and future period (schedule as provided by the Company) to Airport Authority of India (AAI) and we hereby certify the following:

a. Historic payments made

(Rs in Millions)

Particulars	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Historic payments	1,542	# (312)	544	211	208

excess paid during the financial year 2009-10 was adjusted during the financial year 2010-11

Source: Audited Financial Statements

b. Schedule of future payments

(Rs in Millions)

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Future payments	204	200	193	186	179	15

Source: Claim from AAI

Since the procedures performed in connection with certification of VRS Payments schedule of both historic and future period to Airport Authority of India (AAI) do not constitute either an audit or a review made in accordance with the generally accepted auditing standards in India we do not express any opinion.

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

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This certificate is issued at the specific request of the Company and is not to be used, circulated, quoted or otherwise referred to for any purpose or in any other document, except in connection with the submission to the Airport Economic Regulatory Authority (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the controlling period 2014-15 to 2018-19.

For Brahmayya & Co.,
Chartered Accountants
Firms' Registration No: 000513S



(S Satyanarayana Murthy)
Partner
Membership No: 023651

Place: Mumbai
Date: 16 June, 2014

Ann 3

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EXTRACT OF THE MINUTES OF THE 40th BOARD MEETING OF MUMBAI INTERNATIONAL AIRPORT PVT. LTD. HELD ON 27TH NOVEMBER, 2013

40.04: TO CONSIDER AND APPROVE MULTI YEAR TARIFF PROPOSAL (MYTP) FOR SECOND CONTROL PERIOD (FY15 TO FY19) TO BE FILED WITH THE AUTHORITY

The Board was informed that the Company has to submit Multi Year Tariff Proposal (MYTP) to the Authority for Second Control Period (FY 15-19). Building blocks for tariff determination, as per State Support Agreement (SSA), are Return on Regulatory Asset Base (Project capex and Operational capex including opening RAB), O&M Cost, Depreciation, Tax and Revenue from Revenue Share Assets (RSA).

A detailed presentation was made to the Board on various building blocks as summarized below:

A. **Capital Expenditure** – Capital Expenditure consists of three parts a) Current Projects, b) Projects to be undertaken in second control period and c) Operational and maintenance Capital Expenditure in normal course of business.

a) **Current Projects** - The Board noted that in case of ongoing airport modernization and development project, there is increase in cost due to various reasons, beyond control of the Company, to the extent of Rs. 575 crores as per details below:-

(Rs./Crs.)

Earlier Approved Project Cost		**12,380**
Add: - Increase		
i) Increase in cost for New T2 including elevated road and other projects(Net)	348	
ii) Incremental Cost for land settlement	32	
iii) Interest During Construction (IDC)	195	575
Less: - Decrease- Costs not to be incurred		
i) Cargo development cost	50	
ii) Receipt from HDIL appropriated against deposit given to MMRDA for Slum Rehabilitation	25	75
Total		**12,880**

A detailed presentation was made to explain reasons for above net increase of Rs. 500 crores.

The Board noted that increase in cost is mainly due to reasons beyond control of the company. After due deliberations, the Board mandated Mr. Sanjay Reddy, Managing Director, to review total project cost and make all out efforts to reduce cost of the project to earlier level of Rs. 12,380 crores, as far as possible. Managing Director informed to the Board that there was increase in cost, interalia, by Rs. 195 crores on account of increase in IDC due to two reasons i) delay in operationalising airport, due to reasons explained below, resulting in increased IDC amounting to Rs. 55 crores and ii) interest on additional loans to bridge the funding gap left by the Authority while sanctioning Development Fee, resulting in additional IDC to Rs. 140 crores.

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He emphasized that there was no possibility to reduce IDC of Rs. 195 crores being incremental interest cost as explained above.

The Board reiterated to contain project cost and in this respect it directed Managing Director to identify and drop some of the projects without adversely affecting development of airport.

The Board noted that construction of new terminal was completed on 31st August, 2013, as confirmed by the Independent Engineer, however commencement of operations could not take place because of the following unavoidable reasons:

i. Delay in settlement of issue of placement of Immigration counters after Security Check against present practice of placement of Immigration counters before Security Check. The matter could not be resolved at the level of administrative ministry, i.e. MoCA and even in the office of Cabinet Secretary, by Secretary (Coordination). Ultimately, the matter was taken to Cabinet Committee on Investments chaired by the Hon'ble Prime Minister. We have been given to understand that in this Committee decision was taken to continue with configuration implemented by MIAL for which SOPs were to be finalised by BCAS and to be approved by MoCA. Approved SOPs are still awaited. There was no possibility of starting operations from the terminal without SOPs being in place. The Board was also apprised that before embarking on new configuration, all stakeholders including Bureau of Immigration (BoI) were kept informed. Objections were raised by BoI at very late stage when it was not possible to undo the configuration adopted, resolution of this matter, as indicated above, took unreasonable time leading to delay in commencement of operations.

ii. Delay in completion of MMRDA portion of Sahar Elevated Access Road which is mainly attributable to the delay in works of Vehicular Underpass at Western Express Highway, which was dependent on removal and relocation of existing foot over bridge. The foot over bridge was relocated on 13th October 2013 by MMRDA and consequently the vehicular underpass is expected to be completed by end December 2013.

iii. Security clearance from BCAS for new terminal was still awaited though application for security clearance was submitted well in advance. It was impossible to commence operations from terminal without security clearance from BCAS.

The Board observed and noted that commissioning of terminal was delayed because of clearances from main regulatory bodies, viz. BoI and BCAS. These reasons were beyond control of MIAL. It is worthwhile to mention that adequate number of immigration staff is still not available. This issue was also raised by MIAL from time to time. As mentioned above, delay in commissioning led to change in expected date of capitalization of new T2 to 1st January 2014 instead of 31st August, 2013 which has resulted in increased IDC of Rs. 55 Crs.

b) Projects to be undertaken in second control period

Estimated capital cost towards new projects to be undertaken in second control period is Rs. 1448 crores. Estimated cost includes soft cost such as IDC, Preoperative Expenses and Indexation at expected yearly CPI increase of 7.9%.

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Table below lists New Projects for second control period:

Sl. No.	Description of the Project	Estimated Cost (including indexation) Rs./Crs.	Expected year of completion
1.	Metro Connectivity to CSIA - Two Metro Stations at Sahar and Santacruz	518	FY 19
2.	Taxiway 'M' - Only Slum Rehab cost	157	FY 19
3	Compensation to Air India for Code 'C' Hangar	51	FY 16
4	Construction of South East Pier-between Grid RE 29 to PE 12	370	FY 16
5.	Relocation of existing IMD facilities to NAD Colony of AAI.	10	FY 16
	Soft cost i.e. IDC and Preoperative expenses	342	
	Total	**1448**	

Details of each of the above project are given below:

i. **Metro connectivity to CSIA - Two Metro Stations at Sahar and Santacruz**

a. CSIA presently has only road connectivity. In absence of rail link, Western Express highway, the principal road link to airport from city, has serious capacity issues, particularly during peak hours due to rapid increase in traffic volumes. All major international airports in the world are served by dedicated Metro and Expressway corridors, for the benefit of the passengers, visitors and employees.

b. The National Facilitation Committee (NFC), under Chairmanship of Cabinet Secretary, Government of India, in 2009, recommended expeditious implementation of metro link to CSIA, as part of Metro Line 3 Project.

c. The Government of Maharashtra (GoM) through Mumbai Metro Rail Corporation Limited (MMRCL), a SPV of Mumbai Metropolitan Region Development Authority (MMRDA) is implementing Metro Line-3 (Colaba–BKC-Airport-SEEPZ). The Metro Line 3 shall be a 33.5 kms underground metro line from Colaba to SEEPZ, Andheri passing through CSIA.

d. This Corridor shall have 26 stations, with a travelling time of about 60 minutes from Colaba to SEEPZ. The travel time to airport from Colaba shall be 40 minutes.

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e. Metro Line 3 shall have a section of approximately 4.59 kms within CSIA site area, with three stations. Two stations at CSIA, one located in the Santacruz Domestic Terminal T1 forecourt and other located in the Sahar International Terminal T2 forecourt shall be directly connected to the respective Terminals, to provide access to domestic and international passengers and other airport users. The third station is located in MIAL Colony in Sahar, to cater to upcoming Real Estate Development (Sky City).

f. Cost of two Metro stations at Santacruz and Sahar (with proportionate E&M cost) is being included in Airport Project Cost while cost of one Station (In MIAL Colony at Sahar Road) shall be included as part of Sky City Development.

g. Implementation shall result in development of the mass public transport corridor boosting the airport connectivity.

ii. Enabling cost for Taxiway M

a. In order to achieve targeted capacity of minimum 48 hourly aircraft movements through main Runway 09/27, one of the recommendation from NATS is to create an additional aircraft holding area at the beginning of Runway 27. Construction of this taxiway will allow flexibility to ATC to change the departure sequence at the last moment which will increase the runway capacity. Taxiway M has also been recommended by AAI. **In this MYTP only cost of Slum Rehabilitation has been considered since it is anticipated that actual construction would start only in the third control period, post slum rehabilitation.**

iii. Compensation to Air India for Code C Hangar

a. Two Line Maintenance Hangars of Air India needs to be demolished for construction of apron before shifting domestic operations to Integrated Terminal. In lieu of one of the hangars, MIAL has already constructed a new hangar at New Engineering Complex (NEC) of Air India. Another hangar which was to be constructed in a land to be acquired east of Mithi River has got delayed because land to be acquired is fully encroached. Even acquisition cost will be prohibitive. Hence, construction of hangar is uncertain. MIAL discussed the matter with Air India and it has been mutually agreed that MIAL shall pay compensation based on valuation which is being finalized.

b. This matter has also been discussed in OIOC meetings from time to time. Once valuation is finalized by Air India, which is expected to be based on replacement cost of the hangar less 50% of normal depreciation, compensation will be paid to Air India.

iv. Construction of South East Pier

a. As per current development plan, 25 contact stands were envisaged at the new T2. However three wide body aircraft contact stands (stands V1 to V3) or equivalent 6 narrow body aircraft contact stands at the North-West (NW) pier of New T2 cannot be constructed at present due to many site encumbrances and relocation issues with Air India. Due to this reason, contact stands for wide body aircraft get reduced to only 22 at T2 against 25 envisaged earlier, which shall affect the percentage of passengers that can be served through the boarding bridges, one of the critical requirements to be met under OMDA.

b. This reduction in contact stands shall reduce the apron capacity due to increased utilisation of remote stands which have higher turnaround times leading to apron congestion, delays, etc.

c. To deal with the above difficulties it is proposed to convert, the seven remote stands around New T2 by constructing the extended portion of the SE Pier at New T2, which will increase the total count of contact stands to 29 for wide body aircraft.

v. Relocation of existing IMD facilities to NAD Colony

a. The underlying land where existing IMD facilities i.e. office building, observatory building and staff quarters are situated are to be relocated to AAI NAD colony. These facilities are hindrance to airport connectivity and overall development of the airport.

c) Operational Capital Expenditure

The Operational Capital Expenditure for the second control period is estimated at Rs 975 Crs.

For Mumbai International Airport Pvt. Ltd.

Vinod Hiran
CFO & Company Secretary

Date: 15/11/2014

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Project Cost Update

Chhatrapati Shivaji INTERNATIONAL AIRPORT MUMBAI

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Project Cost Summary

(Rs. Crores)

Project Description	Approved budget with Contingencies	Estimated cost	Increase in Cost	Cost of the dropped projects	Net Increase	Final Project Cost
Airside Projects	1,668	1,668	-	20	-20	1,648
T1 Projects	465	465	-		0	465
T2 Projects	5,542	5,930	388	60	328	5,870
Landside Projects	41	41	-		0	41
Miscellaneous Projects	489	489	-	100	-100	389
5.4 of OMDA (AAI Works Taken Over)	24	24	-		-	24
Technical Services/Consultancies	864	864	-		-	864
Additional Projects	847	839	-8	200	-208	639
Total Hard Cost including Escalation & Contingency	**9,939**	**10,319**	**380**	**380**	**0**	**9,939**
Soft Cost (i/c Operations Capex) Due to Delay	2,366	2,421	55		55	2,421
IDC due to add Loan		140	140		140	140
Total (Hard Cost + Soft Cost)	**12,305**	**12,880**	**575**	**380**	**195**	**12,500**

** Cost Pertaining to cargo of Rs 50 Crs and Slum Rehabilitation of Rs 25 Crs Reduced*

Increase / Savings Cost Summary (Rs. Crores)

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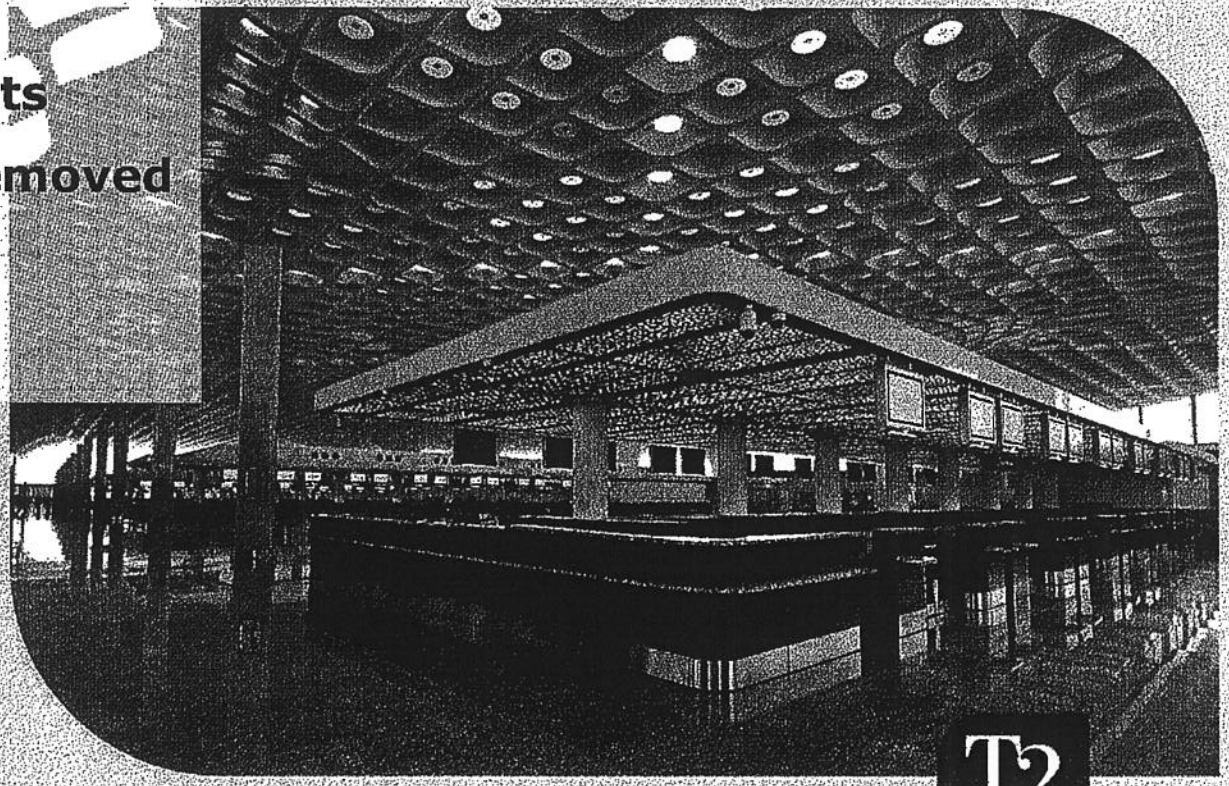
Sr No	Item Description	Statutory	Time Delay	New scope / works	Rate & Qty Increase	3rd Party	Savings	Total	Dropped Projects	Net Impact
A	Airside Projects	-	-	-	-	-	-	-	20	-20
B	T2 Projects	165	39	51	133	-	-	388	60	328
C	Miscellaneous Projects	-	-	-	-	-	0	0	100	-100
D	Additional Projects	-	-	-	-	52	-60	(8)	200	-208
	Total	**165**	**39**	**51**	**133**	**52**	**- 60**	**380**	**380**	**-**

INCREASE IN COST – Breakup

Chhatrapati Shivaji INTERNATIONAL AIRPORT MUMBAI

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- T2 Projects
- Additional Projects
- Projects to be removed
- Increase in IDC



INCREASE IN COST – Breakup

Sr. No.	Item Description	Amt in Crs	Remarks
1	**T2 PROJECTS**	**388**	
1.1	**Terminal T2**	**365**	
A	**Statutory**	**165**	
1	CENVAT Credit Disallowance	45	Cenvat Credit on inputs and input services used for Construction - were disallowed to MIAL for the period 2007 to 2012. W.e.f. 1st July 2012, due to change in the definition, inputs & input services used in Construction became ineligible for cenvat credit.
2	Due to inability to avail EPCG benefit	17	W.e.f. Aug 2012, the Customs Authorities denied MIAL to clear the goods against EPCG licenses as the Company has disputed service tax liabilities. As the goods cannot be held under detention and any delay would affect the Project Progress, the Company had to clear the same against SFIS/PIL and /or on Merit. Thus, the additional duty payment.
3	Variation in FOREX rates	102	Forex rate variation is on account of exchange rate difference between rate considered in earlier budget revision(October-2011) and actual remittance rates/expected rates in future for direct Imports(FIM), Overseas Consultants & through L&T(SCP).

INCREASE IN COST – Breakup

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Sr. No.	Item Description	Amt in Crs	Remarks
B	**Time Delay**	**39**	
1	Site Overheads	39	Out of the total estimated provision of Rs 233 Cr up to period August 2014, MIAL had committed Rs 193 Cr for the period up to August 2013. Cost of Rs 80 Cr for balance period from September 2013 to June 2015 has been worked out based on forecast completion for Ph III works (for Domestic Operations). Thus revised site OH cost is Rs 272 Cr, resulting in increase of Rs 39 Cr
C	**VARIATION IN RATE & QTY**	**161**	
C.1	**Additional works not part of earlier estimates**	**51**	
1	CIP / VIP check in	28	In Check In Area, MIAL decided to develop the special facility to all airlines for CIP / VIP check-in at later date. Hence, same was not covered in earlier estimates.
2	Bus Gate Canopy & Loading Dock	9	Bus gate Canopy / Loading Dock – scope was not considered in the earlier estimates.
3	Staff Canteen	5	Staff Canteen works were not considered in earlier estimates. Cost as per actual.
4	MCR Finishing works	2	Cost for MCR finishing works was not envisaged in earlier estimate. Cost as per awarded works.
5	Toilets (Public & Staff)	3	Cost for toilets in Phase 3 was not covered in earlier estimate, now included as per actual awarded cost.
6	Back of House	4	Cost for toilets in Phase 3 was not covered in earlier estimate, now included as per actual awarded cost.

INCREASE IN COST – Breakup

Sr. No.	Item Description	Amt in Crs	Remarks
C.2	**Increase in Qty over Estimate**	**15**	
1	Signage work	8	Increase in no of signage's from estimated 5000 to 6242 as per final design / award and also on account of statutory signage's requirement.
2	Landscape work	7	LS Provision of Rs 25 Cr was made in the earlier estimates. However, based on committed cost, there is increase of RS 7 Cr.
C.3	**Increase in Rate over Estimate**	**6**	
1	FLB Interior	6	Increase in cost based on actual award.

INCREASE IN COST – Breakup

GVK

Sr. No.	Item Description	Amt in Crs	Remarks
C.4	**Increase in Both Qty & Rate over Estimate**	89	
1	Arrival Plaza	21	a) Increase in Granite flooring Qty of 26,698 Sqm to 37,703 Sqm based on final design / actual awarded works b) Increase in Landscape area of 9,330 Sqm to 15792 Sqm based on final design / actual awarded works c) MEP scope was not covered in earlier estimate, being included now.
2	Electrical Works	16	Increase in scope and quantity in number of fixtures as per final design / award. Other additional electrical works for landscaping / retail areas, public area lighting as per site requirements.
3	False ceiling works	11	Increase in (avg) rate for False ceiling - Rs 2,000 per Sqm as per estimates to Rs 3,000 per Sqm and also increase in qty from estimated 97,700 Sqm to 1,02,164 Sqm as per final design / award - Rs 10.61 Crs
4	Interior Panel and Cladding	21	1) Due to increase in basic material rate for corian @ 4.20 Cr 2) Due to increase in rate for Trespa /metal panel/ SS cladding etc.@ 1.82Cr 3) Due to increase in qty for various items based on actual execution @ 14.96 Cr (as per final detail design, site requirement).

20

INCREASE IN COST – Breakup

GVK

Sr. No.	Item Description	Amt in Crs	Remarks
C.4	**Increase in Both Qty & Rate over Estimate**		
5	Glass Partitions/doors and SS Railing	8	Increase in cost due to change in Qty for glass partition from estimated 18,250 Sqm to 20,770 Sqm as per final design & awarded work
6	Interior Sky well partitions	4	1) Additional wall / demarcation wall (Sandwich panel Type) between GFRC & GFRG and periphery wall between GFRC & bull Nose for T2 at catwalk level above GFRC/GFRG level, which was not envisaged during earlier estimates. 2) Additional Gypsum Area in lieu of louvers
7	Carpet Flooring	4	1) Increase in rate for carpet - Rs 3925 / Sqmtr to Rs 4140 per Sqm 2) Increase in qty from estimated 25,400 Sqm to 33,350 Sqm as per final design / award.
8	Misc Civil Works	4	Increase in as cost based on awarded as per site requirement

INCREASE IN COST – Breakup

Sr. No.	Item Description	Amt in Crs	Remarks
1.2	**Elevated Road (MIAL Portion)**	**23**	
A	**Increase in Qty over Estimate**	**23**	
1	Elevated Road	12	1. Entry and exit to MLCP from top constructed during course of execution, which were not considered at the time of estimates 2. Gap between Elevated road and Terminal building was added to the elevated roads at later date. Above resulted into increase in RCC Deck area. Area as per PC 47,237 Sqm and as per Final Design / layout area is 49,254 Sqm. (Increase in area 2017 Sqm)
2	At grade roads	11	As per earlier Estimates, area considered was 50,000 Sqm and revised area works out to be 65,000 Sqm due to additional road for autos / buses on both sides of nallah. Increase in Area = 15,000 Sqm

22

INCREASE IN COST – Breakup

Sr. No.	Item Description	Amt in Crs	Remarks
2	**Additional Projects**	**-8**	
A	**THIRD PARTY**	**-8**	
1	Contribution to MMRDA for Sahar Elevated Access Road	20	Revised project cost as conveyed by MMRDA vide letter no: ED/MUIP/SER/MIAL/13 dated 04.02.2013 (Increase over earlier Estimated cost of Rs 360crs to 400 Crs)
2	Cost of settlement for land	32	Settlement reached for entire land admeasuring 4.747 acres for Rs. 62 Crs, therefore total increase in cost of Rs. 32 Crs on finallzed cost of 30 Crs (Refer Board Note dt 05.02.2013)
3	ATC Tower - Saving	-60	Savings against ATC Tower equipment

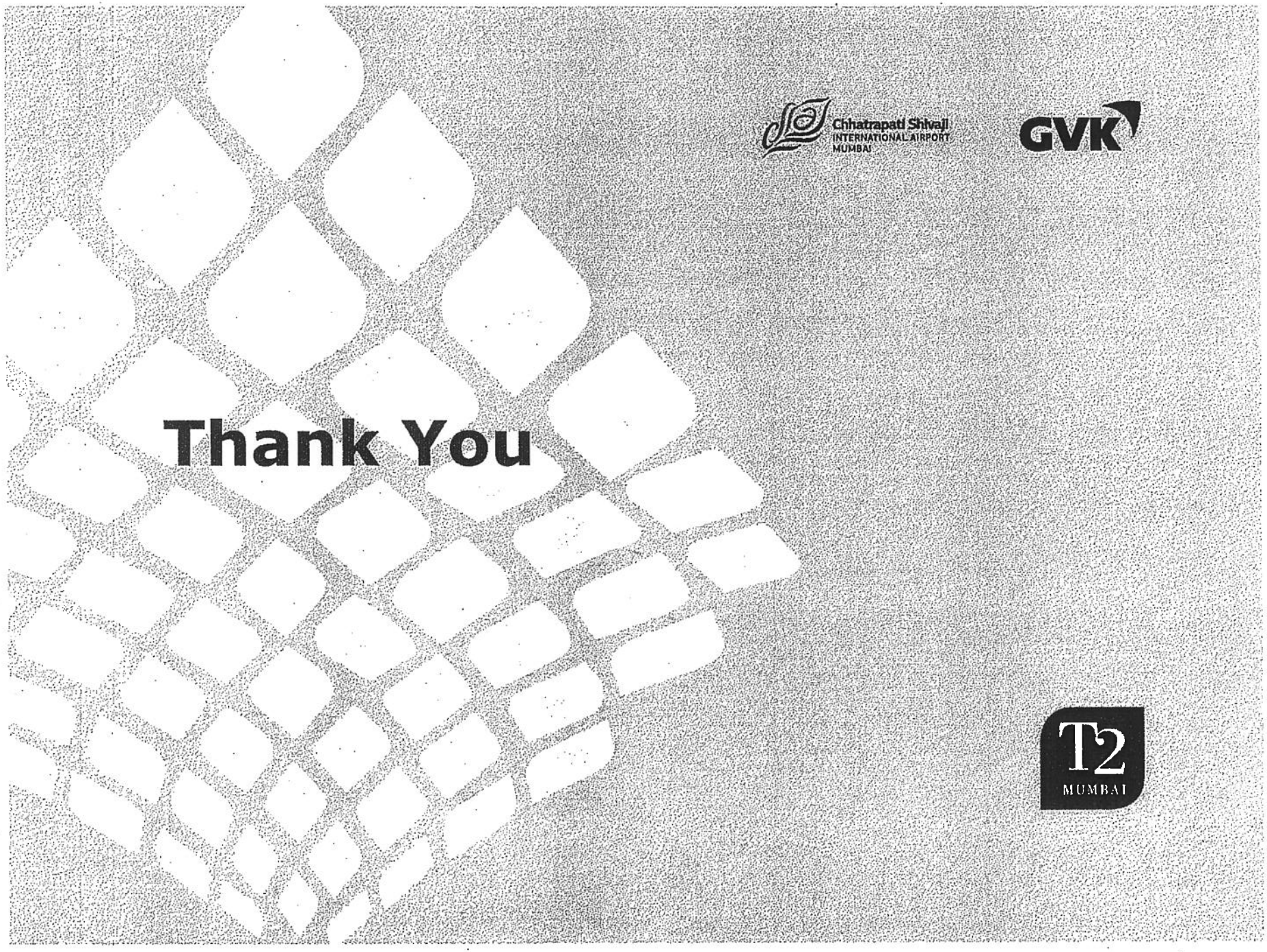
23

INCREASE IN COST – Breakup

GVK

Sr. No.	Item Description	Amt in Crs	Remarks
3	**PROJECTS TO BE DROPPED**	**380**	
1	NW Pier with associated apron	80	In view of the set of encumbrances which include the primary facilities of Air India (AI) Ground Services Department (GSD), some encroachments and a small portion of IOCL land, NW Pier and associated apron can not be built now as per planned development timelines. The two largest encumbrances that need relocation are the AI facilities and encroachments. Currently AI has not yet signed off plans prepared by MIAL for relocation of their facilities to the proposed location behind the existing ATC and ATC technical block. This means, that the relocation of AI GSD to the proposed location behind the existing ATC Technical Block can in turn be deferred until deemed necessary. This arrangement in succession removes the need for relocation of the current ATC Technical Block, which is master planned to be relocated in NAD Colony.
2	NACIL - GSD Facilities	60	
3	ATC Technical Block	200	
4	AOEM Bldg	40	Due to encroachment by slums, project can not be undertaken.
	NET INCREASE	**-**	

24


Chhatrapati Shivaji
INTERNATIONAL AIRPORT
MUMBAI
GVK
Thank You
T2
MUMBAI

Annexure

Increase in Cost - Break Up and status

Amount in Rs Cr

Sr. No.	Item Description	Increase in cost Amt in Crs	Reasons / Justification for Increase in cost	Current Status of Increased Cost in Rs Cr			Remarks
				Phase II works	Phase III (Balance) works		
				Awarded & Incurred	Committed / Awarded	Yet to be committed / awarded	
1	T2 PROJECTS	388		282	53	53	
1.1	TERMINAL T2	365		271	53	42	
A	STATUTORY	165		153	-	12	
1	CENVAT Credit Disallowance	45	Cenvat Credit on inputs and input services used for Construction - were disallowed to MIAL for the period 2007 to 2012. W.e.f. 1st July 2012, due to change in the definition, inputs & input services used in Construction became ineligible for cenvat credit.	-	-	-	Refer **Ann A** for details.
2	Due to inability to avail EPCG benefit	17	w.e.f. Aug 2012, the Customs Authorities denied MIAL to clear the goods against EPCG licenses as the Company has disputed service tax liabilities. As the goods cannot be held under detention and any delay would affect the Project Progress, the Company had to clear the same against SFIS/PIL and /or on Merit. Thus, the additional duty payment.	17		-	The expenditure of Rs 17 crs has already been incurred. Refer **Ann B** for details.
3	Variation in FOREX rates	102	Forex rate variation is on account of exchange rate difference between rate considered in earlier budget revision(October-2011) and actual remittance rates/expected rates in future for direct imports(FIM), Overseas Consultants & through L&T(SCP).	90		12	Provison for Balance works. Rs 74 crs has been incurred till 31st Jan 2014. Provision of Rs 12 crs for Balance works in Ph 3. Refer **Ann C** for details.
	TIME DELAY	39		-	39	-	
1	Overhead for T2 from September 2013 to April 2015	39	Out of the total estimated provision of Rs 233 Cr up to period August 2014, MIAL had committed Rs 193 Cr for the period up to August 2013. Cost of Rs 80 Cr for balance period of 20 months from September 2013 to April 2015 has been worked out based on Target completion of Ph III works (for Domestic Operations) by April 2015. Thus revised site OH cost is Rs 272 Cr, resulting in increase of Rs 39 Cr	-	39	-	
	VARIATION IN RATE / QTY	161		118	14	29	
A	**Additional works not part of Earlier estimate**	51		19	7	25	
1	CIP / VIP check in	28	In Check In Area, MIAL decided to develop the special facility to all airlines for CIP / VIP check-in at later date. Hence, same was not covered in earlier estimates.	10	-	18	Works are completed. No further works are envisaged.

26

Ann 4

Amount in Rs Cr

Sr. No.	Item Description	Increase in cost Amt in Crs	Reasons / Justification for Increase in cost	Current Status of Increased Cost in Rs Cr			Remarks
				Phase II works	Phase III (Balance) works		
				Awarded & Incurred	Committed / Awarded	Yet to be committed / awarded	
2	Bus Gate Canopy & Loading Dock	9	Bus gate Canopy / Loading Dock – scope was not considered in the earlier estimates.	2	-	7	Work in progress along with Bldg 3A & 11A works
3	Staff Canteen	5	Staff Canteen works were not considered in earlier estimates. Cost as per actual.	5	-	-	
4	MCR Finishing works	2	Cost for MCR finishing works was not envisaged in earlier estimate. Cost as per awarded works.	2	-	-	
5	Toilets (Public & Staff)	3	Cost for toilets in Phase 3 was not included in earlier estimate, now included as per actual awarded cost.	-	3	-	
6	Back of House	4	Cost for toilets in Phase 3 was not covered in earlier estimate, now included as per actual awarded cost.	-	4	-	
B	**Increase in Qty over Estimate**	**15**		**15**	**0**	**0**	
1	Signage work	8	Increase in no of signage's from estimated 5000 to 6242 as per final design / award and also on account of statutory signage's requirement.	8	-	-	
2	Landscape work	7	LS Provision of Rs 25 Cr was made in the earlier estimates. However, based on committed cost, there is increase of RS 7 Cr.	7	-	-	
C	**Increase in Rate Qty over Estimate**	**6**		-	6	-	
1	FLB Interior	6	Increase in cost based on actual award.	-	6	-	

Amount in Rs Cr

Sr. No.	Item Description	Increase in cost Amt in Crs	Reasons / Justification for Increase in cost	Current Status of Increased Cost in Rs Cr			Remarks
				Phase II works	Phase III (Balance) works		
				Awarded & Incurred	Committed / Awarded	Yet to be committed / awarded	
D	Increase in Both Qty & Rate over Estimate	89		84	-	4	
1	Arrival Plaza	21	a) Increase in Granite flooring Qty of 26,698 Sqm to 37,703 Sqm sqm based on final design / actual awarded works b) Increase in Landscape area of 9,330 Sqm to 15792 sqm based on final design / actual awarded works c) MEP scope was not covered in earlier estimate, being included now.	21	-	-	
2	Electrical Works	16	a) Increase in scope and quantity in number of fixtures as per final design / award. B) Other additional electrical works for landscaping / retail areas, public area lighting as per site requirements.	12		4	
3	False ceiling works	11	Increase in (avg) rate for False ceiling - Rs 2,000 per Sqm as per estimates to Rs 3,000 per Sqm and also increase in qty from estimated 97,700 Sqm to 1,02,164 Sqm as per final design / award - Rs 10.61 Crs	11	-	-	
4	Interior Panel and Cladding	21	1) Due to increase in basic material rate for corian @ 4.20 Cr 2) Due to increase in rate for Trespa /metal panel/ SS cladding etc.@ 1.82Cr 3) Due to increase in qty for various items based on actual execution @ 14.96 Cr (as per final detail design, site requirement).	21	-	-	
5	Glass Partitions/doors and SS Railing	8	Increase in cost due to change in Qty for glass partition from estimated 18,250 Sqm to 20,770 Sqm as per final design & awarded work	8	-	-	
6	Interior Sky well partitions	4	1) Additional wall / demarcation wall (Sandwich panel Type) between GFRC & GFRG and periphery wall between GFRC & bull Nose for T2 at catwalk level above GFRC/GFRG level, which was not envisaged during earlier estimates. 2) Additional Gypsum Area in lieu of louvers	4	-	-	
7	Carpet Flooring	4	1) Increase in rate for carpet - Rs 3925 / Sqmtr to Rs 4140 per Sqm 2) Increase in qty from estimated 25,400 Sqm to 33,350 Sqm as per final design / award.	4	-	-	
8	Misc Civil Works	4	Increase in as cost based on awarded as per site requirement	4	-	-	

Amount in Rs Cr

Sr. No.	Item Description	Increase in cost Amt in Crs	Reasons / Justification for Increase in cost	Current Status of Increased Cost in Rs Cr			Remarks
				Phase II works	Phase III (Balance) works		
				Awarded & Incurred	Committed / Awarded	Yet to be committed / awarded	
1.2	Elevated Road (MIAL Portion)	23		12	0	11	
	Increase in Qty over Estimate						
1	Elevated Road	12	1. Entry and exit to MLCP from top constructed during course of execution, which were not considered at the time of estimates 2. Gap between Elevated road and Terminal building was added to the elevated roads at later date. Above resulted into increase in RCC Deck area. Area as per PC 47,237 Sqm and as per Final Design / layout area is 49,254 Sqm. (Increase in area 2017 Sqm)	12	-	-	
2	At grade roads	11	As per earlier Estimates, area considered was 50,000 Sqm and revised area works out to be 65,000 Sqm due to additional road for autos / buses on both sides of nallah. Increase in Area = 15,000 Sqm	-		11	Works for at grade road are being taken up alongwith Building 3A and 11A works
2	MISCELLANEOUS / ADDITIONAL PROJECTS	-8		(8)	-	-	
A	THIRD PARTY	-8		(8)	-	-	
1	Contribution to MMRDA for Sahar Elevated Access Road	20	Revised project cost as conveyed by MMRDA vide letter no: ED/MUIP/SER/MIAL/13 dated 04.02.2013 (Increase over earlier Estimated cost of Rs 360crs to 400 Crs)	20			Refer letter from MMRDA, enclosed as Ann D.
2	Cost of settlement for land	32	Settlement reached for entire land admeasuring 4.747 acres for Rs. 62 Crs, therefore total increase in cost of Rs. 32 Crs on finalized cost of 30 Crs (Refer Board Note dt 05.02.2013)	32			
3	ATC Tower - Saving	-60	Savings against ATC Tower equipment	(60)			
	TOTAL	380		274	53	53	

Annexure A

Sr. No.	Particulars	Amount (Rs. In CRs.)	Remarks
1	Show Cause Notice 1	20.45	Show cause notice of the Commissioner of Service Tax of Rs. 20.45 crs for the period Oct 2007 to Mar 2012 (copy is enclosed).
2	Show Cause Notice 2	16.34	Second show cause notice for Cenvat credit disallowance of Rs. 77 crs., however MIAL has clarified the same to the department that only Rs. 16. 34 crs. out of Rs. 77 crs pertains to Cenvat credit for construction and hence only Rs. 16.34 crs. is disputed (copy is enclosed).
3	Estimated	8.32	
		45.11	

OFFICE OF THE COMMISSIONER OF SERVICE TAX-I, MUMBAI
5th FLR, CENTRAL EXCISE BUILDING, 115, M.K.ROAD, CHURCHGATE,
MUMBAI-400020 PH.22060619, FAX.22060618

F.No.ST/MUM/DIV-III/GR.I/MIAL/137/11/2315
Mumbai, 22nd April,2013
23

SHOW CAUSE CUM DEMAND NOTICE Centralised SCN No: 834 / Comm/13-14

M/s. Mumbai International Airport Pvt. Ltd. having their Registered and Corporate Office at Terminal-1B, Chhatrapati Shivaji International Airport, Santacruz (East), Sahar Airport P.O., Mumbai- 400099 (hereinafter referred to as the 'the assessee') are a joint venture company of GVK led consortium and Airports Authority of India formed with the object of taking over the operations of Mumbai International Airport. The assessee is registered with Division-III, Service Tax-I, Mumbai Commissionerate having registration No. AAECM6285CST001 under the category of Interior Decorators, management Consultants, Advertising Agency, Consulting Engineer, Architects Services, Online Information and Data, Videotape Production, Cargo Handling Services, Commercial Training & Coaching , Airport Services, Transport of Goods by Road, Sponsorship Service and Renting of Immovable Property Services.

2. During the course of CERA Audit on the service tax records of the assessee , it was noticed that the assessee engaged in providing airport services had availed the CENVAT Credit of building material such as MS Channels, MS Angles, H.R Coils, TMT Bars etc , which were used in civil constructions at airport. Assessee had availed Cenvat Credit on duties paid on these goods which were used in construction activity carried out by the ECC Division of M/s L&T Ltd at Airport. As Construction services /activity is exempt , the availment of cenvat Credit of Central Excise duty on goods and Service tax on service used in providing these services are irregular.

3. The department has issued letters vide F.No.ST/MUM/DIV-III/GR.I/MIAL/137/11 dt 01.10.2011 and subsequent reminders dated 28.02.2012 and 08.11.2012 and Summon dated 31.01.2013 to the assessee to furnish the reply and details of Cenvat Credit availed thereof.

4. The assessee vide their letter dated 26.12.2012 received by the department on dt 08.02.2013 have stated that;

I) they have availed Cenvat Credit of duty paid on certain goods purchased by them such as M.S.Channels, M.S. Angles, FIR Coils, TMC Bars etc used for carrying out construction of building or civil Structures that are required for providing airport services at airport.

II). The Specific restriction in utilization of Cenvat Credit as provided under

Explanation 1 and 2 to the Rule 2(k) of Cenvat Credit Rules,2004, are applicable only to the manufacturer in relation to the construction of Factory Shed, building or laying of foundation or making of structures for support of capital goods and there is no restriction for a service provider to avail Cenvat for duty paid Inputs. The restriction of Credit used for construction of a building or a civil structure or part thereof or lying of foundation or making structures for support of Capital goods are not applicable to Airport Services as defined under clause (zzm) of Section 65(105) of the Finance Act ,1994.

iii) The definition of input service was subsequently amended with effect from 01.04.2011 to restrict credit used for (a) construction of a building or a civil structure or part their of or (b) laying of foundation or making of structures for support of capital goods. However both the restriction referred above are not applicable to Airport Services as defined under clause (zzm)of Section 65 (105) of the Finance Act,1994

iv) Further the exemption under Notification 42/2010 Service Tax dt 28th June,2010 is not applicable to Airport Service under Section 65 (105) (zzm) of the Act. The provision of Section 65 A shall not apply to any service when the same is rendered wholly within the airport or civil enclave. Therefore all activities performed /carried out by MIAL at Airport are classified as 'Airport Services irrespective of generic description of such activities and MIAL is neither entitled to avail any benefit of Notification No 42/2010 –Service Tax dt 28th June 2010 , nor it has availed any benefit of the notification.

5. Further vide their letter dated 22.03.2013 , M/s Mumbai International Airport Pvt Ltd have stated;

i) that they have Executed an EPC contract on November 01,2007 with M/s L&T Limited as main contractor for construction of the Terminal Building and other work at CSI Airport. As such services performed by the contractor is exempt from service tax and therefore no service tax has been charged by the contractor on the service rendered there-under. Therefore there is no question of Cenvat Credit being availed by MIAI on said construction service rendered by the said Contractor.

ii) They are providing only the taxable service under the category of Airport Services and therefore, has availed and utilized Cenvat Credit on various Inputs and Input Services procured and utilized as per the provision of the Cenvat Credit Rules,2004 against output Service tax liability under Airport Services.

iii) They have used other services for **civil construction** such as (I) Site Formation ,excavation services, (II) few commercial or industrial construction services (III) Interior decoration services etc.

6. The assessee is receiving the services of the construction of Airport through EPC (Engineer Procurement & Construction) contract with L&T Limited . The said service appears covered under the Section 65(105)(zzzza) (i.e Works Contract Service) of the Finance Act,1994 . The said Section itself exclude the Work Contracts in respects of dams,roads ,**airport**,railways,transport terminals,bridges and tunnels executed through EPC Mode. Hence Works contract in respect of construction of Airport is not

taxable from payment of Service Tax.

7. From the above it appears that the M/s L&T Limited providing the Works Contract Service to the assessee at airport, which is not taxable from service tax. In that scenario, M/s L&T Limited could not have taken cenvat on inputs goods like cement ,steel item which are otherwise required for such construction. However in this case asseessee has purchased the inputs such as Structural Steel, Channels, Beams and Angels etc used for carrying out the construction of building or civil structure and availed the credit on the same. Had M/s L&T Limited himself purchased the inputs used in construction activity at Airport, the question of availing credit would not arise. However assessee in order to avail the benefit of credit on inputs, purchased these inputs used in Construction activity and later supplied the same to the contractor to gain undue benefit.

8. The details of Cenvat Credit Availed on Central Excise duty on goods used in providing construction activity as given below;

Credit Availed on Inputs		
Sr. No	Year	Cenvat Credit Availed
1	2009-10	Rs 1,61,91,365/-
2	2010-11	Rs 4,32,39,114/-
3	2011-12	Rs 8,53,05,559/-
Total= Rs 14,47,36,038/-(Rs Fourteen Crore Fourty Seven Lakhs Thirty Six Thousand Thirty Eight only)		

9. Further the it appears that the asseessee have availed the credit of Input services such as (i) Site Formation ,excavation services, (ii) few commercial or industrial construction services (iii) Interior decoration services etc used for Civil Construction at airport. These input services appears to be use in relation to the execution of Works Contract Services for construction of airport, which itself is not taxable from service tax. Hence Credit on input services used in construction appears to be wrong. The details of the credit availed on Input Service is as given below;

The above details have been provided by the assessee vide their later

Sr. No	Year	Cenvat Credit availed				
		Commercial/Industrial construction	Interior decoration	Site formation, Excavation	Construction Supervision/quality Management	Works Contract Services
1	2007-08(Oct 2007 onwards)	Rs 1,80,47,866/-	Rs 1,06,677/-	-	-	-
2	2008-09	Rs 2,05,69,614/-	Rs 5,17,472/-	-	-	Rs 3,85,336/-
3	2009-10	Rs 4,64,684/-	Rs 16,89,614/-	Rs 3,57,427/-	-	Rs15,43,763/-
4	2010-11	Rs 16,502/-	Rs 55,59,132/-	Rs 76,979/-	-	Rs 5,14,446/-
5	2011-12	Rs 7,25,736/-	Rs 46,42,594/-	Rs 54,097	Rs 44,64,234/-	Rs 94,121/-
TOTAl		Rs 3,98,24,402/-	Rs 1,25,15,489/-	Rs 4,88,503/-	Rs 44,64,234/-	Rs 25,37,666/-
Grand Total		Rs 5,98,30,294/-(Rs Five Crore Ninety Eight Lakhs Thirty Thousand Two Hundred Ninety Four only)				

dated 22.03.2013 .

10. Hence it appears that assessee have wrongly availed the total Cenvat Credit of **Rs 20,45,66,332/-(Rs Twety Crore Forty Five Thousad Sixty Six Thousand Three Hudred Thirty Two only)** on input and input services used in construction activity done at Airport by M/s L&T Limited , during the period 2007-08 (Oct 2007 onwards) to 2011-12.

11. It appears that the assessee has never disclosed these facts to the Department. The fact has come to the notice of the Department only at the time of CERA audit. It, therefore, appears that the said the assessee have suppressed the relevant facts from the knowledge of the Department with intent to evade payment of service tax and have wrongly availed and utilized the Cenvat credit amounting to **Rs 20,45,66,332/-(Rs Twety Crore Forty Five Thousad Sixty Six Thousand Three Hudred Thirty Two only)** during the period 2007-08 (Oct 2007 onwards) to 2011-2012. Thus extended period as provided under Provision to Section 73(1) is rightly invokable.

12. Rule 14 of Cenvat Credit Rules 2004, provides for the recovery of Cenvat credit wrongly taken,

"Where the Cenvat Credit has been taken or utilized wrongly or has been erroneously refunded, the same along with interest shall be recovered from the manufacturer or the provider of the output service and the provisions of Section 11A and 11B of the Excise Act, or Section 73 or Section 75 of Finance Act, shall apply mutatis mutandis for effecting such recoveries."

13. Therefore, the Cenvat credit availed by the assessee wrongly which resulted in short payment of service tax is required to be recovered from them under Rule 14 of the Cenvat Credit Rules, 2004, read with proviso (1) to Section 73 of Chapter V of the Finance Act, 1994.

14. Rule 15 (3) of the Cenvat Credit Rules 2004 states, that if any person takes Cenvat credit in respect of input or capital goods or input services, has been taken or utilised wrongly by reason of fraud, collusion or any wilfull mis-statement or suppression of facts, contravention of any of the provision of these rules or of the Finance Act or of the rules made there under with intent to evade payment of service tax, then the provider of output service shall also liable to pay penalty in terms of provisions of section 78 of the Finance Act.

15. Now, therefore, the assessee is hereby required to show cause to the Commissioner of Service Tax-I, Mumbai, having his office situated at 5th floor, Central Excise Building, Maharshi Karve Road, Churchagate, Mumbai-400 020 as to why;-

i) Cenvat Credit taken amounting to **Rs 20,45,66,332/-(Rs Twety Crore Forty Five Thousad Sixty Six Thousand Three Hudred Thirty Two only)** during the period 2007-08 (Oct 2007) to 2011-12 should not be denied and recovered from them under the provisions of Rule 14 of the Cenvat Credit Rules, 2004, read with Proviso to Section 73(1) of Chapter V of the Finance Act, 1994, as amended

ii) Interest at appropriate rate should not be recovered from them under the provisions of Rule 14 of the Cenvat Credit Rule 2004 read with section 75 of the Chapter V of the Finance Act, 1994;

iii) Penalty should not be imposed on them under Section 76 of the Chapter V of the Finance Act, 1994.

iv) Penalty should not be imposed on them under the provision of Section 77 of the Chapter V of the Finance Act, 1994 for failure to file the ST-3 returns.

V) Penalty should not be imposed on them under the provisions of Section 78 of the Act read with Rule 15(3) and 15(4) of cenvat Credit Rules 2004, as applicable during relevant period.

16. The assessee is further directed to produce at the time of showing cause all the evidence upon which they intend to rely in supporting of their defence and are also directed to state in writing as to whether they would like to be heard in person before the case adjudicated, or otherwise.

17. If no cause is shown against the action proposed to be taken within 30 (thirty) days of the receipt of the notice of if they fail to appear before the adjudicating authority when the case is posted for hearing, the case will be decided ex-parte on the basis of evidence available on records.

18. This notice is issued without prejudice to any other action that may be taken against the assessee or any other persons concerned with the acts and omissions as mentioned in this notice under the provisions of the said Act or the rules made there under or any other law for the time being in force.

19. This show cause is relied upon the following documents:

I) departments letters vide F.No.ST/MUM/DIV-III/GR.I/MIAL/137/11 dt 01.10.2011 and subsequent reminders dated 28.02.2012 and 08.11.2012 and Summon dated 31.01.2013

II) CERA /LAP/2011-12/ST/Dn-III/Mum/HM No 18 date 13.09.2011
III) Assessee's letters dated 26.12.2012 ,22.03.2013

(SUSHIL SOLANKI)
COMMISSIONER
SERVICE TAX-I, MUMBAI.

To,
M/s Mumbai International Airport Pvt. Ltd. 12815
Finance and Accounts Department
Corporate offices ,1st floor,
Terminal-I(B),C.S.I Airport,
Mumbai-400099.

Copy to:-
1. The Assistant Commissioner, Division-III, Service Tax-I, Mumbai.
2. The Supdt., (Commr's Adj. cell), Service Tax-I, Mumbai.
3. Office copy.

10/5/14

Department of Revenue

OFFICE OF THE COMMISSIONER OF SERVICE TAX-I, MUMBAI

5TH FLOOR NEW CENTRAL EXCISE BUILDING, M.K. ROAD, CHURCHGATE MUMBAI-400020

SHOW CAUSE CUM DEMAND NOTICE

SCN No: 1247/Commr/2014-15

1. M/s. Mumbai International Airport Pvt. Ltd. having their Registered and Corporate Office at Terminal-1B, Chhatrapati Shivaji International Airport, Santacruz (East), Sahar Airport P.O., Mumbai- 400099 (hereinafter referred to as the 'the assessee') are a joint venture company of GVK led consortium and Airports Authority of India formed with the object of taking over the operations of Mumbai International Airport. The assessee is registered with Division-III, Service Tax-I, Mumbai Commissionerate having registration No. AAECM6285CST001 under the category of Interior Decorators, management Consultants, Advertising Agency, Consulting Engineer, Architects Services, Online Information and Data, Videotape Production, Cargo Handling Servipes, Commercial Training & Coaching, Airport Services, Transport of Goods by Road, Sponsorship Service and Renting of Immovable Property Services.

2. During the course of CERA Audit on the service tax records of the assessee, it was noticed that the assessee, engaged in providing airport services, had availed the CENVAT Credit of building material such as MS Channels, MS Angles, H.R Coils, TMT Bars etc, which were used in civil construction at the airport. Assessee had availed Cenvat Credit on duties paid on these goods which were used in construction activity carried out by the ECC Division of M/s. L&T Ltd. at Airport. As Construction services/activity at airport is exempt, the availment of cenvat Credit of Central Excise duty on goods and Service tax on service used in providing these services were irregular. Further it was noticed that the asseessee had availed the credit of Input services such as (i) Site Formation, excavation services, (ii) Commercial or industrial construction services (iii) Interior decoration services etc used for Civil Construction at airport. These input services appeared to be used or in relation to the execution of Works Contract Services for construction of airport, which itself is not taxable from service tax. Hence Credit on input services used in construction appeared to be wrong. Therefore Show cause Notice No. 834/Commr/13-14 dated 23-04-2013 was issued for recovery CENVAT credit wrongly availed by the assesse and for imposing penalties under relevant provisions of the Finance Act, 1994.

3. For the Financial Year 2012-13, the assesse was asked to furnish the details of CENVAT credit availed on the Central Excise duty and other services in relation to the Works Contract at the Airport vide this office letter dated 13-05-2014, and subsequent reminders dated 16-05-2014 and 19-05-2014. However the assesse failed to furnish the information sought from them inspite of constant persuasion and several follow up telephonic calls and emails and appears to be suppressing the relevant facts from the knowledge of the department with intent to evade payment of service tax. In order to safeguard the government revenue, the provisions of Best Judgment Assessment under Section 72 of the Finance Act, 1994 is being resorted to. In the year 2012-13, the total CENVAT credit availed by the assessee on the goods

previous notice and this statement remain the same. Therefore a Statement under Section 73(1A) of the Finance Act, 1994 is being issued covering the further period of Financial year 2012-13.

5. Now, therefore, the assessee is hereby required to show cause to the Commissioner of Service Tax-I, Mumbai, having his office situated at 5th floor, Central Excise Building, Maharshi Karve Road, Churchagate, Mumbai-400020 as to why;-

i) Cenvat Credit taken amounting to Rs. 77,67,50,541/-/- (Rs Seventy Seven Crore Sixty seven Lacs Fifty Thousand Five Hundred Forty one only) during the period Financial Year 2012-13 should not be denied and recovered from them under the provisions of Rule 14 of the Cenvat Credit Rules, 2004, read with Proviso to Section 73(1) of Chapter V of the Finance Act, 1994, as amended.

ii) Interest at appropriate rate should not be recovered from them under the provisions of Rule 14 of the Cenvat Credit Rule 2004 read with section 75 of the Chapter V of the Finance Act, 1994;

iii) Penalty should not be imposed on them under Section 76 of the Chapter V of the Finance Act, 1994.

iv) Penalty should not be imposed on them under the provisions of Section 77 of the Chapter V of the Finance Act, 1994.

v) Penalty should not be imposed on them under the provisions of Section 78 of Chapter V of the Finance Act, 1994.

6. The assessee is further directed to produce at the time of Showing Cause, all the evidences upon which they intend to rely in support of their defence. They are also required to state as to whether they would like to be heard in person by Adjudicating Authority before the Case is adjudicated. If no such request is made in their written replies, it will be presumed that they do not wish/ desire to be heard in person.

7. If no reply to the said action proposed to be taken against them is received within 30 days from the date of receipt of this notice and /or if they do not appear before the said Adjudicating Authority when the case is posted for hearing, the case will be decided ex-parte on the basis of evidences available on the records without any further reference to them.

8. This Notice is issued without prejudice to any other/ further actions that may be taken against the persons mentioned herein above or not under the provisions Chapter V of the Finance Act 1994 and Rules made there under and/ or any other law for the time being in force, in India.

9. This Show cause Notice is Relied upon the ST-3 returns filed by the assessee during the period 2012-13.

(ALOK CHOPRA)
COMMISSIONER
SERVICE TAX-I, MUMBAI

RPAD
F.No. ST/MUM/Div-III/Gr-I/MIAL/137/11/423
Mumbai, the 19th May-2014

To,
M/s. Mumbai International Airport Pvt. Ltd.

ANNEXURE-A to the SCN No. 1247/Commr/2014-15

CENVAT Credit availed by MIAL During the period 2012-13 as per ST-3

Month	CENVAT Credit	Edu Cess	SHE CESS	Total
Apr-12	₹ 3,18,77,079	₹ 9,56,312		₹ 3,28,33,391
May-12	₹ 6,27,17,843	₹ 18,78,382		₹ 6,45,96,225
Jun-12	₹ 12,80,83,192	₹ 38,23,618		₹ 13,19,06,810
Jul-12	₹ 10,61,03,730	₹ 9,63,069	₹ 4,81,532	₹ 10,75,48,331
Aug-12	₹ 4,64,77,361	₹ 7,84,155	₹ 3,92,077	₹ 4,76,53,593
Sep-12	₹ 11,13,18,760	₹ 21,81,143	₹ 10,84,794	₹ 11,45,84,697
Oct-12	₹ 2,79,79,202	₹ 5,54,452	₹ 2,77,226	₹ 2,88,10,880
Nov-12	₹ 2,31,73,692	₹ 4,58,703	₹ 2,29,352	₹ 2,38,61,747
Dec-12	₹ 4,60,82,838	₹ 9,15,710	₹ 4,57,856	₹ 4,74,56,404
Jan-13	₹ 3,55,15,614	₹ 6,40,356	₹ 3,20,174	₹ 3,64,76,144
Feb-13	₹ 4,36,10,989	₹ 8,47,421	₹ 4,23,709	₹ 4,48,82,119
Mar-13	₹ 9,33,64,283	₹ 18,50,613	₹ 9,25,304	₹ 9,61,40,200
Total	₹ 75,63,04,583	₹ 1,58,53,934	₹ 45,92,024	₹ 77,67,50,541

19/05/14
(Binay Chaubey)
Inspector

(P.P.B. Singh)
Superintendent (Gr-I)

19-5-14
(UJJWALA BHAGWAT)
D.C. (Div-III)

8|e

GVK

June 27, 2014

The Commissioner of Service Tax
The Office of the Commissioner of Service Tax – I, Mumbai,
5th Floor, Central Excise Building,
115, M K Road,
Churchgate, Mumbai – 400 020

Dear Sir,

Ref: Show Cause cum Demand Notice no 1247/Commr/2014-15 or F. No. ST/Mum/Div-III/ Gr-I/ MIAL/ 137/11/423 dated 19May 2014 ('SCN') (received by us on 19 May 2014)

Service tax Registration No: AAECM6285CST001

Sub: Reply to above referred SCN

Please refer to the captioned SCN issued to Mumbai International Airport Private Limited ('MIAL' or 'the Company' or 'We' or 'Us') and received by us on 19 May 2014 *(copy enclosed as Annexure I)*. Our submissions in reply to the same are as follows:

1. ALLEGATIONS IN THE SCN

The said SCN alleges that the CENVAT credit availed by MIAL, of the Central Excise duty paid on building materials such as MS Channels, MA Angles, HR Coils, TMT Bars etc and of Service tax paid on various input services used for construction of the Mumbai International Airport ('Airport'), is irregularly availed and hence, liable to be recovered from MIAL with applicable interest and penalty.

In view of the above, MIAL has been called upon to show cause as to why:

(i) CENVAT credit taken amounting to Rs77,67,50,541/- (Rupees Seventy Seven Crores Sixty Seven Lakhs Fifty Thousand Five Hundred Forty One only) during the Financial Year('FY') 2012-13 should not be denied and recovered from them under the provisions of Rule 14 of the CENVAT Credit Rules, 2004 ('Credit Rules'), read with Proviso to Section 73(1) of Chapter V of the Finance Act, 1994 ('the Act'), as amended;

(ii) Interest at appropriate rate should not be recovered from them under the provisions of Rule 14 of the Credit Rules read with Section 75 of the Act;

(iii) Penalty should not be imposed on them under Section 76 of the Act;

(iv) Penalty should not be imposed on them under the provision of Section 77 of the Act; and

(v) Penalty should not be imposed on them under the provisions of Section 78 of the Act.

आयुक्त सेवाकर-I
Commr. Service Tax-I, Mumbai
1
30 JUN 2014
प्राप्ति /RECEIPT
DESPATCH SECTION (HQRS)

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
T+91 22 6685 2200 F +91 22 6685 2059
www.csia.in

ENERGY
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES

2. FACTS OF THE CASE

2.1 MIAL, having its registered and corporate office at Terminal-1B, Chhatrapati Shivaji International Airport ("**Airport**"), Santacruz (East), Mumbai – 400 099, is a joint venture company of GVK led consortium and Airports Authority of India.

2.2 It was formed with the object of taking over the existing operations of Mumbai International Airport from Airports Authority of India. Accordingly, MIAL has entered into an agreement for Operation, Management and Development Agreement ('OMDA') with the Airport Authority of India during the year 2006.

2.3 In line with the OMDA, MIAL was authorized to undertake the functions of operation, maintenance, upgradation, modernisation, finance and management of the Airport and also to keep it in good repair and operating condition at all times. The work *inter alia* includes providing the following services to the users of the Airport:

- Landing/ parking (aeronautical services)
- Renting/ leasing of immovable properties, cargo handling services etc (non- aeronautical services)

2.4 In addition to the above, MIAL is also required to undertake various activities such as–

- Infrastructural development viz construction of terminals, buildings, facilities etc in relation to the airport premises
- Development of various civil work, road work, earth work, interior work and finishing work with respect to the airport terminal, parking area etc
- Operation and maintenance of existing airport facilities, infrastructure etc

2.5 In respect of the above, being a service provider, MIAL had obtained the captioned service tax registration number for various taxable service categories (as amended from time to time), and is presently discharging service tax under category of 'airport services'.

2.6 For rendering the aforesaid services, MIAL has entered into an Erection, Procurement, Commissioning contract ('EPC contract' or 'contract') with M/s Larsen & Toubro Ltd ('L&T') as the main contractor for construction-development of the Airport facilities such as terminal building, runways, parking bays etc, which will be used for rendering taxable output service by MIAL ie 'airport services'.

2.7 MIAL further procured various goods such as MS Channels, MS Angles, HR Coils, TMT Bars etc and handed over the same to L&T to be used in the construction/ development of aforesaid Airport facilities which are pre-requisite for rendering Airport Services. The vendors (being manufacturers) directly dispatched the goods to MIAL's premises under the cover of excisable

invoices. For this purpose, the excise invoices issued by such vendors clearly mention MIAL as the consignee of the goods.

2.8 The impugned inputs (covered by the captioned SCN) were received by MIAL prior to June 2012 in its premises. However, due to oversight, Cenvat credit in respect of the same was availed and utilized later during the months of July 2012 to September 2012.

2.9 Similarly, various services such as site formation, excavation services, interior decoration services etc were procured directly by MIAL which were used in relation to development of the Airport facilities.

2.10 MIAL has availed the CENVAT credit of the Central Excise duty paid on goods on the basis of the invoices raised by the vendors, treating the same as 'inputs' received within its registered premises and of service tax paid towards input services – as the same were used in the development of the Airport facilities which are essential for rendition of the 'airport services' (ie taxable output service) by MIAL.

2.11 During the Central Excise Revenue Audit conducted in respect of service tax records of MIAL for the period FY 2012-13, the authorities observed that construction services rendered by L&T are exempt from service tax, and hence, the availment of CENVAT credit of duties paid on inputs (such as MS Channels, MS Angles, HR Coils) and service tax paid towards input services (such as site formation, excavation services, interior decoration services etc) used in such construction is irregular, *a copy of the letter enclosed as Annexure 2.*

2.12 Further, the service tax authorities vide their letters dated 13 May 2014, 16 May 2014 and 19 May 2014, asked MIAL to furnish the details of CENVAT credit availed on the Central Excise duty and other services used in relation to the Works Contract at the Airport.

2.13 However, while MIAL was in the process of collating the relevant data, MIAL received the impugned SCN abruptly on 19 May 2014 demanding the amount of 77,67,50,541/- along with interest under the provisions of Rule 14 of the Credit Rules read with Section 75 of the Act and penalties under Sections 76, 77 and 78 of the Act.

OUR SUBMISSIONS

At the outset, we deny all the allegations made in the SCN and submit that the allegations made do not have any legal basis and are not sustainable on merit.

It is submitted that MIAL has not contravened any provisions of the Act or Rules thereof and has not evaded payment of service tax or any other amount during the period of dispute, as would be evident from the submissions in the following paragraphs. In view of this, the proceedings initiated by the SCN are liable to be dropped.

All submissions made by us hereinafter should be considered in the alternative and without prejudice to each other. The brief details of the CENVAT credits utilised by MIAL during FY 2012-13, are as follows:

Sr #	CENVAT in respect of	MIAL	PSF-SC	Total
1	**a) Capital Goods**	57,843,722	3,619,511	61,463,233
2	**b) Inputs**			-
	- Used for provision of Airport services, installation of Elevator, Pitless Travelators and other Equipments	62,566,386	-	62,566,386
	- Used for installation of Metal Detectors, Xray Machines, Explosive detectors and CCTV	-	698,770	698,770
	- Used for installation of Electrical Fittings, Lightings and Cabling etc	8,045,226	-	8,045,226
	- Balance CENVAT credits utilised in development of Airport Infrastructure facilties	163,454,390	-	163,454,390
3	**c) Input Services**	345,086,320	135,436,290	480,522,610
	Total	636,996,044	139,754,571	776,750,615

3. INCORRECT COMPUTATION OF DISPUTED CENVAT CREDIT AMOUNT

3.1 As stated above, while MIAL was in the process of collating the said information in response to letters dated 13 May 2014, 16 May 2014 and 19 May 2014, the service tax authorities issued the impugned SCN disallowing the entire CENVAT credit availed by MIAL during the period April 2012 to March 2013 (ie INR 77,67,50,541).

3.2 In this regard, without prejudice to our other submissions made herein, it is submitted that the Department has incorrectly assumed that the entire Cenvat credit reported by MIAL in its ST-3 returns for the relevant period pertains to inputs and input services used for rendering of works contract services for construction of airport and hence, the same is liable to be disallowed.

3.3 We submit that out of the total value of CENVAT credit of Rs 77,67,50,541/- availed during the FY 2012-13– (a) Rs 6,14,63,233/- pertains to credit of duty availed against capital goods; (b) Rs 23,47,64,694/- pertains to credit of duty availed against inputs; and (c) Rs 48,05,22,610/- as credit of service tax availed against input services received.

3.4 In view of the above, we submit that in any event, CENVAT credit of Rs 6,14,63,233/- towards duty paid on capital goods cannot be held as liable for reversal in the absence of any specific provisions under the CENVAT Credit Rules, 2004.

3.5 It is further submitted that CENVAT credit of Rs 13,61,35,060/- (ie Rs 6,98,770/- plus Rs 13,54,36,290/- towards inputs and input services respectively) pertains to inputs and input

services received and used for providing passenger security activities which are fully taxable, and hence, eligible for CENVAT credit under the CENVAT Credit Rules, 2004.

Accordingly, the demand relating to reversal of CENVAT credit of Rs 19,75,98,293/- (ie Rs 6,14,63,233/- plus Rs 13,61,35,060/-) is clearly untenable and liable to be set aside.

3.6 Further, it is submitted that out of the total value of inputs on which Cenvat credit has been claimed during FY 2012-13 (which is sought to be denied as per the SCN), the credit amounting to Rs 62,566,386/- as per Annexure-3 were procured in relation installation of Elevator, Pitless Travelators and other Equipments etc which are used for providing airport services, in any manner whatsoever cannot be said to be used for/ in construction activities.

Similarly, credit of Rs 80,45,226/- pertains to goods used in installation of electrical fittings such as Lights, Lamps and electrical cables etc and cannot be, in any manner whatsoever, said to be used for/ in construction activities. For details of such goods, refer ***Annexure -4.***

Please note that the said inputs are used towards the management and maintenance of airport and hence, CENVAT credit in respect of the same has been rightfully availed by MIAL. Accordingly, the same need not be disallowed. Even the impugned SCN intends to disallow the CENVAT credit in respect inputs used for/ in construction activities.

3.7 An amount of Rs 16,34,54,390/- (as per Annexure-5) being CENVAT credit utilised from inputs pertains to materials procured for the purpose of development of the Airport for the purpose of provision of Airport services is proper as the restriction imposed under clause (B) of the 'Input' definition of CENVAT Credit Rules, 2004 as amended from 1.4.2011 is not applicable *for the provision of specified services including that of Airport Services under the category (zzm) of clause 105 of Section 65 of the Act.*

3.8 It is submitted that the balance CENVAT of Rs 34,50,86,320/- credit on input services pertains to the provision of airport services, conceptualization, development and/ or of the airport facilities.For details, refer ***Annexure - 6.***

Similar to inputs, the said input services have been used towards management, maintenance, etc of airport and accordingly, CENVAT credit in respect of the same has been rightly availed and hence, should not be disallowed.

3.9 As may be seen from above, even assuming (without admitting) the grounds of demand taken by the Department are correct, the amount demanded vide the SCN has been erroneously computed, and the SCN is liable to be set aside to that extent.

4. MIAL is engaged in rendering taxable output services, and CENVAT credit of duty/ service tax paid in respect of inputs or input services used for providing taxable output services are admissible;

4.1 The SCN alleges that since construction of airports is an exempt service, the availment of CENVAT credit by MIAL on inputs and input services used by it are incorrect.

4.2 It is submitted that MIAL is engaged in providing taxable service i.e. 'airport services' and is not engaged in providing services in the nature of 'construction services' or 'works contract services'. Hence, the inputs and input services used by it have been used for providing taxable services (ie airport services) and not for providing any exempt services.

4.3 Given that the Credit Rules and the definitions of the terms 'inputs' and 'input services' have undergone a change during the relevant period and our submissions are given as under.

Eligibility to claim CENVAT credit on inputs received prior to 1 April 2011

4.4 Rule 2(k) of the Credit Rules defined Inputs as follows (up to 5 July 2009):

"input" means –

all goods, except light diesel oil, high speed diesel oil and motor spirit, commonly known as petrol, used in or in relation to the manufacture of final products whether directly or indirectly and whether contained in the final product or not and includes lubricating oils, greases, cutting oils, coolants, accessories of the final products cleared along with the final product, goods used as paint, or as packing material, or as fuel, or for generation of electricity or steam used in or in relation to manufacture of final products or for any other purpose, within the factory of production;

(i) all goods, except light diesel oil, high speed diesel oil, motor spirit, commonly known as petrol and motor vehicles, used for providing any output service;

Explanation 1.- The light diesel oil, high speed diesel oil or motor spirit, commonly known as petrol, shall not be treated as an input for any purpose whatsoever.

Explanation 2.- Input include goods used in the manufacture of capital goods which are further used in the factory of the manufacturer.

4.5 The Explanation 2 to the definition of 'inputs' was amended vide Notification No 16/2009-CE (NT) dated 7 July 2009 to read as follows:

Explanation 2.- Input include goods used in the manufacture of capital goods which are further used in the factory of the manufacturer but shall not include cement, angles, channels, Centrally Twisted Deform bar (CTD) or Thermo Mechanically Treated bar (TMT) and other items used for construction of factory shed, building or laying of foundation or making of structures for support of capital goods.

4.6 As can be seen from the above, prior to July 2009, there was no restriction whatsoever with regard inputs such as cement, angles, channels etc, used either by a manufacturer or a service provider.

4.7 Even after the amendment to Explanation 2 to Rule 2(k), from a plain reading of the amended provision, it can be seen that the said amendment deals with eligibility of credit only for a manufacturer with regard inputs used in its factory.

4.8 As per Rule 2(k)(ii) during the relevant period (i.e. upto 31 March 2011), the service provider was clearly entitled to avail credit on all inputs used for providing output service, except which are excluded (i.e. Light diesel oil, high speed diesel oil, petrol, and Motor vehicles).

4.9 It is submitted that the Hon'ble Tribunal in the case of ***Bharti Airtel Ltd V CCE, Pune [2012 TIOL 209 CESTAT-MUM]***, has held that *Explanation 2* to the definition of 'inputs' is applicable only to 'manufacturers of excisable goods' and not to providers of taxable services. The relevant portion is reproduced below *(Copy enclosed as Annexure -7)*.

"...Explanation 2, prior to its amendment, says that "input includes goods used in the manufacture of capital goods which are further used in the factory of the manufacturer". Obviously, it is applicable only to a manufacturer of final product who manufactures capital goods out of duty-paid materials and uses such capital goods captively for the manufacture of final product in the factory. The explanation is intended to enable him to treat the said duty-paid materials as 'inputs' for the purpose of CENVAT credit. It is not applicable to providers of taxable services. Further, to our mind, the amending Notification No. 16/2009-CE(NT) intended to exclude certain specified materials (cement, angles, channels, CTD bars, TMT bars etc.) which would otherwise have been covered by Explanation 2 as it stood prior to the amendment. In this view of the matter, the amendment is also not applicable to a provider of output service."

4.10 It is further submitted that the issue of availability of CENVAT credit on inputs such as cement, TMT bars etc for service providers came up for consideration before the Hon'ble Andhra Pradesh High Court in the case of ***CCE, Vishakapatanam V Sai Sahmita Storages (P) Ltd [2011 (270) ELT 33 (AP)]***, whereintheHon'ble Andhra Pradesh High Court held that the storage and warehouse service provider is entitled to credit of excise duty paid on cement and TMT bar used for construction of warehouses, as without which storage and warehousing services could not have been provided *(Copy enclosed as Annexure 7a)*.

4.11 It is submitted that the aforesaid decision of the Hon'ble AP High Court is squarely applicable to the present case, and hence, the SCN is liable to be dropped on this count alone.

4.12 It is submitted that the SCN does not, in any manner, dispute the fact that the inputs were received by MIAL in its registered premises. The SCN also does not dispute the correctness of the documents based on which CENVAT credit has been availed by MIAL.

4.13 Given the above facts, it is submitted that the Company has correctly availed CENVAT credit of Central Excise duty paid on inputs and used for provision of its taxable output services, and hence, the demand for reversal of CENVAT credit pertaining to inputs is liable to be dropped.

8|e

GVK

June 27, 2014

The Commissioner of Service Tax
The Office of the Commissioner of Service Tax – I, Mumbai,
5th Floor, Central Excise Building,
115, M K Road,
Churchgate, Mumbai – 400 020

Dear Sir,

Ref: Show Cause cum Demand Notice no 1247/Commr/2014-15 or F. No. ST/Mum/Div-III/ Gr-I/ MIAL/ 137/11/423 dated 19May 2014 ('SCN') (received by us on 19 May 2014)

Service tax Registration No: AAECM6285CST001

Sub: Reply to above referred SCN

Please refer to the captioned SCN issued to Mumbai International Airport Private Limited ('MIAL' or 'the Company' or 'We' or 'Us') and received by us on 19 May 2014 *(copy enclosed as Annexure 1)*. Our submissions in reply to the same are as follows:

1. **ALLEGATIONS IN THE SCN**

The said SCN alleges that the CENVAT credit availed by MIAL, of the Central Excise duty paid on building materials such as MS Channels, MA Angles, HR Coils, TMT Bars etc and of Service tax paid on various input services used for construction of the Mumbai International Airport ('Airport'), is irregularly availed and hence, liable to be recovered from MIAL with applicable interest and penalty.

In view of the above, MIAL has been called upon to show cause as to why:

(i) CENVAT credit taken amounting to Rs77,67,50,541/- (Rupees Seventy Seven Crores Sixty Seven Lakhs Fifty Thousand Five Hundred Forty One only) during the Financial Year('FY') 2012-13 should not be denied and recovered from them under the provisions of Rule 14 of the CENVAT Credit Rules, 2004 ('Credit Rules'), read with Proviso to Section 73(1) of Chapter V of the Finance Act, 1994 ('the Act'), as amended;

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आयुक्त सेवाकर-I
Commr. Service Tax-I, Mumbai
1
30 JUN 2014
प्राप्ति /RECEIPT
DESPATCH SECTION (HQRS)

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
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ENERGY
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LIFE SCIENCES

2. FACTS OF THE CASE

2.1 MIAL, having its registered and corporate office at Terminal-1B, Chhatrapati Shivaji International Airport (**"Airport"**), Santacruz (East), Mumbai – 400 099, is a joint venture company of GVK led consortium and Airports Authority of India.

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2.4 In addition to the above, MIAL is also required to undertake various activities such as–

- Infrastructural development viz construction of terminals, buildings, facilities etc in relation to the airport premises
- Development of various civil work, road work, earth work, interior work and finishing work with respect to the airport terminal, parking area etc
- Operation and maintenance of existing airport facilities, infrastructure etc

2.5 In respect of the above, being a service provider, MIAL had obtained the captioned service tax registration number for various taxable service categories (as amended from time to time), and is presently discharging service tax under category of 'airport services'.

2.6 For rendering the aforesaid services, MIAL has entered into an Erection, Procurement, Commissioning contract ('EPC contract' or 'contract') with M/s Larsen & Toubro Ltd ('L&T') as the main contractor for construction-development of the Airport facilities such as terminal building, runways, parking bays etc, which will be used for rendering taxable output service by MIAL ie 'airport services'.

2.7 MIAL further procured various goods such as MS Channels, MS Angles, HR Coils, TMT Bars etc and handed over the same to L&T to be used in the construction/ development of aforesaid Airport facilities which are pre-requisite for rendering Airport Services. The vendors (being manufacturers) directly dispatched the goods to MIAL's premises under the cover of excisable

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2.9 Similarly, various services such as site formation, excavation services, interior decoration services etc were procured directly by MIAL which were used in relation to development of the Airport facilities.

2.10 MIAL has availed the CENVAT credit of the Central Excise duty paid on goods on the basis of the invoices raised by the vendors, treating the same as 'inputs' received within its registered premises and of service tax paid towards input services – as the same were used in the development of the Airport facilities which are essential for rendition of the 'airport services' (ie taxable output service) by MIAL.

2.11 During the Central Excise Revenue Audit conducted in respect of service tax records of MIAL for the period FY 2012-13, the authorities observed that construction services rendered by L&T are exempt from service tax, and hence, the availment of CENVAT credit of duties paid on inputs (such as MS Channels, MS Angles, HR Coils) and service tax paid towards input services (such as site formation, excavation services, interior decoration services etc) used in such construction is irregular, *a copy of the letter enclosed as* ***Annexure 2***.

2.12 Further, the service tax authorities vide their letters dated 13 May 2014, 16 May 2014 and 19 May 2014, asked MIAL to furnish the details of CENVAT credit availed on the Central Excise duty and other services used in relation to the Works Contract at the Airport.

2.13 However, while MIAL was in the process of collating the relevant data, MIAL received the impugned SCN abruptly on 19 May 2014 demanding the amount of 77,67,50,541/- along with interest under the provisions of Rule 14 of the Credit Rules read with Section 75 of the Act and penalties under Sections 76, 77 and 78 of the Act.

OUR SUBMISSIONS

At the outset, we deny all the allegations made in the SCN and submit that the allegations made do not have any legal basis and are not sustainable on merit.

It is submitted that MIAL has not contravened any provisions of the Act or Rules thereof and has not evaded payment of service tax or any other amount during the period of dispute, as would be evident from the submissions in the following paragraphs. In view of this, the proceedings initiated by the SCN are liable to be dropped.

All submissions made by us hereinafter should be considered in the alternative and without prejudice to each other. The brief details of the CENVAT credits utilised by MIAL during FY 2012-13, are as follows:

Sr #	CENVAT in respect of	MIAL	PSF-SC	Total
1	**a) Capital Goods**	57,843,722	3,619,511	61,463,233
2	**b) Inputs**			-
	- Used for provision of Airport services, installation of Elevator, Pitless Travelators and other Equipments	62,566,386	-	62,566,386
	- Used for installation of Metal Detectors, Xray Machines, Explosive detectors and CCTV	-	698,770	698,770
	- Used for installation of Electrical Fittings, Lightings and Cabling etc	8,045,226	-	8,045,226
	- Balance CENVAT credits utilised in development of Airport Infrastructure facilties	163,454,390	-	163,454,390
3	**c) Input Services**	345,086,320	135,436,290	480,522,610
	Total	636,996,044	139,754,571	776,750,615

3. INCORRECT COMPUTATION OF DISPUTED CENVAT CREDIT AMOUNT

3.1 As stated above, while MIAL was in the process of collating the said information in response to letters dated 13 May 2014, 16 May 2014 and 19 May 2014, the service tax authorities issued the impugned SCN disallowing the entire CENVAT credit availed by MIAL during the period April 2012 to March 2013 (ie INR 77,67,50,541).

3.2 In this regard, without prejudice to our other submissions made herein, it is submitted that the Department has incorrectly assumed that the entire Cenvat credit reported by MIAL in its ST-3 returns for the relevant period pertains to inputs and input services used for rendering of works contract services for construction of airport and hence, the same is liable to be disallowed.

3.3 We submit that out of the total value of CENVAT credit of Rs 77,67,50,541/- availed during the FY 2012-13– (a) Rs 6,14,63,233/- pertains to credit of duty availed against capital goods; (b) Rs 23,47,64,694/- pertains to credit of duty availed against inputs; and (c) Rs 48,05,22,610/- as credit of service tax availed against input services received.

3.4 In view of the above, we submit that in any event, CENVAT credit of Rs 6,14,63,233/- towards duty paid on capital goods cannot be held as liable for reversal in the absence of any specific provisions under the CENVAT Credit Rules, 2004.

3.5 It is further submitted that CENVAT credit of Rs 13,61,35,060/- (ie Rs 6,98,770/- plus Rs 13,54,36,290/- towards inputs and input services respectively) pertains to inputs and input

services received and used for providing passenger security activities which are fully taxable, and hence, eligible for CENVAT credit under the CENVAT Credit Rules, 2004.

Accordingly, the demand relating to reversal of CENVAT credit of Rs 19,75,98,293/- (ie Rs 6,14,63,233/- plus Rs 13,61,35,060/-) is clearly untenable and liable to be set aside.

3.6 Further, it is submitted that out of the total value of inputs on which Cenvat credit has been claimed during FY 2012-13 (which is sought to be denied as per the SCN), the credit amounting to Rs 62,566,386/- as per Annexure-3 were procured in relation installation of Elevator, Pitless Travelators and other Equipments etc which are used for providing airport services, in any manner whatsoever cannot be said to be used for/ in construction activities.

Similarly, credit of Rs 80,45,226/- pertains to goods used in installation of electrical fittings such as Lights, Lamps and electrical cables etc and cannot be, in any manner whatsoever, said to be used for/ in construction activities. For details of such goods, refer ***Annexure -4.***

Please note that the said inputs are used towards the management and maintenance of airport and hence, CENVAT credit in respect of the same has been rightfully availed by MIAL. Accordingly, the same need not be disallowed. Even the impugned SCN intends to disallow the CENVAT credit in respect inputs used for/ in construction activities.

3.7 An amount of Rs 16,34,54,390/- (as per Annexure-5) being CENVAT credit utilised from inputs pertains to materials procured for the purpose of development of the Airport for the purpose of provision of Airport services is proper as the restriction imposed under clause (B) of the 'Input' definition of CENVAT Credit Rules, 2004 as amended from 1.4.2011 is not applicable *for the provision of specified services including that of Airport Services under the category (zzm) of clause 105 of Section 65 of the Act.*

3.8 It is submitted that the balance CENVAT of Rs 34,50,86,320/- credit on input services pertains to the provision of airport services, conceptualization, development and/ or of the airport facilities.For details, refer ***Annexure - 6.***

Similar to inputs, the said input services have been used towards management, maintenance, etc of airport and accordingly, CENVAT credit in respect of the same has been rightly availed and hence, should not be disallowed.

3.9 As may be seen from above, even assuming (without admitting) the grounds of demand taken by the Department are correct, the amount demanded vide the SCN has been erroneously computed, and the SCN is liable to be set aside to that extent.

4. MIAL is engaged in rendering taxable output services, and CENVAT credit of duty/ service tax paid in respect of inputs or input services used for providing taxable output services are admissible;

4.1 The SCN alleges that since construction of airports is an exempt service, the availment of CENVAT credit by MIAL on inputs and input services used by it are incorrect.

4.2 It is submitted that MIAL is engaged in providing taxable service i.e. 'airport services' and is not engaged in providing services in the nature of 'construction services' or 'works contract services'. Hence, the inputs and input services used by it have been used for providing taxable services (ie airport services) and not for providing any exempt services.

4.3 Given that the Credit Rules and the definitions of the terms'inputs' and 'input services' have undergone a change during the relevant period and our submissions are given as under.

Eligibility to claim CENVAT credit on inputs received prior to 1 April 2011

4.4 Rule 2(k) of the Credit Rules defined Inputs as follows (up to 5 July 2009):

"input" means –

all goods, except light diesel oil, high speed diesel oil and motor spirit, commonly known as petrol, used in or in relation to the manufacture of final products whether directly or indirectly and whether contained in the final product or not and includes lubricating oils, greases, cutting oils, coolants, accessories of the final products cleared along with the final product, goods used as paint, or as packing material, or as fuel, or for generation of electricity or steam used in or in relation to manufacture of final products or for any other purpose, within the factory of production;

(i) all goods, except light diesel oil, high speed diesel oil, motor spirit, commonly known as petrol and motor vehicles, used for providing any output service;

Explanation 1.- The light diesel oil, high speed diesel oil or motor spirit, commonly known as petrol, shall not be treated as an input for any purpose whatsoever.

Explanation 2.- Input include goods used in the manufacture of capital goods which are further used in the factory of the manufacturer.

4.5 The Explanation 2 to the definition of 'inputs' was amended vide Notification No 16/2009-CE (NT) dated 7 July 2009 to read as follows:

Explanation 2.- Input include goods used in the manufacture of capital goods which are further used in the factory of the manufacturer but shall not include cement, angles, channels, Centrally Twisted Deform bar (CTD) or Thermo Mechanically Treated bar (TMT) and other items used for construction of factory shed, building or laying of foundation or making of structures for support of capital goods.

4.6 As can be seen from the above, prior to July 2009, there was no restriction whatsoever with regard inputs such as cement, angles, channels etc, used either by a manufacturer or a service provider.

4.7 Even after the amendment to Explanation 2 to Rule 2(k), from a plain reading of the amended provision, it can be seen that the said amendment deals with eligibility of credit only for a manufacturer with regard inputs used in its factory.

4.8 As per Rule 2(k)(ii) during the relevant period (i.e. upto 31 March 2011), the service provider was clearly entitled to avail credit on all inputs used for providing output service, except which are excluded (i.e. Light diesel oil, high speed diesel oil, petrol, and Motor vehicles).

4.9 It is submitted that the Hon'ble Tribunal in the case of ***Bharti Airtel Ltd V CCE, Pune [2012 TIOL 209 CESTAT-MUM]***, has held that *Explanation 2* to the definition of 'inputs' is applicable only to 'manufacturers of excisable goods' and not to providers of taxable services. The relevant portion is reproduced below *(Copy enclosed as Annexure -7)*.

"...Explanation 2, prior to its amendment, says that "input includes goods used in the manufacture of capital goods which are further used in the factory of the manufacturer". Obviously, it is applicable only to a manufacturer of final product who manufactures capital goods out of duty-paid materials and uses such capital goods captively for the manufacture of final product in the factory. The explanation is intended to enable him to treat the said duty-paid materials as 'inputs' for the purpose of CENVAT credit. It is not applicable to providers of taxable services. Further, to our mind, the amending Notification No. 16/2009-CE(NT) intended to exclude certain specified materials (cement, angles, channels, CTD bars, TMT bars etc.) which would otherwise have been covered by Explanation 2 as it stood prior to the amendment. In this view of the matter, the amendment is also not applicable to a provider of output service."

4.10 It is further submitted that the issue of availability of CENVAT credit on inputs such as cement, TMT bars etc for service providers came up for consideration before the Hon'ble Andhra Pradesh High Court in the case of ***CCE, Vishakapatanam V Sai Sahmita Storages (P) Ltd [2011 (270) ELT 33 (AP)]***, whereintheHon'ble Andhra Pradesh High Court held that the storage and warehouse service provider is entitled to credit of excise duty paid on cement and TMT bar used for construction of warehouses, as without which storage and warehousing services could not have been provided *(Copy enclosed as Annexure 7a)*.

4.11 It is submitted that the aforesaid decision of the Hon'ble AP High Court is squarely applicable to the present case, and hence, the SCN is liable to be dropped on this count alone.

4.12 It is submitted that the SCN does not, in any manner, dispute the fact that the inputs were received by MIAL in its registered premises. The SCN also does not dispute the correctness of the documents based on which CENVAT credit has been availed by MIAL.

4.13 Given the above facts, it is submitted that the Company has correctly availed CENVAT credit of Central Excise duty paid on inputs and used for provision of its taxable output services, and hence, the demand for reversal of CENVAT credit pertaining to inputs is liable to be dropped.

Eligibility to claim CENVAT credit on inputs for the period from 1 April 2011 to 30 June 2012

4.14 With effect from 1 April 2011, the Credit Rules including definition of 'inputs' and 'input service' underwent a change.

4.15 During such period, Rule 2(k) of the Credit Rules read as follows:

"input" means –

(i) ...
(ii) ...
(iii) ...
*(iv) **all goods used for providing any output service;***
but excludes –

(A) ...

(B) any goods used for –
(a) construction of a building or a civil structure or a part thereof; or
(b) laying of foundation or making of structures for support of capital goods,
except for the provision of any taxable service specified in sub-clauses (zn), (zzl), (zzm), (zzq), (zzzh) and (zzzza) of clause (105) of section 65 of the Finance Act;
..."

4.16 As can be seen from the above, the definition of 'inputs' was amended with effect from 1 April 2011 to specifically exclude goods used for construction etc. However, such exclusion was still not made applicable to certain service providers, including provider of 'construction services' and 'airport services' (and other specified categories).

4.17 Given this, it is apparent that the intention of the legislature was not to deny CENVAT credit of duty paid on inputs such as cement, steel etc used in construction of structures etc by said specified service providers including providers of 'airport service' such as MIAL even post 1 April 2011 after amending the definition of inputs.

4.18 Infact without prejudice to our aforesaid submissions and purely in the alternative, it is submitted that the amendment to the definition of 'inputs' in 2011 explicitly clarified that inputs used for construction activities by service providers of 'airport services' or 'construction services' would be eligible to CENVAT credit. The same demonstrates the intention of the legislation that the Government never intended to deny/ disallow the CENVAT credit to such service providers.

4.19 Therefore, it is submitted that MIAL, as provider of airport service, has correctly availed CENVAT credit of inputs procured, and the allegations made in the SCN are baseless and hence, the SCN is liable to be dropped.

All inputs were received by MIAL in its registered premises prior to 1 July 2012 and hence, eligible for Cenvat credit

4.20 It is submitted that MIAL has availed and utilised credit in respect of certain inputs during the period June 2012 to September 2012, which pertains to duty paid on inputs received by MIAL prior to 1 July 2012. Due to oversight, the credit on such goods could not be claimed as and when the goods were received.

4.21 As per CENVAT Credit Rules, 2004, the CENVAT credit in respect of inputs is immediately available on receipt of inputs in the factory of manufacturer or the premises of provider of output service. It is at this time (ie the time of receipt of inputs), the eligibility of duty paid on inputs as CENVAT credit needs to be analysed based on the CENVAT Credit Rules existing on that date.

4.22 Accordingly, as the inputs were received in MIAL's premises prior to June 2012, the eligibility of the duty paid on such inputs as CENVAT credit would need to be analysed in light of the provisions existing during the period prior to June 2012.

4.23 In this connection, we wish to rely on the decision rendered by Hon'ble Tribunal in case of ***Spenta International Limited vs CCE[2007 (216) ELT 133 (Tri – LB)]***, Thane wherein it was held that the relevant date for deciding credit is the receipt of capital goods in the factory – the relevant gist of the decision is reproduced below:

"...

In the light of the above discussion, we answer the reference by holding that Cenvat credit eligibility is to be determined with reference to the dutiability of the final product on the date of receipt of capital goods.

..."

Copy of the Hon'ble Tribunal's Larger Bench decision is enclosed as***Annexure 7b.***

4.24 A similar principal was laid down in the following cases:

- Binani Cement Ltd. v CCE*[2002 (143) ELT 577]*
- CCE v Sengunthar Spinning Mills*[1998 (99) ELT 409]*
- CCE v Precot Mills Ltd*[2007 (212) ELT 483]*

The copies of aforesaid decisions are enclosed as ***Annexure 7c, Annexure 7d and Annexure 7e*** respectively.

4.25 Further, a reference can also be drawn to the ***Circular no 943/04/2011 – CX*** dated 29 April 2011 issued by the CBEC, wherein at Sl no 12, it has been clarified that where provision of rent-a-cab services have been completed prior to April 2011, the credit of service tax paid on such services would be available even post April 2011. During the Budget 2011 announcements, the CENVAT Credit Rules, 2004 were amended to exclude the rent-a-cab services from definition of input services with effect from 1 April 2011. In this regard, vide aforesaid Circular, CBEC

clarified that even though credit on rent-a-cab services shall be available if provision of such services had been completed prior to 1 April 2011. The relevant extract of Circular is reproduced below:

"The CENVAT Credit Rules 2004 were amended along with the Budget 2011 announcements vide Notification 3/2011-CE (NT) dt 1.3.2011. A few changes were further effected vide Notification 13/2011-CE (NT) dt 31.3.2011. On a few issues trade has requested for clarity. Accordingly the following clarifications are presented issue wise in a tabular format.

S.NO.	*Issue*	*Clarification*
12.	*...* *Is the credit available on services received before 1.4.11 on which credit is not allowed now? e.g. rent-a-cab service*	*...* *The credit on such service shall be available if its provision had been completed before1.4.2011.*

..."

4.26 Accordingly, it can be construed that as rent-a-cab services has been provided prior to 1 April 2011, the credit of the same can be availed even post 1 April 2011 as during the provision of such services ie the period prior to 1 April 2011, credit of such services was available.

4.27 Similarly, in the present case, where inputs were received and used by MIAL prior to June 2012, the eligibility of duty paid on such inputs would need to be analysed in light of the provision existing prior to June 2012 and our submissions in respect of the same have already been elaborated in the above paras.

4.28 Further, we wish to submit that MIAL has not availed any CENVAT credit of inputs received during the period July 2012 to March 2013 where the same pertains to construction related activities, and accordingly, there is no contravention of relevant statutory provisions.

Eligibility to claim CENVAT credit on input services for the period from 1 April 2011 to 30 June 2012

4.29 Similar to the amendment in definition of inputs, the definition of 'input service' under Rule 2(l) of the Credit Rules was amended with effect from 1 April 2011 to read as follows –

"input service' means any service, -

(i) used by a provider of taxable service for providing an output service; or

(ii) used by a manufacturer, whether directly or indirectly, in or in relation to the manufacture of final products and clearance of final products upto the place of removal,

and includes services used in relation to modernisation, renovation or repairs of a factory, premises of provider of output service or an office relating to such factory or premises,

advertisement or sales promotion, market research, storage upto the place of removal, procurement of inputs, accounting, auditing, financing, recruitment and quality control, coaching and training, computer networking, credit rating, share registry, security, business exhibition, legal services, inward transportation of inputs or capital goods and outward transportation upto the place of removal;

but excludes services, -

(a) specified in sub-clauses (p), (zn), (zzl), (zzm), (zzq), (zzzh) and (zzzza) of clause (105) of section 65 of the Finance Act (hereinafter referred as specified services), in so far as they are used for –

(b) construction of a building or civil structure or a part thereof; or

(c) laying of foundation or making of structures for support of capital goods,

except for the provision of one or more of the specified services; or

(B) ..."

4.30 As can be seen from a plain reading of the above, the amended definition of 'input service' with effect from 1 April 2011 specifically excludes services used for construction etc, but such exclusion is not made applicable to 'airport services' (and other specified categories).

4.31 Given this facts, law and based on our submissions already made above, we humbly reiterate that CENVAT credit of duty paid against 'inputs' such as MS Channels, MA Angles, HR Coils, TMT Bars etc and of service tax paid towards 'input services' such as 'site formation services', 'commercial and industrial construction services', 'interior decoration services' - used for construction of the Airport and for provision of 'airport services' thereof has been correctly availed by MIAL – even for the period from 1 April 2011 to 30 June 2012.

Eligibility to claim CENVAT credit on input services for the period from 1 July 2012 to 31 March 2013

4.32 As already mentioned above (refer Para 3.8), we submit that the credit on input services pertains to various services used by MIAL for conceptualization, development and/ or operation of the airport facilities. For details, refer ***Annexure*** **-6**

4.33 During such period, Rule 2(l) of the Credit Rules read as follows:

"(l) "input service" means any service,-

(i) used by a provider of output service for providing an output service; or

(ii) used by a manufacturer, whether directly or indirectly, in or in relation to the manufacture of final products and clearance of final products upto the place of removal,

and includes services used in relation to modernisation, renovation or repairs of a factory, premises of provider of output service or an office relating to such factory or premises, advertisement or sales promotion, market research, storage upto the place of removal,

procurement of inputs, accounting, auditing, financing, recruitment and quality control, coaching and training, computer networking, credit rating, share registry, security, business exhibition, legal services, inward transportation of inputs or capital goods and outward transportation upto the place of removal; but excludes,-

(A) service portion in the execution of a works contract and construction services including service listed under clause (b) of section 66E of the Finance Act (hereinafter referred as specified services) in so far as they are used for -

(a) construction or execution of works contract of a building or a civil structure or a part thereof; or

(b) laying of foundation or making of structures for support of capital goods,

except for the provision of one or more of the specified services; or

..."

4.34 From the plain reading of above, the works contract services used for construction and construction services are excluded from the definition of input services where used for construction or execution of works contract or a building or a civil structure or a part thereof; or laying of foundation or making structures for support of capital goods except where such services are used for provision works contract or construction services.

4.35 In this regard, it is submitted that we have not availed credit on any construction services or works contract services related to construction and hence, have correctly availed Cenvat credit on input services even post July 2012 which were used for providing taxable airport service only, and the allegations made in this regard in the SCN are baseless and hence, the SCN is liable to be dropped to that extent in any case.

5. Appointment of L&T as EPC service provider has no bearing on availment of CENVAT credit by MIAL

5.1 Since the present SCN is a Statement under Section 73(1A) of the Act, it is assumed that all allegations made vide the earlier SCN have also been made under present SCN, and reply is being given accordingly.

5.2 It has been alleged in the earlier SCN that in order to avail the undue benefit of credit on inputs, MIAL purchased and supplied such inputs to L&T for using the same in the construction activities. The SCN further alleges that had L&T procured such inputs directly, the question of availing credit towards same would not arise.

5.3 Notwithstanding the above, we wish to submit that a consignee of goods is eligible to avail CENVAT credit on the goods received by the consignee in its premises in terms of Rule 3 and Rule 4 of the Credit Rules; and the scheme of service tax being used by its sub-contractor should not be of any consequence. This fact is supported by 96/7/95-CX dated February 13, 1995 issued by the CBEC which states as follows:

"where a registered person places an order on the manufacturer for supply and delivery of goods directly to the consumer and the goods are transported from the manufacturer's premises to the user's premises without being brought to the registered person's premises, the consignee in this case will be construed to be the end user and consequently entitled to Modvat Credit"

The aforesaid Circular was followed by Circular No 179/13/96-CX dated 29 February 1996. These circulars were typically issued for giving instructions while dealing with the accounting procedure required under Rule 57G of erstwhile Central Excise Rules under the Modvat scheme.

Even though these circulars are in respect of Modvat scheme, the rationale laid down for availment of Modvat credit for manufacturers would be equally applicable to even Cenvat credit for service providers.

5.4 In this regard, we refer to the stay order of the Hon'ble Tribunal in the case of ***Gujarat State Petronet Ltd V CCE, Ahmedabad[2010-TIOL-271-CESTAT-MUM; 2010 (20) STR 104 (Tri-Ahmd)]*** wherein the Tribunal held that prima facie, CENVAT credit is allowable in an arrangement similar to the above.

5.5 In the case of *Gujarat State Petronet Ltd v CCE, Ahmedabad,* the assessee entered into a contract for services of laying of pipelines and supply of pipes with its contractor. The contractor procured pipes which were directly delivered to assessee with invoice indicating the name of assessee as consignee. The assessee took the credit of duty paid on such pipes procured on the basis of such invoice whereas the contractor while paying service tax excluded value of such goods in accordance with erstwhile Notification No 12/2003-ST. However, the assessee was denied the benefit of CENVAT credit on the ground that –

(i) Contractor has availed the benefit of Notification No 12/2003-ST and the said notification prescribes a condition that CENVAT credit of duty paid on input would not be available.

(ii) Also, by availing the benefit of Notification No 12/2003-ST, contractor has paid less service tax; and accordingly, availing CENVAT credit in respect of pipes by assessee would amount to dual benefit.

5.6 The Tribunal granted complete waiver from pre-deposit of service tax, interest and penalties to the assessee stating that prima facie, the assessee has a strong case on the basis of following grounds:

- What needs to be determined is that whether assessee is eligible for CENVAT credit or not. **The authorities cannot go into the fact as to whether by availing the benefit of particular notification, pipeline service provider has paid lower amount of service tax or not and on that basis come to the conclusion that his client could not be eligible for the benefit of CENVAT credit.**
- Just because the pipes have been purchased by the appellant and handed over to the contractor for construction of pipelines, it cannot be said that they are not eligible for the benefit of CENVAT credit.

The relevant extract of the decision is reproduced below:

"2.Heard both sides. Detailed submissions were made by the learned advocate for the appellant. The appellants have been denied the benefit of credit of Central Excise duty paid on the pipes on the following grounds.

i) The pipes cannot be said to have been used in providing output service since what was delivered to the appellant by the service provider viz. EPC contractor, was the pipeline and not the pipes.

ii) CENVAT Credit of duty paid on the pipes could not have been taken by the appellant since the pipes were not sold directly to them.

iii) The appellants relied upon the circular issued by Board in 1995, wherein it was indicated that where the invoice has been prepared showing the name of person availing CENVAT Credit as consignee even if the purchaser happens to be different, Modvat credit can be extended.

.....

What is required to be examined for the purpose of allowing of CENVAT Credit is whether the appellant is eligible for CENVAT Credit or not. We cannot go into the fact as to whether by availing the benefit of particular notification, pipeline service provider has paid lower amount of service tax or not and on that basis come to the conclusion that his client could not be eligible for the benefit of CENVAT Credit. Therefore, we consider it inappropriate to consider the availment of notification No. 12/03 by the pipeline service provider in this case....

No doubt that the pipes after usage have been handed over to the EPC contractor who was used it for laying the pipeline and handed over the pipeline to the appellant. This is somewhat similar to the cases where the contractors are appointed to set up a factory and during the process of construction of factories, various equipments are manufactured. In such cases, it is nobody's case that CENVAT Credit of duty paid on raw materials/components etc. purchased by the manufacturer and handed over to the contractor for the purpose of construction of various equipments required for the factory, is not admissible. Once that is accepted, just because the pipes have been purchased by the appellant and handed over to the EPC contractor for construction of pipelines, it cannot be said that they are not eligible for the benefit of CENVAT Credit.....

To deny the credit, what is required to be done by the department is to show that the appellants are not eligible for the credit in terms of CENVAT Credit Rules."

(Copy enclosed as **Annexure-8**)

5.7 Similarly, on the topic of input services procured by Gujarat State Petronet Ltd like engineeringconsultancy, vehicle hiring services, insurance expenses, inspection charges, legal and profession fees, ROU/ROW expenses, site office expenses, security services etc. used in execution of pipeline system erected, commissioned, installed and constructed by the EPC

contractors, the Hon'ble Tribunal has ordered complete waiver from pre-deposit of service tax, interest and penalties.

5.8 In the matter of ***Gujarat State Petronet Ltd V CCE, Ahmedabad[2010-IST-93-CESTAT-AHM]***, the Hon'ble Tribunal held prima facie the service availed by the assessee were in relation to their business activity to provide outward service of transportation of natural gas through pipeline from their premises. It was further observed that the Cenvat Credit availed by the assessee was covered under the definition of Section 2(1) of Cenvat Credit Rules, 2004 and moreover the provisions of Rule 6(1) of Cenvat Credit Rules, 2004 were not applicable to the case of the assessee as the assessee deals in transportation of natural gas and not selling the pipelines.

5.9 It is submitted that the SCN is factually incorrect in so far as it assumes that the inputs and input services under question have been used by L&T, being the EPC contractors. We submit that the said inputs and input services have been received and used by MIAL.

5.10 In view of the above, we humbly submit that the excise duty/ service tax paid towards inputs/ input services received by MIAL have been correctly availed as CENVAT credit.

5.11 In view of the above, we submit that only on the ground that MIAL has purchased the inputs and handed over the same to its contractor for rendering exempted services, the CENVAT credit in respect of the same cannot be denied to MIAL.

6. No interest can be recovered in respect of the CENVAT credit availed

6.1 The SCN purports to levy interest on amount of CENVAT credit availed and utilized irregularly towards payment of service tax under Rule 14 of the Credit Rules read with Section 75 of the Act.

6.2 In this regard, MIAL submits that Rule 14 of the Credit Rules is applicable only when CENVAT credit has been erroneously taken or utilised or refunded.

6.3 In the instant case it is submitted that in view of the aforementioned submissions, no CENVAT credit is liable to be reversed and therefore the demand for interest cannot sustain.

6.4 It is a settled legal position that if the tax itself is not payable, no interest is payable. Reference may be made to the decision of the Supreme Court in cases of ***Pratibha Processors V UOI [1996 (88) ELT 12 (SC)]*** and ***Commissioner of Customs, Chennai V Jayathi Krishna & Co [2000 (119) ELT 4 (SC)]*** - *(copy of decisions enclosed as Annexure-9)*.

6.5 In view of the above, the demand of interest under Rule 14 of Credit Rules read with Section 75 of Act is clearly untenable and liable to be set aside.

7. No penalty is leviable in present case

7.1 It is submitted that as no CENVAT credit is liable to be paid/ reversed by us as per submissions made herein, the demand for penalties cannot sustain.

7.2 It is a settled legal position that if the tax itself is not payable, no penalty can be imposed. Reference may be made to the decision of the Supreme Court in case of ***CCE, Aurangabad V Balakrishna Industries [2006 (201) ELT 325].***

(Copy of the said decision is enclosed as Annexure-10)

7.3 In view of the above, the demand of penalties under Section 76, Section 77 and Section 78 of the Act read with Rule 15 (3) and 15(4) of the Credit Rules is clearly untenable and liable to be set aside.

8. No reasonable cause for imposition of penalty

8.1 The SCN seeks to levy penalty on us under Section 76, 77 and 78 of the Act for wrongful availment and utilization of CENVAT credit.

8.2 Notwithstanding our submissions provided above, per Section 80 of the Act, no penalty can be imposed under Section 76, Section 77 and Section 78 of the Act on the assessee, if the assessee proves that there was a reasonable cause for the failure.

8.3 Section 80 of the Act provides as below –

"Notwithstanding anything containing in the provisions of Section 76, Section 77 and Section 78, no penalty shall be imposable on the assessee for any failure referred to in the said provisions, if the assessee proves that there was reasonable cause for the said failure."

8.4 As already stated above, we wish to submit that, we were and are under a bona fide belief that the CENVAT credit has been correctly availed and utilized by us in accordance with the provisions of the Act and the Credit Rules. In the following judicial pronouncements, it has been held that a bona fide belief is a reasonable cause to invoke Section 80 of the Act:

(i) In case of ***ETA Engineering Ltd V CCE, Chennai [2006 (3) STR 429 (Tri-LB)]***, the Hon'ble Tribunal held as under –

"there is a provision for not imposing any penalty if the assessee proves that there was a reasonable cause for the said failure. ... They have cooperated with the Investigating officers. Since they were under a bona fide doubt regarding their activity whether covered by service tax or not, therefore there was a reasonable cause on their part in not depositing the service tax in time. Therefore, we are of the view that notwithstanding anything contained in Sections 76 and 77 of the Finance Act, 1994, the appellants are entitled for the benefit of Section 80 of the Finance Act and accordingly, we hold that no penalty should be imposed on the appellants. ...."

(ii) In case of ***Zee Telefilms Ltd V Commissioner of Central Excise (Appeals), Mumbai – IV [2006 (4) STR 349 (Tri-Mumbai)]***, the Hon'ble Tribunal held that –

" .. (i) The appellants were under a bona fide belief that they are not liable to Service Tax under the head of 'Advertising Agency' in view of the position arrived herein above. The question involved in this case is purely a question of interpretation of law and there was no clarity. This would be a reasonable cause for non-payment of Service Tax.

(ii) Section 80 of the Finance Act 1994 provides that notwithstanding anything containing in the penal provisions of Section 76, Section 77, Section 78 and Section 79 no penalty shall be imposable on the assessee for any failure referred to in the said provisions if the assessee proves that there was reasonable cause for the said failure. No further proof proving is called for in this case. Hence no penalty at all could be imposed on the appellants in terms of Section 80."

(Copy of the aforementioned decisions collectively enclosed as Annexure-11)

8.5 As submitted above, MIAL has availed and utilized the CENVAT credit in question on account of a bona fide belief that such credit is available. In this connection, MIAL respectfully submits that in light of its aforesaid submissions; imposition of penalty is grossly unwarranted even assuming (without admitting) that the credit was, in fact, not available.

8.6 In light of the above, we submit that no penalty is payable by us under Section 76, 77 and 78 of the Act.

9. No penalty leviable under Section 76

9.1 MIAL is a well reputed and law abiding company who adopts the policy of payment of taxes when due from the company. The company has never attempted to intentionally evade payment of service tax at any time.

9.2 Further, we respectfully submit that there is no deliberate and *mala fide* intent on our part to avoid payment of service tax. In such a scenario it would be untenable and unjustifiable for the Authority to purport to levy penalty on us for failure to pay service tax.

9.3 Further, SCN alleges that MIAL has been asked to produce CENVAT credit details in relation to works contract at Airport vide letters dated 13 May 2013, 16 May 2013, 19 May 2013 and several follow up telephonic calls and emails from service tax authorities, MIAL have not submitted the CENVAT credit details as asked vide aforesaid letters. In this regard, we wish to submit that MIAL was in process of collating and submitting the said details with service tax authorities hence the demand of Service Tax Department were totally unreasonable and uncalled for.

It can be seen from the various notices issued by the ST department seeking information in a period 5-6 days, which is grossly inadequate and impossible to collate and provide same which are voluminous and exhaustive in nature, therefore denial/ threatening to disallow CENVAT

credit pertaining to entire Financial Year 2012-13 by adoption of ST-3 records is without any legal basis and against the judicial precedents of the law.

9.4 However, prior to such submission, MIAL received the impugned SCN abruptly; and accordingly, vide this reply MIAL has submitted the requisite details along with its submission in respect of the same. There was never a deliberate intent on the part of MIAL not to provide the requisite details as sought by the service tax authorities and hence, it can be construed that MIAL is law abiding company.

10. In any event, penalty cannot be imposed under Section 77

10.1 It is submitted that we are a law abiding company and have discharged service tax (wherever applicable) on the services provided by us. We have never attempted to evade the levy of service tax and have not contravened any provisions of the Act or the Rules made there-under.

10.2 In furtherance to the submissions made above, we once again reiterate the fact that the CENVAT credit in question has been correctly availed and utilized by us and the same was appropriately disclosed by us in the period service tax returns.

10.3 Further, the authorities have failed to establish any *malafide* intent to avoid payment of tax and therefore the impugned SCN is without any legal basis and is required to be set aside.

10.4 Penalty is not to be imposed merely because it is lawful to do so. Imposition of penalty is a matter of discretion to be exercised judicially and on consideration of all relevant circumstances.

10.5 Accordingly, it is submitted that there cannot be any doubt that in our *bonafide* belief, CENVAT credit in respect of the aforementioned invoices was available to us.

10.6 We submit that, as is evident from our abovementioned submissions, there is no deliberate concealment or suppression and *malafide* intent to evade the payment of service tax. In such a scenario, it would be untenable and unjustifiable for the service tax authorities to levy penalty under Section 77 of the Act; and hence, imposition of penalty under this section would be unfair on part of the authority.

11. In any event, penalty cannot be imposed under Section 78

11.1 It is submitted that no penalty can be demanded from MIAL under Section 78 of the Act.

11.2 As already stated earlier, we submit that we have not contravened any provisions of law and have always acted in accordance with the statutory requirements with a *bonafide* belief that we are eligible for the CENVAT credit as per provisions of the Credit Rules and the various judicial precedents on the subject, which are squarely applicable in the present case.

11.3 It is submitted that it is a settled principle that in case of *bonafide* belief on part of the assessee and in the absence of any *malafide* intention, no penalty can be levied.

11.4 In ***Hindustan Steel V State of Orissa [1978 (2) ELT J159 (SC)]***, the Supreme Court held that penalty can only be levied in cases where the assessee has acted 'deliberately in defiance of law' or is 'guilty of conduct contumacious or dishonest' or 'acted in conscious disregard of its obligation'. Penalty need not be imposed when there is a technical breach of the provisions or where breach flows from a bona fide belief that the offender is not liable to act in the manner prescribed by the statute *(copy enclosed as Annexure-12)*.

11.5 It was further held that penalty is not liable to be imposed merely because it is lawful to do so. Imposition of penalty is a matter of discretion to be exercised judicially and on consideration of all relevant circumstances.

11.6 In ***Apex Steels (P) Ltd V Collector of Central Excise, Chandigarh [1995 (80) ELT 368 (Tribunal)]***, it was held that no penalty is leviable where there is no suppression or intent to evade tax *(copy enclosed as Annexure-13)*.

11.7 From the aforesaid discussion it is clear that penalty under Section 78, as the word suggests, is punishment for an act of deliberate deception by the assessee with the intent to evade duty by adopting any of the means mentioned in the section.

11.8 In this regard, it is once again submitted that we have not deliberately suppressed any facts from the service tax authorities. Further, our *bonafides* are established by the fact that we had disclosed the amount of CENVAT credit availed in the periodic service tax returns filed by us including the information provided during the CERA audit and the submissions made thereof.

11.9 In view of this, it would be untenable and unjustifiable for the Department to purport to levy penalty on us under Section 78 for suppression of facts or having an intention to evade duty.

11.10 Further, in ***GantaRamanaiah Naidu V CCE, Guntur [2010 (18) STR 10 (Tri-Bang)]*** - *(copy enclosed as Annexure -14)*, it was held that –

"13. As regards the penalty imposed on the appellants under the provisions of Rule 15 of the CENVAT Credit Rules, we find that visiting the appellants with penalty under Rule 15 is unwarranted as during the relevant period appellant would have had a bona fide belief that the tippers which are used for providing output services are eligible for availment of credit as the said tippers were used for rendering a taxable output service and more so in the case of Dipco it was held that tippers would be classified under Chapter 84. Since there is a bona fide belief, we are of the considered view that the penalty imposed on the appellant is liable to be set aside and we do so."

11.11 In view of the above, we submit that the proposed penalties under Section 78 of the Act are not sustainable and liable to be set aside.

12. Penalties cannot be simultaneously levied under Section 76 and Section 78

12.1 In any event, in the present case, SCN has been issued for imposition of penalties under Section 76 as well as Section 78 of the Act for the same alleged act.

12.2 It is submitted that for one act, a person cannot be penalized twice. Thus, levy of two penalties simultaneously for the single act would be unfair, unjust and inappropriate and would contradict the principles of natural justice. Accordingly, in case it is decided that the penalty should be levied then the same should be levied under only one of the penal provision ie either Section 76 or Section 78 whichever is minimum.

12.3 In this regard, reference is invited to a recent judgment of the Tribunal, in case of ***The Financers v AC Of Central Excise, Jaipur*** [2007 (8) STR 7] wherein it was held that

"Cases in which penalties are imposed under Section 78 cannot fall in respect of the same Service tax evaded for a double penalty under Section 76 also, these two provisions are mutually exclusive and the cases where guilty mind does not exist will fall under section 76 while those where such mens rea is required, will fall under section 78. Therefore, there is no scope for imposing double penalty, ie, both under Section 78 and Section 76, when a person is found guilty of evasion by reason of suppression or concealment etc. and penalty is imposed under Section 78. In cases where penalty under Section 78 is imposed, therefore, no penalty can be imposed also under section 76 of the Act. Under the impugned orders penalties are imposed both under Section 78 and 76."

A copy of the judgment is annexed herewith as ***Annexure-15***.

12.4 It is evident that Section 76 and Section 78 are mutually exclusive provisions and penalty cannot be imposed under both provisions simultaneously. Accordingly, without prejudice to the above submissions, in case it is decided that the penalty should be levied, then the same should be levied under only one of the penal provision ie either Section 76 or Section 78 whichever is minimum.

12.5 It is further submitted that Section 78 has been amended vide the Finance Act, 2008 to provide that in case where penalty for suppressing value of taxable service under Section 78 is imposed, penalty for failure to pay Service tax under Section 76 shall not apply.

12.6 In view of this amendment, it is submitted that even the lawmakers envisage that penalty under both Section 76 and 78 is unjustified. Thus, it is submitted that Sections 76 and Section 78 are mutually exclusive provisions and penal provisions can be applied only under one of the provisions, even assuming any penalty was leviable in the present situation.

12.7 It is respectfully stated that, in view of the aforesaid submissions both on facts and law, the proposal to impose penalties on the Company under the provisions of Section(s) 76, 77 and 78 of the Act are not sustainable at all and are liable to be dropped.

13. **The SCN purports to disallow CENVAT credit availed which were utilised in construction of the Airport**

It is respectfully stated that MIAL has made proportionate disallowance of CENVAT credit for the portion of exempt services in compliance of Rule 6 (3A) (b) (ii) of CENVAT credit Rules, 2004 while making payment of service tax. However without prejudice to other submissions, the SCN fails to exclude such disallowance as applicable for various periods of the CENVAT availed.

SUMMARY

We submit in the alternative and without prejudice to each other that in view of our above submissions:

- The amount disputed under the SCN has been incorrectly computed in so far as the same incorrectly covers even the credit availed on capital goods. Further, not all the inputs and input services can be said to pertain only to construction activity.
- Notwithstanding the above, the CENVAT credits on inputs and input services for the period upto June 30, 2012 were properly availed as per the provisions of CENVAT credit rules. Further, certain amount of CENVAT in respect of input used from July 01, 2012 upto September 30, 2012 pertains to inputs received prior to June 30, 2012 but not availed by oversight. Hence the CENVAT credit cannot be denied merely on the ground that an EPC contractor was engaged by MIAL, and the construction services/ activities undertaken by such EPC contractor, ie L&T, are exempted from service tax.
- There is no dispute whatsoever regarding receipt and utilization of the duty paid on inputs and of service tax paid on input services by MIAL for provision of taxable output services, ie airport services.
- Further, there is no non-disclosure or misrepresentation or suppression on part of MIAL and all prescribed disclosures were made in the Service tax returns. Further, MIAL has co-operated with the officials at every stage of the audit/ investigation.
- In view of the fact, as no CENVAT credit is liable to be reversed by us, no interest can and ought to be recovered from us in connection with the availment and utilisation of the CENVAT credit during the aforesaid period.
- No penalty can be imposed on us since there is no suppression of facts or *malafide* intention on our part to avoid/ evade payment of any tax.

PRAYER

In view of our submissions made as above, it is reiterated that the proceedings initiated pursuant to the SCN under reply are liable to be dropped.

We reserve our right to file additional submissions and produce additional evidences in support of the aforesaid submissions, if necessary. We crave leave to add, alter, amend, delete and / or modify any of the aforesaid grounds, if required.

We further submit that the learned authority, in the interest of justice, grants us a personal hearing in the matter. We also reserve our right to present and examine witnesses, if the same becomes necessary and essential in the interest of justice for adjudication of the SCN.

Thanking you,
Yours sincerely,

For **Mumbai International Airport Private Limited**

Jeyachandran S
DGM - Taxation
Authorised signatory

Encl: Annexures as referred above

Annexure B

Details for the additional burden of duty due to non availability of the EPCG benefit is:

Rs crs.

Supplier Name	Country	Items Procured	Period in which procured	Order values	Impact of difference in duty between EPCG & Merit
CCM SRL	Italy	Mill Work	Oct 2011 to June 2013	15.00	0.7
Formglas Products Ltd.	Canada	GFRG	Nov 2011 to Mar 2013	39.48	0.2
Canbuild Projects Ltd	China	GFRC	Aug 2012 to Mar 2013	77.36	16.0
				Total	**16.9**

Ann C

Additional Cost due to Forex Variation		
	Particualrs	**Rs. In Crores**
A.	on FIM Orders	**72.68**
B.	on SCP Orders to L&T	**29.51**
		102.18

A. Details of additional Cost due to Forex Variation - FIM Orders

Supplier Name	Country	Items Procured	Work Order/ Purchase order Ref.
ACDC Led Ltd	United Kingdom	LED fixtures	SAP PO NO 6200000110
Added Value SAS	France	Consultancy Service	Contract No: CS/11/022
B & B Italia Spa	Italy	seating systems	SAP PO NO 7400000026
Blastwall Ltd	Canada	new invisible fence	Agreement No CS/12/008
Blue Star Middle East	United Arab Emirates	HVAC System	6300000067 6200000034
BNP Associated Inc	United States of America	Consultancy Service	SAP PO NO 7200000017
Bobrick Washroom Equipments	United States of America	Toilet Accessories	6200000018 6200000065
Compass International Media Limited	United Kingdom	Consultancy Service	Agreement No CS/12/001 Contract No. PS/08/002
Construction Specialities	United Arab Emirates	Active Louvers	PO NO MIAL/PR/12/12-002
Cooper Lighting	United States of America	LED strip grazing light fixtures	MIAL/2K-11/PRJ/LOI/CC-001 (6200000084) Dt: 24.06.11
Cosign nv	Belgium	Consultancy Service	PR / 11 / 017
Crescent Lighting Limited	United States of America	light fixtures	SAP PO NO 6200000118 6200000139 SAP PO NO 6200000139
Design Wilkes SDN BHD	Malaysia	Consultancy Service	LOI dt 15.04.2010, AE/10/08 (7200000001) 7200000012
Durlum Gmbh	Germany	Metal ceiling system	6300000077
Elkington Gatic	United Kingdom	pit covers	6200000079
Enliten Fze	United Arab Emirates	light fixtures	7500000218 7400000005 PR/09/23
Erco Lighting Pte Ltd	Singapore	Metal Halidle Flouresent Luminaries and GE	6200000051
Formglas Inc	Canada	GFRG - Supply	6300000082
Formglas Products Ltd	Canada	GFRG- Installation	CC/11/14 TS/11/023
Franz Sill Gmbh	Germany	small flood lights	6200000050 dt 08.02.2011
Gleason Adevrtising Pte Ltd	Singapore	Signages	7400000010 SAP PO NO 7400000025
Globe Zero 4 AS	Denmark	seating systems	SAP PO NO 7400000022

Detailed working of Forex exposure on remittances and pending contract commitments

	Pending Order value as of 1st Aug 2011			Remittances 1st Aug 2011 to 31st Jul 2013			Pending Commitments as of 1st Aug 2013			Forex Exposure on Remittances	Forex Exposure on Pending commitments	Total Forex Exposure
Currency	Amount	Rate	Pending order (INR)	Amount	Rate	Remittances (INR)	Amount	Rate on 22nd August 2013	Pending Commitments (INR)			
	a	b	C= a * b	d	e	f= d*e	g= a- d	h	i= g * h	j= d*(e-b)	k=g*(h-b)	l=j+k
GBP	3,46,121	73.13	2,53,10,612	2,70,307	86.51	2,33,84,326	75,814	102	77,40,302	36,17,743	21,96,273	58,14,016
EURO	1,33,000	63.81	84,88,930	1,33,000	67.00	89,10,601	-		-	4,23,672	-	4,23,672
EURO	15,474	63.81	9,87,392	15,474	78.50	12,14,811	-		-	2,27,219	-	2,27,219
USD	2,35,500	45.00	1,05,97,500	2,26,300	54.34	1,22,98,988	9,200	60	5,52,000	21,13,488	1,38,000	22,51,488
USD	58,143	45.00	26,16,449	23,369	45.68	10,67,495	34,774	60	20,88,453	15,886	5,21,613	5,37,499
USD	17,47,789	45.00	7,86,50,523	13,93,955	49.24	8,86,37,314	3,53,834	60	2,12,30,056	59,03,333	53,07,514	1,12,16,847
USD	48,000	45.00	21,60,000			-	48,000	60	28,80,000	-	7,20,000	7,20,000
USD	6,89,181	45.00	3,10,13,158	6,89,181	52.96	3,64,99,039	-		-	54,85,883	-	54,85,883
USD			-			-	-		-	-	-	-
GBP	20,968	73.13	15,33,314	20,968	87.25	18,29,542	-		-	2,95,228	-	2,96,228
GBP	61,345	73.13	44,85,939	61,345	75.54	46,33,780	(0)		-	1,47,831	10	1,47,841
USD	1,63,921	45.00	73,76,443	1,63,921	54.45	89,25,719	-		-	15,49,276	-	15,49,276
USD	15,90,188	45.00	7,15,58,478	15,90,189	50.90	8,09,38,391	(1)		-	93,79,886	27	93,79,914
EURO	3,400	63.81	2,16,959	3,400	67.13	2,28,243	-		-	11,283	-	11,283
USD	4,35,133	45.00	1,95,80,993	4,35,133	54.29	2,36,22,614	-		-	40,41,621	-	40,41,621
USD	2,41,843	45.00	1,08,82,935			-	2,41,843	60	1,45,10,580	-	36,27,645	36,27,645
USD	2,41,843	45.00	1,08,82,935			-	2,41,843	60	1,45,10,580	-	36,27,645	36,27,645
USD	2,42,752	45.00	1,09,23,836	40,877	53.89	22,03,033	2,01,875	60	1,21,12,500	3,63,572	30,28,125	33,91,697
USD	5,587	45.00	2,51,415	5,587	45.95	2,56,722	-		-	5,307	-	5,307
EURO			-			-	-		-	-	-	-
			-			-	-		-	-	-	-
USD	1,15,128	45.00	51,80,760	1,15,128	47.41	54,58,482	-		-	2,77,722	-	2,77,722
USD			-			-	-		-	-	-	-
USD			-			-	-		-	-	-	-
USD			-			-	-		-	-	-	-
EURO	4,96,020	63.81	3,16,51,803	4,96,009	67.05	3,32,57,894	11	84	956	16,06,817	230	16,07,047
EURO			-			-	-		-	-	-	-
USD			-			-	-		-	-	-	-
USD	78,95,650	45.00	35,53,04,250	74,46,600	48.75	36,30,41,290	4,49,050	60	2,69,43,000	2,79,44,290	67,35,750	3,46,80,040
USD	2,10,394	45.00	94,67,730	2,10,394	52.85	1,11,18,857	-		-	16,51,127	-	16,51,127
EURO	74,739	63.81	47,69,187	74,739	63.49	47,45,448	0		-	(23,729)	(10)	(23,740)
SGD	4,750	36.14	1,71,685	4,750	41.19	1,95,638	-		-	23,951	-	23,951
SGD	1,41,723	36.14	51,21,887			-	1,41,723	50	71,16,845	-	19,94,758	19,94,758
EURO	91,935	63.81	58,66,397			-	91,935	84	77,22,572	-	18,56,175	18,56,175

70

A. Details of additional Cost due to Forex Variation - FIM Orders

Supplier Name	Country	Items Procured	Work Order/ Purchase order Ref.
Hafeez Contractor Pte Ltd	Singapore	Engineering Service	AE/09/006
Haworth Singapore Pte Ltd	Singapore	seating systems	SAP PO NO 7400000024
Hitch Mylius Ltd	United Kingdom	seating systems	SAP PO NO 7400000021
Hoffmeister Leuchten GmbH	Germany	floodlight	6200000046 dt 25.01.2011
HOK International (Asia/Pacific) Limited	HongKong	Consultancy Service	AE/09/005
Hyland Edgar Driver	United Kingdom	Consultancy Service	TS/08/018 TS/11/13
KABELWERK EUPEN AG	Belgium	AGL Cable	6200000076
Landrum & Brown Worldwide Service	United States of America	Consultancy Service	TS/08/005 dated 07.04.2008 (Amdt 5 dt 29.10.2009)
Lenovo Singapore Pte. Ltd.	Singapore	Laptops	7100000018
Under Depa Interiors LLC	United Arab Emirates	Acoustic ceilings	Agreement No. CC/11/012
Lucent Lighting UK Ltd	United Kingdom	staggered Flourescent Luminaries	6200000048
Marco World Development Limited	HongKong	Loose Furniture	PO NO 7400000020
Matteograssi Spa	Italy	seating systems	Agreement No CC/12/004
Mechtler (Far East) Ltd	HongKong	Product Prototype	PR/10/001
Mitsubishi Plastics,Inc.	Japan	ACP	MIAL/PR/02/13-008
MOROSO SPA	Italy	Airport seating systems	SAP PO NO 7400000023
Nats Services Ltd	United Kingdom	Consultancy Service	SAP PO NO 7500000420
Neuropie Solutions AG	Switzerland	Business Process and Operational Protocol	
Nexans	France	AGL Cable	6200000075 6200000033
Precious International (H.K) Ltd	HongKong	Chandeliers	7400000002/ 6200000092 7200000004
Premier Cables Ltd	United Kingdom	AGL Cable	6300000048
Pteris Global Limited	Singapore	Inline BHS	PS/10/02 dated 19.04.2010
RJ Models (Global) Inc.,	HongKong	Model -proposed integrated New Terminal	63008122
Safegate International AB	Sweden	VDGS and GOS.	6300000018
Salin Landscape Consultancy Services	Singapore	Consultancy Service	7200000015
Schindler Pars International Ltd.	United Arab Emirates	Elevators/escalators/travelators Systems	6200000038
Selux Corporation	United States of	staggered Flourescent	6200000057

Detailed working of Forex exposure on remittances and pending contract commitments

	Pending Order value as of 1st Aug 2011			Remittances 1st Aug 2011 to 31st Jul 2013			Pending Commitments as of 1st Aug 2013			Forex Exposure on Remittances	Forex Exposure on Pending commitments	Total Forex Exposure
Currency	Amount	Rate	Pending order (INR)	Amount	Rate	Remittances (INR)	Amount	Rate on 22nd August 2013	Pending Commitments (INR):	Forex Exposure on Remittances	Forex Exposure on Pending commitments	Total Forex Exposure
	a	b	C= a * b	d	e	f= d*e	g= a- d	h	i= g * h	j=d*(e-b)	k=g*(h-b)	l=j+k
			-			-	-		-	-	-	-
SGD	-	-	-			-	-		-	-	-	-
			-			-	-		-	-	-	-
USD	72,950	45.00	32,82,750			-	72,950	60	43,77,000	-	10,94,250	10,94,250
			-			-	-		-	-	-	-
GBP	1,21,976	73.13	89,20,105			-	1,21,976	102	1,24,53,201	-	35,33,096	35,33,096
			-			-	-		-	-	-	-
EURO	14,23,788	63.81	9,08,53,938	14,23,788	66.41	9,45,59,786	-		-	37,05,860	-	37,05,860
			-			-	-		-	-	-	-
USD	5,89,200	45.00	2,65,14,000	5,89,200	45.00	2,65,14,000	-		-	-	-	-
			-			-	-		-	-	-	-
USD	2,89,165	45.00	1,30,12,429	2,89,165	45.00	1,30,12,429	-		-	-	-	-
USD	60,000	45.00	27,00,000	60,000	48.60	29,15,906	-		-	2,15,906	-	2,15,906
EURO	1,24,639	-	-	1,24,639		-	-		-	-	-	-
			-			-	-		-	-	-	-
USD	-	-	-			-	-	-	-	-	-	-
			-			-	-		-	-	-	-
USD	8,570	45.00	3,85,650	8,570	49.69	4,25,823	-		-	40,173	-	40,173
			-			-	-		-	-	-	-
USD	99,35,631	45.00	44,71,03,395	70,28,187	52.31	36,76,42,089	29,07,444	60	17,44,46,628	5,13,73,665	4,36,11,657	9,49,85,322
			-			-	-		-	-	-	-
USD	6,22,484	45.00	2,80,11,781	6,22,488	50.97	3,17,28,041	(4)		-	37,16,087	173	37,16,260
			-			-	-		-	-	-	-
USD	743	45.00	33,431	743	54.84	40,741	-		-	7,311	-	7,311
			-			-	-		-	-	-	-
EURO	31,58,926	63.81	20,15,75,806	7,77,103	71.54	5,55,97,178	23,81,823	84	20,00,73,159	60,09,091	4,80,85,440	5,40,94,531
			-			-	-		-	-	-	-
USD	13,950	45.00	6,27,750	13,950	45.00	6,27,750	-		-	-	-	-
			-			-	-		-	-	-	-
USD	73,071	45.00	32,88,186			-	73,071	60	43,84,248	-	10,96,062	10,96,062
			-			-	-		-	-	-	-
EURO	92,980	63.81	59,33,062			-	92,980	84	78,10,357	-	18,77,275	18,77,275
			-			-	-		-	-	-	-
GBP	19,500	73.13	14,25,965	19,500	83.96	16,37,220	-		-	2,11,255	-	2,11,255
			-			-	-		-	-	-	-
			-			-	-		-	-	-	-
EURO	52,525	63.81	33,51,699	52,568	65.00	34,16,919	(43)	84	(3,610)	62,477	(868)	61,609
EURO	3,67,058	63.81	2,34,22,522	3,66,397	64.45	2,36,13,826	661	84	55,524	2,33,484	13,345	2,46,828
USD	20,87,668	45.00	9,39,45,051	14,68,018	51.25	7,62,56,468	5,99,649	60	3,59,78,964	92,95,640	89,94,741	1,82,90,381
USD	97,496	45.00	43,87,320			-	97,496	60	58,49,760	-	14,62,440	14,62,440
EURO	3,42,194		-	3,42,194		-	-		-	-	-	-
			-			-	-		-	-	-	-
SGD	3,45,56,902	36.14	1,24,90,31,563	2,65,55,264	38.95	1,11,22,58,432	60,01,638	50	30,13,72,234	8,01,51,260	8,44,47,843	16,45,99,103
			-			-	-		-	-	-	-
USD	56,500	45.00	25,42,500	50,813	52.23	26,53,754	5,688	60	3,41,250	3,67,191	85,313	4,52,504
			-			-	-		-	-	-	-
EURO	1,69,130	63.81	1,07,92,439	1,69,130	69.67	1,17,82,441	-		-	9,90,002	-	9,90,002
			-			-	-		-	-	-	-
SGD	22,500	36.14	8,13,245	17,373	43.91	7,62,780	5,127	50	2,57,452	1,34,847	72,141	2,06,988
			-			-	-		-	-	-	-
USD	94,59,822	45.00	42,56,91,990	76,86,450	51.04	39,22,98,954	17,73,372	60	10,64,02,321	4,84,08,704	2,66,00,580	7,30,09,285
			-			-	-		-	-	-	-
EURO	2,43,059	63.81	1,55,09,959	2,43,059	71.79	1,74,50,315	-		-	19,40,356	-	19,40,356

71

A. Details of additional Cost due to Forex Variation - FIM Orders

Supplier Name	Country	Items Procured	Work Order/ Purchase order Ref.
Selux Corporation	America	Luminaries	
Shah Granites Contracting Middle East LLC,Dubai	United Arab Emirates	Granite	CC/10/36 /amd 2
Shinmaywa (Asia) Pte Ltd	Singapore	Supply and Installation of PBB	PS/09/021, 6300000083 7400000001 6300000026
Skill Tech Engineering Limited	HongKong	Dali/Electronic Ballasts For We-Ef Thailand	6200000074
SOFTROOM LIMITED	United Kingdom	Consultancy Service	CS/10/44 - (W.O. 7200000011 Dated 09.05.2011)
SOM India LLC	United States of America	Consultancy Service	Agreement dated 8th November 2007 (Amdt No 01 dated 04.09.2008)
SOM International LLC	United States of America	Consultancy Service	
Speirs & Major Associates Ltd	United Kingdom	Lighting Consultancy	6100001063 / SAP PO NO 7200000018 SAP PO NO 7500000439
Thyssenkrupp Airport Systems Co.	China	Anchor bolts assembly	6200000069 dt 28.03.2011
ThyssenKrupp Airport Systems Co. (Zhongshan) Ltd	China	PBB	Agreement No : PS/11/004
Tierra Design (S) Pte Ltd (TDPL)	Singapore	Consultancy Service	TS/09/012
Topnet International Ltd	HongKong	Flourescent Luminaries	6200000058 SAP PO NO 6200000121 SAP PO NO 6200000108
Toto Asia Oceania Pte Ltd	Singapore	Toilet Accessories	6200000019 6200000064
Tridonic Gmbh & Co KG	Austria	Electronic/Dali Ballast For ERCO, Lucent & Hoffmeister Make	6200000068 SAP PO NO 6200000141
Ustigate Ltd	United Kingdom	Consultancy Service	6100001325
Visual Balance Pte Ltd	Singapore	underwater fixtures	SAP PO No 6200000113 SAP PO NO 6200000137
We-Ef Leuchten Gmbh & Co.	Germany	flood light Luminaries including Ballast	6200000061
WE-EF Lighting Co. Ltd	Thailand	flood light Luminaries	6200000055
WET Enterprises Inc	United States of America	Consultancy Service	CS/10/40 7200000008
Willy Meyer + Sohn Gmbh + Cokg	Germany	Gobo Projector	SAP PO NO 6200000114
WS Atkins International Ltd	United Kingdom	Technical Services	CS/10/16

Detailed working of Forex exposure on remittances and pending contract commitments

	Pending Order value as of 1st Aug 2011			Remittances 1st Aug 2011 to 31st Jul 2013			Pending Commitments as of 1st Aug 2013			Forex Exposure on Remittances	Forex Exposure on Pending commitments	Total Forex Exposure
Currency	Amount	Rate	Pending order (INR)	Amount	Rate	Remittances (INR)	Amount	Rate on 22nd August 2013	Pending Commitments (INR)			
	a	*b*	*C= a * b*	*d*	*e*	*f= d*e*	*g= a- d*	*h*	*i= g* h*	*j= d*(e-b)*	*k=g*(h-b)*	*l=j+k*
			-			-	-		-	-	-	-
EURO	47,57,268	63.81	30,35,88,407	42,19,430	69.51	29,33,11,987	5,37,838	86	4,51,78,407	2,40,83,841	1,08,58,146	3,49,21,987
			-			-	-		-	-	-	-
USD	41,17,777	45.00	18,52,99,965	41,17,777	52.08	21,44,51,834	-		-	2,91,51,669	-	2,91,51,669
JPY	2,37,900	0.55	1,31,654	2,37,900	0.61	1,45,932	-		-	14,278	-	14,278
USD	49,450	45.00	22,25,250	49,450	49.62		-			2,28,459		2,28,459
EURO	18,223	63.81	11,62,824	18,223	70.79	12,89,992	-		-	1,27,168	-	1,27,168
			-			-	-		-	-	-	-
USD	2,91,587	45.00	1,31,21,397	2,91,586	49.34	1,43,87,599	0	-	-	12,66,220	(18)	12,66,202
			-			-	-		-	-	-	-
USD	4,688	45.00	2,10,960	4,688	49.62	2,32,619	-		-	21,659	-	21,659
			-			-	-		-	-	-	-
			-			-	-		-	-	-	-
			-			-	-		-	-	-	-
GBP	2,237	73.13	1,63,606	1,880	80.29	1,34,894	-		-	12,041	-	12,041
GBP	29,611	73.13	21,65,340	29,611	87.91	26,03,024	(0)		-	4,37,679	6	4,37,684
GBP	23,465	73.13	17,15,930	10,056	88.02	8,85,120	13,409	102		1,49,761	3,88,454	5,38,215
USD	12,158	45.00	5,47,110	9,169	49.87	4,55,448	2,989	60	1,79,340	42,841	44,835	87,676
			-			-	-		-	-	-	-
USD	88,74,034	45.00	39,93,31,530	24,07,309	53.20	12,80,63,365	64,66,725	60	38,80,03,488	1,97,34,451	9,70,00,872	11,67,35,323
			-			-	-		-	-	-	-
USD	-	-	-			-	-		-	-	-	-
			-			-	-		-	-	-	-
USD	12,84,330	45.00	5,77,94,868	12,00,360	53.59	6,43,31,628	83,971	60	50,38,247	1,03,15,448	12,59,562	1,15,75,008
USD			-			-	-		-	-	-	-
USD							-					
USD	2,98,696	45.00	1,34,41,298	2,98,695	51.00	1,52,34,766	1		-	17,93,496	(27)	17,93,469
USD			-			-	-		-	-	-	-
EURO	1,15,952	63.81	73,98,907	48,675	67.85	33,02,872	67,277	84	56,51,243	1,96,892	13,58,317	15,55,208
EURO			-			-	-		-	-	-	-
GBP	-	-	-			-	-	-	-	-	-	-
			-			-	-		-	-	-	-
EURO	4,66,229	63.81	2,97,50,769	2,51,575	70.19	1,76,58,277	2,14,654	84	1,80,30,936	16,04,902	43,33,542	59,38,444
EURO			-			-	-		-	-	-	-
EURO	69,488	63.81	44,34,134	69,488	63.49	44,12,074	-		-	(22,060)	-	(22,060)
			-			-	-		-	-	-	-
EURO	2,77,076	63.81	1,76,80,635	2,77,076	65.83	1,82,41,298	-		-	5,60,663	-	5,60,663
			-			-	-		-	-	-	-
USD	20,000	45.00	9,00,000	20,000	49.02	9,80,445	-	89	-	80,445	-	80,445
			-			-	-		-	-	-	-
EURO	88,018	63.81	56,16,580	51,107	68.81	35,16,709	36,911	84	31,00,516	2,55,460	7,45,176	10,00,636
			-			-	-		-	-	-	-
GBP	15,556	73.13	11,37,552	15,533	77.98	12,11,329	23	102	2,308	75,430	655	76,085
										36,00,42,455	36,67,16,761	72,67,59,216

B. Details of additional Cost due to Forex Variation - SCP Orders to L&T

Supplier Name	Country	Items procured
Canbuild Management Ltd. & Canbuild precast solutions (India) Pvt. Ltd.	China	GFRC & associated works - (Supply Portion)
Waterman Int'l Techonologis Pvt Ltd	Dubai	Waterfeatures
Prinz Optics GmbH	Germany	Dichroic Glass
Gillespie UK Ltd & Ensemble Infrastructure India Ltd	U K	GFRG Skylight Works
Henraux & Shah Granties Pvt Ltd	Italy	Granite Flooring
Blast Dflectors	USA	Jet Blast Fence
Blast Wall Ltd	USA	Invisible Jet Blast Fence
Bramco W.L.L	Bahrein	Interior Stone Flooring
CCM SRL for Supply & AddPlus Enterprises for Installation	Italy	Airport Counters (Millwork)
China Southern Glass- Hong Kong	China	T2 - Supply of Clear Glass for GFRC Portion
Construction Specialities	Dubai	Entrance Mats
Durlum GmbH & Formglas Product , A R Enterprises & AJMS	Germany / China	Acoustical Metal Ceiling
Durlum GmbH for Supply and AJMS Engineers Pvt Ltd fro Installation	Germany / China	Acoustical Metal and Gypsum ceiling
ETA Engineering Pvt Ltd	Dubai / China	Mechanical, Electrical & Plumbing (MEP) & IT works
Gleason Advertising Pte Ltd	Singapore	Signages
Honeywell Automation	USA	Fire Detection & Alarm System
Safegate International AB	Germany	AGL
Rocks & Logs	China	Exterior Stone Flooring
Schindler * Kone Elevator & Thyssenkrupp	Schindler (Germany),	Vertical and horizontal transportation system
Xiamen Y S Co.Ltd	China	Chinese Saudi Blanco Granite
CCM S.r.l for Supply & AddPlus Enterprises for Installation	Italy	Airport Counters (Millwork)
Technical Parts Est& Fab India	Dubai	BMU Works - ATC
Tyco Fire & Security	China	Fire Protection System

Detailed working of Forex exposure on remittances and pending contract commitments

	Pending Order value as of 1st Aug 2011			Remittances 1st Aug 2011 to 31st Jul 2013			Pending Commitments as of 1st Aug 2013						
Currency	Amount	Rate	Pending order (INR)	Amount	Rate	Remittances (INR)	Amount	Rate on 22nd August 2013	Pending Commitments (INR)	Forex Exposure on Remittances	Forex Exposure on Pending commitments	Total forex Exposure	Total Exposure including L&T fees and VAT
	a	b	C= a * b	d	e	f= d*e	g= a- d	h	i= g * h	j= d*(e-b)	k=g*(h-b)	l=j+k	m= (((l*117.14%)*105%)
USD	1,54,72,676	50.00	77,36,33,801	1,05,71,083	54.69	57,81,36,036	46,57,179	60	27,94,30,746	5,16,23,737	4,65,71,791	9,81,95,527	12,07,77,553
				2,44,414	58.35	1,42,62,548							
USD	1,41,818	50.00	70,90,900	-	-	-	1,41,818	60	85,09,080	-	14,18,180	14,18,180	17,44,319
EURO	14,58,712	66.00	9,61,42,992	13,81,119	68.40	9,44,70,731	72,835	84	61,18,161	33,25,491	13,11,034	46,36,525	57,02,787
				2,758	69.12	1,90,626							
USD	2,07,991	44.50	92,55,592	2,08,000	46.56	96,83,843	(9)	60	(550)	4,27,843	(142)	4,27,701	5,26,059
EURO	6,50,265	60.16	3,91,18,942	6,38,274	62.66	3,99,95,287	11,991	84	10,07,270	15,96,742	2,85,873	18,82,615	23,15,560
USD	4,38,777	45.00	1,97,44,965	4,37,016	54.73	2,39,17,282	1,761	60	1,05,842	42,51,549	26,411	42,77,959	52,61,761
USD	3,13,838	45.60	1,43,11,000	3,13,858	46.45	1,45,79,984	(21)	60	(1,231)	2,68,049	(295)	2,67,754	3,29,329
USD	26,07,038	49.00	12,77,44,862	18,55,746	53.94	10,01,04,928	2,78,308	60	1,66,98,485	1,15,50,350	30,81,389	1,46,11,739	1,79,72,001
				4,72,984	54.03	2,55,53,189							
USD	1,85,026	45.21	83,65,025	1,53,299	54.39	83,38,092	31,727	60	19,03,614	14,07,440	4,69,241	18,76,681	23,08,261
USD	4,74,524	51.65	2,45,09,185	4,74,523	54.80	2,60,02,892	(0)	60	(5)	14,93,762	(1)	14,93,761	18,37,281
				1	54.71	39							
USD	2,16,476	50.00	1,08,23,815	2,16,476	54.02	1,16,94,786	0	60	-	8,70,971	0	8,70,971	10,71,268
USD	25,42,021	50.00	12,71,01,025	17,16,036	54.39	9,33,31,110	8,25,985	60	4,95,59,083	75,29,321	82,59,847	1,57,89,168	1,94,20,203
USD	14,66,666	47.00	6,89,33,314	14,34,657	48.77	6,99,65,189	32,009	60	19,20,551	25,36,308	4,16,119	29,52,426	36,31,395
USD	72,314	45.00	32,54,127	70,980	53.06	37,67,386	1,334	60	80,045	5,93,293	20,011	6,13,304	7,54,345
SGD	41,74,800	37.00	15,44,67,600	28,65,070	43.66	12,50,81,007	10,02,915	50	5,03,61,373	2,12,82,204	1,32,53,521	3,45,35,725	4,24,77,906
				3,08,815	44.20	1,35,60,945							
USD	26,982	49.00	13,21,138	8,260	54.50	4,50,170	18,702	60	11,22,120	45,430	2,05,722	2,51,152	3,08,909
EURO	56,93,195	65.00	37,00,57,695	52,30,792	65.29	34,15,32,774	4,62,403	84	3,88,41,891	15,31,305	87,85,666	1,03,16,970	1,26,89,564
USD	14,84,002	53.00	7,86,52,116	3,25,369	55.00	1,78,95,447	8,58,334	60	5,15,00,057	10,27,429	60,08,340	70,35,769	86,53,785
				3,00,299	54.25	1,62,92,381							
USD	5,46,756	48.00	2,51,50,776	5,19,418	53.56	2,78,21,174	27,338	60	16,40,268	39,27,507	3,82,729	43,10,666	53,01,990
USD	78,288	49.00	38,36,112	78,288	52.84	41,36,781	(0)	60	(29)	3,00,645	(5)	3,00,640	3,69,778
USD	1,85,026	45.21	83,65,025	1,53,299	54.39	83,38,092	31,727	60	19,03,614	14,07,440	4,69,241	18,76,681	23,08,261
USD	32,65,530	45.21	14,76,34,811	27,39,319	53.85	14,75,21,507	5,26,211	60	3,15,72,646	2,36,76,884	77,82,657	3,14,59,542	3,86,94,292
USD	1,06,000	50.00	53,00,000	1,00,435	54.28	54,52,088	5,565	60	3,33,899	4,30,337	55,650	4,85,987	5,97,749
						-	-		-	-			
													29,50,54,360

AmD

MUMBAI METROPOLITAN REGION DEVELOPMENT AUTHORITY
मुंबई महानगर प्रदेश विकास प्राधिकरण

No. ED/MUIP/SER/MIAL/13 – **Engineering Division**
Date:4/02/2013

The Managing Director,
Mumbai International Airport Pvt. Ltd. (MIAL)
Terminal 1-B,
Santacruz (East)
Mumbai.

Pomed/Vinod

(Kind Attn.: Shri G.V.Sanjay Reddy)

Sub.: Construction of Sahar Elevated Access Road from Western Express Highway (WEH) to Chhatrapati Shivaji International Airport (CSIA).
- **Approval of Total Project Cost**

Ref.: i) This office letter dt. 14.02.2011.
ii) Your letter dt. 24.05.2011

Sir,

MMRDA has undertaken the number of infrastructure projects under MUIP. Construction of Sahar Elevated Road from WEH to CSI Airport is one of them. This project is sanctioned under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for project cost of Rs. 155.13 Cr. The tender amounting to Rs. 287.37 Cr. was awarded to Larsen & Toubro on 09th Jan, 2008 with time period 24 months for completion. As per MoU between MMRDA & Mumbai International Airport Pvt. Ltd. (MIAL) expenditure on the project is to be shared in proportion of 53.97: 46.03 respectively. It has been further stipulated in MoU that the expenditure for the project over and above the tendered cost shall also be borne by MMRDA and MIAL in the same proportion of 53.97% and 46.03% respectively.

Interim revised project cost was worked out as Rs.343.20Cr. which was intimated to MIAL vide letter dt.14/02/2011 by MMRDA. The consent from MIAL to this revised project cost was received vide letter dt.24/05/2011. During the subsistence of the project, it was found that the revised estimated cost of the project Rs.400.71Cr has been approved by the Executive Committee of MMRDA in its meeting dt.28/01/2013.

cc: Rajeev Tam

Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.
EPABX : 2659 4000 • FAX : 2659 1264 • WEB SITE : http://www.mmrdamumbai.org

74

The additional cost over and above the earlier informed Rs.343.20Cr cost is as follows,

Sr. No.	Project Head	Cost earlier informed Rs. in Cr	Cost Rs. in Cr.
1	Original contract cost (L&T)	287.37	287.37
2	Price variation payable as per contract provisions	33.44	55.33
3	MIAL underpass Cost	4.59	9.54
4	Cost implication due to modification of project scope	17.80	15.81
5	Nalla Diversion	--	11.50
6	Expenditure on diversion of sewer line	--	8.5
7	Expenditure on PMC fees	--	12.66
	Total Project cost	**343.20**	**400.71**

It is, therefore, requested to note the Revised Project Cost of Rs.400.71Cr for the project. So also please instruct the concerned officers to release the MIAL share as per MoU between MMRDA & MIAL, as 46.03% on priority as Audit has raised queries for delayed reimbursement of MIAL share.

Thanking you,

Yours faithfully,

(S.M.Sabnis)
Chief Engineer

Copy submitted for information:-

1) The Metropolitan Commissioner
2) The Addl. Metropolitan Commissioner (II).

Operational Capital expenditure assets as at 31st March 2010

Asse code	Quantity	Asset Class	Depreciation Start date	Asset description	Gross block	Aero / Non Aero	Locations	Aero area split	Aero	Non-Aero
10141001540	1.00	Plant & Machinery	31.03.2010	FUEL HYDRANT SYSTEM - TERMINAL 1C	2,29,32,863	Aero	Fuel Hydrant	100%	2,29,32,863	-
10141001570	-	Plant & Machinery - DF	31.03.2010	FUEL HYDRANT SYSTEM - TERMINAL 1C	6,68,874	Aero	Fuel Hydrant	100%	6,68,874	-
					2,36,01,737					

Operational Capital expenditure assets as at 31st March 2011

asset code final	Quantity	Asset Class	Depreciation Start date	Asset description	Gross block	Aero / Non Aero	Locations	Aero area spli	Aero	Non-Aero
10141001641	-	Plant & Machinery	5/6/2010	DF-Fuel Hydrant System - Apron K	1,56,357	Aero	Fuel Hydrant	100%	1,56,357	-
10141001712	-	Plant & Machinery	1/4/2010	DF Aviation Fuel Hydrant System at 14 end loop	4,88,198	Aero	Fuel Hydrant	100%	4,88,198	-
10141001722	-	Plant & Machinery	1/4/2010	DF Aviation Fuel Hydrant System atTerminal2A(SWP)	2,49,22,340	Aero	Fuel Hydrant	100%	2,49,22,340	-
10141001640	-	Plant & Machinery	5/6/2010	Fuel Hydrant System - Apron K	70,65,839	Aero	Fuel Hydrant	100%	70,65,839	-
10141001710	-	Plant & Machinery	1/4/2010	Aviation Fuel Hydrant System at 14 end loop	2,00,90,573	Aero	Fuel Hydrant	100%	2,00,90,573	-
10141001720	-	Plant & Machinery	1/4/2010	Aviation Fuel Hydrant System at Terminal 2A(SWP)	4,28,58,954	Aero	Fuel Hydrant	100%	4,28,58,954	-
10141001540	1.00	Plant & Machinery	31/3/2010	FUEL HYDRANT SYSTEM - TERMINAL 1C	2,29,32,863	Aero	Fuel Hydrant	100%	2,29,32,863	-
10141001570	-	Plant & Machinery	1/3/2010	DF FUEL HYDRANT SYSTEM - TERMINAL 1C	6,68,874	Aero	Fuel Hydrant	100%	6,68,874	-
					11,91,83,997					

Operational Capital expenditure assets as at 31st March 2012

New asset code	Quantity	Asset Class	Depreciation Start date	Asset description	Gross block	Aero / Non Aero	Locations	Aero area split	Aero	Non-Aero
10131004380	1	Buildings	25/10/2010	CONSTRUCTION OF PLATFORM FOR TRANSFER BAGGAGE FOR	1,47,702	Aero	Apron	100%	1,47,702	-
10131004460	1	Buildings	31/7/2011	PROVISION OF SHED AT RO PLANT NR MAIN FIRE STATION	3,17,686	Aero	Fire and Safety	100%	3,17,686	-
10131004710	1	Buildings	1/4/2011	PROVIDING WASHING PLATFROM NEAR FIRE STATION	2,89,980	Aero	Fire and Safety	100%	2,89,980	-
10131004350	1	Buildings	1/4/2011	CONST OF WATER TREATMENT PLANT,POTABLE NR MAINFIRE	19,10,862	Aero	Fire and Safety	100%	19,10,862	-
10131004500	1	Buildings	31/7/2011	PROVISION OF STORE SUB FIRE STATION IN OPERATIONAL	4,28,233	Aero	Fire and Safety	100%	4,28,233	-
10131004160	0	Buildings	1/4/2011	SEWER LINE FOR PORTA CABIN AT INTAKE POWER HOUSE	56,456	Non-Aero	Cargo	0%	-	56,456
10131004310	1	Buildings	1/4/2011	PROVISION OF ADDITIONAL GATE AT MODULE 1 CARGO	3,59,924	Non-Aero	Cargo	0%	-	3,59,924
10131004330	1	Buildings	15/5/2011	INSTALLATION OF NEW GATE 4K GATE NR CPC AT CARGO	1,57,349	Non-Aero	Cargo	0%	-	1,57,349
10131004660	1	Buildings	4/2/2012	CONSTRUCTION OF DANGEROUS GOOD SHED AT CARGO COM	3,19,031	Non-Aero	Cargo	0%	-	3,19,031
10131004670	1	Buildings	23/8/2011	INSTALLATION OF NEW ROLLING SHUTTER AT CARGO COMPL	70,322	Non-Aero	Cargo	0%	-	70,322
10131004650	1	Buildings	1/4/2011	MODIFICATION IN OFFICE OF AIRLINES AT IMPORT WARE	35,332	Non-Aero	Cargo	0%	-	35,332
10131004700	10	Buildings	16/5/2011	MODIFICATION FOR UB AREA IN HEAVY CARGO BUILIDNG.	16,33,722	Non-Aero	Cargo	0%	-	16,33,722
10131004630	1	Buildings	1/4/2011	Architectural Design & Project Management for GVK	25,50,000	Aero	Others	100%	25,50,000	-
10131004600	1	Buildings	1/4/2011	SUPPLY&LAYING OF CARPET FLOOR TILES AT DELHI OFF	28,75,195	Non-Aero	Others	0%	-	28,75,195
10131004750	1	Buildings	13/1/2012	CONSTRUCTION OF KF OFFICES IN T-1A BMA(CIVIL WORK)	13,56,128	Common	Terminal 1A	84%	11,38,386	2,17,741
10131004370	1	Buildings	2/6/2011	PROVISION OF SS TROLLEY PARK BARRIE IN T1A ARRIVAL	4,82,760	Aero	Terminal-1A	100%	4,82,760	-
10131004540	1	Buildings	30/9/2011	SS RAILING OUTSIDE AI CHECK GLASS CUBICAL AT TER1A	83,398	Aero	Terminal-1A	100%	83,398	-
10131004360	1	Buildings	4/7/2011	CONSTRUCTION OF GLASS FACADE FOR AIR INDIA COUNTER	3,87,293	Aero	Terminal-1A	100%	3,87,293	-
10131004620	1	Buildings	10/11/2011	MOCK UP WORK FOR CAFETERISA AT T1B	4,34,658	Aero	Terminal – 1B	100%	4,34,658	-
10131004410	1	Buildings	7/6/2011	RESTORATION OF WATERPROOFING WORKS	41,14,437	Aero	Terminal – 1B	100%	41,14,437	-
10131004640	1	Buildings	20/10/2011	CONSTRUCTION OF AIRLINE OFFICE IN T1B 1ST FLR,	5,53,263	Aero	Terminal – 1B	100%	5,53,263	-
10131004320	1	Buildings	1/4/2011	PROVIDING SECURITY GATE ALONG WITH WALL AT GATE 1	3,09,870	Aero	Terminal 1	100%	3,09,870	-
10131004440	1	Buildings	5/10/2011	STRUCTURAL CONSULTANCY DESIGN OF SERVICE PLATFORM	21,000	Aero	Terminal – 2B	100%	21,000	-
10131004610	1	Buildings	8/5/2011	PROVISION OF RETAILS KIOSK AT TERMINAL 2B ARRIVAL	5,85,360	Aero	Terminal – 2B	100%	5,85,360	-
10131004430	1	Buildings	1/4/2011	CIVIL WORK RELATED TO INLINE SCREENING FOR INBOUND	12,26,651	Aero	Terminal – 2B	100%	12,26,651	-
10131004490	1	Buildings	1/4/2011	CIVIL WORKS INLINE SCREENING FOR INBOUND BAGGAGE	1,62,305	Aero	Terminal – 2B	100%	1,62,305	-
10131004340	1	Buildings	1/4/2011	CONSTRUCTION OF STRUCTURAL STEEL PLATFORM COOLING	4,85,256	Aero	Terminal – 2C	100%	4,85,256	-
10131004480	1	Buildings	30/9/2011	CIVIL WORK FOR MIAL SECURITY TRAINING CENTRE ATT2C	5,96,989	Aero	Terminal – 2C	100%	5,96,989	-
10131004740	1	Buildings	21/12/2011	STRUCTURAL CONSULTANCY SERVICES FOR CONSTRUCTION	20,130	Aero	New Terminal T02	100%	20,130	-
10131004680	1	Buildings	28/2/2012	TRAINING CENTER AT BLOCK I, MIAL PROJECTS OFFICE	47,10,166	Aero	New Terminal T02	100%	47,10,166	-
10131004510	1	Buildings	1/4/2011	PROVISION OF RAMP AT GA TERMINAL	4,88,680	Non-Aero	GA Terminal	0%	-	4,88,680
10132000310	1	Buildings	30/7/2011	WIDENING OF ROAD AT NEW RED OFFICE AT NAD COLONY	11,51,680	Aero	Airside Operations	100%	11,51,680	-
10132000300	1	Buildings	2/7/2011	PROVISION OF SS CHAIN BARRIER FOR VVIP VEHICALPARK	1,87,056	Aero	Landside Operations	100%	1,87,056	-
10132000290	1	Buildings	30/6/2011	CONSTRUCTION OF CAR& TWO WHEELER PARKING AT CHURCH	48,96,890	Non-Aero	Cargo	0%	-	48,96,890
10132000350	1	Buildings	1/4/2011	CONSTRUCTION OF CAR& TWO WHEELER PARKING AT CHURCH	40,25,295	Non-Aero	Cargo	0%	-	40,25,295
10132000330	1	Buildings	31/5/2011	RAISING OF LOWLYING EXISTING ASPHALT PAVEMENT	17,54,680	Non-Aero	Cargo	0%	-	17,54,680
10132000370	1	Buildings	22/2/2012	DEVELOPMENT OF AREA FOR TRUCK PARKING	67,39,405	Aero	Others	100%	67,39,405	-
10133000290	1	Buildings	21/6/2011	CONVERSION OF EXISTING OPEN DRAIN IN TO PIPE DRAIN	11,29,085	Non-Aero	Cargo	0%	-	11,29,085
10133000250	1	Buildings	6/4/2011	PRECAST DRAIN COVER OVER DRAIN BEHIND HEAVY CARGO	5,61,898	Non-Aero	Cargo	0%	-	5,61,898
10134000420	1	Buildings	29/6/2011	RENPVATION OF CARGO TOILETS NEAR CCTV & FACT AREA	1,36,336	Non-Aero	Cargo	0%	-	1,36,336
10136000200	1	Buildings	2/3/2012	SECURITY COMPOUND WALL & DIVERSION OF ROAD WEST	98,49,800	Aero	Airside Operations	100%	98,49,800	-
10136000190	1	Buildings	1/4/2011	CONST COMPOUND WALL IN FRONT OF VVIP GATE NO.9&	4,39,400	Aero	Others	100%	4,39,400	-
10141001780	2	Plant & Machinery	19/3/2011	SUPPLY OF KIRLOSKAR MAKE PUMP MODEL UP 250/30	5,02,490	Non-Aero	Terminal 1&2	0%	-	5,02,490
10141002160	2	Plant & Machinery	29/9/2011	ROAD METER MACHINE	3,938	Aero	Airside Operations	100%	3,938	-
10141002730	10	Plant & Machinery	15/3/2012	MARUYAMA BRUSH CUTTER MBC-5020 HSB	3,30,488	Aero	Airside Operations	100%	3,30,488	-
10141002690	1	Plant & Machinery	25/11/2011	SUPPLY OF RUNWAY CLOSURE MARKER (MODEL NO L-893)	21,18,914	Aero	Airside Operations	100%	21,18,914	-
10141002360	1	Plant & Machinery	13/12/2011	DIFFERENTIAL GLOBAL POSITIONING SYSTEM FOR SAFETY	14,04,073	Aero	Airside Operations	100%	14,04,073	-
10141002230	1	Plant & Machinery	30/9/2011	AQUATAK 150PRO HIGH PRESSURE WASHER BOSCH MAKE	36,000	Aero	Airside Operations	100%	36,000	-
10141002050	1	Plant & Machinery	21/7/2011	SUPPLY OF CHAIN SAW MACHINE	31,500	Aero	Airside Operations	100%	31,500	-
10141002530	1	Plant & Machinery	11/4/2011	WATER FILM METER EQUIPMENT FOR AIRSIDE OPEARATION	4,34,980	Aero	Airside Operations	100%	4,34,980	-
10141002100	1	Plant & Machinery	29/8/2011	ASPHALT CUTTING SAW ALONG WITH 20" CONCRETE BALDES	1,34,776	Aero	Airside Operations	100%	1,34,776	-
10141002710	1	Plant & Machinery	7/5/2011	SUPPLY OF BRUSH CUTTING MACHINE MODEL NO:MBC-5020H	2,01,023	Aero	Airside Operations	100%	2,01,023	-
10141002790	1	Plant & Machinery	1/4/2011	WATER PUMP FOR DOMESTIC PURPOSE AT MAIN FIRE STATI	14,674	Aero	Fire and Safety	100%	14,674	-

Operational Capital expenditure assets as at 31st March 2012

New asset code	Quantity	Asset Class	Depreciation Start date	Asset description	Gross block	Aero / Non Aero	Locations	Aero area split	Aero	Non-Aero
10141001950	1	Plant & Machinery	10/6/2011	SUPPLY&INSTALLATION OF WATER TANKS FOR RO PLANTS	11,15,663	Aero	Fire and Safety	100%	11,15,663	-
10141002030	1	Plant & Machinery	26/7/2011	S/O REVERSE OSMOSIS WATER TREATMENT PLANT(2000LPH)	17,67,969	Aero	Fire and Safety	100%	17,67,969	-
10141002060	3	Plant & Machinery	12/8/2011	SUPPLY ALUMINIUM LADDER AT CIVIL MAINTENANCE DEPT	14,802	Non-Aero	Cargo	0%	-	14,802
10141002470	10	Plant & Machinery	15/12/2011	PLASTIC PALLETS, 2 WAYS ENTRY COLOUR: BLUE	37,781	Non-Aero	Cargo	0%	-	37,781
10141002480	160	Plant & Machinery	15/12/2011	PLASTIC PALLETS, 4 WAYS ENTRY COLOUR: BLUE	5,44,474	Non-Aero	Cargo	0%	-	5,44,474
10141002370	19	Plant & Machinery	5/12/2011	PORTABLE DIGITAL TEMPERATURE LOGGERS, COLD STORAGE	1,06,875	Non-Aero	Cargo	0%	-	1,06,875
10141002740	3	Plant & Machinery	9/6/2011	AIR CONDITIONAL CONTAINER AT CARGO DEPT	22,78,125	Non-Aero	Cargo	0%	-	22,78,125
10141002250	1	Plant & Machinery	17/9/2011	PROVISION OF FANS AT AIR CARGO COMPLEX	8,37,205	Non-Aero	Cargo	0%	-	8,37,205
10141002880	2	Plant & Machinery	1/4/2011	WEIGHING SCALE DOMESTIC FACILITY AT CARGO	39,960	Non-Aero	Cargo	0%	-	39,960
10141002760	30	Plant & Machinery	13/2/2012	2.5 TON-GODREJ MAKE HAND PALLET TRUCK AT CARGO	5,84,375	Non-Aero	Cargo	0%	-	5,84,375
10141002200	1	Plant & Machinery	2/9/2011	SUPPLY & INSTALLATION LAN CABLE AT CARGO	8,53,324	Non-Aero	Cargo	0%	-	8,53,324
10141002870	5	Plant & Machinery	30/3/2012	SUPPLY OF SLAVE PALLETS FOR CARGO	80,398	Non-Aero	Cargo	0%	-	80,398
10141002720	1	Plant & Machinery	6/3/2012	30 TONES CAPACITY ELECTRONIC WEIGHBRIDGE PLATFORM	11,12,831	Non-Aero	Cargo	0%	-	11,12,831
10141002860	1	Plant & Machinery	1/4/2011	SUPPLY OF FANS & WATER COOLERS AT AIRCARGO COMPLEX	11,17,380	Non-Aero	Cargo	0%	-	11,17,380
10141002340	225	Plant & Machinery	9/11/2011	2 WAY ENTRY PLASTIC PALLETS L1200XW1200XH150MM	8,96,921	Non-Aero	Cargo	0%	-	8,96,921
10141002350	225	Plant & Machinery	9/11/2011	4 WAY ENTRY PLASTIC PALLETS L1200XW1200XH150MM	3,05,571	Non-Aero	Cargo	0%	-	3,05,571
10141002040	1	Plant & Machinery	5/8/2011	DIGITAL INDICATOR FOR 5MT WEIGHING SCALE	51,300	Non-Aero	Cargo	0%	-	51,300
10141002310	8	Plant & Machinery	19/10/2011	BIOMETRIX ATTENDANCE MONITORING MACHINES GATEWAY	3,10,500	Non-Aero	Cargo	0%	-	3,10,500
10141002150	1	Plant & Machinery	27/9/2011	SUPPLY OF FIBER BACKBONE FOR MIAL NETWORKS	3,98,392	Aero	Information Technology	100%	3,98,392	-
10141002380	1	Plant & Machinery	18/4/2011	SITC OF LAN CABLING FOR IT INFRASTRUCTURE	65,145	Aero	Information Technology	100%	65,145	-
10141002700	1	Plant & Machinery	5/8/2011	SUPPLY OF ETHERNET SWITCHES AT VARIOUS LOCATIONS	26,44,010	Aero	Information Technology	100%	26,44,010	-
10141002240	1	Plant & Machinery	27/9/2011	BASIC TOOL KIT FOR STORES	7,875	Non-Aero	Procurement	0%	-	7,875
10141002010	1	Plant & Machinery	27/7/2011	SUPPLY OF AIR COMPRESSOR DM WATER PLANT	9,563	Aero	Engg. and Maintenance	100%	9,563	-
10141002650	135	Plant & Machinery	17/1/2012	THERMO CONDUCTIVE ADDITIVE - SIGNET PF	4,39,425	Aero	Engg. and Maintenance	100%	4,39,425	-
10141002090	3	Plant & Machinery	20/5/2011	ICOM IC A110 AIR BAND BASE ST AND OTHER ACCESSORIE	1,44,201	Aero	Engg. and Maintenance	100%	1,44,201	-
10141002660	16	Plant & Machinery	11/1/2012	FIXED AERO BAND 121.750 MHZ	7,69,440	Aero	Engg. and Maintenance	100%	7,69,440	-
10141002670	18	Plant & Machinery	11/1/2012	MOBILE AERO BAND 121.750 MHZ	8,07,030	Aero	Engg. and Maintenance	100%	8,07,030	-
10141002680	20	Plant & Machinery	11/1/2012	HAND HELD AERO BAND	3,78,000	Aero	Engg. and Maintenance	100%	3,78,000	-
10141001990	2	Plant & Machinery	26/7/2011	SINGLE DISC SCRUB MACHINE FOR T1	1,98,441	Aero	Facilities and HK	100%	1,98,441	-
10141002000	2	Plant & Machinery	26/7/2011	SINGLE DISC SCRUB MACHINE FOR T2	1,98,441	Aero	Facilities and HK	100%	1,98,441	-
10141002780	5	Plant & Machinery	12/4/2011	SUPPLY OF CLEANING MACHINE FOR TER-1 & 2 AT CSIA.	12,27,502	Aero	Facilities and HK	100%	12,27,502	-
10141002330	8	Plant & Machinery	10/11/2011	AUTOMATED EXTERNAL DEFIBRILLATOR FOR INTERTERMINAL	8,60,880	Aero	Others	100%	8,60,880	-
10141001960	1	Plant & Machinery	6/7/2011	TOTAL STATION OF LACIA MAKE	10,08,053	Aero	Others	100%	10,08,053	-
10141002270	1	Plant & Machinery	13/10/2011	SITC OF CUMMINS 320KVA DG SET YELLOW FEVER HOSP.	26,64,376	Aero	Others	100%	26,64,376	-
10141002850	2	Plant & Machinery	7/5/2011	PROCUREMENT OF HEIGHT MEASUREMENT UNIT(ABEY LEVEL)	31,590	Aero	Others	100%	31,590	-
10141002210	1	Plant & Machinery	8/10/2010	S/O 1600 KVA DRY TRANSFORMERS FOR POWER HOUSE T1A	16,99,942	Aero	Terminal-1A	100%	16,99,942	-
10141002220	1	Plant & Machinery	24/12/2010	S/O 1600 KVA DRY TRANSFORMERS FOR POWER HOUSE T1A	16,99,942	Aero	Terminal-1A	100%	16,99,942	-
10141002840	1	Plant & Machinery	1/2/2012	S/O 1600 KVA DRY TRANSFORMERS FOR POWER HOUSE T1A	18,51,172	Aero	Terminal-1A	100%	18,51,172	-
10141002130	1	Plant & Machinery	1/4/2011	INSTALL&COMMISSION OF PUMP SETS AT A/C's PLANTT1A	4,35,628	Aero	Terminal-1A	100%	4,35,628	-
10141002290	3	Plant & Machinery	5/5/2011	SITC OF EXHAUST FAN ON TRANSFORMER T1A	70,875	Aero	Terminal-1A	100%	70,875	-
10141002260	1	Plant & Machinery	28/9/2011	SUPPLY OF MOBILE LIGHT TOWER	4,79,916	Aero	Terminal – 1B	100%	4,79,916	-
10141001900	4	Plant & Machinery	28/6/2011	E-TICKET PRINITING KIOSK	10,67,880	Aero	Terminal – 1B	100%	10,67,880	-
10141001860	1	Plant & Machinery	25/3/2011	SITC OF LAN CABLING FOR IT INFRASTRUCTURE	5,07,458	Aero	Terminal – 1B	100%	5,07,458	-
10141002640	1	Plant & Machinery	17/1/2012	SINGLE DISC SCRUBBER (JD - ERGO DISC 165) CLEANING	99,221	Aero	Terminal 1	100%	99,221	-
10141002300	1	Plant & Machinery	3/10/2011	SUPPLY & INSTALLATION OF E-TICKET PRINTING KIOSKS	35,000	Aero	Terminal 1	100%	35,000	-
10141002520	5	Plant & Machinery	31/7/2011	IRON PORT M160 WITH E-MAIL&WEB SECURITY APLIANCE	34,29,730	Aero	Terminal 1	100%	34,29,730	-
10141002180	1	Plant & Machinery	2/8/2011	SUPPLY & INSTALLATION LAN CABLE AT TERMINAL 1 & 2	47,204	Aero	Terminal 1	100%	47,204	-
10141001970	2	Plant & Machinery	15/6/2011	STEAMTEC 5IH STEAM CLEANER AT T-1	1,03,258	Aero	Terminal 1	100%	1,03,258	-
10141002620	1	Plant & Machinery	17/1/2012	CLEANING FLIPPER FOR TERMINAL OPERATION	22,500	Aero	Terminal 1	100%	22,500	-
10141002750	1	Plant & Machinery	30/11/2011	ELECTRICAL WORK&LAYING 11 KV CABLES FROM DSS-1&3	22,35,106	Aero	Terminal 1	100%	22,35,106	-
10141002810	1	Plant & Machinery	22/12/2011	AERO BRIDGE ANNUNCIATION SYSTEM (ABAS) ATTER-1&2	4,85,275	Aero	Terminal 1	100%	4,85,275	-
10141002070	2	Plant & Machinery	11/8/2011	HIGH PRESSURE JET CLEANER MACHINE FOR T1	1,05,181	Aero	Terminal 1	100%	1,05,181	-
10141002610	1	Plant & Machinery	13/1/2011	CLEANING MACHINE FOR DEEP CLEANING AT SWP	52,590	Aero	Terminal 1	100%	52,590	-

Operational Capital expenditure assets as at 31st March 2012

New asset code	Quantity	Asset Class	Depreciation Start date	Asset description	Gross block	Aero / Non Aero	Locations	Aero area split	Aero	Non-Aero
10141002630	1	Plant & Machinery	20/1/2012	LAVAZZ MACH LB 2302 COFFEE MACHINE	52,875	Aero	Terminal 1	100%	52,875	-
10141002900	18	Plant & Machinery	10/1/2012	BOOSTER PUMP ALONG WITH UV FILTER FOR DRINKING	1,80,189	Aero	Terminal 1	100%	1,80,189	-
10141001870	2	Plant & Machinery	1/4/2011	S I T C TWO WAY COMMUNICATION SYSTEM AT TER - 2	20,340	Aero	Terminal – 2C	100%	20,340	-
10141001890	4	Plant & Machinery	28/6/2011	SCHNEIDER CONZERV MAKE ENERGY METER	19,427	Aero	New Terminal T02	100%	19,427	-
10141002120	1	Plant & Machinery	30/8/2011	LAN CABLING WORKS FOR SHA EXTENSION AT T2C & T1B	3,32,047	Aero	New Terminal T02	100%	3,32,047	-
10141001980	2	Plant & Machinery	15/6/2011	STEAMTEC 5IH STEAM CLEANER AT T-2	1,03,258	Aero	New Terminal T02	100%	1,03,258	-
10141002280	10	Plant & Machinery	5/8/2011	MICRO KISOSK AND WALL/POLE MOUNTING FOR T2	2,36,250	Aero	New Terminal T02	100%	2,36,250	-
10141002540	1	Plant & Machinery	19/12/2011	SUPPLY OF BAR CODE READER SYSTEM AT TER-II	4,75,000	Aero	New Terminal T02	100%	4,75,000	-
10141002890	2	Plant & Machinery	1/4/2011	SUPPLY OF LIFTING BARRIERS AT TER - 2	1,23,750	Aero	New Terminal T02	100%	1,23,750	-
10141002080	2	Plant & Machinery	11/8/2011	HIGH PRESSURE JET CLEANER MACHINE FOR T2	1,05,181	Aero	New Terminal T02	100%	1,05,181	-
10141002320	1	Plant & Machinery	10/10/2011	SUPPLY OF 125 KVA DG SET WITH AMF PANEL AT GA TER	7,63,885	Non-Aero	GA Terminal	0%	-	7,63,885
10141001880	1	Plant & Machinery	31/5/2011	S/O BOOSTER PUMP FOR GA TERMINAL	35,500	Non-Aero	GA Terminal	0%	-	35,500
10142000450	1	Plant & Machinery	28/7/2011	SUPPLY OF FIRE TENDER FOR EMERGENCY DEPT	28,60,765	Aero	Fire and Safety	100%	28,60,765	-
10142000490	1	Plant & Machinery	1/12/2011	S/O INDEGINEOUS COMPONENT FOR FIRE ALARM SYS T1A	4,43,981	Aero	Terminal-1A	100%	4,43,981	-
10142000550	1	Plant & Machinery	28/3/2012	SITC INDIGENOUS ITEMS OF FAS AT TERMINAL 1A	2,54,759	Aero	Terminal-1A	100%	2,54,759	-
10142000470	1	Plant & Machinery	29/11/2011	INDEGINEOUS COMPONENT FOR FIRE ALARM SYSTEM AT T1A	1,65,685	Aero	Terminal – 1C	100%	1,65,685	-
10142000480	1	Plant & Machinery	6/12/2011	INDEGINEOUS COMPONENT FOR FIRE ALARM SYSTEM AT T1A	23,625	Aero	Terminal – 1C	100%	23,625	-
10142000460	1	Plant & Machinery	20/7/2011	INTEGRATION OF FIRE ALARM AT TERMINAL 1 B & C	1,58,625	Aero	Terminal 1	100%	1,58,625	-
10142000540	1	Plant & Machinery	13/12/2011	SITC OF GE MAKE FIRE ALARM SYSTEM AT TER-IA & IB	8,74,878	Aero	Terminal 1	100%	8,74,878	-
10143000050	1	Plant & Machinery	4/3/2012	ELECTRIFICATION WORKS FOR SHIFTING OF CUSTOMS OFF	10,64,901	Non-Aero	Cargo	0%	-	10,64,901
10143000040	75	Plant & Machinery	30/9/2011	PROVIDING AND FIXING OF DIVERSION ROLLER FOR TER1B	3,63,750	Aero	Terminal – 1B	100%	3,63,750	-
10143000060	1	Plant & Machinery	9/2/2012	SITC OF DANFOSS MAKE VARIABLE FREQUENCY DRIVES AT	11,18,394	Aero	Terminal – 2C	100%	11,18,394	-
10145000080	4	Plant & Machinery	26/3/2012	SUPPLY OF SLAVE PALLETS FOR CARGO	4,00,125	Non-Aero	Cargo	0%	-	4,00,125
10145000040	47	Plant & Machinery	14/6/2011	SUPPLY OF PLATFORM TROLLEYS FOR CARGO	6,38,313	Non-Aero	Cargo	0%	-	6,38,313
10145000060	12	Plant & Machinery	19/10/2011	PLATFORM TROLLY SIXE 5X3 AT CARGO	1,51,820	Non-Aero	Cargo	0%	-	1,51,820
10145000050	11	Plant & Machinery	25/8/2011	SUPPLY OF SANDBAG TROLLEY FOR CARGO	1,98,000	Non-Aero	Cargo	0%	-	1,98,000
10145000070	2	Plant & Machinery	13/3/2012	TROLLY FOR MOBIL CUTE SYSTEMS	29,250	Aero	Information Technology	100%	29,250	-
10146000150	15	Plant & Machinery	28/7/2011	SITC OF ACS AT UNACCOMPANIED BAGGAGE AREA OF CARGO	5,95,189	Non-Aero	Cargo	0%	-	5,95,189
10146000130	1	Plant & Machinery	28/2/2011	AIRCONDITIONING WORKS FOR GURGAON OFFICE	19,37,715	Common	Terminal 1&2	81%	15,71,743	3,65,972
10146000160	2	Plant & Machinery	19/12/2011	AIRCONDITIONER AT T-1B 1ST FLR FOR AIRLINE OFFICE	2,75,948	Non-Aero	Terminal – 1B	0%	-	2,75,948
10146000210	1	Plant & Machinery	31/12/2011	INSTALLATION OF AC AT T-1B 1ST FLOOR FOR AIRLINE	1,78,115	Aero	Terminal – 1B	100%	1,78,115	-
10146000230	5	Plant & Machinery	28/3/2012	SUPPLY & INSTALLATION OF WINDOW AC FOR CISF 3RDFLR	1,35,900	Aero	Terminal – 1B	100%	1,35,900	-
10146000120	1	Plant & Machinery	7/6/2011	TESTING&COMMISSIONING OF AIR COOLED SCROLL CHILLER	1,62,77,623	Aero	Terminal – 1B	100%	1,62,77,623	-
10146000200	1	Plant & Machinery	30/8/2011	TESTING&COMMISSIONING OF AIR COOLED SCROLL CHILLER	20,64,117	Aero	Terminal – 1B	100%	20,64,117	-
10146000170	1	Plant & Machinery	1/4/2011	REPLACEMENT 570 TR VOLTAS A/C PLANT AT TERMINAL 1B	22,58,128	Aero	Terminal – 1B	100%	22,58,128	-
10146000240	3	Plant & Machinery	5/12/2011	AIR CONDITIONER AT T1C-GOURMET & GADJET STORE	4,11,750	Aero	Terminal – 1C	100%	4,11,750	-
10146000270	3	Plant & Machinery	1/4/2011	S&I OF ACS AT L2 & L4 ROOMS FOR TER-1C	1,35,912	Aero	Terminal – 1C	100%	1,35,912	-
10146000110	1	Plant & Machinery	26/5/2011	SITC 275KVAR CAPACITOR BANK TO IMPROVE OF POWER	10,97,351	Aero	Terminal – 1C	100%	10,97,351	-
10146000190	1	Plant & Machinery	23/9/2011	HVAC WORK FOR NEW INDIGO AIRLINE OFFICE TERMINAL2B	41,908	Aero	Terminal – 2B	100%	41,908	-
10146000180	1	Plant & Machinery	12/1/2012	HVAC WORK AT T-2C, MEZZANINE FLOOR	2,68,082	Aero	Terminal – 2C	100%	2,68,082	-
10146000220	1	Plant & Machinery	29/3/2012	PROVISION OF CASSETTE TYPE ACS AT IMMIGRATION GYM	69,129	Aero	New Terminal T02	100%	69,129	-
10146000280	1	Plant & Machinery	1/4/2011	SITC INTERCONNECTION OF TER-2B&2C COOLING	4,22,382	Aero	New Terminal T02	100%	4,22,382	-
10147000310	5	Plant & Machinery	27/5/2011	SUPPY OF SIX SHOT LAUNCHERS	1,26,563	Aero	Airside Operations	100%	1,26,563	-
10147000340	50	Plant & Machinery	14/12/2011	SUPPLY OF IRON BARRICADES AT CARGO	5,71,388	Non-Aero	Cargo	0%	-	5,71,388
10147000330	43	Plant & Machinery	18/11/2011	SUPPLY OF RT SETS FOR AOCC	11,85,975	Aero	Others	100%	11,85,975	-
10147000350	1	Plant & Machinery	20/2/2012	PROVIDING & FIXING OF S.S. RAILING WORK AT T1A	1,56,489	Aero	Terminal-1A	100%	1,56,489	-
10147000260	1	Plant & Machinery	21/3/2011	R/T HANDSETS, FREQ: 161.825,Mhz(GP 328)	97,851	Non-Aero	Terminal – 1B	0%	-	97,851
10147000270	1	Plant & Machinery	21/3/2011	VOX HEADSETS WITH R/T ANTENA CABLE	97,851	Non-Aero	Terminal – 1B	0%	-	97,851
10147000360	1	Plant & Machinery	27/1/2012	Supply & Installation of SS Pole&Cable for Cameras	36,500	Aero	Terminal – 1B	100%	36,500	-
10147000370	1	Plant & Machinery	1/4/2011	SUPPLY & INSTALLATION OF ARTICULATING BOOMS	49,34,736	Aero	Terminal – 1B	100%	49,34,736	-
10147000320	100	Plant & Machinery	12/10/2011	SUPPLY OF TENSILE BARRIERS AT TERMINAL - 1A, B & C	2,66,999	Aero	Terminal 1	100%	2,66,999	-
10147000380	1	Plant & Machinery	9/12/2011	SITC OF BOLLARD AT GATE NO:6 & 1 AT TER-1	93,118	Aero	Terminal 1	100%	93,118	-
10147000290	1	Plant & Machinery	1/4/2011	SUPPLY OF SERVER AND INSTALLATION OF CCTV CAMERAS	4,33,250	Aero	Terminal 1	100%	4,33,250	-