भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
सफदरजंग एयरपोर्ट, नई दिल्ली–110003
प्राप्त
डायरी नं. 5081
तारीख : 30/5/16

414/OSD-II
31/5/2016

GVK

MIAL/EVPF/16-17/6

25th May, 2016

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

Sub: Response to AERA Consultation Paper no. 10/2015-16 dated 16th March, 2016 on Determination of Aeronautical Tariffs in respect of Chhatrapati Shivaji International Airport, Mumbai for the 2nd Control Period

Madam,

Please find attached our comments on the Consultation Paper no. 10 as Appendix A to this letter.

We refer our email dated 28th March, 2016 wherein we had informed to the Authority of certain inaccuracies in the financial model which were to be corrected. We request the Authority to please make the necessary corrections before finalizing the tariff order.

We are in the process of obtaining few more certificates, expert opinions, confirmations and details to substantiate our comments, as detailed in the Appendix A, and in order to enable the Authority to take a holistic view on our submissions for the purpose of determining Aeronautical Tariffs for the 2nd Control Period. However it is likely to take about 10 to 15 days' time to obtain, collate and submit all these certificates and details to the Authority, which may kindly be allowed by the Authority.

Thanking you,

Yours Sincerely,
For Mumbai International Airport Pvt. Ltd.

(Vinod Hiran)
Executive Vice President (Finance)

Enclosed: As above

DGM (RT9)
Pool/ske
30/5

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
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CIN : U45200MH2006PTC160164

Appendix A

Mumbai International Airport Private Limited

Response to AERA's Consultation Paper No. 10 / 2015-16 dated 16th March 2016 on Determination of Aeronautical Tariffs in respect of Chhatrapati Shivaji International Airport, Mumbai for the Second Control Period

25th May 2016

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Disclaimer

This document has been prepared by Mumbai International Airport Private Limited (MIAL) in response to AERA's Consultation Paper No. 10/2015-16 on Determination of Aeronautical Tariff in respect of Chhatrapati Shivaji International Airport (CSIA), Mumbai for the 2nd Control Period (1st April 2014 – 31st March 2019) ('Consultation Paper') dated 16th March 2016.

The purpose of this document is to solely provide a response to the tentative decisions proposed by AERA in Consultation Paper in respect of determination of aeronautical tariffs at CSIA and should not be referred to and relied upon by any person against MIAL. This document includes statements, which reflect various assumptions and assessments by MIAL and relevant references to documents, reports and secondary information in relation to the stated purpose. Such assumptions, assessments and statements do not purport to contain all the information to support our response.

This document may not be appropriate for all persons and it is not possible for MIAL, its employees or advisors to consider the objectives, technical expertise and particular needs of each party who reads or uses this document.

Whilst every effort has been made to ensure the accuracy of the information provided herein, MIAL cannot be held responsible for any errors or omissions. MIAL shall have no liability to any person under any law, statute, rules or regulations or tort, principles of restitution or unjust enrichment or otherwise for any loss, damages, cost or expense which may arise from or be incurred or suffered on account of anything contained in this document or otherwise, including the accuracy, adequacy, correctness, reliability or completeness of the information contained therein or deemed to form part of this document.

Information provided in this document is on a wide range of matters, some of which depend upon interpretation of law. MIAL accepts no responsibility for the accuracy or otherwise for any interpretation or opinion on the law expressed herein.

MIAL also accepts no liability of any nature whether resulting from negligence or otherwise however caused arising from reliance by any reader upon the statements contained in this document.

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1 Introduction

1.1 Airports Economic Regulatory Authority of India ('AERA' or 'the Authority') has released Consultation Paper No. 10 / 2015-16 on Determination of Aeronautical Tariffs in respect of Chhatrapati Shivaji International Airport, Mumbai for the 2nd Control Period (1 April 2014 – 31 March 2019), ('Consultation Paper' or 'CP') on 16th March, 2016.

1.2 A stakeholder consultation meeting was convened by the Authority on 6th April, 2016 to elicit the views of all the stakeholders on the Consultation Paper. At this stakeholder meeting, MIAL presented its preliminary position in respect of the major issues pertaining to determination of Aeronautical Tariffs for CSI Airport. Further, the Authority solicited written, evidence-based feedback, comments and suggestions from stakeholders including MIAL on the proposals contained in the Consultation Paper.

1.3 We hereby present our observations, suggestions and request in respect of determination of Aeronautical Tariffs for CSIA, Mumbai for the 2nd Control Period.

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2 Applicability of Normative Approach for determination of building blocks

2.1 Authority's Proposal No. 1.b

2.1.1 Authority has proposed to follow the Normative Approach for determination of building blocks, to the extent the Authority decides it to be applicable for MIAL.

2.2 MIAL Response

2.2.1 Proposals regarding Normative Approach contained in the CP no.5 cannot be made applicable uniformly to all major airports across India, since each of such airport has different set of demands, expectations, traffic profile, etc. and cannot be measured with one yardstick.

2.2.2 MIAL further wishes to draw attention of the Authority towards its comments and responses submitted on 8th December, 2014 to the Authority on CP no. 5 / 2014-15 dated 12th June 2014 and reiterates that such Normative Approach towards determination of building blocks cannot be made applicable to CSI Airport since Normative Approach was not contemplated while signing the State Support Agreement (SSA/ Concession Agreement) by Government of India on 26th April 2006.

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3 Disallowance of Project Cost

3.1 Authority's Proposal no. 5

3.1.1 Proposal No. 5 - The reasons cited by the Authority for the said disallowance in project cost are summarized below:

S No	Description	Disallowance	Reasons as per Authority
1.	Increase in IDC	55	Improper planning & co-ordination that resulted in delay
2.	Increase in site overheads for delay from September 2014 to April 2015	39	AAI to justify the detail
3.	Change in scope of T2	184	Cost is in nature of Escalations & Contingencies which was capped by the Authority at Rs. 630 crs. which MIAL has already claimed as increase in Project Cost
	Total	**278***	

*This is in addition to disallowance of Rs. 260 Crs. (Rs 310 Crs. - Rs 50 Crs.) in 1st Control Period

3.2 MIAL response

3.2.1 **Increase in IDC due to delay in capitalization – Rs 55 Cr**

The planned completion date of the New Passenger Terminal Building (New T2) & the International Apron was significantly impacted due to the delayed relocation of Shivaji statue, which was coming in the footprint of the New T2 processor building. Following the relocation of Shivaji statue on 27th August 2011 after delay of 17 months (the statue was originally planned to be relocated on 31st March 2010), the completion schedule for New T2 including Associated Apron Works was revised as 31st August 2013 for International Operations and 31st August 2014 for Domestic Operations.

The revised completion schedule was informed to the Board of Directors in MIAL's 30th Board Meeting held on 1st October 2011. Simultaneously it was informed to AAI vide letter no. MC0030/M/L/000/CT/GN/0069 dated **26th September 2013** and to MoCA vide letter no. MIAL/CEO/146 dated 15th October 2011. The same was also reported in monthly progress report sent to Independent Engineer (with copy to AAI) on regular basis.

In line with revised completion schedule, all construction of New T2 & Associated Apron pertaining to International Operations was **completed on 31st August, 2013,** which may be verified from the report of the Independent Engineer enclosed as

Annexure 1. However, commencement of operations could not take place from 1st September 2013 as envisaged, due to following reasons:

a) Delay in settlement of issue of placement of Immigration counters after Security Check against earlier or then existing 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. This committee decided 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 forwarded the copy of the same to MIAL on 18th December, 2013 only. There was no possibility of starting operations from the New T2 without SOPs being in place. Copy of letter received from BCAS dated 18th December, 2013 is enclosed for ready reference as **Annexure 2.**

   It is to be noted 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 international operations. MIAL has kept AAI informed about this issue since beginning.

b) Security clearance from BCAS for New T2 was received only on 24th December, 2013. Letter received from BCAS dated 24th December, 2013 is enclosed for ready reference as **Annexure 3.** 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.

c) 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 was completed by end December 2013.

It may kindly be observed, as detailed above, that commissioning of new terminal was delayed because of clearances from main regulatory bodies, viz. BoI and BCAS which were clearly beyond control of MIAL. It is worthwhile to mention that adequate number of immigration staff was also not available. MIAL letter No. MIAL/CEO/138 dated 18.11.2013 to Secretary, MoCA is enclosed for ready reference as **Annexure 4.** This issue was also raised by MIAL in 17th OIOC meeting held on 19th December, 2013 under chairmanship of Secretary, MoCA.

Post resolution of all issues, the New Terminal T2 was inaugurated by the Hon'ble Prime Minister of India on 10th January2014 and has been successfully opened for International operations on 12th February 2014.

It is submitted that MIAL had taken all the necessary steps and proactively coordinated with all the agencies for early resolution of the issues as detailed above and as such delay in commissioning of New T2 is not attributable to MIAL. It can be seen from the above details that:

(a) MIAL kept BoI informed about configuration of New T2 from the beginning. Objections by BoI were raised at the last minute which took very long time to resolve.

(b) MIAL applied for security clearance well in advance. BCAS took much longer time than normal to give security clearance.

(c) Relocation of Foot Over Bridge was the responsibility of MMRDA, which was done after much delay.

From the details above it is absolutely clear that delay in opening New T2 was certainly not on account of improper planning and lack of coordination on the part of MIAL.

Thus, increase in IDC cost (Rs 55 Cr) on account of delay in capitalization need to be allowed as all the reasons for delay were beyond control of MIAL.

3.2.2 Disallowance of Site Overheads cost of Rs. 39 crs. due to time Delay for T2 from September 2014 to April 2015. In Table 18 of CP, AERA has remarked that AAI is to justify the increased overheads due to time delay. In this connection we would like to state the following:

a) On the basis of completion schedule for New T2 for International Operations works which were to be completed by August 2013 and operations were to commence from September, 2013, works for domestic operations were to be completed by August, 2014 and operations to commence from September, 2014 (i.e. within one year from commencement of International operations). MIAL had budgeted Rs 233 Cr towards site overheads in the approved project cost of Rs 12,380 Cr in October 2011. However, due to delay in commencement of International Operations as explained in point no. 3.2.1. above, MIAL could not commence the works for New T2 and Apron works for Domestic Operations as planned (Phase III works), which itself had impacted planned commencement & completion of the phase III works by 6 months. Independent Engineer, on the basis of actual dates, issued commencement certificate for Phase III works with commencement date as 28th February 2014 instead of scheduled date of 1st September 2013. The same is attached as **Annexure 5.**

b) In addition to delay in commencement of work for domestic operations as explained above, completion of Phase III works were further impacted due to following reasons:

i. **7 months delay in shifting old Air India Hangar & Annex facilities by Air India (AI):**

New Annex & Hangar building along with the Engine Run-up Bay were ready since April 2013. However Air India despite rigorous persuasions from MIAL had not agreed to move into these newly constructed facilities. Due to this the old Annex & Hangar building areas could not be vacated and handed over to MIAL for construction of new apron & terminal building portions. Air India started shifting from the existing facilities from 26th November 2013 (after delay of 7 months) and completely vacated/ handed over their old facilities to MIAL on 30th January 2014 for demolition. However this handover excluded live Reliance Power Substation in AI Hangar premises. Demolition of old AI Hangar & associated facilities was immediately taken up by MIAL for the available area.

The Reliance Power Substation area was cleared for demolition after the sustained efforts from MIAL by end May'14. Demolition works were finally completed by MIAL & the balance area was made available for apron construction on 17th June 2014.

ii. **4 months delay in handing over of Old International Terminal T2 B/C to MIAL for demolition by various Stakeholders:**

Old International Terminal T2 B/C building was planned to be vacated and handed over to MIAL for demolition by 28th February 2014. However this building was not completely vacated, since the assets belonging to Airports Authority of India had not been scrapped. However MIAL assets had been removed from the building premises, which facilitated the part demolition of Old T2 B/C.

Further, there were hindrances like Police Cabin, RTO Cabin, Customs Strong Room, Prayer Area room etc. belonging to various stakeholders, which had not been vacated & thus impacted demolition/ subsequent construction.

The Old International Terminal was finally vacated and handed over completely for demolition by end Jun'2014, resulting in 4 months delay in Phase III construction works.

iii. **10 months delay in shifting of prayer area (mosque) located below old International Terminal T2 B/C up-ramp:**

Demolition of old International Terminal T2 B/C was completed, except for a portion of up-ramp constrained due to the existence of a prayer area (Mosque) underneath. The clearance for demolition of this remaining portion of up-ramp, was received on 6th February 2015. Accordingly demolition works were immediately completed and the area was handed over for construction by 8th March 2015.

The entire up-ramp was planned to be demolished & handed over for construction by 1st April 2014. The delay of more than 10 months in demolition of the up-ramp impacted the construction of a portion of Apron on east of T2, Fuel line works & completion of FLB V30.

Due to above stated reasons, New T2 Building & Apron areas required for commencing Domestic Operations got delayed and could be finally completed on 10th September 2015 and 31st August 2015, respectively.

Photographs showing the encumbrances as above are also attached as **Annexure 6** for ready reference and ease of understanding of the issues

Due to the delay in completion as discussed above, MIAL had to incur additional cost on account of site overhead, aggregating Rs 39 Cr., over and above the budgeted provisions.

It is pertinent to note that MIAL had informed about revised completion schedules, various delays as discussed above to Independent Engineer and AAI through monthly progress reports and also separately communicated to AAI vide MIAL letters (attached for your ready reference as **Annexure 7(a) to 7(g)**) as detailed below:

1. MC0030/M/L/0000/CT/GN/0069 dated 26th September 2013,
2. MC0030/M/L/0000/CT/GN/0076 dated 14th May 2014,
3. MC0030/M/L/0000/CT/GN/0079 dated 13th June 2014,
4. MC0030/M/L/0000/CT/GN/0094 dated 13th November 2014,
5. MC0030/M/L/0000/CT/GN/0097 dated 16th December 2014,
6. MC0030/M/L/0000/CT/GN/0099 dated 19th February 2015,
7. MC0030/M/L/0000/CT/GN/0101 dated 30th April 2015

Since the delay in commencement of International operations and completion of works pertaining to domestic Operations were beyond control of MIAL as detailed above, reasons for delay cannot be attributed to MIAL and therefore increase in site overheads cost of Rs 39 Crs. need to be allowed.

We have already requested confirmation from the Airports Authority of India (AAI) for increase in this cost as required by AERA and the same is awaited from AAI. The copy of letter sent to AAI is enclosed as **Annexure 8.**

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3.2.3 **Increase in cost due to variation in scope / rate including additional scope not part of earlier estimates – Rs. 184 Cr.**

In earlier approved project cost of Rs 12,380 Cr, provision of Rs 630 Cr was kept towards Escalation, Contingencies & Claims. It may be appreciated that considering the complexities of the project of such magnitude, capping of such cost by AERA was not appropriate; instead, reasonableness / reasons of all such costs should be taken into account. MIAL had already provided detailed reasons and justifications to AERA for the increase in such cost, which are in nature of increase in scope, quantities and rates of some of the items / works, additional scope which arose on account of site conditions and due to many unforeseen events during implementation due to complexities of project. Thc total cost towards Escalation, Contingcncics & Claims now works out be Rs 754 Cr (Rs 630 Cr + increase of Rs 184 Cr – savings of Rs 60 Cr). Thus, effective increase is Rs 124 Cr. It can be seen that the overall % age of this cost vis-à-vis total project cost of Rs 12,630 Cr works out to be 5.96% (Rs 754 Cr / Rs 12630 Cr), which is very reasonable considering the quantum/scale and complexities of the project. Detailed break up of this increase of Rs 184 crs. is given below:

Sl. No.	Description	Rs. in Cr.	Rs. in Cr.
1	Elevated Road – MIAL portion		23
a.	Elevated road: Based on operational requirement, additional entry and exit to MLCP from top was constructed during course of execution, which was not considered at the time of estimates; Gap between Elevated road and Terminal building was also added to the elevated roads at later date; these resulted into increase in RCC Deck area. Area as per PC was 47,237 Sqm and as per Final Design / layout area is 49,254 Sqm. (Increase in area 2017 Sqm).	12	
b.	At Grade roads: As per earlier Estimates, overall area considered was 50,000 Sqm. However, additional road for autos / buses on both side of nallah was constructed due to operational requirement, which was not considered in the earlier estimates. Due to which, revised area works out to be 65,000 Sqm. Increase in Area of 15,000 Sqm.	11	
2	VARIATION IN SCOPE /QTY & RATE		101
2.1	Additional works not part of earlier estimates:	51	
a.	CIP / VIP Check in: It was decided to develop the special facility for all airlines for CIP / VIP check-in at later date in the check in area. Hence, same was not covered in earlier estimates.	28	

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b.	Bus gate Canopy / Loading Dock – scope was not considered in the earlier estimates.	9	
c.	Staff Canteen works: Not considered in earlier estimates.	5	
d.	MCR finishing work: Cost was not envisaged in earlier estimate. Cost as per awarded works.	2	
e.	Toilets (Public & staff): Cost for toilets in Phase 3 was not covered in earlier estimate.	3	
f.	Back of House: Cost for phase 3 works was not included earlier.	4	
2.2	Increase in quantity over estimates:	15	
a.	Signage Work: Increased no. of signage from estimated 5000 to 6242 as per final design / award and also on account of statutory signage's requirement.	8	
b.	Landscape Work: Provision of Rs 25 Cr was made in the earlier estimates at T2. However, based on committed cost, there is increase of Rs. 7 Cr.	7	
2.3	Increase in Rate over Estimates :	6	
a.	FLB Interior: Increase in cost based on actual award.	6	
2.4	Increase in both Quantity & Rate over Estimate	89	
a.	Arrival Plaza : Increase in Granite flooring Qty of 26,698 Sqm to 37,703 Sqm based on final design / actual awarded works; Increase in Landscape area of 9,330 Sqm to 15792 sqm based on final design / actual awarded works;	21	
b.	Electrical works: Increase in scope and quantity in number of fixtures as per final design / award. Other additional clcctrical works for landscaping / retail areas, public area lighting as per site requirements.	16	
c.	False Ceiling Works : 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	
d.	Interior Panel and cladding: Due to increase in basic material rate for corian @ 4.20 Cr ; Due to increase in rate for Trespa /metal panel/ SS cladding etc.@ 1.82Cr; Due to increase in qty for various items based on actual execution @ 14.96 Cr (as per final detail design, site requirement).	21	

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e.	Glass Partition doors and SS railings: 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	
f.	Interior sky well partitions: 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; Additional Gypsum Area in lieu of louvers.	4	
g.	Carpet flooring: Increase in rate for carpet - Rs 3925 / Sqm to Rs 4140 per Sqm; Increase in qty from estimated 25,400 Sqm to 33,350 Sqm as per final design / award.	4	
h.	Miscellaneous civil works: Increase in cost based on awarded as per site requirement.	4	
3	TOTAL		184

While Authority (AERA) has considered savings of Rs. 60 Cr on account of ATC equipment, it has disallowed the other costs of Rs. 184 Cr., when the benefit of this saving should have been adjusted against the other increases in costs of Rs.184 Cr taking net increase to Rs 124 Cr.

It is important to note that in order to ensure that Project Cost does not increase in spite of additional costs an elaborate exercise was undertaken by the Board of Directors of MIAL and as per its advice, without compromising the overall project capability, the projects aggregating Rs. 380 Cr. were dropped. With such increases coupled with savings / reduction, the final Project Cost, upto that stage, had been contained at Rs.12380 Cr.

3.3 MIAL submission

3.3.1 Based on the above submissions we request the Authority that these cost increases were justifiable and were beyond control of MIAL and hence should be allowed by AERA while determining tariff for 2nd Control Period for CSIA.

A.	Increase in IDC	Rs. 55 Cr.
B.	Increased in Site Overheads cost	Rs. 39 Cr.
C.	Increased costs due to variation in scope / rate including additional scope not part of earlier estimates	Rs.184 Cr.
		Rs.278 Cr.

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4 Disallowance of New Projects and Operational Capital Expenditure

4.1 Authority's Proposal No. 5.d

4.1.1 To consider the estimated cost of capital expenditure for addition towards RAB and for consideration towards determination of aeronautical tariff for the second Control Period as per Table 28 and Table 29, and para 5.111

Authority has not considered the total Pre-operative expenditure for new projects of Rs. 96 crs., and has reduced the same to Rs. 52 crs. only by disallowing the preoperative expenditure allocated over Metro stations

4.1.2 Proposed Capital Expenditure towards compensation for Air India Hangar:

Para 5.49 - Authority has sought minutes of the OIOC meeting held on 19.12.2013 as well as for the basis of arriving at the estimated compensation cost. Pending the receipt of this information and the Board resolution regarding this project, the Authority proposes, for the purposes of this Consultation Paper, to consider this expense towards additional capital expenditure in the second Control Period.

4.1.3 Authority has allowed only Rs. 857 crs as Operational Capital Expenditure for the Second Control Period, disallowing Rs. 655 crs.

4.2 MIAL's submission

4.2.1 **Pre-operative expenses pertaining to new projects** allowed by AERA of Rs. 52 Crs. instead of MIAL submission of Rs. 96 Crs.

MIAL has budgeted pre-operative expenditure of Rs. 96 crs. for 2nd Control Period for New Projects including South East Pier (SEP). Since, SEP is capitalised and commissioned in FY 16 pre-operative expenses of Rs. 30 crs. pertaining to the same has been capitalised. This leaves balance of only Rs 66 Crs. for FY 17 to FY 19 towards pre-operative expenses. Authority has allowed only Rs. 22 crs. (Total allowed Rs. 52 crs. less Rs. 30 crs. for SEP) for new projects for FY 17 – FY 19, which is grossly inadequate.

Below is the detailed breakup of the estimated expenditure to be incurred by MIAL on projects to be undertaken during FY 17-19:

Rs in Crs.

Description	FY 17	FY 18	FY 19	Total
Staff, Consultant and Training cost (Including outsourced staff)	19.03	15.26	13.84	48.13
Security	0.47	0.47	0.47	1.41
Project Vehicles	0.47	0.47	0.47	1.41
Staff Travel	2.66	2.66	1.24	6.56
Office Maintenance and	0.94	0.94	0.94	2.83

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Electricity				
Consumables	0.16	0.16	0.16	0.47
Insurance for Projects under construction excludes Projects under Opex capex	0.16	0.16	0.16	0.47
Miscellaneous	1.41	1.41	1.41	4.24
Estimated Preoperative expenditure	**25.46**	**21.21**	**18.86**	**66.00**

Thus, it can be seen from the above table that an estimated amount of Rs 66 Crs. will be required by MIAL from FY 17 to FY 19 towards pre-operative expenses, being fixed establishment cost. Allocation of pre operative expenses to Metro was by oversight and the same needs to be corrected. In fact, currently MIAL is incurring pre-operative expenses of about Rs 5 Crs. per month, however, we have considered significant reduced amount of below Rs. 2 crs. per month and its not possible to reduce it any further. In view of the above, Authority is requested to kindly consider total preoperative expenses of Rs. 96 crs. (Rs. 66 crs. plus Rs. 30 crs.) against Rs. 52 crs. presently considered by the Authority (Rs. 22 crs. plus Rs. 30 crs.)

If the above fixed establishment costs are not considered by the Authority, it will be difficult for MIAL to undertake projects due to shortage of funds.

4.2.2 Proposed Capital Expenditure towards compensation for Air India Hangar

MIAL had engaged an independent consultant "STUP Consultants Pvt. Ltd." for estimating the amount to be paid to Air India for Hanger, report of the consultant is enclosed as **Annexure 9**. MIAL has considered cost of Rs. 53.10 crs. computation of the same is as in table below:

	Rs. in Crs.
Estimation of cost of Hangar by STUP	43.50
Add: Expected increase in cost in 2 years due to inflation @ 7.9% (CPI)	7.14
Add: Addition due to Service tax disallowance	2.46
Total cost	**53.10**

Minutes of 17th OIOC meeting dated 31st December 2013 is enclosed as **Annexure 10.** Expenditure to be incurred for Air India Hangar was approved by Board in 40th Board Meeting held on 27th November 2013. Minutes of the Board meeting are enclosed as **Annexure 11.**

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4.2.3 Operational Capital expenditure

Authority has not considered the following Operational capital expenditure:-

Sr. No.	Disallowance by the Authority	Rs. in Crs.
a	Development of Airside perimeter roads	32
b	Provision of 5 MVA sub-station at Gaondevi area along with cost of construction of MT work shop, civil stores, GSE area etc.	5
c	Terminal 1 refurbishment	85
d	Miscellaneous expenses (Detailed list being resubmitted as **Annexure 12**)	112
e	Short provision considered for allowed Capex	54
f	Additions to Fixed Assets in FY 15 (Actual)	124
g	Additions to Fixed Assets in FY 16 (Aeronautical)	172
h	Closing CWIP of FY 16 (Aeronautical)	68
i	Additional operational capital expenditure proposed now (Details as per **Annexure 13**)	92
	Total Operational capital expenditure not considered	**667**

Authority has allowed Rs. 857 crs. towards Operational Capex for the 2nd Control Period. MIAL requests the Authority to consider Operational Capex of Rs. 543 crs. as mentioned above in addition to Rs. 857 crs. already allowed. A detailed list of Operational Capital expenditure of Rs. 1524 crs. (Rs. 857 crs. plus Rs. 667 crs.) for the period FY 15-FY19 is enclosed as **Annexure 14.**

a) Development of Airside perimeter roads

Existing perimeter roads inside operational area are of bituminous pavement & more than 30 years old. During monsoon at many locations potholes/cracks/ depressions are developed due to poor base course & worn out wearing course. Due to these defects, inconvenience is caused to the Vehicular movement of all stakeholders' vehicles. Inconvenience caused to stakeholders shall be minimized with such development. Photographs of perimeter roads are attached as **Annexure 15** clearly show the damage to the airside / perimeter road, their pathetic condition and the urgency to take up development of such road. MIAL has proposed construction of cement concrete roads inside operational area as a Long Term solution to resolve the Pothole/Patches problem on Airside Roads.

Authority has mentioned in the Para 5.82 of CP that it believes this expenditure is not capital but revenue in nature since there is already operational roads. It is reiterated that repairs shall not be a feasible and long term solution due to generation of FOD which reach apron along with vehicle tyres, are likely to get ingested by the jet engines and cause damage to the engines. Since, it is proposed to concretise the roads we believe it is a capital expenditure since life of the road will be increased and therefore should be allowed as Operations Capital expenditure. However, if the Authority believes that this expenditure is in the nature of revenue expenditure we request the Authority to please allow such expenditure under Repairs and Maintenance and accordingly add this entire amount to R&M expenses. Authority is requested to add this amount of Rs 32 Crore in R&M cost in FY 17-FY19.

b) Provision of 5 MVA sub-station at Gaondevi area along with cost of construction of MT work shop, civil stores, GSE area etc.

The present location of MT work shop, Civil stores, GSE area for domestic operators, Civil Maintenance facility are coming in the way of runway strip 14-32 and is a DGCA non-compliance issue and are also in the alignment of proposed Taxiway 'W' hence MIAL needs to relocate these facilities to Gaondevi area. Since currently MIAL does not have any sub-station in Gaondevi area a new sub-station is required so that electricity can be provided to these facilities. The cost includes both civil cost of construction of facilities as well as construction of new sub-station including sub-station equipments. A layout map showing existing facilities coming in the way of runway strip 14-32, which are a DGCA non compliance and also coming in the alignment of Taxiway W is enclosed as **Annexure 16.**

c) Terminal 1 refurbishment

As part of the 2006 Master Plan study, due to constraint of a cross runway system, the hourly Air Traffic Movements (ATM) of CSI Airport (CSIA) was considered constrained at 44 ATMs per hour which limited the forecasted growth at CSIA to 40 Million Passengers Per Annum (MPPA). It was therefore planned to construct New Integrated Terminal with an estimated capacity for about 40 MPPA in line with the airfield capacity.

Since then, as part of the airside development program, MIAL has taken many initiatives to increase airside capacity beyond 40 MPPA. Based on decisions taken in eighth OIOC meeting held on 20th November 2009, MIAL appointed NATS, an independent consultant from UK, to analyze, study and suggest measures to increase the runway handling capacity of CSIA. NATS accordingly made recommendations to ensure CSIA is capable of delivering High Intensity Runway Operations (HIRO) with at least 48 aircraft movements per hour on the main runway 09/27. Many of the recommendations made by NATS have been implemented and, as of today MIAL is achieving 46 aircraft movements per hour on a consistent basis and will soon be in a position to handle more than 48 aircraft movements per hour on the main runway after implementation of the balance recommendations and all the taxiways envisaged in the Master Plan are constructed. With such airfield enhancements coupled with ongoing airline strategies of aircraft up gauge and improvements in load factors, CSIA will be able to handle the demand of 50 MPPA. In fact in FY16, 41.67 million passengers were handled at CSIA. This number is likely to rise to 44-45 million passengers in FY

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17. As T-2 is designed for 40 MPPA capacity, the remaining 10 MPPA will have to be handled from Terminal 1.

Subsequent to commissioning of T-2, MIAL had asked all the domestic airlines to shift to T-2. Accordingly, domestic operations of airlines have started to shift to T-2 in a phased manner. Air India shifted its domestic operations from T-1 to T-2 in October 2015 and Jet Airways shifted in March 2016. As of today all the domestic Full Service Carriers (FSCs) are operating from T-2. However, the LCCs though requested by MIAL to shift to T-2, are yet to shift. Go Airways and Spicejet are reluctant to shift to T-2 as Go Airways does not have any international flights and Spicejet has very low number of international flights. Indigo airline has also been asked by MIAL to shift its domestic operations to T-2. But, Indigo is yet to intimate to MIAL a confirmed date of shifting. Even after Indigo shifts to T-2, there will still be requirement to retain some airlines at T-1 as the entire 50 million passengers cannot be handled from T-2. Terminal 1A has a capacity of only 7 MPPA and therefore cannot accommodate the excess traffic of 10 MPPA. So, the only option left is to manage the traffic of 10 MMPA is through Terminal 1B and hence the same has to be retained and refurbished due to the reasons mentioned below:

Existing terminal building T1 was constructed in sixties and has undergone many modifications over the years. Presently few structural portions of the terminal building need to be strengthened in view of realignment of operations on commencement of domestic operations from new T2.

The refurbishment would involve reconstruction / strengthening of structurally weak portions, replacement of old equipments, lifts, escalators, providing new equipments; redevelopment of baggage breakup/ make up area; diversion of sewage and water line; kerb side power system, lighting, and flooring; modification of Air conditioning systems; switch room, LT panels, lighting, cabling, wiring, etc.; terrace water proofing; cladding work; fire hydrant and sprinkler system; anti termite treatment, creation of new check-in counters, enhancement of security hold area; etc.

The above said works would enhance the quality of operations in the refurbished terminal for long times to come. A detailed list of activities to be undertaken for refurbishment of terminal is enclosed as **Annexure 17.** Some photographs showing critical areas with structural weakness needing an immediate attention are attached for ready reference as **Annexure 18.**

In view of above, it is critical that required funds for refurbishment of Terminal 1 are made available to MIAL to enable it to continue provide safe, secure and efficient aeronautical services and in absence of adequate funding it will not be possible for MIAL to do so.

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d) Miscellaneous expenses

MIAL has submitted item wise list to the Authority of miscellaneous expenses of Rs. 112 crs. MIAL requests the Authority to consider these items as detailed below since most of them are very critical for airport operations and non availability of funds for these projects would adversely affect efficient airport operations.

Sl. No.	Project	Amount (Rs. In Crs.)
1	Construction of TWY K1 and K3	25
2	Conversion of taxiway E-1 from Code E to Code F	17
3	Apron A – Re-strengthening	7
4	Energy conservation equipments	6
5	Re-carpeting of RWY 14-32	6
6	Replacement of High Mast	5
7	Ops View and Ops Analyser software applications	4
8	Provision of Ozone deodorizer units in Passenger washrooms at Terminal	3
9	Provision of offices/ stores at New T2	3
10	Domestic Terminal – Gas supply installations and readiness	3
11	Bird scaring sonic automated device	3
12	Others	30
	Total	**112**

A full list of items pertaining to miscellaneous expenses along with justifications of the project is enclosed as **Annexure 12.**

Also considering the fact that Navi Mumbai International Airport is still 3-5 years away from becoming operational, it is critical that MIAL keeps investing in CSIA to address various bottlenecks so that it is able to meet growing passenger demands. Non availability of funding for important projects as mentioned above will hamper MIALs ability to continue providing efficient operations and will lead to congestion at the airport for which MIAL should not be held accountable.

It can be noted from the table above and details enclosed in the **Annexure 12** that most of the projects mentioned above, such as projects at Sr. No. 1,2,3 and 5 are critical projects for airside operations and therefore have to be completed in time. Besides these projects, there are various smaller items which are required for efficient operations for which complete detail and justification is provided in the **Annexure 12.** Hence, MIAL requests the Authority to kindly allow Rs. 112 crs. as Operational Capital expenditure.

e) Short provision considered in respect of allowed items

Increase in cost, in some of the projects aggregating to Rs 55 Crs., not considered by the Authority, are as detailed below:

(a) Increase in service tax - Tunnel under Runway 14/32 – Rs. 18 crs.

(b) Increase in scope :

i. Reconstruction of Apron "C"	Rs. 26 crs.
ii. Additional baggage reclaim carousals at T2	Rs. 21 crs.
iii. Reduction in other assets- net	(Rs. 10 crs.)

Reconstruction of Apron "C" – The apron area to be reconstructed was increased from earlier envisaged 30,000 sq. mtr. to 56,985 sq. mtr. considering existing conditions of the apron. The revised cost of cconstruction for cement concrete pavement with 450 mm PQC grade M40 & base course of PCC M10 300 mm thick is as under:

Total area- 56,985 Sq. Mtrs @ Rs. 6700/-	Rs. 38.18 crs.
Electrical Works	Rs. 02.00 crs.
Service tax on above	Rs. 02.00 crs.
Total	Rs. 42.18 crs.

Against estimated cost of Rs. 42 crs. for reconstruction of apron 'C', MIAL had earlier considered only Rs. 20 crs. against which Authority has allowed only Rs. 16 crs. Hence, there is increase of Rs. 26 crs.

Additional baggage reclaim carousals at T2 - Earlier, MIAL had proposed 2 additional baggage reclaim carousals with a total cost of Rs. 20 crs. MIAL revised its projections and proposed 4 additional baggage reclaim carousals instead of 2 due to requirement of more carousals for larger aircrafts and hence the total estimated cost increased to Rs. 41 crs. A detailed rational for increasing 4 baggage reclaim carousals is enclosed as **Annexure 19.** MIAL has already incurred and capitalised Rs. 17 crs. for 2 carousals in FY 16. The Authority is requested to consider and allow this cost of Rs. 17 crs. which is part of details of assets already capitalised in FY 16. Besides this the Authority is requested to consider the balance amount of Rs. 21 crs. towards two carousals yet to be installed.

f), g) and h) Additions during FY 15 and FY 16 and Closing Capital Work in Progress in FY 16

MIAL has capitalised Operations Fixed Assets of Rs. 124 Crs. during FY 15. MIAL has capitalised Operations Fixed Assets of Rs. 172 Crs. (Aeronautical) during FY 16 and closing CWIP (Aeronautical) as at March 2016 is Rs 68 Crs.

Hence, Authority is requested to allow the total of Operations expenditure of Rs. 240 crs. (Rs 172 Crs plus Rs 68 Crs) being the amount actually incurred in FY 16 in addition to Rs 124 Crs for FY 15 which is already considered by the Authority. Auditor's certificate for Operational capital expenditure capitalised during the year is enclosed as **Annexure 20** and Capital Work in Progress as at March 2016 is enclosed as **Annexure 21.**

Authority is requested to consider and allow above costs / increases, otherwise MIAL will not have sufficient funds to complete these projects which will certainly lead to severe congestion at CSIA and would adversely impact service quality and efficient operations.

i) Additional capital expenditure projects now proposed by MIAL

MIAL has proposed certain additional projects of Rs. 92 crs. which are essential and necessary for operations at CSIA. A list of these projects along with justifications for incurring the same is enclosed as **Annexure 13.**

5 Asset Allocation ratio

5.1 Authority's proposal no 3.a and 4.a

To consider Aeronautical Assets allocation at 84.52% in FY 13-14 and also for 2nd Control Period

5.1.1 **Authority's view:** The Authority has considered the non aeronautical area of T2 as 17.30% based on average non aero area of IGI Airport, New Delhi. Using the said ratio, the overall allocation of Aeronautical Assets is considered at 84.52% for the year FY 2013-14 and the same is applied for 2nd Control Period as well. The Authority proposes to reconsider the allocation, if MIAL provides the details of the break-up for the entire area of the terminal building of 444,203 square meter and detailed breakup of its uses.

The Authority notes that even certain areas which have been earmarked as aeronautical could be part of non-aeronautical assets based on the treatment given to similar areas in the building.

5.1.2 Authority has considered amount of Rs. 165.45 crs. as pertaining to relocation and construction of NACIL/Air India facilities.

Para 4.13 : Pending the receipt of the supporting documents from MIAL on the handing over of the assets to NACIL/ Air India, the Authority proposes to consider this expense incurred by MIAL as aeronautical in nature.

5.1.3 Para 5.112 - Authority has proposed to allocate the South East pier at the overall asset allocation % of 84.52%.

5.2 MIAL's submission:

5.2.1 **Allocation of T2 cost**

(a) Authority has asked MIAL to submit the detailed break-up of its uses of entire area of T2. Accordingly, MIAL is in the process of preparing the detailed break-up of total terminal area usage.

(b) Further, MIAL has engaged an independent surveyor for carrying out survey of all the areas related to non aeronautical facilities at Terminal 2 and provide a report on the same. This is likely to be completed in two weeks time.

(c) MIAL requests the Authority to allow it two weeks time to provide the required details so that Authority can take into consideration details of actual non-aeronautical areas at T2 for determination of Aeronautical tariffs at CSIA for 2nd Control Period.

5.2.2 **NACIL/ Air India facilities**

Authority has considered Rs. 165.45 Crs. as Aeronautical Assets pertaining to relocation and construction of NACIL/ Air India facilities. It may be noted that the correct amount which pertains to NACIL/ Air India capitalized in books of MIAL as at 31st March 2014 is Rs 215.28 Crs. Auditor's certificate for the same is enclosed as **Annexure 22.**

Authority has asked MIAL to provide the supporting documents of handing over assets to NACIL/ Air India. MIAL had accordingly written letters to NACIL/ Air India on 18th April 2016 and 11th May 2016 enclosed as **Annexure 23.** NACIL/ Air India in response of the same has partly confirmed that the referred assets were in possession of them vide its letter number ED-WR: MIAL-2016 dated 18 May 2016 enclosed as **Annexure 24** and further mentioned that for other assets they will revert latest by 24th May 2016, as the concerned official is presently away on leave. MIAL is yet to receive the confirmation for the remaining assets.

MIAL has also obtained an Inspection Report from IRS, an Independent Auditor which confirms that the referred assets are in possession of NACIL/ Air India and are being used by them. Report by IRS is enclosed as **Annexure 25.**

Further, Line maintenance building pertaining to other airlines was also in the foot print of T2 apron. Since the site was required for apron, Line maintenance building was demolished and such airlines moved their operations to T2. The cost for the same is Rs 15.22 Crs. MIAL requests the Authority to consider the cost of LMD offices also as aeronautical since the primary objective of shifting of these building was construction of apron (i.e. Aeronautical Asset). Auditor's certificate for the same is enclosed as **Annexure 22.**

MIAL has also obtained an opinion from Mr. Y. H. Malegam, an eminent Chartered Accountant on the above matter which was submitted to Authority vide letter MIAL/VPR/15-16/79 dated 4 March 2016. Mr. Malegam is a past President of The Institute of Chartered Accountants of India from 1979 to 1980. He has been a director on the board of Reserve Bank of India and was Chairman of National Advisory Committee on Accounting Standards (NACAS). Copy of the opinion received from Mr. Malegam is enclosed as **Annexure 26.**

5.2.3 South East pier is part of the terminal building i.e. T2 which Authority itself has noted in the CP and therefore allocation ratio applicable to T2 should be applied and not the overall allocation ratio of Aeronautical Assets.

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6 Adjustment in RAB

6.1 Authority Proposal

6.1.1 Authority has proposed to reduce the full cost of Aeronautical Assets disallowed from RAB while additions during the year are allowed on weighted average/proportionate basis based on the actual date of capitalization. (Ref: Table 7, Page 37)

6.1.2 Authority has proposed to reduce the full cost of Aeronautical Assets funded through DF while additions during the year are allowed on weighted average/ proportionate basis based on actual date of capitalization. (Ref: Table 7, Page 37)

6.1.3 The Authority has considered RAB for 2014-15 by subtracting gross block value of assets disposed off and without adding back the accumulated depreciation on assets disposed. (Ref: Table 30, Page 153)

6.1.4 Authority in Table No. 1 of the Consultation Paper has computed Aeronautical Operational Assets for the year FY 10-FY 13 considering Aero Assets allocation %, while for FY 14 Authority has directly considered the actual Aeronautical Operational Assets capitalised instead of using Aero Assets allocation %. (Ref: Table 1, page 21)

6.2 MIAL response

6.2.1 As part of MIAL Tariff Order 32/2012-13, the Authority had decided to true up the difference between the return on RAB calculated based on actual date of commissioning/ disposal of assets and the return on RAB calculated considering that such asset has been commissioned/ disposed-off half way through the Tariff Year by adjusting the differences for each year in the Control Period at the end of the Control Period. Accordingly, Authority has considered only the weighted average/proportionate additions in every year of the first Control Period based on actual date of capitalization.

However, while reducing the cost of disallowed Aeronautical Assets from weighted average/ proportionate additions during the year, it has reduced total amount from RAB instead of weighted average/proportionate disallowance.

6.2.2 Similarly, while reducing the cost of DF funded assets for the year Authority has reduced the total DF additions instead of weighted average/proportionate additions as was done earlier.

Computation of additions in RAB as per Authority

Rs. in Mn

	FY 10	FY 11	FY 12	FY 13	FY 14
Add: Weighted average Capitalization during the year	710	3,634	3,694	2,919	17,806
Less: Aeronautical Assets disallowed by AERA	133	181	110	-	17
Less: DF funded assets to be removed from RAB	92	1,012	681	942	9,007
Net additions during the year	**485**	**2,441**	**2,903**	**1,977**	**8,782**

Computation of additions in RAB if done correctly:

Rs. in Mn

	FY 10	FY 11	FY 12	FY 13	FY 14
Add: Weighted average Capitalization during the year	710	3,634	3,694	2,919	17,806
Less: Weighted average additions of Aeronautical Assets disallowed by AERA	24	117	79	-	5
Less: Weighted average additions of DF funded assets to be removed from RAB	92	588	361	802	8,558
Net additions during the year	**594**	**2,929**	**3,254**	**2,117**	**9,243**

Above approach of the Authority is clearly inconsistent. While additions are being included by Authority from the actual date of capitalization, the same approach is not being followed by the Authority for deductions/disallowances.

If additions are being considered on weighted average/proportionate basis, deductions/disallowances should also be considered on same basis.

6.2.3 During FY 15, there were certain assets which were disposed off. The Gross block of these assets was Rs 5,195 million, Accumulated depreciation of Rs 1,644 million and thus WDV of Rs 3,551 million.

While the Consultation Paper states that the adjustment pertaining to assets disposed off has been done by reducing WDV from the Gross additions, during the reconciliation process it was noticed that Gross block value and not WDV of assets disposed has been reduced from the Gross additions. The same needs to be rectified.

RAB represents the net block of assets as depreciation is reduced from it. If there are deletions from RAB, WDV of the disposed off assets has to be reduced from Total RAB and not Gross value. Since Gross block value of disposed off assets have been reduced from Gross additions during FY 14-15, accumulated depreciation of Rs 1,644 million pertaining to such assets has to be added back, to give the correct impact on RAB.

6.2.4 The Authority in Table 1 of the CP, has done computation of DF capitalisation to be considered for the first Control Period. Row 'A' to 'D' of the table is reproduced below:

	Computation of DF, Rs. Crores	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14
A=R(n)-R(n-1)	Aeronautical assets capitalization during the year (including DF funded assets)	396.94	559.01	511.61	455.22	6412.87
B	Operational Assets capitalized during the year	2.15	9.31	26.75	111.31	698.86
C	% of Aeronautical assets	88.00%	90.46%	91.78%	91.38%	84.52%
D=B*C	Aeronautical operational Assets capitalized during the year	1.89	8.42	24.55	101.71	93.7

It can be noted from the table above that to arrive at the amount of Aeronautical Operational Assets capitalised during the year FY 10-FY13 Authority has multiplied the operational assets capitalised during the year with the % of Aeronautical Assets. However, for the year FY 14, Authority has decided to consider the absolute amount of Aeronautical Operational Assets capitalised during the year instead of deriving the same by multiplying the operational assets capitalised during the year with the % of Aeronautical Assets. This approach of Authority is inconsistent with its own approach followed for the period FY 10-FY13.

It should be noted that Aeronautical Assets % is computed considering total assets of the company (including operational assets) and not project assets only. Hence, Authority should compute the FY 14 Aeronautical Operational Capital Assets by multiplying the total Operational Capital assets with Aeronautical Asset ratio.

6.3 MIAL's submission

6.3.1 & 6.3.2 MIAL requests the Authority to kindly rectify this mathematical inaccuracy. While additions are being included by Authority on actual date of capitalization, the same approach has not been followed by the Authority for deductions/disallowances.

6.3.3 Accumulated depreciation of Rs 1,644 million pertaining to assets disposed off in 2014-15 has to be added back, to give the correct impact on RAB. Or alternatively, WDV should be reduced from RAB instead of Gross book value.

6.3.4 Authority is requested to consistently use the formula for computation of Aeronautical Operational Capital Assets in Table 1 of the Consultation Paper.

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7 Reserves and Surplus – Reduction due to losses

7.1 Authority's Proposal No. 10.b (Table 40)

7.1.1 Para 10.11 - Authority has proposed to protect the paid-up equity share capital but reduce reserves and surplus on account on losses.

7.2 MIAL response

7.2.1 A project is funded through a combination of means of finance such as Equity Share capital, Reserves & Surplus (R&S), Debt, Deposits, DF, etc.

7.2.2 R&S comprises of funds belonging to shareholders / equity investors and once deployed by them into the project, such funding should be protected in the same way as equity share capital is protected.

7.2.3 Once invested in the project, in no way these funds can be taken out / reduced and therefore any adjustment to the same subsequently on account of future events is completely incorrect. Any subsequent losses though eat into the Reserves and Surplus as per books of accounts, do not in fact reduce the investment already made by the Shareholders.

7.2.4 In fact its double loss to the airport operator. On one side they incur losses and on the other side their return on RAB gets further reduced due to reduced WACC.

7.2.5 MIAL could have used the reserves to pay to its Shareholders as dividends which in turn could have been ploughed back by them as equity; which Authority in turn would have protected. Such treatment is totally unfair to the shareholders, who instead of taking out dividend from the company, decided to plough back all the profits for funding of the project, in the overall interest of the airport development. Therefore, for all purposes, these amounts have to be necessarily treated at par with shareholders' contribution and given the same treatment as equity.

7.2.6 It can be noted that the losses which are being shown in books of accounts are not cash losses. Therefore the amount utilised for project funding is not depleting / changing over such years. The Auditors certificate showing the cash profits is enclosed as **Annexure 27.**

7.3 MIAL's submission

7.3.1 Authority is requested to protect the internal accruals / generation utilized for funding of the project besides Equity Share Capital because book losses are not resulting into cash losses and therefore profits already utilized for project funding remain unchanged.

8 Reserves and Surplus – Reduction due to MAT credit

8.1 Authority's Para No. 3.11

8.1.1 MAT credit has been removed from Reserves & Surplus (R&S) on the pretext that these are provisions only and MAT credit entitlement does not arise at this stage

8.2 MIAL response

8.2.1 Excluding MAT credit is without any basis and seems to be completely arbitrary and not in accordance with any of the Accounting Standards or Indian GAAP. Proposed adjustment has not been done for tariff fixation for any of the major airports. It is completely incorrect to single out one item from P&L account (MAT Credit) and deduct the same while arriving at PAT to be transferred / added to R&S.

8.2.2 In computation of Target revenue, the Authority has calculated Tax as Nil. If Tax amount which was debited to the Books itself is not being considered, the occasion for considering MAT Credit does arise as something can be deducted only if the same thing has been added at the first place.

8.2.3 Out of the total MAT credit we have already realised Rs. 82 crs. upto 31st March, 2016 and we would be able to utilise the balance before the stipulated period under the provisions of Income Tax Act. Auditor's certificate for the same is enclosed as **Annexure 28**.

8.2.4 MIAL has also sought an opinion from Mr. Y.H. Malegam, an eminent Chartered Accountant who is analyzing the case. Opinion of Mr. Malegam is likely to be received in a week's time which will be submitted to the Authority immediately on receipt of the same.

8.3 MIAL's submission

8.3.1 Authority is requested not to reduce the R&S by MAT credit entitlement amount.

9 Adjustment of RAB on account of DF

9.1 Authority's Proposal no 2(a) to 2(c)

9.1.1 Authority proposes that in the year that the terminal 2 is commissioned (FY 2013-14) the remaining balance of DF allowed by the Authority would be adjusted in the RAB

9.2 MIAL response

9.2.1 Only part of Terminal 2 was commissioned in FY 14 (International operations), which does not imply completion of the Project. Project got completed in FY 16. Hence DF should be proportionately reduced from capitalised assets during FY 2013-14 to FY 2015-16, in continuation of Authority's own methodology followed in Tariff order of 1st Control Period.

9.2.2 It may be noted that Project means all development projects which are part of airport modernization and development program for a total cost aggregating to Rs. 12,630 crs. and not limited to T2 alone.

9.2.3 DF was sanctioned not only for Terminal 2 but for the entire airport development program which got completed in FY16.

9.2.4 Authority should apply its own philosophy and methodology consistently and should not change the same abruptly and arbitrarily.

9.2.5 The Authority had in Para 5.141 – page no 109 of its DF Order 29/2012-13 dated 21st December 2012, mentioned that:

"The Authority notes that the total quantum of DF as determined by the Authority is Rs 3,400 Crs. and the total allowable project cost is Rs 12,069.80 Crs. (Rs 11,647.46 Crs. plus Rs 422.34 Crs.). Further it is also noted that the present exercise is limited to the determination of DF to bridge the funding gap between various means of finance and the allowable project cost. The extent, to which this amount of DF is utilized to fund the assets -partly / wholly, is a separate matter, which is relevant to and pertains to the adjustment of RAB on account of DF."

9.2.6 Authority's decision no. II.a of the above DF Order states that - *"The Authority decides to determine the Development fee that should be available for the **project** at Rs 3,400 Crs."*

9.2.7 It is apparent from the above statement that the allowed amount of DF is towards the allowable project cost and not restricted and limited to construction and development of Terminal 2 alone.

9.2.8 In Para no. 8.64, Page 103 of Order no 32/2012, the Authority has mentioned specifically that "*It is further clarified that in the <u>last year of project completion</u> any remaining balance of DF sanctioned by the Authority would be adjusted in the RAB in that year*"

9.2.9 Thus, the above comment clearly mentioned that DF funds were planned to be utilized towards not only the Terminal 2 but also other projects forming part of the project cost and the Authority specifically mentioned about its approach that remaining balance of DF sanctioned would be adjusted in the RAB in the last year of project completion.

9.2.10 Authority in Proposal no 2.a of CP no 10/2015-16 has proposed the following:

"The Authority proposes that in the year that the terminal 2 is commissioned the remaining balance of DF allowed by the Authority would be adjusted in the RAB i.e. in FY2013-14."

9.2.11 The International section of Terminal 2 was commissioned in January 2014 whereas other airside projects of T2 apron were completed in August 2015 and Domestic section of T2 was completed in September 2015. Thus, Authority's decision of reducing remaining balance of DF amount from the assets capitalized in FY 14 is incorrect since the Project were completed in FY 16 and not FY 14. Certificate from Independent Engineer (EIL) is enclosed as **Annexure 29** confirming that Project was completed in FY 16.

Considering the above, MIAL requests the Authority to adjust DF proportionately towards Aeronautical Assets upto FY 16. The approach proposed by the Authority will result in denial of returns on the assets which were funded through other means of finance and that will be completely wrong and unjustifiable.

MIAL requests the Authority to consider the above and make appropriate changes.

9.3 MIAL submission

9.3.1 Proportionate adjustments of DF from RAB in each year as per its own earlier approach and methodology should be continued till project completion, with balance DF adjustment to be done in FY 16 when project got completed.

10 Determination of Weighted Average Cost of Capital for 1st Control Period

10.1 Authority's Proposal No. 3(b) and Table 4

10.1.1 The Authority has considered Equity Share Capital as Rs 846.15 Crs. for FY 2011-12, by ignoring Rs 200 Crs. of share application money pending allotment.

10.2 MIAL response

10.2.1 Share application money is always considered part of shareholders' funds. It is a normal practice where money received from applicant shareholders is first credited to share application money account and later on credited/transferred to equity share capital account on allotment of shares. In the instant case, Allotment of the shares was completed on 16th April 2012.

10.2.2 Normally 60 days are allowed for allotment of shares after receipt of share application money. Only because shares were allotted on 16th April 2012 instead of 31st March 2012, Authority is denying return on Rs 200 Crs for full year which is neither fair nor justifiable. Such treatment by Authority would have been justified in case the share application money was refunded in full or part in the subsequent year. In this case, share application money was not refundable.

10.2.3 Since the amount was received prior to 31 March 2012, the same should be treated as part of Equity Share Capital for the purpose of computation of WACC for FY 2011-12 & FY 2012-13.

10.2.4 MIAL has also sought an opinion from Mr. Y.H. Malegam, an eminent Chartered Accountant who is analyzing the case. Mr. Malegam's opinion is likely to be received in a week's time which will be submitted to the Authority immediately on receipt of the same.

10.3 MIAL submission

10.3.1 On account of the reasons detailed above, we request the Authority to consider the share application money as part of Equity Share Capital for WACC calculation for the FY 2011-12 and FY 2012-13.

11 Retirement Compensation (VRS Expenses)

11.1 Authority's Proposal

11.1.1 Para No. 12.62 - The Authority notes that these figures appear to be derived, and hence with respect to VRS Expenses as well as the schedule of payments, MIAL need to support these figures through supporting documents as well as reconciliation made with the AAI. The Authority for the time being proposes to allow the same for the time being, subject to confirmation by AAI during the stakeholder consultation period

11.2 MIAL response

11.2.1 The schedule of payment for Retirement Compensation paid/payable to AAI is as per the schedule given by AAI. This schedule is agreed between MIAL and AAI and payment is done as per the same. A confirmation from AAI is also enclosed as **Annexure 30**.

11.3 MIAL's Submission

11.3.1 We request the Authority to consider the above submission and allow Retirement Compensation paid/payable to AAI as per the schedule referred above.

12 Cost of Debt

12.1 Authority's Proposal No. 7

12.1.1 Truing Up No. 3.a.: The Authority proposes to true up the cost of debt for the second Control Period subject to a cap of an additional 50 bps on the existing rates i.e., from the level of 11.06% to a ceiling of 11.56% over the second Control Period (FY 2015-16 to FY 2018-19).

12.2 MIAL response

12.2.1 MIAL would like to submit that the cost of debt is subject to prevailing market conditions that may vary from time to time. As a company, MIAL has very little control over such economic changes and the cost of debt would be based on the then prevailing market conditions.

12.2.2 The cost of debt for the recent loan availed by MIAL was 12.05% pa. Therefore capping the cost of debt at 11.56% for any reset or fresh borrowing is not appropriate as the interest rates are market and risk driven. This decision will severely limit MIAL's ability to avail loans for the new projects thereby affecting the projects completion or restructuring of existing loans.

12.3 MIAL's Submission:

12.3.1 Cost of debt, besides other factors, is also dependent upon risk associated with the loan advanced to the company, which varies from industry to industry and from company to company. With the current proposal of the Authority reducing the aeronautical tariff for CSIA and looming annual losses in the years to come, the risk associated with lending to CSIA / MIAL increases. The availability of future loans to MIAL may be at a higher rate of interest than experienced currently and may render the capped % at 11.56% insufficient.

12.3.2 There is a possibility that MIAL may have to approach lenders for rescheduling of existing loans due to inadequacy of cash flows, in which case lenders would charge higher rate of interest and not lower.

12.3.3 The Authority would anyway have the opportunity to true up the cost of debt if MIAL is able to maintain the cap or is able to get lower rate of interest for existing/ new loans.

12.3.4 In view of above, we request the Authority not to cap the cost of debt at 11.56% as indicated in the CP.

13 Return on Refundable Security Deposit to be raised against Real Estate

13.1 Authority's Proposal No. 8.a

13.1.1 Proposal No. 8.a – To consider RSD already raised by MIAL of Rs. 207 crore, as a means of finance at zero cost.

13.2 MIAL response

13.2.1 Assuming, without admitting, the Authority's view, that RSD cannot be equated to equity, to be correct there are other facts to be taken in to consideration as discussed below.

13.2.2 **RSD being interest free** - It may be kindly noted that, in spite of several constraints at CSIA, MIAL had taken a very ambitious target to collect Rs. 1,000 crs. towards RSD, for funding airport project. However, MIAL has been unable to achieve this target due to inherent constraints at CSIA. Further, it is evident that RSD amount collected by one business unit i.e. Non-Transfer Asset business, is given to other business unit i.e. Aeronautical business, has to be based on an arm's length transaction. Providing funds from one business unit to the other at zero cost is not, admittedly, an arm's length transaction, irrespective of whether other unit pays interest or not.

13.2.3 The SSA does not require any form of cross-subsidization, either towards revenue requirement or capital expenditure, from deposits raised or revenue earned against Non-Transfer Assets (i.e. assets other than Revenue Share Assets).

13.2.4 However, as mentioned above, considering zero cost for RSD even if there is no interest payment on such RSD by one business unit, is not correct. Interest cost has to be considered for borrowing unit, while calculating cost of debt, on the basis of arm's length transaction.

13.2.5 Consideration available to lessor from land lease transactions comprises of two components – upfront RSD and annual lease rentals. As per normal business practice consideration in such transaction is composite and there is an interplay between the two components. Assuming zero cost for deposits for borrowing unit is apparently wrong as it involves an opportunity cost.

13.2.6 Had there been no necessity to deploy RSD towards project funding, MIAL could have invested it in the non-aeronautical business or for other business purposes and earned a market determined return on it. Even, in absence of any suitable investment opportunity within the business, RSD could have been invested as fixed deposit.

13.2.7 **Case Studies** – Other infrastructure sectors, where tariff is regulated, allow a return on the capital employed. Regulators in these sectors do not provide return on the basis of source and associated cost of funds. Case studies from the relevant sectors are presented below:

13.2.8 City Gas Distribution (CGD): Petroleum and Natural Gas Regulatory Board (PNGRB) allows return to concessionaires on the basis of the capital employed. It even recognizes that the security deposits received by the concessionaire would exist as liability and these should not be reduced from the total capital employed while determining tariff. Relevant extracts from the guidelines issued by PNGRB for determination of network tariff for city or local natural gas distribution network and compression charge for CNG have been reproduced below:

"Entity[1] may collect refundable interest free security deposit as specified under the Petroleum and Natural Gas Regulatory Board (Authorizing Entities for Laying, Building, Operating or Expanding City or Local Natural Gas Distribution Networks) Regulations, 2008. Such deposit is towards the safe-keeping of the meter and is to be refunded in full to the domestic PNG customer in case of a disconnection. Further, since the amount collected as interest-free refundable security deposit shall exist as a liability in the books of accounts of the entity, the same shall not be reduced from the total capital employed while determining the network tariff.

The reasonable rate of return shall be the rate of return on capital employed equal to fourteen percent post-tax considering the rate of return on long-term risk-free Government securities and the need to incentivize investments in creation of CGD infrastructure"

Other factors to be considered from the CGD guidelines:

(a) PNGRB guidelines regulates tariff for CGD networks, which **applies directly to end-users.** PNGRB allows the security deposits provided by end users to be invested in the business and earn return on such investments. As against CGD networks, MIAL has availed security deposits from lessees of Non Transfer Asset.

(b) **Demand risks are less for a CGD network** as compared with traffic risk at an airport, specially CSI Airport, which has an imminent threat of losing the traffic to Navi Mumbai Airport, MOPA (Goa) and Pune. Additionally, tariffs for CGD networks are for an essential commodity.

(c) Guidelines issued by PNGRB are one of the **most recent** guidelines in the Infrastructure sector in India and could be considered as a result of learnings from other regulated sectors.

13.2.9 Port Sector: In the port sector, Tariff Authority for Major Ports (TAMP) sets tariff for Major Ports based on cost plus Return on Capital Employed (ROCE) approach. Capital Employed is calculated as a summation of net fixed assets and working capital. Relevant extracts from the regulation have been reproduced below:

"Return will be allowed on Capital Employed (ROCE), both for Major Port Trusts and Private Terminal Operators, at the same pre-tax rate, fixed in accordance with the Capital Asset Pricing Model (CAPM)."

[1] Source: Petroleum and Natural Gas Regulatory Board (Determination of Network Tariff for City or Local Natural Gas Distribution Networks and Compression Charge for CNG) Regulations, 2008, point 2, Attachment 3 to Schedule A

"Capital Employed will comprise Net Fixed Assets (Gross Block minus Depreciation minus Works in Progress) plus Working Capital (Current Assets minus Current Liabilities)"

13.3 MIAL submission

13.3.1 Opportunity cost of interest free RSD (i.e. at least equal to the cost of debt) which is deployed for project funding, should be considered while calculating WACC.

14 Cost of Equity

14.1 Authority's Proposal No. 3.b and 9.a.

14.1.1 Authority's Proposal - To adopt return on equity (post tax cost of equity) as 16% for the purpose of calculation of WACC

14.2 MIAL response

14.2.1 The cost of equity as 16% as proposed by the Authority for determination of aeronautical tariffs at CSIA underestimates the riskiness of the CSI Airport. Further, the aviation sector in India competes with other sectors in India as well as global airport projects around the world for investments and if reasonable return on investment is not allowed, it will certainly affect future investment in the sector adversely.

14.2.2 **Revenue share with AAI** – Unlike most of the airports globally, airport operated by MIAL involves significant revenue-sharing with AAI. Further, this revenue share is not considered as pass through for the purpose of working out tariff for aeronautical services. The revenue share at CSIA makes it more susceptible to risks than airports in emerging markets due to availability of lower cash flows with the capital providers.

MIAL is liable to pay 38.7% revenue share to AAI on all its revenues including return on equity and therefore in effect 16% return on equity proposed by AERA will result in a return of only 9.8% to the shareholders (net of revenue share) which is far below the reasonable return expectation of any investor.

14.2.3 MIAL had commissioned a study for 'Estimation of Cost of Equity for MIAL'. The study was undertaken by CRISIL Risk and Infrastructure Solutions (CRISIL) who submitted a report on 11th April, 2012. Using the CAPM approach, CRISIL estimated the cost of equity for various levels of debt-equity ratio and is shown in the table below. As part of the study, CRISIL had also estimated the cost of equity as per the Arbitrage Pricing Model (APM). The cost of equity as per the APM was estimated to be in the range of 21.09% to 23.71%.

14.2.4 KPMG and SBI Capital Markets are global consultants with experience in airports including valuation of airports. SBI Capital Markets (Report on fair rate of return on equity for Indian airport sector) and KPMG (Cost of Equity Estimates of Indian Airport Industry) have also estimated a higher cost of equity than NIPFP.

Comparison between cost of equity estimates of NIPFP, the Authority, KPMG, SBI Capital Markets, CRISIL and Leigh-Fisher are shown below:

S No.	Entity	Cost of Equity Estimates
1.	NIPFP	11.64% - 13.84%
2.	AERA	16%
3.	KPMG[2]	20% - 23%
4.	SBI Capital Markets	18.5% - 20.5%
5.	CRISIL	18.16% - 20.44% (CAPM) 21.09% - 23.71% (APM)
6.	Leigh-Fisher	25.1%

14.2.5 **Benchmarking of returns with other regulated sectors** – The Authority has benchmarked the returns on equity with other regulated sectors. Key differences between aviation sector and the other infrastructure sectors are:

(a) The volatility of revenue drivers such as units of electricity consumed is lower than the volatility of revenue drivers in airport viz. traffic.

(b) In the airport sector return (i.e. WACC) is provided on the Regulatory Asset Base which is depreciated each year as against return provided on equity in case of power sector which is not depreciated i.e. equity is not reduced with depreciation of assets. In effect this means that 16% return proposed by AERA will be decreasing every year as RAB depreciates every year and for a concession period of 30 years 16% return on equity proposed by AERA would translate to a much lower return which is grossly inadequate and will discourage any further investment in the sector by the prospective investors.

(c) The terms of concession for highway and port sectors are different from aviation sector with a pre determined tariff/ toll charge. There is no regulation on the revenue or profits earned on a project[3]. More importantly, the return to the equity investors is based on project assumptions which may be significantly different from actual growth of revenue drivers. For example, the equity IRR of 16% in NHAI projects is used to determine the minimum revenue share or maximum viability gap funding for the project for a toll project assuming a traffic growth of 5% or alternatively the maximum annuity payments required to meet the benchmark equity IRR of 18%. The actual traffic growth may be significantly different for a project as is evident from the average return of 20%-23% earned by the investors in road projects.

[2] As on 31 March 2010

[3] Except in cases where concession period is reduced when the actual traffic exceeds target traffic for a specified year. However, the concession period is only reduced by a maximum of 10% of the original period in such cases.

Illustration on return to equity investors in Power Sector

As per CERC guidelines, tariff for supply of electricity comprises of capacity charge for recovery of Annual Fixed Cost and energy charge. Relevant extract is as below:

"The tariff for supply of electricity from a thermal generating station shall comprise two parts, namely, capacity charge (for recovery of annual fixed cost consisting of the components specified to in regulation 14) and energy charge (for recovery of primary fuel cost and limestone cost where applicable)."

Following comprises Annual Fixed Cost of a generating or a transmission system:

a. ***Return on equity;***
b. ***Interest on loan capital;***
c. ***Depreciation;***
d. ***Interest on working capital;***
e. Operation and maintenance expenses;
f. Cost of secondary fuel oil (for coal-based and lignite fired generating stations)
g. Special allowance in lieu of R&M or separate compensation allowance,

Return on Equity is calculated on the equity considered as part of the Capital Employed. As a result, even though CERC guidelines provide a return on equity equivalent to 16%, actual returns available to the equity investor is higher than 16%. In comparison, return to equity investors of airport companies is based on ***Regulated Asset Base which depreciates over the life of the assets***. The diminishing returns for investors in Airport Company are thus far lower than those for investors in electricity generating or transmitting companies.

14.2.6 We wish to bring it to the notice of the Authority that during the process of competitive bidding for privatisation of Mumbai airport, AAI indicated the bidders to consider, post tax cost of Equity and Debt of 22.8% and 6% respectively i.e. post tax nominal WACC of 11.6% to enable it compare the bids received from various bidders. Taking into account indicative cost of debt and equity given by AAI, bidders worked out quantum of revenue share that can be paid to AAI and balance that would be available with them. It was assumed by private participants, bidding for Mumbai airport that after paying 38.7% of revenue share to AAI they would be able to earn return of about 14% post tax on equity share capital. That was the basis of bidding. However, Authority has now decided to give return on equity @ 16% which means a return of only 9.8% (net of revenue share) against 14% envisaged by the bidders at the time of bidding. This kind of abysmal low return coupled with very high risk makes this project extremely challenging, unattractive and unviable for investors.

14.2.7 It is important to note that the Authority has a responsibility to ensure economic and viable operations of the airport, both under the AERA Act and State Support Agreement (SSA) entered into by MIAL with the Government of India. The relevant extracts are reproduced below:

14.2.8 Section 13(1)(a) of the AERA Act requires the Authority to determine tariff for the aeronautical services taking into consideration :

"*economic and viable operations of major airports.*"

Schedule 1 of SSA provides that "..... *in undertaking its role, AERA will observe the following principles:*

"2. *Commercial – In setting the price cap, AERA will have regard to the need for the JVC to generate sufficient revenue to cover efficient operating costs, obtain the return of capital over its economic life and achieve a reasonable return on investment commensurate the risk involved.*"

(a) From the above it is evident that the Authority needs to provide reasonable return on the investment so that airport is able to generate sufficient revenues which after meeting cost of operation are able to provide reasonable return to the investors. The Authority has taken a position in the case of tariff determination for Delhi airport that while ensuring viability of the airport, it will not consider Annual Fee (revenue share) payable to AAI since the same is not a pass through cost as per SSA. While it is a fact that Annual Fee is not a pass through cost in accordance with SSA and has accordingly not been included by the Authority while calculating Target Revenue, it cannot be ignored while considering viability of the airport, as Annual Fee is a contractual and legal obligation which airport has to meet. Therefore to ensure viability of the airport, Authority should have considered this fact also and provided commensurate return on equity.

14.2.9 **Unique factors enhancing the risk at CSI Airport –**

(a) **Second Competing Airport** - CSI Airport is a severely land constrained airport limiting the possibility of capacity increase not just in the long run but also in the very near term. The capacity at CSIA is expected to saturate in the near future requiring a second city airport which has already been planned for. In case of other Indian airports, there exists no threat of a second competing airport to be set-up in the near future. This, without doubt, enhances the business risk. Investors of such a project will expect to recoup investment as early as possible. Naturally, investors expect to have fair rate of return on equity which has to be certainly higher than applicable for other airports, where the threat of a second airport is not there. The Right of First Refusal (RoFR) for a second airport within 150 kms of CSIA is not an adequate measure to mitigate the said risk. The RoFR is not absolute and only gives a small window of comfort. In future even proposed MOPA airport (Goa) and Pune airport may give competition to CSIA and may eat up on traffic at CSIA.

(b) **Limited Growth Potential for Non Aeronautical Revenue** – Capacity constraint at CSIA will adversely impact growth in non-aeronautical revenues.

There is no possibility of significantly increased capacity within this Control Period. On the other hand, MIAL business is susceptible to significant downside risk due to its dependency on the airline business which is exposed to significant volatilities and frequent negative shocks. This combination of circumstances makes MIAL quite riskier as compared to other Indian airports.

(c) **Financing risk** – While MIAL has asked AERA a tariff hike of 104% (if adjusted in line with Authority's earlier decisions), Authority has proposed a reduction of -7.2%. Hence, it would be difficult for MIAL to arrange funds for the projects to be undertaken in second Control Period. In this scenario, unavailability of funds or costly funding may enhance the risk profile of the airport and jeopardize the completion of various developments and projects.

14.3 MIAL's Submission

We urge the Authority to ensure that the returns available to investors suitably cover the riskiness of the assets, enable airport operators to have viable operations and provide an incentive for attracting new investments in the sector considering risk reward of the sector. Risk factors unique to CSIA need to be given due credence. We firmly believe that Authority should provide a minimum return on equity of 23% for CSIA to remain viable and to be able to provide efficient operations to airlines and passengers.

15 Upfront Fee to AAI

15.1 Authority's Proposal No. 3.b and 9.b.

15.1.1 The Authority has proposed to not consider Upfront Fee paid by MIAL to AAI as part of equity share capital of MIAL

15.2 MIAL response

15.2.1 AERA has proposed to reduce Equity Share Capital brought in by the investors / shareholders to the extent of Upfront Fee paid to AAI. This is absolutely incorrect as Upfront Fee payment to AAI is part of RAB and therefore overall WACC should be applied on this payment as well instead of carving out this one payment and matching means o finance to the same.

15.2.2 There is no provision in the SSA or OMDA which provides for exclusion of amount equivalent to Upfront Fee from Equity Share Capital for the purpose of WACC calculation. Equity contribution by Shareholders in MIAL remains unchanged even after Rs.153.85 Crs. is excluded from the project cost.

15.2.3 SSA excludes Upfront Fee from forming part of the project cost and regulatory asset base but not from Equity Share Capital. Excluding Upfront Fee from both project cost and Equity Share Capital is a case of double jeopardy

15.2.4 Equity contribution to the project remains unchanged even after exclusion of Rs.153.85 Crs. from the project cost. It is important to note that Shareholders have brought in funds for the company and it is the responsibility of Company to make payment to AAI and not of the Shareholders.

15.2.5 Based upon the entire Equity contribution of Rs 1200 crs., lenders have agreed to sanction debt of Rs. 4231 crs.

15.2.6 Hence, calculating WACC without recognizing total Equity Share Capital will be erroneous.

15.2.7 Rs.153.85 crs. should **be treated at par with other exclusions**. This separate treatment is not called for. Authority has not mapped means of finance for other disallowances. **Singling out one component of the project cost and mapping the same against specific means of finance is without any basis and devoid of any merit.** Authority's approach is inconsistent. In fact when MIAL proposed mapping DF adjustment against specific Aeronautical Assets during 1st Control Period tariff determination, authority did not accept our contention but is doing the same thing only for Upfront Fee.

15.2.8 If MIAL had treated the entire payment as revenue expenditure, which is one of the valid alternative, in that case what would Authority have done?

15.2.9 MIAL has paid Upfront Fees into two parts. Rs. 150 crs. was paid by MIAL as Upfront Fee in FY 2006-07. However, Rs. 3.85 crs. was paid by MIAL in FY 2009-10 as additional payment against Carved – out assets subsequently demised to MIAL. Hence, assuming that Rs. 3.85 crs. was paid specifically from Equity Share Capital is totally wrong and without any basis.

15.3 MIAL submission

15.3.1 We request the Authority to consider total equity (without any reduction towards Upfront Fee to AAI) for the purpose of calculation of WACC.

16 Treatment of Expenditure pertaining to Security

16.1 Authority's Proposal No. 5.e

16.1.1 Authority has asked MIAL to reimburse the amount into PSF(SC) Escrow account before release of the Order. Further, Authority has not considered the carrying cost which MIAL may have to pay into PSF(SC) Escrow account when repayment is done.

16.1.2 Authority has not considered reimbursement to be made by MIAL for Capital Work in Progress as at March 2015 in PSF(SC) books amounting to Rs. 17.19 crs

16.1.3 Authority has not considered a separate tariff component towards reimbursement of capital and operating expenses towards security to be incurred by MIAL

16.1.4 Proposal No. 3.f - To note the inclusion of PSF (SC) O&M expenditure of Rs. 38.72 crores for the year 2009-10 to 2013-14 as part of aeronautical service tariff determination. MIAL to provide evidence for reimbursement of this amount into the PSF (SC) escrow account, otherwise the same is proposed to be disallowed at the time of the Order

16.1.5 Para 12.e - To note the inclusion of PSF (SC) O&M expenditure of Rs. 59.42 Crs for expenses in second Control Period and Rs. 15.82 Crs towards earlier period disallowed amount, totalling Rs. 75.32 Crs in the second Control Period. MIAL to provide evidence of reimbursement of amount into PSF (SC) escrow account reconciled with MoCA. MIAL to inform MoCA about the consideration of the earlier period and second Control Period PSF (SC) expenditure for tariff determination.

16.2 MIAL response

Reimbursement of amount into PSF(SC) Escrow account and carrying cost for PSF(SC)

16.2.1 MoCA in its letter dated 18th February, 2014 has required the Airport Operators to reverse / reimburse back the amount incurred towards procurement and maintenance of security system/ equipment and on creation of fixed assets out of PSF(SC) Escrow account. This amount has to be reimbursed along with interest that would have accrued in normal course. MIAL has presently appealed against such reimbursement before Hon'ble High Court of Bombay.

16.2.2 Authority while agreeing to consider allowing these reimbursements has not considered carrying cost on Rs.309 crs. which MIAL may have to pay.

16.2.3 Besides Authority has put in a condition to actually reimburse the amount payable to the PSF(SC) Escrow account both Capital (Rs. 309 crs.) and operating expenditure (Rs. 38.72 crs. plus Rs. 15.82 crs.) prior to passing of Tariff Order for allowing such reimbursement / expenditure. This is a very difficult condition to be met in such a short time and more so having regard to the severe funding gap that is being faced by MIAL. The DF allowed by the Authority does not cover the entire funding gap

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towards the project cost. Further, MIAL is incurring huge losses, there is a gap in means of finance of project cost which is yet to be bridged and adequate funding is not available for ongoing operational capex and other projects for second Control Period. In fact MIAL would be required to securitize the Tariff in respect of such security expenses to actually make the reimbursement in PSF(SC) Escrow account and that would not be possible before issue of Tariff Order. In view of the above, Authority is requested not to put a condition which cannot be complied with. Further security expenditure of Rs. 59.42 crs. for 2nd Control Period and the same will be directly incurred by MIAL and therefore the question of reimbursement of such amount into PSF(SC) Escrow account by MIAL does not arise.

16.2.4 Inclusion of the amount, which is, to be reimbursed by MIAL into PSF(SC) Escrow account, for determination of tariff for second Control Period will not lead to double accounting. If MIAL does not make the payment into PSF (SC) Escrow account then Authority has all the rights to true up the amount along with carrying cost while determining tariff for the next Control Period and therefore there is no question of any double benefit to MIAL. However, if this amount is not allowed by the Authority then MIAL will not be in a position to make the payment into PSF (SC) Escrow account even if so decided by the Hon'ble High Court.

Authority has not considered reimbursement to be made by MIAL for Capital Work in Progress as at March 2015 in PSF(SC) books amounting to Rs. 17.19 crs

16.2.5 Rs.17.19 crs. has been incurred out of PSF(SC) Escrow account towards Capital Work in Progress as at 31st March 2015. Authority needs to consider this amount also for the purposes of reimbursement into the PSF (SC) Escrow Account, since this amount also needs to be reimbursed, along with Rs 309 Crs., on this matter reaching finality.

Separate tariff component for PSF(SC)

16.2.6 Security is a sovereign function and in case airport operator is incurring such expenditure, it is for the purpose of performing a sovereign function.

16.2.7 There is no reason that any tariff which is determined purely for the purpose of reimbursement of such security expenditure (both capex and operating cost), should be subjected to revenue share. This will tantamount to undue enrichment of AAI at the cost of airport operator.

16.3 MIAL submission

16.3.1 Authority should not insist for reimbursement of capital cost (Rs. 309 crs.) and operating cost (Rs. 38.72 crs. plus 15.82 crs.) prior to release of Tariff Order due to reasons explained above.

16.3.2 Authority is requested to include reimbursement of Rs. 309 crs. to PSF(SC) Escrow account in RAB and Rs. 38.72 crs. plus Rs 15.82 crs. as part of operating expenses without insisting for payment before issue of the Order. However, Authority can put a condition that if the amount is not deposited into PSF (SC) Escrow account, as and when so decided by the Hon'ble High Court, it would true up the amount along with carrying cost in the next Control Period. By doing so, while on one hand Authority would enable MIAL to meet payment obligations, as and when decided by the High Court, and on the other hand it will not impact interest of passengers adversely since Authority will be able to do the true up along with carrying cost in case MIAL does not make the payment during 2nd Control Period.

16.3.3 Authority also needs to allow the carrying cost on the reimbursements to be made to PSF (SC) Escrow account.

16.3.4 Authority needs to consider Rs. 17.19 crs. of CWIP as part of reimbursement to be made to PSF (SC) Escrow account.

16.3.5 Capex and opex being incurred for security purposes need to be reimbursed to the airport operator through a separate component of the tariff.

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17 Fuel Throughput Charges and Into Plane concession Charges

17.1 Authority's Proposal No. 14.a.ii

17.1.1 Authority has proposed to consider revenues from fuel concessions and ITP services as aeronautical revenues.

17.2 MIAL response

17.2.1 Section 2 (a) (vi) of the AERA Act by limiting the scope of "aeronautical services" only to the extent of "services provided for supplying fuel" (and not to privileges of access to the airport by the fuel supplier) is in consonance with the ICAO Document No.9082 wherein the "revenues from non-aeronautical sources" is defined to include concession granted to oil companies to supply aviation fuel. The privilege/concession of grant of access to airport does not involve the provision of any services. The charge for such grant of concession/ privilege falls under revenue from non-aeronautical sources. Extract from Appendix 3 - Glossary of Terms in Document 9082 (Eighth Edition – 2009) of International Civil Aviation Organization (ICAO) titled "ICAO's Policies on Charges for Airports and Air Navigation Services" is reproduced below:

"Revenues from non-aeronautical sources - Any revenues received by an airport in consideration for the various commercial arrangements it makes in relation to the granting of concessions, the rental or leasing of premises and land, and free-zone operations, even though such arrangements may in fact apply to activities which may themselves be considered to be of an aeronautical character (for example, concessions granted to oil companies to supply aviation fuel and lubricants and the rental of terminal building space or premises to air carriers). Also intended to be included are the gross revenues, less any sales tax or other taxes, earned by shops or services operated by the airport itself."

17.2.2 If supply chain of fuel is examined at CSI airport, it is found that

(i) fuel is brought by oil companies to respective fuel farm (s) at airport.

(ii) from fuel farm fuel it is supplied either through hydrants or bowsers into plane by Into Plane service provider (such as Indian Oil Skytanking Ltd. and Bharat Stars Services Pvt. Ltd. at CSIA).

(iii)fuel farm and hydrant system belongs to fuel farm operator (such as MAFFFL at CSIA)

(iv)land has been leased to respective oil companies for fuel farm for which lease rental is being charged.

(v) Ownership of fuel remains with respective oil companies till it reaches aircraft. In the entire supply chain no role is being played by MIAL in providing any services.

Its role is limited to lessor of the land for which lease rentals are being charged. This cannot be termed as service let alone aeronautical service.

17.2.3 MIAL has no contract with any airline concerning supply of fuel, nor MIAL has ever communicated to any of the airlines concerning supply of the fuel and FTC. MIAL has never envisaged that FTC is pass through to airlines by oil companies. Hence as far as understanding of MIAL is concerned fuel price being charged by oil companies is prerogative of oil companies.

17.2.4 AERA, in case of CSI Airport, is not regulating supply of fuel treating it not as service but sale of goods.

17.2.5 The Ownership of fuel farm is separated from suppliers of oil and charges are being regulated by AERA both for fuel farm and Into Plane service but not for the oil suppliers.

17.2.6 We are extremely surprised, looking into the fact mentioned above, how throughput charges paid by oil companies to MIAL are aeronautical in nature.

17.2.7 The fuel throughput charges levied by airport operators on the oil companies is towards consideration for commercial opportunity and access to trading platform provided to oil companies for carrying on their business of fuel sale/supply and refuelling services to airlines at airport premises. Therefore, the fixation of fuel throughput charges does not lend itself to the tariff determination process contemplated under the AERA Act.

17.2.8 In paragraph 41 of Document 9082, it is clearly mentioned by ICAO that the level of FTC may reflect the value of concession granted to fuel suppliers. It further says if any facility is provided, in such case, any portion of charge for such facilities should reflect cost. Corollary of which is that pure concession fee is not related to cost.

17.2.9 Classification of FTC as non-aeronautical revenues has been clearly stated in ICAO Document No. 9562 - "Airports Economic Manual". Paragraph 3.40 and 3.49 of "Part B: Accounting" in "Chapter 3: Airport Financial Management" of Document 9562 clearly categorise Aviation fuel and oil concessions (including throughput charges) as the first item under the "Revenue from Non-aeronautical Activities" and not under "Revenue from air traffic operations", which is aeronautical revenue

17.2.10 They remain non-aeronautical activities, and insofar as ICAO cost-recovery policies are concerned, they are not subject to the same limitations as is recommended to be applied to charges on air traffic..." Chapter 6 of Document No. 9562 specifically deals with Development and Management of non-aeronautical activities. Under Section B – 'non-aeronautical activities' – of the same Document, types of concessions which are most frequently found at international airports are mentioned. Table 6-1 & paragraph 6.5 of Document No. 9562 list such concessions and it is pertinent to mention that concession granted to aviation fuel suppliers has been listed as item no 1. Same intention is also reflected in paragraphs 6.32, 6.33 and 6.34 of Document 9562.

17.2.11 As per the form used by ICAO Contracting States to report financial data of airports (i.e. Form J), "**Aviation fuel and oil** – Include all concession fees, including any throughput charges, payable by oil companies for the right to sell aviation fuel and lubricants at the airport" is included as a concession (Item 3), i.e. non-aeronautical revenues.

17.3 MIAL Submission

17.3.1 We request the Authority to consider Fuel Throughput Charges and Into Plane concession as revenues from non-aeronautical service.

18 Operating expenses – Allocation ratio

18.1 Authority's Proposal No. 12.a

18.1.1 Authority Proposal No. 12.a - Operating expense allocation ratio for Aeronautical and Non-Aeronautical expenses for 1st Control Period is considered as allocation ratio for 2nd Control Period

18.1.2 Authority Proposal No. 12.b – To consider the allocation of VRS payment to AAI (Retirement Compensation) at the rate of employee allocation while projecting aeronautical expenses for the 2nd Control Period (including interest on corresponding loan).

Para 3.36.1 - Therefore, the Authority also proposes to consider the allocation for VRS expense for AAI employees, operational support cost and AAI retirement compensation interest cost same as the allocation of employee cost between aeronautical and non-aeronautical components.

18.1.3 Para no. 3.36.4 and 12.45 - Authority has proposed to allocate AOA fees into aeronautical and non aeronautical expenses based on ratio of employee cost

18.2 MIAL response

Operating expenses ratio for Aeronautical and Non aeronautical expenses for 2nd Control Period

18.2.1 Allocation ratio for Aeronautical: Non Aeronautical expenses for FY 14 is based on period when cargo operations were being handled by MIAL.

In February 2014, MIAL concessioned out the international Cargo Operations to Concor Air Ltd. Since, no Cargo is being handled / operated by MIAL, there is /would be no operating expenditure incurred by MIAL for cargo operations during FY15-FY19 and therefore revised and correct expense allocation ratio should be considered.

As per the study done by MIAL's Cost Auditor for FY 15, Aeronautical: Non-Aeronautical expenses ratio is 92.08%. The Cost auditor's certificate is attached as **Annexure 31.** MIAL requests the Authority to kindly consider the same for 2nd Control Period.

Allocation of Retirement Compensation paid/payable to AAI (including interest on corresponding loan)

18.2.2 Amount paid as Retirement Compensation to AAI is paid as per the terms of OMDA, and is not related to any non-aeronautical activity. Hence, the same should be considered as 100% aeronautical being the payment made as per terms of OMDA. Same treatment is to be given to interest on loan taken for payment of Retirement Compensation.

Allocation of Operational Support cost

Authority had considered the operations support cost as 100% aeronautical in first Control Period. In computation of Hypothetical RAB, Authority has given the following reasoning in Order No. 32/2012-13 dated 15th January 2013 as under:

"***9.65.*** *As regards MIAL submission that only part of Rs 23.14 crs.crs. attributable to aeronautical activities should be considered in the Hypothetical RAB, the Authority notes that the MIAL in its initial submission has considered Operation Support Cost to AAI as fully Aeronautical and has not made any suggestion thereon. It is only now that they are referring this cost to be apportioned between aeronautical expense and non-aeronautical expense. The Authority therefore decides to consider this cost as 100% Aeronautical at Rs 23.14 crs.*"

Hence, Authority should not change the allocation ratio for operational support cost now and consider the same as 100% aeronautical in line of its Order No. 32/2012-13.

Allocation of AO fees

18.2.3 The fee payable to the Airport Operator (AO) is paid as per Airport Operator Agreement (AOA) dated 28.04.2006 between MIAL and ACSA Global Limited, which was entered into after the approval of AAI. AO is required to undertake 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). MIAL has to pay to the AO, Performance Fee which is a Fixed Annual Amount of US$ 1,000,000 escalated at US CPI annually. Performance Fee paid by MIAL to AO is cost for MIAL. Performance fee is fixed and does not increase even in case Objective and Subjective Service Quality requirements are exceeded.

It is important to note the following:

- As per the provisions of OMDA and AOA, AO is responsible for, inter alia, operations and maintenance of **Aeronautical and Non Aeronautical Assets** and not for aeronautical and non aeronautical revenues. Further, payment of Performance Fee as per our AOA is not linked to revenues, EBITDA, EBIT or Profits as mentioned in Schedule 8 of the OMDA. This clearly demonstrates that in case of MIAL there is no linkage between the payment of Performance Fee and revenue, EBITDA, EBIT or Profits and AO does not gain or lose on account of any increase or decrease in any of these parameters. It is also important to note that Schedule 8 of OMDA (suggesting principles to be incorporated in AOA) provides a list of about 19 services that need to be included in the scope of AOA. Perusal of these 19 services clearly shows that most of them are primarily related to operations and maintenance of the airport assets and facilities. Not even a single service is linked to enhancement of non aeronautical revenues and therefore allocation of Performance Fee based upon revenues will be completely inappropriate.

- AOA agreement provides for separate payment for any specific consultancy services to be availed from AO. If AO is engaged for specific services such as study/ measures etc. to increase non aeronautical revenues, in that case specific fees paid for such engagement can be considered as non aero.
- The performance fee which is being paid is not linked to revenue or profits of the company as mentioned above. Otherwise also even if it is linked to revenue or profits, allocation of the same has to be done based upon services provided by the AO and not in proportion to aeronautical and non aeronautical revenues.
- In view of the above facts, the Authority is requested to kindly consider and allocate the AOA fees as under:

a) In the overall ratio of Aeronautical and Non Aeronautical Assets OR
b) In the overall ratio of Aeronautical and Non Aeronautical expenses

18.3 MIAL's Submission:

18.3.1 MIAL requests the Authority to kindly consider the revised operating expense allocation % for second Control Period as per the certificate given by MIAL's cost auditor.

18.3.2 MIAL requests the Authority to kindly consider the Retirement Compensation paid to AAI (including interest on corresponding loan) as 100% aeronautical.

18.3.3 Authority is requested to kindly consider and allocate the AO fees as under:

a. In the overall ratio of Aeronautical and Non Aeronautical Assets OR
b. In the overall ratio of Aeronautical and Non Aeronautical expenses

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19 Operating expenses – Reduction in certain operating expenses

19.1 Authority's Proposal No. 12.c and 12.d

19.1.1 Para 12.19 - The Authority has noted that MIAL's projection for employee cost is on the higher side. However, the Authority noted the manpower requirement for managing the new integrated T2 will marginally increase. Accordingly, the Authority proposes to increase cost 15% for the year 2015-16 and 10% subsequently.

19.1.2 Para 12.38 - Authority proposes to not allow the real increase in administrative expenses for the time being, but any changes in the operating expenses will be trued up at the time of determination of aeronautical tariffs in the next Control Period, based on audited values.

Para 3.42 - The Authority is of the opinion that on the face of it certain costs relating to consultancy, legal and travel expenses seem to be high. MIAL may explain reasons for any abnormal increases in these costs and also take steps to control such expenses in the future. Though the ICWAI report says that the O&M expenses incurred in 2010-11 may be considered as efficient, it will be difficult for the Authority to go into each and every item and disallow any increase, in part or full, in the cost. However, wherever one-time expenses have been incurred, for instance expenses relating to Airport Operations Readiness (AOR) and consultancy cost for business development, etc. should not be considered for later years. Further, the legal fee must be allocated into aeronautical and non-aeronautical expenses

19.1.3 Para 12.20 - It is noted that in case of MIAL, the operator was providing cargo services. If the cargo screening costs have been taken as a part of the operation and maintenance expenses in the profit and loss account of MIAL, they should be removed from the O&M expenses for that period.

19.1.4 Para 12.56 – Authority has proposed to consider working capital interest as Rs 6.30 Crs. for each year in the second Control Period.

19.1.5 Para 3.49 - The Authority is of the view that no additional expenses towards loan availed need to be part of the financing charges in the O&M expenses. The Authority is of the view that other charges pertaining to processing charges and furnishing of bank guarantees can be considered under allowable financing charges. However, MIAL needs to make a specific claim along with the working details along with supporting evidence.

Para 12.51 - The Authority notes that the financing charge for the year 2014-15 is Rs. 9.34 Crs. The Authority proposes to consider the same amount for the purpose of projection of financing charges for each year of the second Control Period. However, the Authority may take a considered view on the same subject to the submission of abovementioned details and supporting evidence during the consultation process.

19.1.6 Para 3.36.6 - Authority decided not to allow any collection charges on DF to be part of operating expenditure.

19.1.7 The Authority in Table 9 has considered allocation % of miscellaneous expenses of Rs 3.81 Crs. as 0%.

19.1.8 The Authority in Para 12.47 notes that as per Airport Operator Agreement between MIAL and ACSA, the performance fees was payable only for a period of 7 years starting 2006. The Authority notes from the agreement that performance fees beyond FY 2012-13 will be zero. However, MIAL has continued to incur as well as project the AO fees till the year FY 2018-19. The Authority is of the opinion that MIAL should provide clarification for the same during the consultation period, failing which, the Authority proposes to not consider the projections corresponding to this expense.

19.2 MIAL response

19.2.1 MIAL vide its submission dated 8th September 2015 has considered the manpower expenses as in the table below. Authority had asked MIAL to revisit the increase in manpower cost. It had asked MIAL to revisit the additions in manpower from FY 16-FY 19. MIAL has earlier considered additional headcount of 226 for FY 16 in its submission dated 8th September 2015. However, MIAL further rationalized the additional headcount requirement and reduced the additional headcount in FY 16 to 175 in 15th January, 2016. MIAL accordingly has revised its estimates to a lower addition in headcount and reduced its manpower cost.

Employee Headcount **Nos**

	FY 16	FY 17	FY 18	FY 19
- As submitted by MIAL in September 2015	1,201	1,294	1,326	1,335
- As revised by MIAL in February 2016	1,150	1,243	1,275	1,284
- As proposed by Authority in CP	1,150	1,150	1,150	1,150

Employee Cost **Rs. in crs.**

	FY 16	FY 17	FY 18	FY 19	Total (FY16-FY19)
- As submitted by MIAL in September 2015	192	215	240	266	913
- As revised by MIAL in February 2016	185	207	232	256	879
- As proposed by Authority in CP	168	185	203	224	780

Authority has now proposed not to consider any increase the Headcount for FY 17 to FY 19. However, it may be noted that MIAL has already considered only the minimum increase in Head Count. It may be appreciated that increase in Head count is necessary in light of increasing operations at CSIA. It may be noted that T2 is a very large terminal with an area of 4,48,432 sq mt spread across 4 levels, capable of catering to 40 millon passengers per annum and as operations are being shifted from T1 to T2, more staff is required for the operations. The additional staff being asked by MIAL is mainly for Terminal operations, Airport Operations Service, Customer Service and quality etc. considering the fact that more and more airlines are shifting to T2 now while at the same time we continue to operâte T1B also. This split operations of two different terminals coupled with significant growth in passengers necessitates deploying additional manpower. Department wise headcount for the period FY 16 to FY 19 is again enclosed as **Annexure 32** along with the rationale for increase in Head count. Hence, Authority is requested to consider projections of Head count as submitted by MIAL to enable it provide safe, secure and efficient services to users.

19.2.2 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.

An effective cost control mechanism is already in place in MIAL.

There is a robust system in place to finalise budgets at the beginning of each year. After intense discussions with operating teams, senior management finalises the budget which is finally placed before the Board for its approval. Board of MIAL includes directors from AAI, Independent Directors and directors from foreign shareholders which approve the budget after detailed discussion on the same.

In the MIS prepared on monthly basis, the actual figures for workings are compared with budgeted figures and with the actual figures for the previous year corresponding period. In the review meeting of each month, senior management based on Variance analysis advises the respective departments to take the corrective actions wherever required to achieve the budgeted goals.

Every Purchase Order above Rs. 10 lakh is approved by CEO and above Rs. 1 cr. is approved by Managing Director of MIAL.

Further, ICWAI-MARF was appointed by the Authority to examine the efficient cost of MIAL. Auditor has found out the operating cost of CSIA as efficient cost. Section II of report submitted by ICWAI-MARF deals with "External benchmarking of operating cost". It can be seen that as compared to other airports such as Delhi, Hyderabad and Bangalore, administrative expenses per Passenger Terminal capacity is the lowest. Hence, MIAL requests the Authority to consider the above and accordingly allow the actual expenses for administrative expenses based on actuals.

Administrative expenses are segregated into Aeronautical/ Non Aeronautical expenses based on overall ratio of Aeronautical and Non Aeronautical expenses, since it is not possible to segregate expenses under this head as most of the expenses are for departments/ employees which are common to both the services.

Table: Administrative Cost

Rs./Crs.

	FY 15 (Actual)	**FY 16**	**FY 17**	**FY 18**	**FY 19**
Administrative Expenses	59	68	75	82	91
Consultants' cost for specific studies	-	9	-	-	-
Administrative cost – Total	**59**	**77**	**75**	**82**	**91**

Hence, MIAL requests the Authority to kindly consider the expenditure projected by MIAL for administrative expenses and true up the same in next control period.

19.2.3 At CSIA, cargo screening services are provided by Regulated Agent, authorized by BCAS, under a concession granted by MIAL. Regulated agent is an Independent Entity. MIAL is not providing any x-ray screening services for cargo handling and therefore question of any expenditure regarding x-ray screening getting included in O&M cost does not arise. It is only receiving concession fee from Regulated Agent.

19.2.4 The following are the major reasons for working capital requirement for day to day operations:

- **Significant delay in payment by Air India and other airlines** has led to increased working capital requirement. Outstanding dues from Air India of Rs. 299.59 Crs. as at March 2014 was substantially reduced to Rs. 137.41 Crs. in March 2015. Hence, working capital requirement was lower in FY 15. The outstanding from Air India has again increased to Rs. 196 Crs. in January 2016 (excluding Rs. 134 Crs. interest on delayed payments)
- **Service Tax** has to be paid by MIAL to the Government, in advance, on accrual basis irrespective of whether billed amount and Service Tax has been collected or not. Such service tax outstanding are realized from its customers much later.
- Below is the estimated working capital requirement of MIAL

Particulars	**Average (Rs in Crs.)**
Outstanding from Air India	200
Outstanding from Other airlines – normal billing cycle	126
Inventories	6

Prepaid expenses	10
Deposit with Government bodies & others	8
Advances to suppliers & other advances	10
Total current assets (a)	**360**
Less :	
Trade payables	75
Total current liabilities (b)	**75**
Working capital (a-b)	**285**

- However, MIAL has projected utilization of only Rs 150 Crs. as against projected requirement of Rs 285 Crs., considering interest @ 12.5%. MIAL requests the Authority to kindly provide Rs. 18.75 crs. p.a. towards working capital interest.

19.2.5 MIAL has incurred finance charges in first Control Period which includes various bank charges, commission for Bank guarantees, management fees for term loans etc. Auditor's certificate for the same is enclosed as **Annexure 33.**

Authority has proposed the following finance charges for the period FY 16-FY19.

Rs. in crs.

	FY 16	FY 17	FY 18	FY 19
Finance charges	9.34	9.34	9.34	9.34

19.2.6 MIAL would like to bring to the notice of the Authority that the amounts proposed towards finance charges would be grossly inadequate because:

- MIAL already has long term loans of more than Rs 6,000 Crs., repayment of which is starting from FY 17 itself besides other short term loans. Considering the significant shortfall in cash flows, there would be need for re-financing of existing long term and short term loans. Lenders expect substantial amount towards upfront payment, processing fees and arrangers fees and therefore adequate provision needs to be made for the same. Further these costs cannot be capitalised now since projects are completed. Hence, considering the loan processing charges and upfront payment of only 0.83% of the loan amount, financing charges to be paid for loan of Rs. 6,000 Crs. would come to be around Rs. 50 crs. MIAL would request the Authority to kindly allow the same as one time cost in FY 17.

- Finance charges also have to be paid for Bank Guarantees submitted to various authorities, management fees on term loans and finance charges may also be incurred in future years considering short term / medium term loan requirements for meeting funding requirements in respect of various operational capital expenditure, refinancing, etc. Bank guarantee commission of Debt Service Reserve Account (DSRA) kept with the banks along with other Bank Guarantees will be around Rs. 6 Crs.
- MIAL needs to pay management fees on term loans and Lenders agent Fees of about Rs. 5 Crs per annum.
- Other bank charges are expected to be around Rs. 3 crs.
- MIAL incurred finance charges for FY 16 of Rs. 22 crs. Further, MIAL would need Rs. 14 Crs. yearly as finance charges apart from Rs. 50 crs. as one time loan restructuring charge in FY 17.

Rs. in crs.

	FY 17	**FY 18**	**FY 19**
Bank guarantee commission	6	6	6
Management Fees on Term loans, Lenders Agent Fees	5	5	5
Other Bank charges	3	3	3
Loan restructuring charges	50	-	-
Total Finance charges	**64**	**14**	**14**

- Authority is requested to consider finance charges of Rs. 22 crs. for FY 16, Rs. 64 crs. for FY 17 and Rs. 14 crs. each for FY 18 and FY 19 to enable MIAL make the necessary payments to lenders and without availability of these funds it will not be possible to meet various payment obligations to lenders.

19.2.7 The following are the major reasons for collection charges on DF:

- Collection charges for DF should also be allowed as the same is mandated by DGCA and needs to be paid as per AIC issued by DGCA, hence it is not an expense but reduction in collection of DF.
- As per DF Rules, any delayed payment from airlines is subject to penal interest. Since interest earned on DF fund is being adjusted by Authority from DF amount, collection charges on same should also be adjusted from DF amount.
- It is given to understand that MoCA had made provision for DF collection charges while approving the DF amount of Rs. 1,543 crs. in February 2009. DF collection charges were included while arriving at the amount of DF to be collected by MIAL.
- If collection charges for DF are not allowed then Authority should advise DGCA appropriately to withdraw the collection charges, since the airlines are already being paid collection charges separately for UDF and PSF and DF amount remains with airlines for at least 3-4 weeks without paying any interest to MIAL.

- Authority should either allow pass through of DF collection charges or consider net DF amount (net of collection charges) for calculations since Airport Operator has no other avenue to adjust this cost.

19.2.8 Out of Miscellaneous expenses of Rs 3.81 Crs., Rs 3.40 Crs. pertains to Arrears of Operations support cost to AAI. Hence, Rs. 3.40 Crs. should be allowed to MIAL as an aeronautical expenditure. Auditor's certificate for the same is enclosed as **Annexure 34.**

19.2.9 The agreement between MIAL and ACSA was entered into on 28th April 2006. Attachment 4 of the said agreement states that the performance fees will be paid for a period of 7 years and thereafter there will be no Performance fees. However, due to requirement of expertise and services of ACSA, the agreement was amended on 27th January 2010 via Addendum to Airport Operator Agreement. Point 4 of the Addendum mentions that *"The parties hereby delete Attachment 4 of the Agreement in its entirety."* The Addendum is attached as **Annexure 35**.

19.3 MIAL's submission

19.3.1 MIAL requests the Authority to kindly consider the Employee cost including Headcount as proposed by MIAL.

19.3.2 MIAL requests the Authority to kindly consider the Administrative cost as proposed by MIAL.

19.3.3 MIAL is not doing cargo screening itself and hence there is no cost pertaining to cargo screening services being incurred by MIAL.

19.3.4 Consider the projections submitted by MIAL for working capital interest and finance charges and provide for true up at the end of the Control Period.

19.3.5 MIAL also requests the Authority to consider DF, net of collection charges or alternatively treat the collection charges for DF as allowable operational expense.

19.3.6 MIAL requests the Authority to allow miscellaneous expenses to the tune of Rs 3.40 Crs. as such expenses were paid to AAI for arrears of Operation Support cost.

19.3.7 MIAL requests the Authority to consider allocation of AO expenses on Aeronautical/ Non Aeronautical Asset basis.

20 Reconciliation of Rs 4 Crs.

20.1 Authority's view (Ref. Table 11, Page 55)

The Authority while calculating Operating and Maintenance expenses for True up of First Control Period in Table 11 has reduced aeronautical expense by Rs. 4 Crs. in FY 2012-13 while reconciling the same with balance sheet.

20.2 MIAL's Submission

For FY 13, The Authority has considered total operating expcnscs as Rs 472 Crs., which is lower by Rs. 4 Crs.

Thc rcconciliation between operating expenses as per model submitted and financials is as below:

Amount (Rs in Crs.)

Particulars	**FY 13**
Total operating cost as per CPI-x sheet	477
Less:	
Considered as a part of finance charges :	
Working capital interest	2
Finance charges	1
Interest on Loan for Retirement Compensation paid to AAI	4
Retirement Compensation paid to AAI - treated as asset in financials	21
DF collection charges part of finance charges in financials	1
Total operating cost as per CPI-x sheet	**448**
As per Financials	
Employee benefits expense	106
Other expenses	342
Total Operating cost as per Financials	**448**
Total difference	-

20.3 We request the Authority to consider the above reconciliation provided and allow operating expenses of Rs. 448 crs. as submitted by MIAL.

21 Corporate Tax

21.1 Authority's Proposal No. 13.a. and 3.52

21.1.1 Authority has proposed to consider Annual Fee as aeronautical expenditure for the purpose of computation of corporate tax (on aeronautical services).

21.1.2 *Para 13.9 - The Authority has also noted the submission of MIAL that "disallowance of part of corporate tax reimbursement is against the explicit provisions of SSA which were considered by each bidder while quoting Revenue Share". The Authority infers that according to MIAL, it has quoted (high) revenue share because it expected to be able to retain the difference between notional tax computation on regulatory accounts and actual taxes paid by it to the exchequer. The Authority remains unpersuaded by this line of reasoning as this amounts to extra enrichment.*

21.2 MIAL Response

21.2.1 AERA is requested to adhere to the concession agreement with respect to the methodology for calculation of building block of income taxes for aeronautical services. If Annual Fee is not being considered as a pass through expenditure (as per the provisions of State Support Agreement) while calculating aeronautical charges, it should not be considered as an expenditure for calculation of income taxes also.

Illustration given in the SSA clearly shows the methodology that income taxes on aeronautical earnings need to be calculated separately and added to the other building blocks. It cannot be linked to the overall tax liability of the Company. All the advantages / disadvantages associated with Annual Fee should be borne by Airport Operator alone as Annual Fee is to be borne solely by the airport operator.

If there is income tax saving at the company level due to payment of Annual Fee from its own pocket then applicable tax savings should also be available to the Airport Operator and cannot be taken away by the Regulator. It is completely improper and unfair that while all the advantages are being taken away by the Regulator, Airport Operator is being left in despair with disadvantages of the same. Hence, AERA is requested to compute taxation on aeronautical revenue in terms of SSA without including Annual Fee as a cost as per the specific calculation in SSA.

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.

Negative impact on Target Revenue of MIAL as per the Authority's approach compared to that as per SSA Schedule 1 are shown by way of an illustration in the table below;

	As per Authority (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)
Depreciation	(20.00)	(20.00)
Interest	(30.00)	(30.00)
Profit Before Tax	(20.00)	18.70
Tax @ 30%	**Nil**	**5.61**
Loss to MIAL vis-a-vis SSA provisions	**5.61**	

During the bidding process for privatisation of Mumbai and Delhi airport, a specific query was raised by the bidders about which income tax should be considered to calculate corporate income tax under the Inflation-X model. It was specifically clarified by the AAI that tax based on revenues and cost related to aeronautical services need to be calculated and JVCs corporate income tax has nothing to do with that. The Question 1000 posed in Pre Bid Questionnaire is reproduced below.

1000	In inflation-x model which corporate income tax should we consider? Is it JVC's corporate income tax or income tax based on revenues and costs related to aeronautical services? In case it is the latter, do we consider revenues from aeronautical services net of 30% subsidy from revenue share assets?	In the illustrative example, the corporate tax included in the target revenue relates only to the tax payable on the income from Aeronautical Services. While calculating taxable income in the CPI -X price cap model, revenues from aeronautical services should be considered net of 30% of the revenue accruing to the JVC from the Revenue Share Assets.

In view of the above, we request the Authority to honour the express provision of the Concession Agreement and accordingly not to include Annual Fee in the O&M cost while computing income tax for Aeronautical services. Any disregard to this express principle enunciated in SSA is unjustified.

21.2.2 Para 13.9 – Authority's inference from MIAL submission is completely incorrect, misplaced and does not represents correct facts. While calculating revenue share payable, bidders had taken into consideration the net returns that would be available to them after making payment of revenue share to AAI. Therefore while calculating revenue share payable to AAI and net returns that would be available to the bidders it was taken into consideration by the bidders that tax shield on the payment of revenue share to AAI would be available to them based upon explicit and specific illustration given in SSA and therefore it is a misunderstanding on the part of the Authority that it would tantamount to extra enrichment.

21.3 MIAL's submission

21.3.1 Authority's approach is incorrect and unfair because it is making one of the important building block of TRR as redundant since there would never be a case where we could arrive at a positive tax with annual fee included as a pass through expenditure. If that was the intention of the SSA, why in first place this would have been included as a building block for computation of TRR.

Authority should follow methodology used in example given in SSA and Annual Fee paid to AAI should not be considered as aeronautical expenditure for computation of corporate tax for the purpose of TRR in the light of explicit Illustration given in the SSA and specific clarification by AAI during the bidding process.

21.3.2 There is no question of any extra enrichment to airport operator. It is to be understand in the right context and spirit. It was clearly spelt out in the illustration given in the Schedule 1 of the SSA and was accordingly understood by the bidders, during the bidding process, that while Annual Fees would not be a pass through cost for the purpose of tariff determination, Tax shield on Annual Fee would be available to the them and therefore cost to be borne by them on account of Annual Fee would be net of tax savings on such Annual Fee. However decision of Authority is completely contrary to this due to which users are getting undue enrichment at the cost of airport operator. We are unable to understand any justification and logic of not following the explicit methodology and calculations given in the illustration in SSA as to how to calculate different building blocks including income tax.

22 Non-Aeronautical Revenues

22.1 Authority's Proposals

22.1.1 Truing up No. 8.a - True-up the actual non-aeronautical revenue at the time of tariff determination for the next Control Period subject to the projections considered above in respect of non-aeronautical revenue being treated as minimum / floor for the current Control Period

22.1.2 Proposal No. 14 and Para 3.55- Other income earned such as interest from banks and others, income from investments and others has been considered for cross-subsidising the aeronautical income.

22.1.3 Table 47 - Authority required revenues from FTC, ITP and Fuel Infrastructure from MAFFFL.

22.1.4 Proposal no. 3.h and 8.c - To treat the revenue from monetization and RSD based on mechanism for land monetization, prepared by AAI / MOCA (refer para no. 3.60).

22.1.5 Proposal no 3.g. – Authority has proposed to consider the land lease revenue as part of revenue from Non-Transfer Asset for the time being. MIAL to provide evidence that the land lease revenue is generated from the earmarked commercial area.

22.2 MIAL's Submission:

True up of Non Aeronautical income

22.2.1 True- up should be done based upon actuals and projections by MIAL should not be considered as minimum/ floor.

The Authority would derive assurance from the fact that the Shared Till approach as per the SSA encourages growth in non-aeronautical revenues for the Airport Operator. There is a natural incentive for MIAL to strive to increase, and not stifle, its non-aeronautical revenues. Given the safeguard, it is not necessary to use projections of non-aeronautical revenue submitted by MIAL as a minimum / floor since there could be genuine reasons due to which it may not be possible to achieve projections.

The projection of non-aeronautical revenue submitted by MIAL to the Authority is primarily based on the past trends and projected inflation.

If the Authority decides to true-up the actual non-aeronautical revenues, it should be done consistently for both increase or decrease in actual non-aeronautical revenues compared to the projections, considering cumulative non-aeronautical revenue, and not the projections for individual revenue heads under non-aeronautical activities.

22.2.2 Section 13 (a)(v) of AERA Act, 2008, clearly states that the Authority shall determine the tariff for aeronautical services taking into consideration revenue received from *services* other than the aeronautical services. This has to be read along with the provisions of SSA.

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Other income earned by MIAL mainly includes interest income on fixed deposits and dividends from temporary investments, which does not involve providing any kind of services.

Authority during determination of tariffs for first Control Period has not considered the revenues from "Other Income" for cross subsiding aeronautical revenue. Any deviation from the previously agreed principle is not correct. Authority should follow its principles consistently.

Similarly under SSA/ OMDA, Other Income does not fall under the definition of Revenue Share Assets and therefore should not be considered for cross-subsidization.

22.2.3 Authority has asked MIAL to submit concession revenues expected from Into Plane services and Fuel Infrastructure from MAFFFL from FY 16-FY 19. MIAL is following up with the MAFFFL and Into Plane service providers and would submit the same to the Authority in one week's time.

22.2.4 Authority has asked MIAL to provide the evidence that revenue from Non Transfer Asset is from the earmarked commercial area.

OMDA defines **"Transfer Assets"** and **"Non-Transfer Assets"** as under:

"Transfer Assets" *shall mean the following type of assets:*

- *Aeronautical Assets; and*
- *Non-Aeronautical Assets.*

"Non-Transfer Assets" *shall mean all assets required for the performance of Non-Aeronautical Services as listed in Part II of Schedule 6 hereof as located at the Airport Site (irrespective of whether they are owned by the JVC or any third Entity), provided the same are not Non-Aeronautical Assets.*

Aeronautical and Non-Aeronautical Assets in OMDA are defined as under:

"Aeronautical Assets" *shall mean those assets, which are necessary or required for the performance of Aeronautical Services at the Airport and such other assets as JVC procures in accordance with the provisions of the Project Agreements (or otherwise on the written directions of the GOI/AAI) for or in relation to, provision of any Reserved Activities and shall specifically include all land, property and structures thereon acquired or leased during the Term in relation to such Aeronautical Assets.*

"Non-Aeronautical Assets" *shall mean:*

1. *all assets required or necessary for the performance of Non-Aeronautical Services at the Airport as listed in Part I of Schedule 6 and any other services mutually agreed to be added to the Schedule 6 hereof as located at the Airport (irrespective of whether they are owned by the JVC or any third Entity); and*

2. *all assets required or necessary for the performance of Non-Aeronautical Services at the Airport as listed in Part II of Schedule 6 hereof as located at the Airport*

irrespective of whether they are owned by the JVC or any third Entity), to the extent such assets:

(a) are located within or form part of any terminal building;
(b) are conjoined to any other Aeronautical Assets, asset included in paragraph (i) above and such assets are incapable of independent access and independent existence; or
(c) are predominantly servicing/ catering any terminal complex/cargo complex

and shall specifically include all additional land (other than the Demised Premises), property and structures thereon acquired or leased during the Term, in relation to such Non-Aeronautical Assets.

Schedule 1 of SSA i.e. "Principles of Tariff Fixation" prescribes the tariff computation methodology as under:

Calculating the aeronautical charges in the shared till inflation – X price cap model

"The revenue target is defined as follows

$TR_i = RB_i * WACC_i + OM_i + D_i + T_i - S_i$

Where

TR = Target Revenue

S = 30% of the gross revenue generated by the JVC from the Revenue Share Assets. The costs in relation to such revenue shall not be included while calculating Aeronautical Charges."

*"**Revenue Share Assets**" shall mean (a) Non-Aeronautical Assets; and (b) assets required for provision of aeronautical related services arising at the Airport and not considered in revenues from Non-Aeronautical Assets (e.g. Public admission fee etc.)"*

From the definition of "S" in the formula of "Target Revenue" above, it is clear that 30% cross subsidy is to be provided from gross revenue generated from the Revenue Share Assets which means revenue generated from the assets other than Revenue Share Assets are not to be considered for cross subsidy of 30%.

Definition of "Revenue Share Assets" includes Non-Aeronautical Assets and other assets required for provision of aeronautical related services which means assets which are not Non-Aeronautical Assets or assets not required for provisions of aeronautical related services are not to be included in Revenue Share Assets.

Definition of "Non-Aeronautical Assets" excludes all assets which are for the performance of Non-Aeronautical Services as listed in Part II of Schedule 6 of OMDA provided the same a) are not located within or do not form part of any terminal building, b) are not conjoined to any other Aeronautical Assets, are capable of independent access and independent existence or c) are predominantly not servicing / catering any terminal / cargo complex.

From the above, it is clear that revenues from any Non-Aeronautical Asset which is required for provision of services mentioned in Part II of Schedule 6 of OMDA and fulfills any of the above condition of a) not being located within or not forming part of any terminal building, b) not being conjoined to any other Aeronautical Assets, are capable of independent access and independent existence or c) are predominantly not servicing / catering any terminal / cargo complex are not to be considered as revenues from Non-Aeronautical Assets (i.e. to be considered as revenues from Non-Transfer Assets, loosely referred to as revenues from Real Estate monetization / Commercial development etc.)

Accordingly Authority has decided not to consider revenues from Non-Transfer Assets for the purpose of 30% cross subsidy.

However Authority has raised another issue as to whether lease rent revenue from land underlying Non-Transfer Assets should be considered as revenue from Non Transfer Asset or not by trying to create a distinction between underlying land and assets created thereon.

It should be noted that "all assets" will include both land and the building/structure thereon as the underlying land over which the building is constructed cannot be delinked from the building. Therefore attempt of the Authority to delink the underlying land and keeping it outside the purview of Non-Transfer Asset is contrary to the scheme of OMDA and SSA.

In fact this issue was already analysed and settled by the Authority while determining tariff for MIAL for 1st Control Period. Para 19.40 of Tariff Order no. 32/2012-13 dated 15th January 2013 issued by Authority is reproduced below for ready reference:

*"**19.40.** The above definition provides that Non-Transfer Assets are not Non-Aeronautical Assets and hence the revenue from Non-Transfer Assets does not form part of Revenue Share Assets and thus are not to be considered for subsidisation of aeronautical costs. Hence the submission of MIAL on this count appeared to be acceptable."*

It is important to note that underlying land without any right to use the same for development of any asset has no value. Similarly land underlying Non-Transfer Asset also has no value if it cannot be used for development of Non-Transfer Asset.

In fact when land is given on long term lease for development of real estate / commercial development, developers value the business potential from the asset on the underlying land and not of the land itself and then decides how much they are willing to pay for the same. The total consideration then may be segregated between deposits, fixed lease rentals and revenue share etc. based upon market practices.

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It may also be noted that based upon specific and clear understanding given to all the bidders during the biding process during privatization of Delhi and Mumbai Airports by AAI that there will be no cross subsidisation from monetisation of real estate land parcels (i.e. no cross subsidy from any proceeds by way of either deposit, lease rental, revenue share etc.) very high revenue shares were quoted by all the bidders. Authority is now trying to change the very basis of bidding itself and its own decision based on myopic view of the issue.

Further Authority's approach is not tenable from its own decision. The Authority has selectively chosen only Non-Transfer Assets to distinguish underlying land and assets created thereon while it has decided not to follow the approach in the case of Non-Aeronautical Assets. For example there are Cargo facilities, Hangars, MROs, and General Aviation Terminal etc. which are forming Part I of Schedule 6 services and are considered as Non-Aeronautical Assets where MIAL is receiving concession fee but the same is not being bifurcated into revenues from underlying land and revenues from Non-Aeronautical Assets itself.

Accordingly revenues from Non-Transfer Assets should not be considered for the purpose of 30% cross subsidy.

22.2.5 **Land lease revenue is generated from the earmarked commercial area.**

Para 2.2.4 of OMDA states as under:

"2.2.4 It is expressly understood by the Parties that JVC shall provide Non-Aeronautical Services at the Airport as above, provided however that the land area utilized for provision of Non- Transfer Assets shall not exceed ten percent (or such different percentage as set forth in the master plan norms of the competent local authority of Mumbai, as the same may change from time to time) of the total land area constituting the Demised Premises. Provided however that the Non-Transfer Assets, if any, that form part of the Carved-Out Assets and/or situated upon the Existing Leases shall be taken into account while calculating the percentage of total land area utilized for provision of Non-Transfer Assets."

It may be noted from the above that for any asset to be categorized as Non Transfer Asset it has to meet the specific criteria as mentioned above and has nothing to do with any particular area earmarked for development of such assets. OMDA specifically allows that upto 10% of the demised premises (or such different percentage as set forth in the master plan norms of the competent local authority of Mumbai, as the same may change from time to time) can be utilized for provision of Non- Transfer Assets.

23 10% increase in Base Airport Charges (BAC)

23.1.1 Para 2 of the Schedule 6 states as under:

"From the commencement of the fourth (4th) year after the Effective Date and for every year thereafter for the remainder of the Term, Economic Regulatory Authority / GOI (as the case may be) will set the Aeronautical Charges in accordance with Clause 3.1.1 read with Schedule 1 appended to this Agreement, subject always to the condition that, at the least, a permitted nominal increase of ten (10) percent of the Base Airport Charges will be available to the JVC for the purposes of calculating Aeronautical Charges in any year after the commencement of the fourth year and for the remainder of the Term."

23.1.2 Based on comprehensive and harmonious reading of Schedule 1 and Schedule 6, the following scheme for the determination of Aeronautical Charges in each year after the 4th year from the Effective Date, appears to emerge:

- The Aeronautical charges are to be determined by the AERA/ GoI in each year after the 4th year from the Effective Date;
- The first stage of this determination is to be undertaken in accordance with the formulae for calculating Target Revenue as set out in Schedule 1 of SSA;
- The final computation of the aeronautical charges is based on Schedule 6 which prescribes minimum nominal increase;
- The quantum of minimum nominal increase is an amount equal to 10% BAC increase;
- The aeronautical charges calculated as per Schedule 1 would be subject to a minimum of 10% BAC increase. Where the increase calculated as per Schedule 1 is more than nominal 10% BAC increase, the 10% BAC increase would be construed to have been availed. Where the increase in Aeronautical Charges, calculated as per Schedule 1, are less than 10% BAC increase, then the aeronautical charges worked out as per Schedule 1 shall be allowed an adjustment for a 10% BAC increase.
- The increase is to be applied in each year from the fourth year to the end of the Term so as to ensure that the Aeronautical Charge is at least subject to a 10% BAC increase.

23.1.3 In view of above, MIAL requests the Authority to kindly consider the above provision of SSA while determining the aeronautical charges at CSIA for 2nd Control Period.

24 Economic and viable Operations

24.1 Authority's Proposal No. 18 (a)

24.1.1 Authority's Proposal No. 18(a) - The Authority has proposed to decrease the tariff by 7.20%

24.2 MIAL response

24.2.1 AERA Act mandates AERA (Authority) to ensure economic viability under Section 13 (1) (a) of the AERA Act which reads as follows:

"to determine the tariff for the Aeronautical services taking into consideration: (iv) economic and viable operation of major airports"

24.2.2 Further, Schedule 1 "Principles of tariff fixation" of SSA states as under:

"In undertaking its role, AERA will (subject to Applicable Law) observe the following principles:

2. Commercial: In setting the price cap, AERA will have regard to the need for the JVC to generate sufficient revenue to cover efficient operating costs, obtain the return of capital over its economic life and achieve a reasonable return on investment commensurate with the risk involved."

24.2.3 However, due to Authority's decision to reduce tariffs by 7.2%, reserves of MIAL would completely get eroded by end of FY 18.

24.2.4 In view of such reduction in tariffs, even after 14 years of investment in airport sector, shareholders would not earn any dividend from this investment. On the contrary, Reserves would be completely eroded.

24.2.5 Authority is completely aware of the matter and has all the details of profitability and cash flow for the 2nd Control Period with it which clearly shows that there would be significant strain on the cash flows of MIAL. It is earnestly requested that Authority reviews its decisions to ensure economic & viable operations of CSI Airport, Mumbai.

24.3 MIAL's submission

24.3.1 MIAL requests the Authority to follow the Concession Agreements holistically and consider the principles of tariff determination in letter and spirit, so that CSIA could function with economic and viable operations and is able to earn reasonable rate of return on its investment commensurate with the risk involved. Such insufficient returns proposed by the Authority are sure to act as deterrent to fresh investments in the airports by private sector.

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25 Tariff Rate Card

25.1 Authority's view

25.1.1 Tariff Rate Card for the second Control Period

In para 18.7 Authority has discussed the submission made by MIAL on unauthorized overstay beyond the allotted period in case of general aviation and not having usual station at CSIA. Though mentioned, the Summary of the Scheduled Charges for unauthorized Overstay has not been annexed to CP.

25.1.2 Authority's Proposal No. 18b - The Authority has proposed to waive landing charges for aircraft with maximum certified capacity of 80 seats for scheduled domestic operators and helicopters.

25.2 MIAL's Submission

25.2.1 Providing such waiver in a capacity constrained airport like CSIA, Mumbai would tantamount to strangulating the growth in passenger numbers. Further, the growth of the number of such aircraft due to proposed exemption will result in taking up the landing slots/ capacity of CSI Airport, which is already stretched to meet the landing requirement of larger aircraft.

25.2.2 Such waiver at CSI Airport, Mumbai, would be counterproductive and be at the expense of other aircraft with higher capacity and interest of passengers. This would also be against the objective to maximize the passenger handling capacity at CSI Airport by encouraging wide body aircraft.

25.2.3 Such waiver shall curtail the capacity much earlier than expected and prove as disaster in view of inevitable delay expected in start of operations at Navi Mumbai Airport.

25.2.4 Order of MoCA, in this regard was passed 12 years back and such incentive may have been suitable at that time and other airports but not for capacity constrained Mumbai airport of today.

25.2.5 MIAL also like to draw attention to the fact that GOI circular of 9th February, 2004 quoted by the Authority was issued much before the CSIA was leased to MIAL and was not applicable to Defence Enclaves and Cochin International Airport.

25.2.6 MIAL requests the Authority to not waive the landing charges for aircraft with maximum certified capacity of 80 seats for scheduled domestic operators and all helicopters.

25.2.7 MIAL also draws attention of the Authority towards letter no. MIAL/VPR/2015-16/80 dated 4th March, 2016 through which we had submitted tentative Annual Tariff Proposal for 2nd Control Period for CSIA and the proposed Variable Tariff Plan with aim to encourage the airlines to start new routes, increase frequencies, and increase ATMs etc. This ATP and Variable Tariff Plan were also presented by us before the stakeholders in the Stakeholders consultation meeting held on 6th April, 2016. We will submit the final ATP for FY 17-FY 19 once Authority finalises the X-factor.

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MUMBAI INTERNATIONAL AIRPORT PVT. LTD. MUMBAI

Annexure 1

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	RO

Legend for "Action Required"

A – Construction/Survey
C – Comments/Approval
I – Information
O – Any other (Specify)

B – EPC Bid
E – Engineering
R – Record
M – Modification in Document

Project

Issued by (Division/department/group/ discipline)Name and Signature of issuing authority (SANJOY MUKHERJE

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
(Sanjoy Mukherjee)
Project Manager
Independent Engineer

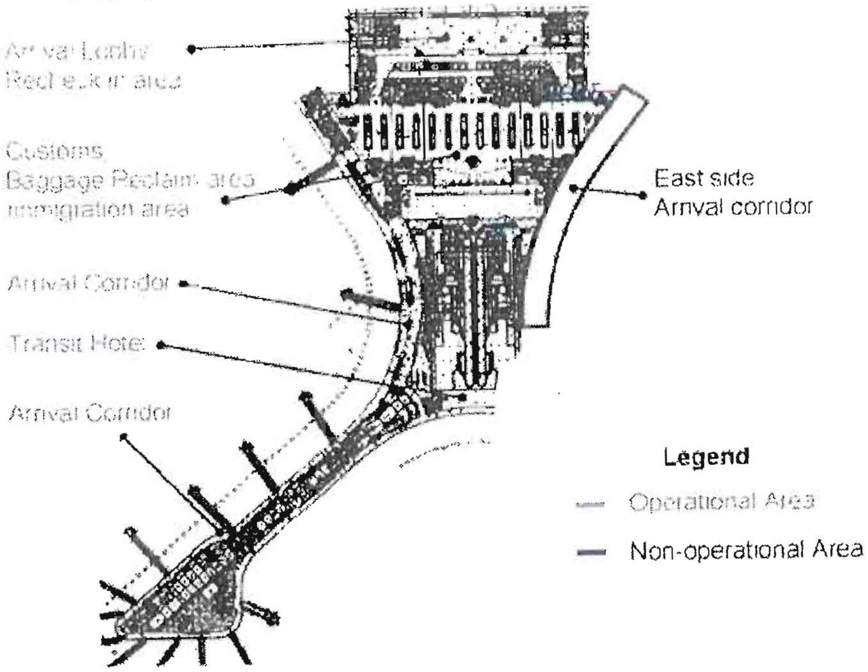
Date: 31st August 2013

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.

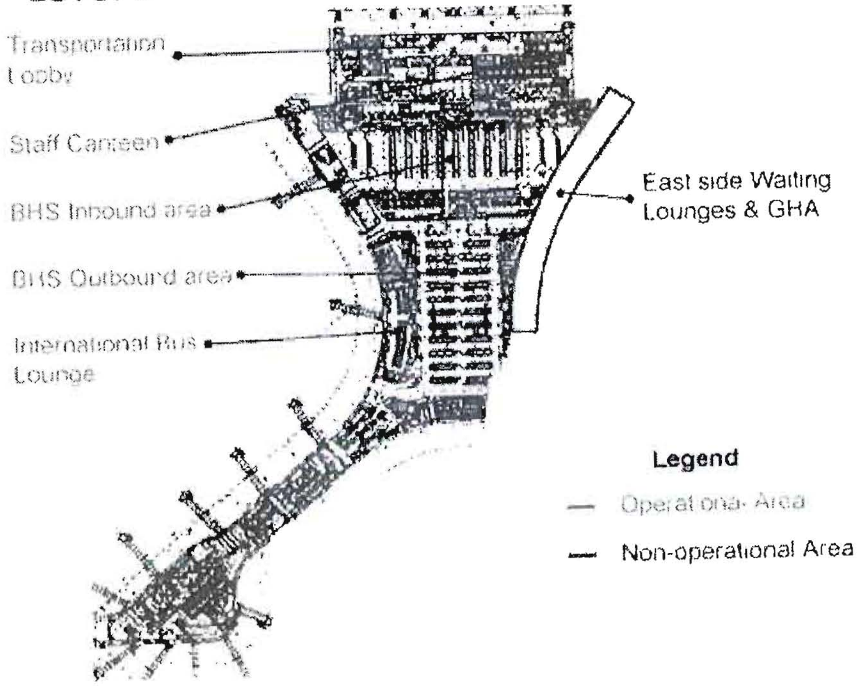
CSIA EXPANSION & RENOVATION PROGRAM

DOCUMENT REFFERENCE	Status - October 2013
REV.	0
PAGE NO.	- 3 -

T2 - Level 2



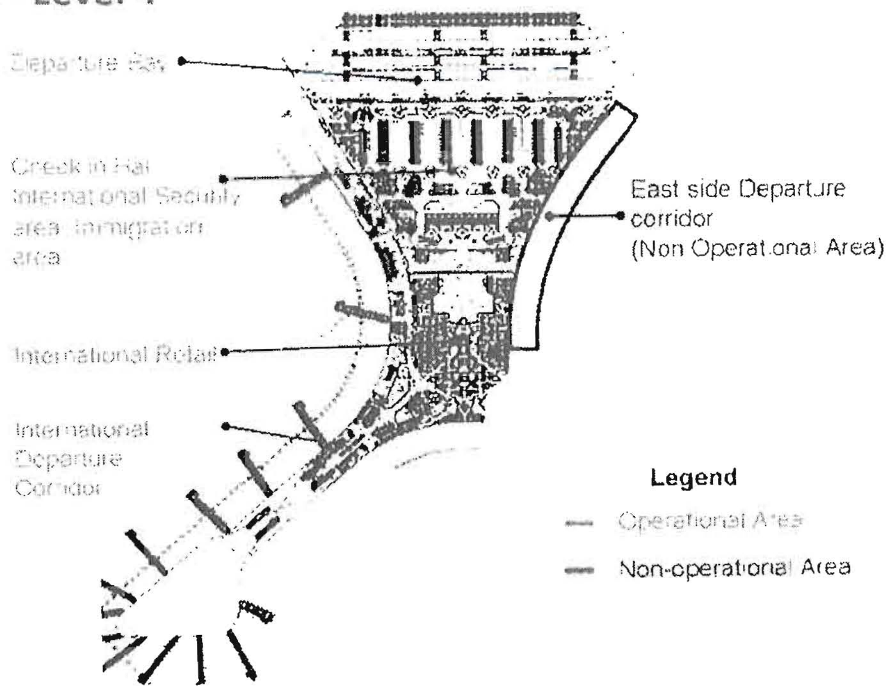
T2 - Level 1



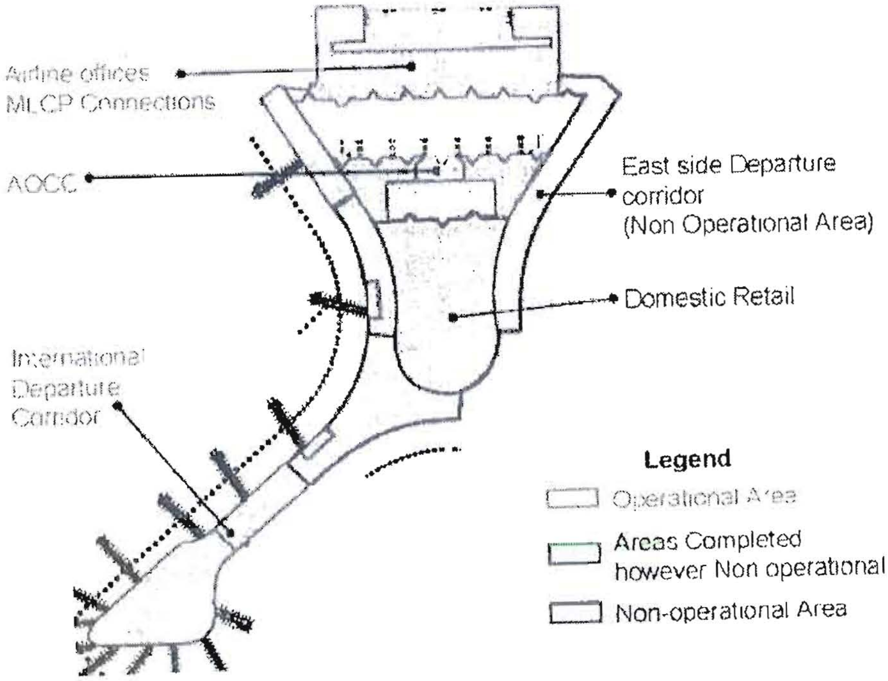
CSIA EXPANSION & RENOVATION PROGRAM

DOCUMENT REFERENCE	Status - October 2013
REV.	0
PAGE NO.	- 2 -

T2 - Level 4



T2 - Level 3



CH2MHILL

Chhatrapati Shivaji

GVK

Annexure 2

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: 18/12/2013

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)/2009/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: 06/12/2013

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,

Encl : as above

06/12/2013
(O.P. Yadav)
Dy. Commissioner of Security (CA)
Tele. 011-23731721

6/12/13
IED / C.R. UNIT

6

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.

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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 SHA will be subject to prescribed screening procedure even if he/ she needs to enter and exit several times.

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Annexure 3

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
'ए' 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-a-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

Annexure 4

GVK

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

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

Annexure 5

इंजीनियर्स इंडिया लिमिटेड ENGINEERS INDIA LIMITED (A Govt. of India Undertaking)

DOCUMENT/ DRAWING TRANSMITTAL

To:

Date: 28.02.2014

Document No. 1048-Cert-NMCP-028

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 Commencement of Construction – SE Pier (Building 3A) and NE Pier (Building 11A) of Terminal T2 including related FLBs (V28 to 32, V19 to V20).	1048-CERT- NMCP-0032	RO

Legend for "Action Required"

A – Construction/Survey
C – Comments/Approval
I – Information
O – Any other (Specify)

B – EPC Bid
E – Engineering
R – Record
M – Modification in Document

Project

Issued by (Division/department/group/ discipline)Name and Signature of issuing authority

CERTIFICATE OF COMMENCEMENT OF CONSTRUCTION

It is hereby certified that all actions precedent has been completed in an acceptable manner and construction of SE Pier (Building 3A) and NE Pier (Building 11A) of Terminal T2 including related FLBs (V28 to 32, V19 to V20) has commenced. Refer Annexure I (1- Sheet) (Project Code: N55B).

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:

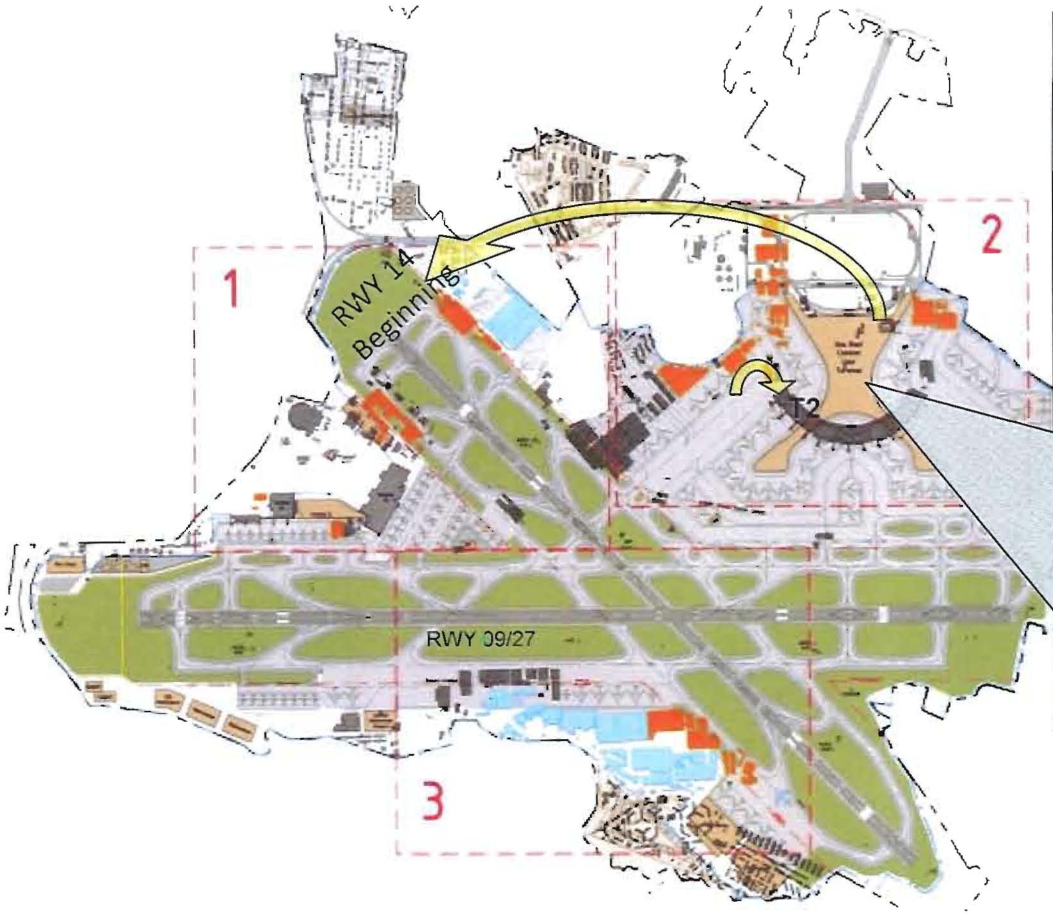
(Sanjoy Mukherjee)
Project Manager
Independent Engineer

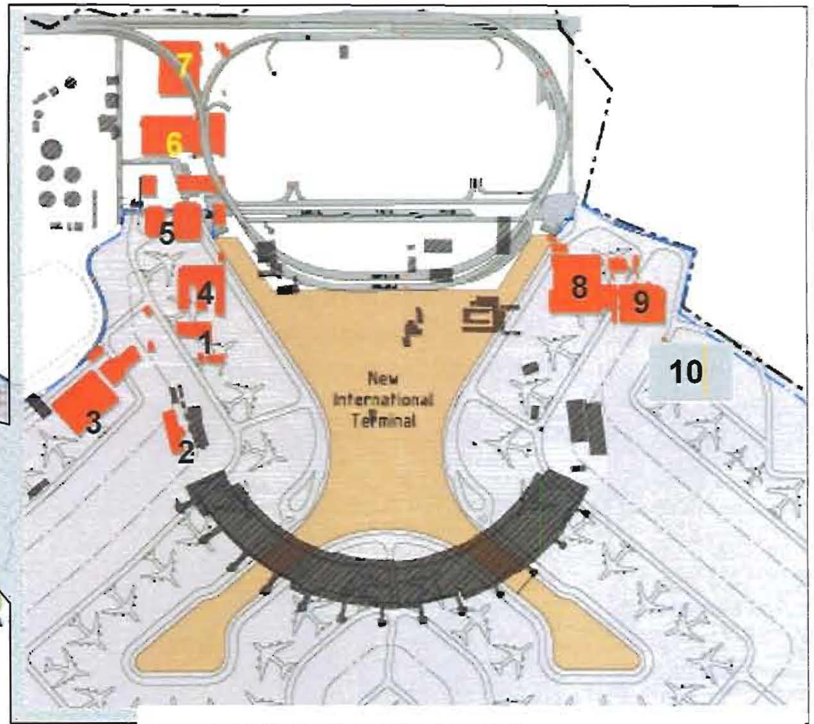
Date: 28th February 2014

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.

Annexure 5

Overview of AIR INDIA Facilities at CSIA





STRUCTURES TO BE RELOCATED

1. CENTRALISED KITCHEN (demolished)
2. ROFS BUILDING (relocated)
3. NACIL-A GSD FACILITIES
4. TRANSPORT WORKSHOP
5. ENGINEERING MAINTAINANANCE BUILDING
6. CHEFAIR
7. CABIN CATERING
8. CODE E – AIRCRAFT HANGAR (relocated)
9. CODE C- AIRCRAFT HANGAR (relocated)
10. ENGINE RUN UP BAY (relocated)

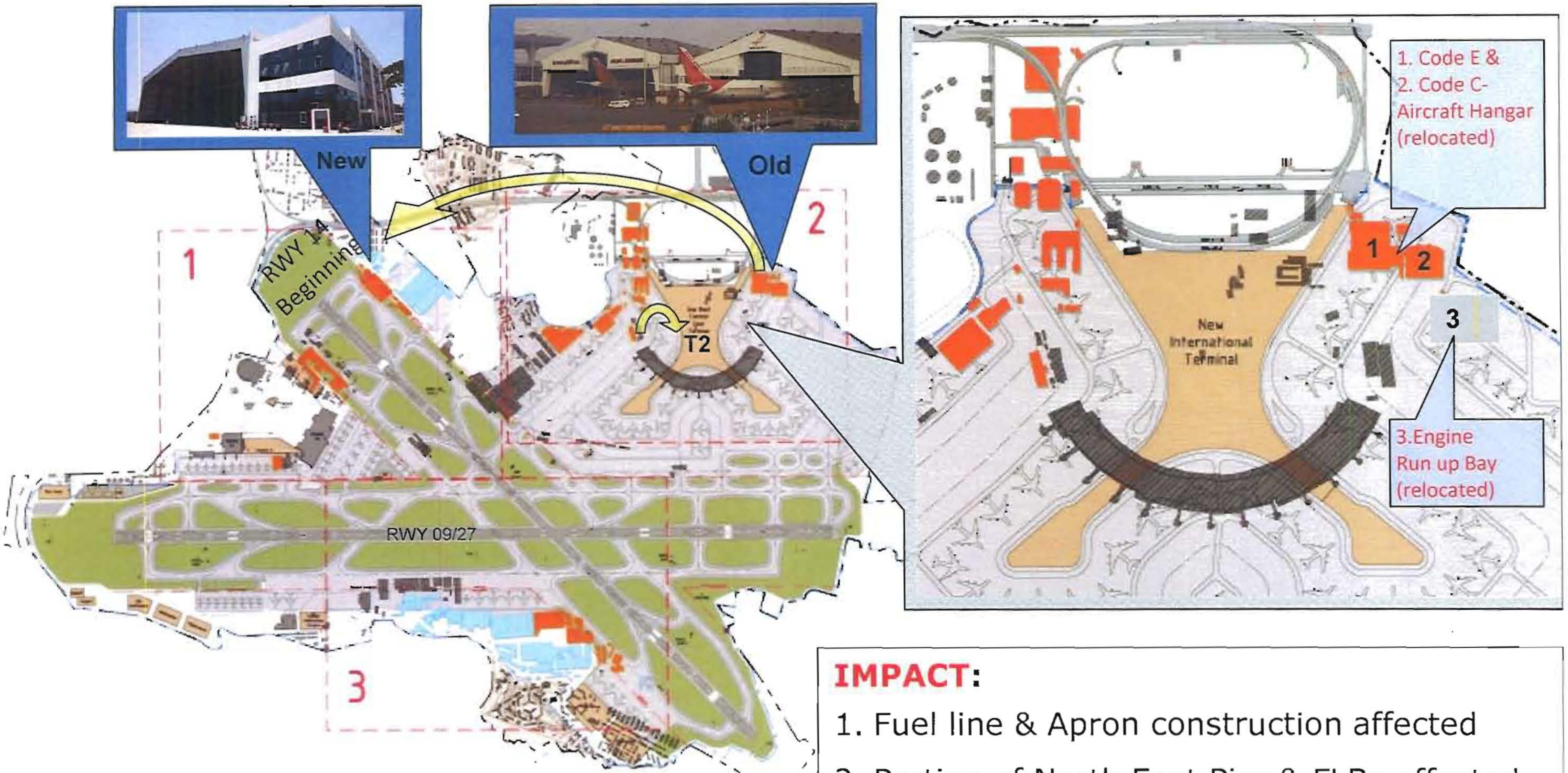
NEED FOR RELOCATION OF AIR INDIA FACILITES

1. AIR INDIA FACILITIES OBSTRUCT AND FALL ON AIRPORT MASTERPLAN
2. THEY ARE FALLING ON THE CRITICAL PATH OF T2 COMPLETION
3. AIR INDIA FACILITIES ARE SCATTERED, HENCE THE LANDUSE IS NOT ECONOMICAL

NEW FACILITIES WILL PROVIDE BETTER AVIATION SUPPORT FOR THE AIRPORT

Delay by Air India in shifting of old AI Hangar & associated facilities on East of T2

5



IMPACT:

1. Fuel line & Apron construction affected
2. Portion of North East Pier & FLBs affected

Delay of 7months in shifting of Old Air India Hangar & Annex Facilities by Air India which was completed on 30th Jan'2014.

Apron area impacted due to old Air India Hangar Facilities

1

2

3

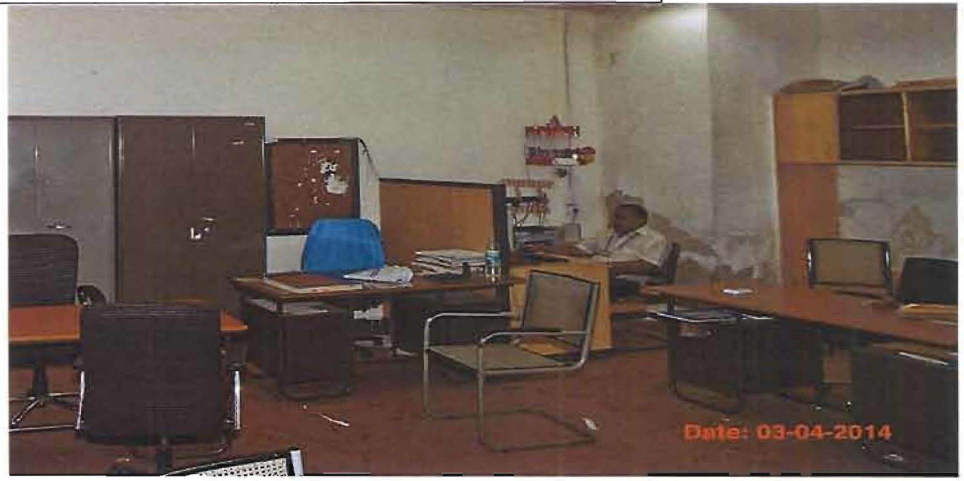
16

Hindrances in vacating T2 B/C – Area Handing over from stake holders

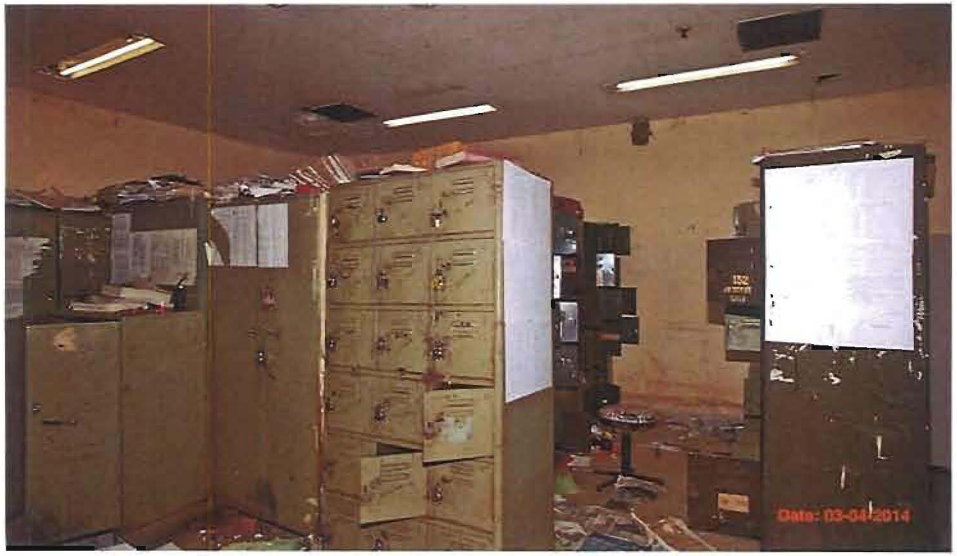
Delay of 4 months in handing over of old International Terminal 2 B/C for demolition by various stakeholders

IMPACT: Construction of Apron & South East Pier of T2 affected

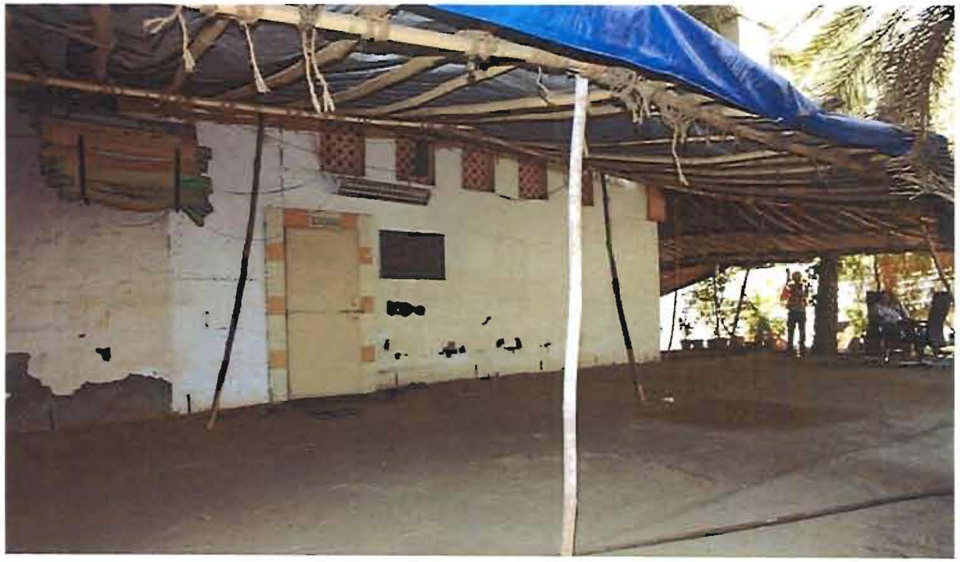
41



Mumbai Customs Department Offices & Assets



Mumbai Customs Department Assets



Prayer room below T2 B/C Upramp

Hindrances in vacating T2 B/C – Area Handing over from stake holders

Delay of 4 months in handing over of old International Terminal 2 B/C for demolition by various stakeholders

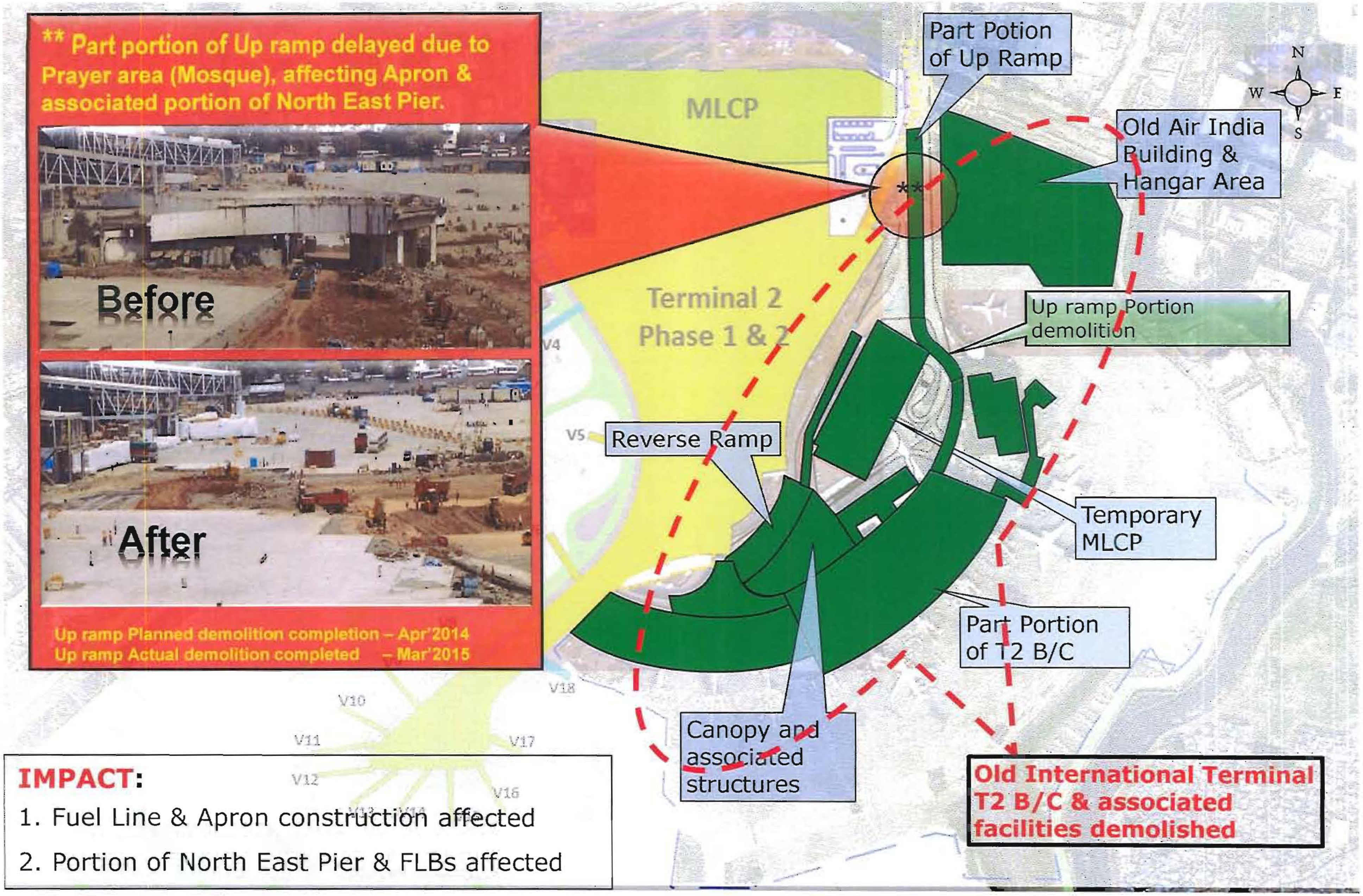
IMPACT: Construction of Apron & South East Pier of T2 affected

RTO cabin below T2 B/C Upramp & assets

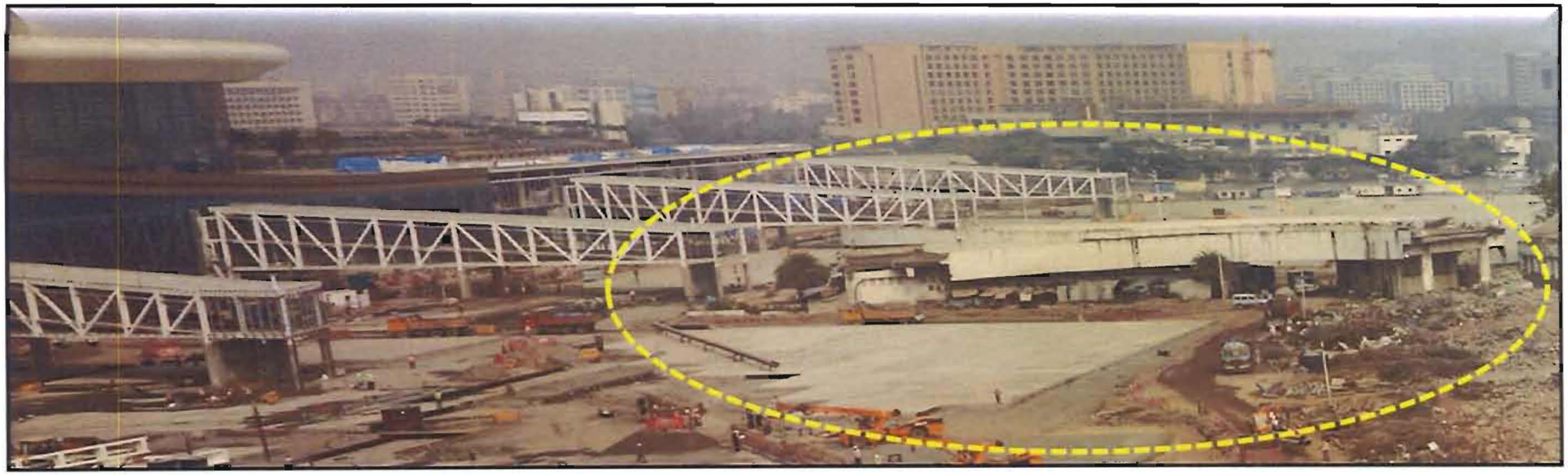
Ground Service Depot Cabins & assets

Other stakeholders material & assets

Delay of 10 months in shifting of Prayer Area (Mosque) located below the old T2 B/C Up ramp



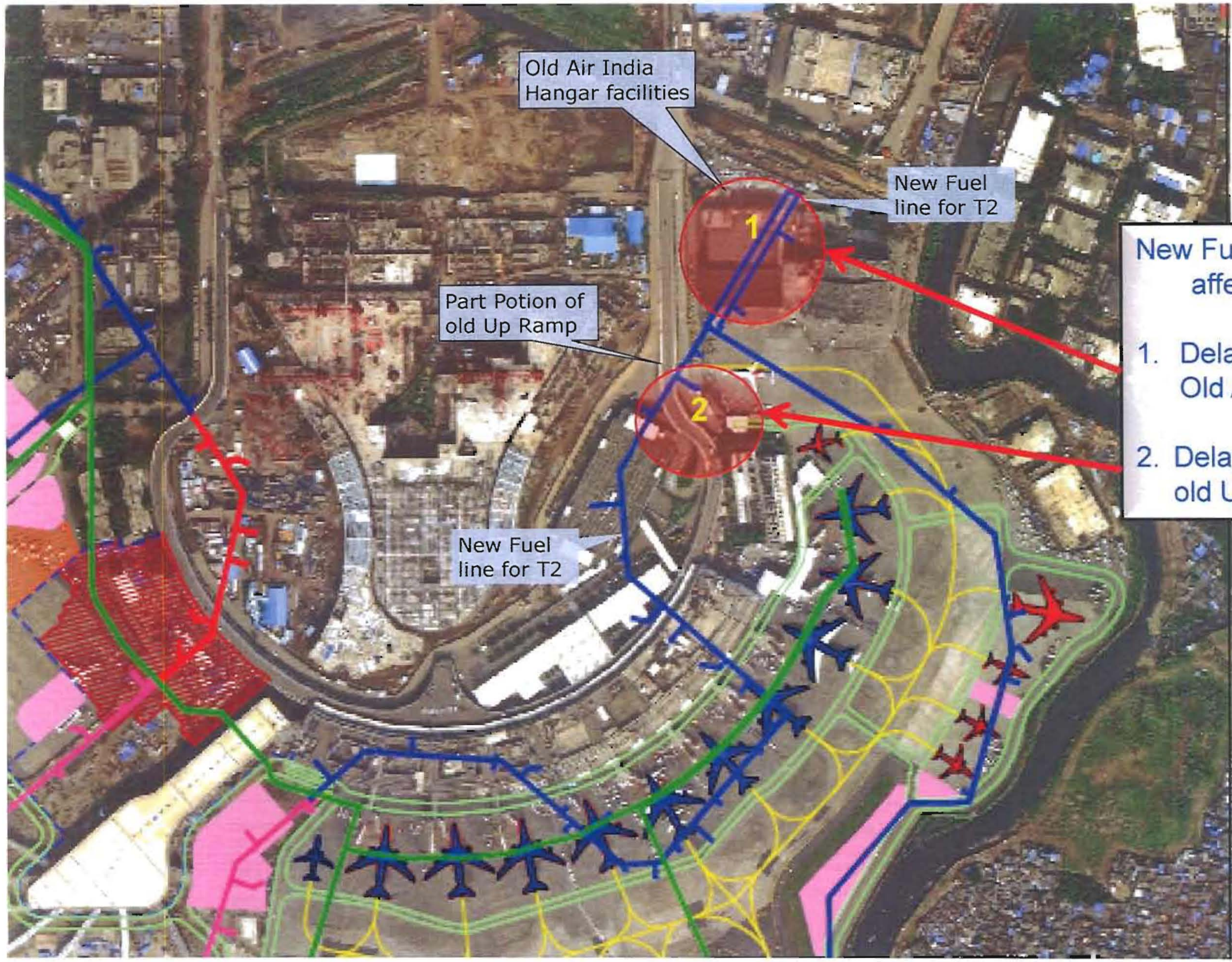
Old T2 B/C Up ramp demolition – Constrained by prayer area (mosque)

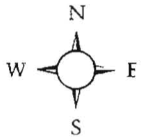


20

Impact on Phase III Fuel line works

2





New Fuel line works
affected due to ;

1. Delayed demolition of Old Air India facilities.
2. Delayed demolition of old Up ramp portion.

Annexure 7(a)

GVK

Date: 26th September 2013

MIAL Ref. No.: MC0030/M/L/0000/CT/GN/0069

To
Mr. Ashok Kumar
Asstt. GM (Engg - Civil) - JVC
Airports Authority of India
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi - 110003

Subject: Progress Report of Development works of Mumbai as per schedule- 7 of OMDA for the month of June 2013.

Reference: Your Letter no. AAI/MC/MIAL-15/CWIP/2013-14/302 dated 6th September2013

Dear Sir,

This has reference to your above mentioned letter pertaining to the 'Area of concern' observed by Independent Engineer (EIL) in their July 2013 report.

In this regard it may be noted that MIAL vide letter no. MIAL/CEO/146 dated 15th October 2011 had informed Ministry of Civil Aviation (MoCA) that delay in relocation of the Shivaji Statue which was located on the footprint of New Common User Terminal (Terminal-2), instead of 31st March 2010 to 27th August 2011, i.e. a delay of 17months had impacted planned completion of Terminal-2. Accordingly revised completion date for Terminal-2 was informed as 31st August2013 for the International Operations & 31st August 2014 for Domestic Operations.

It is pertinent to mention that the delay in relocation of the Shivaji Statue was totally out of control of MIAL and being an extremely sensitive issue, was totally dependent on approval of Government of Maharashtra.

Further, we would like to inform you that as on 31st August 2013, all works pertaining to International operations (Phase II) in new Terminal 2 have been successfully completed.

Thanking you,

Yours faithfully,

Chanderbhan Manwani
Sr. VP - Project Development
For **Mumbai International Airport Private Limited**

Mumbai International Airport Pvt. Ltd.
Chhatrapati Shivaji International Airport
Project Office, Near International Terminal,
Sahar Road, Andheri (E), Mumbai 400 099, India

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भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

No. AAI/MC/MIAL-15/CWIP/2013-14 /3'0 2 06.09.2013

Shri Chanderbhan Manwani
Senior Vice President-Project Development
Mumbai International Airport Pvt Ltd.
CSI Airport,
Mumbai 400099.

Sub: - Progress Report of Development Works of Mumbai as per Schedule-7 of OMDA for the month of July, 2013

Sir,

Reference is invited to Engineers India Ltd. (EIL)-Independent Engineer's (IE) Progress Report of the Development Works of Mumbai for the month of July, 2013 which reveals the "area of concern" observed by Independent Engineer, are as under: -

1. New Common User Terminal - NCUT (Phase-II & III of T2):
   a) It is intimated by EIL that the scheduled date for completion of Common Processor Terminal (phase II) by 31st March 2012 is likely to be delayed to August 2013 (For International Operation Only) and the overall 87.10% progress has been achieved as on date 31/07/2013 against revised schedule of 89% progress.
   b) The completion of Common Processor Terminal (phase-III) is expected by August, 2014 (For Domestic operations).

It is requested to give your comments/reply to the observation of IE and its likely impact in achieving the targets, cost of completion and proposed action of MIAL.

Thanking you,

Yours faithfully,

06/09/13
(Ashok Kumar)
Asstt. GM (Engg-Civil)-JVC

राजीव गांधी भवन Rajiv Gandhi Bhawan
सफदरजंग हवाई अड्डा, नई दिल्ली-११०००३ Safdarjung Airport, New Delhi - 110003
दूरभाष : २४६३२९५० Phone.: 24632950
फैक्स : ९१-११-२४६३२९९० Fax : 91-11-24632990

Annexure 7(b)

GVK

MIAL Ref. No.: MC0030/M/L/0000/CT/GM/0076

Date: 14[th] May 2014

To
Mr. Ashok Kumar
Asstt. GM (Engg – Civil) – JVC
Airports Authority of India,
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi – 110003

Dear Sir,

Subject: **Progress Report of Development works of Mumbai**

References:
1. AAI Letter No: AAI/MC/MIAL-15/CWIP/2013-14/302 dated: 06.09.2013
2. MIAL Letter No: MC0030/M/L/0000/CT/GN/0069 dated 26. 09. 2013
3. AAI Letter No: AAI/MC/MIAL-15/CWIP/2013-14/396 dated: 14.10.2013
4. AAI Letter No: AAI/MC/MIAL-15/CWIP/2013-14/30 dated: 06.01.2014
5. AAI Letter No: AAI/MC/MIAL-15/CWIP/2014-15/281 dated: 08.05.2014

Dear Sir,

This has reference to your above reference letters pertaining to the progress report of Development works of Mumbai.

In this regard, kindly refer to MIAL reply sent vide above reference communication. A copy of the same is attached for your kind reference as Annexure 1.

As you are aware, MIAL had highlighted the impact on completion of Terminal T2 due to the delayed relocation of Shivaji Statue, located in the footprint of new Common User Terminal T2, through above reference letter including various other communications previously.

The construction of New Common User Terminal – T2 (for International Operations) was completed on 31[st] August, 2013, which may be verified from the Completion Certificate issued by 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. We would like to bring to your kind notice 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.

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 was completed by end December 2013.

3) Security clearance from BCAS for new terminal has been received only on 24[th] December, 2013. 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.

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.

GVK

Post resolution of all issues, the New Terminal T2 was inaugurated by the Honourable Prime Minister of India on 10th January2014 and has been successfully opened for International operations on 12th February 2014.

MIAL has now taken up works for Phase III, planned for the rest of the new Terminal along with associated apron for Domestic operations. This will allow shifting of Domestic operations to New Terminal. However, MIAL would like to put forth following facts / concerns for your kind information:
As you are aware, the overall planned development at CSIA is a brown field development with new facilities planned on site occupied by existing and operational facilities. These facilities were constraints for completed Phase II works. MIAL has similar constraints for Phase III works.

1. Old Terminal T2B/C: In order to start construction of balance portion of New Terminal Building, the old Terminal building T2 B/C needs to be demolished. As this asset belongs to AAI, the process of scrapping and demolition has been initiated and works will be awarded by end May 2014. The total duration required to complete the entire demolition of T2B/C building will be 3 months i.e. 31 Aug 2014.

2. Air India Annex & LMD Hangar building area on East of Terminal:

   The existing LMD hangar of Air India on east of Terminal was an encumbrance for construction of N-E Pier of new terminal and its associated apron for contact stands (V29 – V32), which is part of the phase III development. MIAL had completed the construction of new facilities by April 2013, which includes the new LMD Hangar with Annex Building, New Run up Bay, and Extension of existing Air India Hangar.

   However, it is pertinent to inform that the relocation of the AI LMD into new Hangar facilities and new Run up Bay has been considerably delayed by Air India. Air India had finally vacated & handed over the old facilities to MIAL on 31st January 2014, after a delay of 7 months. The demolition of the old hangar facilities were immediately taken up by MIAL and have been substantially completed as on date for further construction of NE Pier and associated apron (area approx.1 lakh Sqm). The delay in handing over by Air India has effectively given MIAL very little period to achieve any significant progress before onset of monsoon. Therefore, major progress will be achieved post monsoon i.e. from October 2014.

In view of above facts, domestic operations which are required to be completed within one year of commissioning of International operation in T2 is now being projected to be by third quarter of calendar year 2015.

The cost planned to be incurred for FY 2014-2015 is 962 Crores, the same is being reported to AAI on monthly basis. A copy of the last report on " Monitorable Tragets and Milestones- FY 2014-15", submitted vide email, is attached for your kind reference as Annexure 3.

Yours faithfully,

Chanderbhan Manwani
Sr. VP – Project Development
For Mumbai International Airport Private Limited

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Annexure 7(c)

GVK

MIAL Ref. No. : MC0030/M/2/0000/CT/GN/0079
Date : Date: 13th June 2014

To,
Shri S Samanta
General Manager (Fin.) - JVC
Rajiv Gandhi Bhawan,
Safdarjung Airport ,
New Delhi - 110003

Subject : Commissioning of Phase II of Mumbai Airport.

Dear Sir,

This has reference to your letter No. AAI/MC/JVC-27/MoU/2013-14/4/2 dated 22nd Oct 2013 pertaining to the subject matter.

In this regard, it is informed that the construction of New Common User Terminal – T2 was completed on 31st August, 2013; however commencement of international 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.

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 was completed by end December 2013.

3. Security clearance from BCAS for new terminal was received only on 24th December, 2013. 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.

Cntd…2…

GVK

Post resolution of all issues, the New Terminal T2 was inaugurated by the Honourable Prime Minister of India on 10th January 2014 and, subsequently, T2 was successfully commissioned for International operations from 12th February 2014.

Thanking you,

Yours Sincerely

Chanderbhan Manwani
Sr. VP – Project Development
For **Mumbai International Airport Private Limited**

CC : M/s Engineers India Ltd – For information please

Mumbai International Airport Pvt. Ltd.
Chhatrapati Shivaji International Airport
Project Office, Near International Terminal,
Sahar Road, Andheri (E), Mumbai 400 099, India
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Mumbai International Airport Pvt. Ltd.
Chhatrapati Shivaji International Airport
1st Floor, Terminal I B, Santacruz (E),
Mumbai - 400 099, India.
T +91 22 6685 0900/6685 0901 F+91 22 6685 2059
www.csia.in
"CIN No U45200MH2006PTC160164

Annexure 7(d)

GVK

Ref. No.: MC0030/M/I/0000/CT/GN/0094
Date: 13th Nov, 2014

To,
Mr. Ashok Kumar
Asstt. GM (Engg. - Civil) - JVC
Airports Authority of India,
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi - 110003

Subject : Current Status of Phase III works of Terminal T2 (Building 3A, 11A & related FLBs V28 to V32, V19&V20) and the related Apron works

Reference : MIAL letter No. MC0030/M/L/0000CT/GN/0076 dated 14th May 2014

Dear Sir,

This has reference to our above cited letter regarding the progress of development works at Mumbai International Airport. As already informed, we have commenced Phase III Building construction works immediately after commissioning of the New Terminal T2 (for International Operations). The Independent Engineer has issued certificate of commencement of construction for Phase III works pertaining to North East Pier, South East Pier and related FLBs (copy of same is attached herewith for your kind reference).

We would like to inform you that, as reported in the Monthly Status Report submitted to the Independent Engineer (copy forwarded to your good office), works are progressing as planned. However, there have been few constraints/hindrances noted, which were beyond control of MIAL and have impact on overall completion of Phase III works of Terminal T2. These constraints have been highlighted in our above referenced letter and are once again listed below for your kind information please:

1. Air India Annex and LMD Hangar Building on East of T2:

   New Apron area construction on East side of T2 (package 2B) was largely impacted due to the old Air India Hangar & Annex facilities, which were finally handed over to MIAL by Air India on 30th Jan 2014 (excluding Live Reliance Power Substation) after a delay of 7 (seven) months. The Live Reliance Power Substation area was finally demolished/ cleared on 17th June 2014 after sustained efforts from MIAL.

2. Demolition of Old Terminal T2B/C and associated facilities:

   There has also been a considerable delay of four months in handing over of old Terminal T2 B/C for demolition by various stakeholders like customs, Police station and Mosque. As of now the old Terminal T2 B/C demolition is in a very advance stage and likely to complete by end of Nov 2014. The Up-ramp area (connected to old Terminal T2 B/C) is however partially demolished and remaining area is awaiting removal of mosque for completing the remaining demolition.

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www.csia.in

GVK

In view of the above facts, the Domestic Operations are now projected to commence from third Quarter of the calendar year 2015. MIAL shall continue to update your good self on the status of works regularly.

The above is for your kind information.

Thanking you,

Yours faithfully,

Chanderbhan Manwani
Sr. VP - Project Development
For Mumbai International Airport Private Limited

Encl: As mentioned above

Mumbai International Airport Pvt. Ltd.
Chhatrapati Shivaji International Airport
Project Office, Near International Terminal
Sahar Road, Andheri (E), Mumbai 400 099, India

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29

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Annexure 7(e)

GVK

MIAL Ref. No.: MC0030/M/L/0000/CT/GN/0097
Date: 16 December 2014

To
Mr. Ashok Kumar
Asstt. GM (Engg - Civil) - JVC
Airports Authority of India,
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi - 110003

Subject : Current Status of Phase III works of Terminal T2 (N55B) (Building 3A, 11A & related FLBs V28 to V32, V19&V20) and associated Apron (N55C).

References : MIAL Ref No. MC0030/M/L/0000CT/GN/0076 dated 14th May 2014
MIAL Ref No. MC0030/M/L/0000CT/GN/0094 dated 13th November 2014

Dear Sir,

This has reference to our above mentioned letters regarding the progress of development works at Mumbai International Airport.

We would like to inform you that the construction of Phase III Building (refer sketch enclosed, showing extent of scope) and related FLBs V28 to V32 and V19 and V20 is in full swing and in general, works are progressing as planned. This is also being reported in the Monthly Status Report submitted to Independent Engineer and copy forwarded to your good office. Following is the current status of works in various areas of Phase III:

- **Building 11A**: All RCC works in Building 11A have been completed including structural steel roofing, Deck sheeting and Masonry works. MEP/IT services are in advance stage including Interiors/finishing works.
- **Building 3A**: RCC works have been completed in Building 3A. Interior/Finishing works, MEP/IT services are in progress.
- **FLBs V28 to V32**: All foundations / pedestals and structural steel works have been completed. Masonry, Roofing, Façade and MEP first fix works are currently in progress in these FLBs.
- **FLBs V19 and V20**: Pile and Pilecap Foundations have been completed and Pedestal columns are currently in progress.
- **T2 Apron and associated works**: Construction of the new Apron is in advance stage. Total Phase III apron area is 3, 34,681 sqm and as on date 51% area has been completed.

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Chhatrapati Shivaji International Airport
Project Office, Near International Terminal,
Sahar Road, Andheri (E), Mumbai 400 099, India

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GVK

Though MIAL is taking all efforts to complete and commence Integrated Domestic and International operations by 30th June 2015, there have been few constraints / hindrances noted which were beyond control of MIAL and have an impact on overall completion of Phase III works of Terminal T2. These hindrances/ constraints were highlighted in Monthly Status Report and also in our previous communications to you. The following constraint still continues to remain existent and has impact on overall completion of Apron and FLB V30:

Demolition of Old Terminal T2B/C and associated facilities:

It may be kindly noted that the demolition of Old Terminal T2B/C was planned to be completed by 31 Aug 2014. However, there has been a considerable delay of four months in handing over of old Terminal T2 B/C for demolition by various stakeholders like customs, Police station and Mosque. Currently, the demolition of old Terminal T2 B/C has been completed substantially and demolition of the remaining area is likely to be completed by end of December 2014. The associated Up-ramp (connected to old Terminal T2 B/C) is partially demolished and removal of mosque is still awaited to complete the demolition in remaining area.

In view of the above fact, the Domestic Operations are now expected to commence from third Quarter of the calendar year 2015. MIAL shall continue to update your good self on the status of works regularly.

Submitted for information please

Thanking you,

Yours faithfully,

Chanderbhan Manwani
Sr. VP - Project Development

For **Mumbai International Airport Private Limited.**

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Chhatrapati Shivaji International Airport
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Sahar Road, Andheri (E), Mumbai 400 099, India

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Annexure 7 (f)

GVK

Ref. No.: MC0030/M/L/0000/CT/GN/0099
Date: 19th Feb'2015.

To,
Mr. R. Ramani
Joint GM (F&A)
Airports Authority of India,
Rajiv Gandhi Bhawan,
Safdarjung Airport,
New Delhi - 110003

Subject : **Current Status of Phase III works of Terminal T2 (Building 3A, 11A & related FLBs V28 to V32, V19&V20) and the related Apron works**

Reference : MIAL letter No. MC0030/M/L/0000CT/GN/0076 dated 14th May 2014
MIAL letter No. MC0030/M/L/0000CT/GN/0094 dated 13th Nov 2014
MIAL letter No. MC0030/M/L/0000CT/GN/0097 dated 16th Dec 2014

Dear Sir,

This has reference to our above cited letters regarding the progress of development works at Mumbai International Airport.

We would like to inform you that the construction of Phase III Building (North East and South East Piers) and related FLBs V28 to V32, V19 and V20 is in advanced stage. Following is the current status of works in various areas of Phase III.

- **Building 11A:** All RCC works in Building 11A have been completed including structural steel roofing, Deck sheeting and Masonry works. Façade, Membrane roofing, MEP/IT services and Interiors/finishing works are in advance stage.
- **Building 3A:** RCC works have been completed including Structural steel roofing and Deck sheeting works. Facade, Membrane roofing, Interior/Finishing works and MEP/IT services are currently in progress.
- **FLBs V28 to V32 and FLB V19:** Foundations / pedestals, structural steel, Deck sheeting and Masonry works have been completed. Façade, Roofing, MEP/IT services and Interiors/Finishing works are currently in progress in these FLBs.
- **FLB V20:** Foundations/Pedestals have been completed.
- **T2 Apron and associated works:** Construction of the new Apron is in advance stage. Total Phase III apron area is 3, 34,681 sqm and as on date 75% area has been completed.

Though MIAL is making all efforts to complete and commence Integrated Domestic and International Operations by 30 June 2015, there have been few constraints / hindrances noted which are beyond control of MIAL and have an impact on overall completion of Phase III works of Terminal T2. These hindrances/constraints were highlighted in Monthly status report and also in our previous communications to you.
The following critical constraint which was only recently removed has major impact on the overall completion and commissioning of Apron for Domestic Operations:

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Chhatrapati Shivaji International Airport
Project Office, Near International Terminal,
Sahar Road, Andheri (E), Mumbai 400 099, India

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GVK

Demolition of Old Terminal T2B/C and associated facilities:

Demolition of old T2 B/C has been completed, however the demolition of the remaining portion of Up-ramp was constrained by the prayer area (mosque). The entire Up-ramp was planned to be demolished & handed over for construction by 01st April 2014. However the same was vacated and handed over for demolition on 6 Feb 2015, after a delay of 10 months. The demolition of the entire Up-ramp is now expected to complete by first week of March 2015. This delay in completion of demolition of Up-ramp will impact the completion of Fuel line works & subsequent pavement in the related Apron area. Accordingly the Apron area required for commencing Domestic Operations will get delayed by 2months and will now be completed by 31st August 2015 instead of 30th June 2015 as initially planned.

In view of the above, the Overall commissioning of Terminal 2 Phase III for Domestic operations is likely to complete by 31 August 2015 as against the original planned date of 30 June 2015.

This is also being reported in the Monthly status report submitted to Independent Engineer and copy forwarded to your good office.

The above is for your kind information.

Thanking you,

Yours faithfully,

Chanderbhan Manwani
Sr. VP - Project Development
For **Mumbai International Airport Private Limited**

Mumbai International Airport Pvt. Ltd.
Chhatrapati Shivaji International Airport
Project Office, Near International Terminal,
Sahar Road, Andheri (E), Mumbai 400 099, India

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Annexure 7(g)

GVK

Ref. No.: MC0030/M/L/0000/CT/GN/0101
Date: 30th April 2015

To
Mr. Gagan Deep Singh
Manager (Finance),
Airport Authority of India
Rajiv Gandhi Bhawan, Safdarjung Airport,
New Delhi – 110 003

Sub: Current status of different Mandatory capital / Non Capital Projects related to Modernization and restructuring of Mumbai Airport

Ref.: 1) AAI letter no. AAI/MC/MIAL-15/CWIP/2014-15/240 dated 04 April 2015
2) MIAL letter no. MC0030/M/L/0000/CT/GN/0100 dated 19 Feb 2015
3) MIAL letter no. MC0030/M/L/0000/CT/GN/0099 dated 19 Feb 2015

Dear Sir,

This is with reference to your above cited letter dated 04 April 2015, pertaining to the Current status of different Mandatory capital / Non Capital Projects related to modernization and restructuring of Mumbai Airport.

In this regard, we would like to inform you that there is no change in our planning to complete the next phase of Terminal works for commencement of Domestic operations. However, for sake of clarity and for your kind reference, please find below brief on development stages post commissioning of T2 for International operations.

1. **Stage 1 (North East Pier, South East Pier, associated FLBs and Apron):** Please refer Sketch no 1, for extent of scope

Post commissioning of T2 processor for International Operations, construction of balance portion of T2 building (which includes South East Pier, North East Pier and North West Pier) including associated FLBs and Apron were to be commenced as planned, for commissioning of domestic operations. However, out of this scope, North West Pier has been dropped due to various constraints as already informed vide our letter no. MIAL/CEO/163 dated 31 Dec 2013. Further, the target date for completion of these works was 30 June 2015, which has been revised to 31 August 2015 due to reasons beyond MIAL's control, as mentioned below.

a. Delay of 7 months in shifting of Old Air India Hangar & Annex Facilities by AI, which was completed on 30th January 2014.
b. Delay of 4 months in handing over of old International Terminal T2 B/C for demolition, by various stakeholders like police, customs.
c. Delay of 10 months in shifting of prayer area (mosque) located below the old T2 B/C up ramp.

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GVK

It may be kindly noted that above facts have been highlighted in our Monthly Progress Report to Independent Engineer, copy of which is also forwarded to your good office.

2. Stage 2, (Extension of South East Pier, associated FLBs and Apron): Please refer sketch No. 2, for extent of scope

   This stage includes Extension of South East Pier and associated Apron, which is being constructed in lieu of North West Pier. The Apron portion shown as hatched is being completed by end of September 2015. Same is also being reported in our Monthly progress report to Independent Engineer. However, the building will be completed and handed over to Operations by December 2015.

Thus, it may be noted from above that the works being completed by August 2015 are related to commencement of Domestic Operations, whereas, Apron associated with Extension of South East Pier will be completed by September 2015, but will be commissioned only on completion of Extension of South East Pier, i. e. by December 2015, which is in accordance with the planned schedule and MDP for Extension of South East Pier.

Trust above clarifies your concerns. However, should you require any further information/clarification, we would be happy to send our representative to visit your office for explaining the above stages, for further clarity.

Yours Sincerely,

For Mumbai International Airport Pvt.Ltd.

(Chanderbhan Manwani)
Sr. Vice President – Project Development

CC to :
Mr. R. Ramani, Jt. General Manager (F&A), AAI
Mr. Sanjoy Mukherjee, Project Manager, EIL

Annexure 8

17/05
AERA
AAI

GVK

MIAL/EVPF/16-17/5 18/05/2016.

14th May, 2016

Chairman,
Airports Authority of India
Rajiv Gandhi Bhavan, Safdarjung Airport,
New Delhi – 110 003

Sir,

Sub: Consultation Paper no.10/2015-16 dated 16th March, 2016 issued by AERA for tariff determination in respect of CSIA, Mumbai – AAI justification required for increase in the Project Cost

Airports Economic Regulatory Authority of India (AERA) has issued Consultation Paper no. 10/2015-16 dated 16th March, 2016 (CP) in connection with Tariff determination for the second Control Period in respect of CSI Airport, Mumbai. AERA has mentioned in the CP that it requires AAI justification for increase in the Project Cost.

<u>Increase in the Project Cost – details and justifications</u>

AERA has disallowed certain cost as part of Project Cost.

A) In the para 5.27, table 18 for the increase of Rs 39 crores in overheads cost due to time delay for T2 (Sept 2014 to April 2015) in the remark column AERA has mentioned as "*Not allowed. AAI to justify the delay.*"

B) Increased Interest During Construction (IDC) of Rs 55 crores on account of capitalisation of new terminal on 1st January 2014 instead of 31st August 2013 due to reasons beyond control of MIAL. The Authority has proposed to not allow this cost mentioning that "*delay could have been avoided by MIAL.*"

C) Increased cost of Rs 184 crores on various counts mentioning that "*these costs are in the nature of Escalations & Contingencies which was capped by the Authority at Rs 630 crores under which MIAL has already claimed increase in project cost.*"

Given below are the details and justification for each of the three costs disallowed by AERA for consideration of AAI. AAI is requested to validate justification provided by MIAL and confirm to AERA that these costs are reasonable and had to be incurred for reasons beyond control of MIAL. Disallowances of such huge cost will lead to substantial losses for all the shareholders and will further lead to huge loss to AAI through reduction of Annual Fee.

1. **Increase in IDC due to delay in capitalization – Rs 55 Cr**

The planned completion date of the New Passenger Terminal Building (New T2) & the International Apron was significantly impacted due to the delayed relocation of Shivaji

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statue, which was coming in the footprint of the New T2 processor building. Following the relocation of Shivaji statue on 27th August 2011 after delay of 17 months (the statue was originally planned to be relocated on 31st March 2010), the completion schedule for New T2 including Associated Apron Works was revised as 31st August 2013 for International Operations and 31st August 2014 for Domestic Operations.

The revised completion schedule was informed to the Board of Directors in MIAL's 30th Board Meeting held on 1st October 2011. Simultaneously it was informed to AAI vide letter no. MC0030/M/L/000/CT/GN/0069 dated 26th September 2013 and to MoCA vide letter no. MIAL/CEO/146 dated 15th October 2011. The same was also reported in monthly progress report sent to Independent Engineer (with copy to AAI) on regular basis.

In line with revised completion schedule, all construction of New T2 & Associated Apron pertaining to International Operations was **completed on 31st August, 2013**, which may be verified from the report of the Independent Engineer enclosed as **Annexure 1.** However, commencement of operations could not take place from 1st September 2013 as envisaged, due to following reasons:

a) 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. This committee decided 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 forwarded the copy of the same to MIAL on 18th December, 2013 only. There was no possibility of starting operations from the New T2 without SOPs being in place. Copy of letter received from BCAS dated 18th December, 2013 is enclosed for ready reference as **Annexure 2.**

   It is to be noted 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 international operations. MIAL has kept AAI informed about this issue since beginning.

b) Security clearance from BCAS for New T2 has been received only on 24th December, 2013. Letter received from BCAS dated 24th December, 2013 is enclosed for ready reference as **Annexure 3.** 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.

c) 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 was completed by end December 2013.

It may kindly be observed, as detailed above, that commissioning of new terminal was delayed because of clearances from main regulatory bodies, viz. BoI and BCAS which were clearly beyond control of MIAL. It is worthwhile to mention that adequate number of immigration staff was also not available. MIAL letter No. MIAL/CEO/138 dated 18.11.2013 to Secretary, MoCA is enclosed for ready reference as **Annexure 4**. This issue was also raised by MIAL in 17th OIOC meeting held on 19th December, 2013 under chairmanship of Secretary, MoCA.

Post resolution of all issues, the New Terminal T2 was inaugurated by the Hon'ble Prime Minister of India on 10th January2014 and has been successfully opened for International operations on 12th February 2014.

It is submitted that MIAL had taken all the necessary steps and proactively coordinated with all the agencies for early resolution of the issues as detailed above and as such delay in commissioning of New T2 is not attributable to MIAL. Thus, increase in IDC cost (Rs 55 Cr) on account of delay in capitalization need to be allowed.

2. **Disallowance of Site Overheads cost of Rs. 39 crores due to time Delay** for T2 from September 2014 to April 2015. In Table 18 of CP, AERA has remarked that AAI is to justify the increased overheads due to time delay. In this connection we would like to state the following:

a) On the basis of completion schedule for New T2 for International Operations works which were to be completed by August 2013 and operations were to commence from September, 2013, works for domestic operations were to be completed by August, 2014 and operations to commence from September, 2014 (i.e. within one year from commencement of International operations). MIAL had budgeted Rs 233 Cr towards site overheads in the approved project cost of Rs 12,380 Cr in October 2011. However, due to delay in commencement of International Operations as explained in

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point no. I above, MIAL could not commence the works for New T2 and Apron works for Domestic Operations as planned (Phase III works), which itself had impacted planned commencement & completion of the phase III works by 6 months. Independent Engineer, on the basis of actual dates, issued commencement certificate for Phase III works with commencement date as 28th February 2014 instead of scheduled date of 1st September 2013.

b) In addition to delay in commencement of work for domestic operations as explained above, completion of Phase III works were further impacted due to following reasons:

   i. 7 months delay in shifting old Air India Hangar & Annex facilities by Air India (AI):

   New Annex & Hangar building along with the Engine Run-up Bay were ready since April 2013. However Air India despite rigorous persuasions from MIAL had not agreed to move into these newly constructed facilities. Due to this the old Annex & Hangar building areas could not be vacated and handed over to MIAL for construction of new apron & terminal building portions. Air India started shifting from the existing facilities from 26th November 2013 (after delay of 7 months) and completely vacated/ handed over their old facilities to MIAL on 30th January 2014 for demolition. However this handover excluded live Reliance Power Substation in AI Hangar premises. Demolition of old AI Hangar & associated facilities was immediately taken up by MIAL for the available area.

   The Reliance Power Substation area was cleared for demolition after the sustained efforts from MIAL by end May'14. Demolition works were finally completed by MIAL & the balance area was made available for apron construction on 17th June 2014.

   ii. 4 months delay in handing over of Old International Terminal T2 B/C to MIAL for demolition by various Stakeholders:

   Old International Terminal T2 B/C building was planned to be vacated and handed over to MIAL for demolition by 28th February 2014. However this building was not completely vacated, since the assets belonging to Airports Authority of India had not been scrapped. However MIAL assets had been removed from the building premises, which facilitated the part demolition of Old T2 B/C.

Further, there were hindrances like Police Cabin, RTO Cabin, Customs Strong Room, Prayer Area room etc. belonging to various stakeholders, which had not been vacated & thus impacted demolition/ subsequent construction.

The Old International Terminal was finally vacated and handed over completely for demolition by end Jun'2014, resulting in 4 months delay in Phase III construction works.

iii. **10 months delay in shifting of prayer area (mosque) located below old International Terminal T2 B/C up-ramp:**

Demolition of old International Terminal T2 B/C was completed, except for a portion of up-ramp constrained due to the existence of a prayer area (Mosque) underneath. The clearance for demolition of this remaining portion of up-ramp, was received on 6th February 2015. Accordingly demolition works were immediately completed and the area was handed over for construction by 8th March 2015.

The entire up-ramp was planned to be demolished & handed over for construction by 1st April 2014. The delay of more than 10 months in demolition of the up-ramp impacted the construction of a portion of Apron on east of T2, Fuel line works & completion of FLB V30.

Due to above stated reasons, New T2 Building & Apron areas required for commencing Domestic Operations got delayed and could be finally completed on 10th September 2015 and 31st August 2015, respectively.

Photographs showing the encumbrances as above are also attached as **Annexure 5.** for ready reference and ease of understanding of the issues

Due to the delay in completion as discussed above, MIAL had to incur additional cost on account of site overhead, aggregating Rs 39 Cr., over and above the budgeted provisions.

It is pertinent to note that MIAL had informed about revised completion schedules, various delays as discussed above to Independent Engineer and AAI through monthly progress reports and also separately communicated to AAI vide MIAL letters (attached for your ready reference as **Annexure 6(a) to 6(g)**) as detailed below:

1. MC0030/M/L/0000/CT/GN/0069 dated 26th September 2013,

2. MC0030/M/L/0000/CT/GN/0076 dated 14th May 2014,
3. MC0030/M/L/0000/CT/GN/0079 dated 13th June 2014,
4. MC0030/M/L/0000/CT/GN/0094 dated 13th November 2014,
5. MC0030/M/L/0000/CT/GN/0097 dated 16th December 2014,
6. MC0030/M/L/0000/CT/GN/0099 dated 19th February 2015,
7. MC0030/M/L/0000/CT/GN/0101 dated 30th April 2015

Since the delay in commencement of International operations and completion of works pertaining to domestic Operations were beyond control of MIAL as detailed above, reasons for delay cannot be attributed to MIAL and therefore increase in site overheads cost of Rs 39 crores need to be allowed.

3 **Increase in cost due to variation in scope / rate including additional scope not part of earlier estimates – Rs. 184 Cr.**

In earlier approved project cost of Rs 12,380 Cr, provision of Rs 630 Cr was kept towards Escalation, Contingencies & Claims. It may be appreciated that considering the complexities of the project of such magnitude, capping of such cost by AERA was not right, instead, reasonableness / reasons of all such costs should be taken into account. MIAL had already provided detailed reasons and justifications to AERA for the increase in such cost, which are in nature of increase in scope, quantities and rates of some of the items / works, additional scope which arose on account of site conditions and due to many unforeseen events during implementation due to complexities of project. The total cost towards Escalation, Contingencies & Claims now works out be Rs 754 Cr (Rs 630 Cr + increase of Rs 184 Cr – savings of Rs 60 Cr). Thus, effective increase is Rs 124 Cr. It can be seen that the overall % age of this cost vis-à-vis total project cost of Rs 12,630 Cr works out to be 5.96% (Rs 754 Cr / Rs 12630 Cr), which is very reasonable considering the quantum/scale and complexities of the project. Detailed break up of this increase of Rs 184 crores is given below:

Sl. No.	Description	Rs. in Cr.	Rs. in Cr.
1	Elevated Road – MIAL portion		23
a.	Elevated road: Based on operational requirement, additional entry and exit to MLCP from top was constructed during course of execution, which was not considered at the time of estimates; Gap between Elevated road and Terminal building was also added to the elevated roads at later date; these resulted into increase in RCC Deck area. Area as per PC was 47,237 Sqm and as per Final Design / layout area is 49,254 Sqm. (Increase in area 2017 Sqm).	12	
b.	At Grade roads: As per earlier Estimates, overall area considered was 50,000 Sqm. However, additional road for autos / buses on both side of nallah was constructed due to operational requirement, which was not considered in the earlier estimates. Due to which, revised area works out to be 65,000 Sqm. Increase in Area of 15,000 Sqm.	11	
2	VARIATION IN SCOPE /QTY & RATE		101
2.1	Additional works not part of earlier estimates:	51	
a.	CIP / VIP Check in: It was decided to develop the special facility for all airlines for CIP / VIP check-in at later date in the check in area. Hence, same was not covered in earlier estimates.	28	
b.	Bus gate Canopy / Loading Dock – scope was not considered in the earlier estimates.	9	
c.	Staff Canteen works: Not considered in earlier estimates.	5	
d.	MCR finishing work: Cost was not envisaged in earlier estimate. Cost as per awarded works.	2	
e.	Toilets (Public & staff): Cost for toilets in Phase 3 was not covered in earlier estimate.	3	
f.	Back of House: Cost for phase 3 works was not included earlier.	4	
2.2	Increase in quantity over estimates:	15	

a.	Signage Work: Increased no. of signage from estimated 5000 to 6242 as per final design / award and also on account of statutory signage's requirement.	8	
b.	Landscape Work: Provision of Rs 25 Cr was made in the earlier estimates at T2. However, based on committed cost, there is increase of Rs. 7 Cr.	7	
2.3	Increase in Rate over Estimates :	6	
a.	FLB Interior: Increase in cost based on actual award.	6	
2.4	Increase in both Quantity & Rate over Estimate	89	
a.	Arrival Plaza : Increase in Granite flooring Qty of 26,698 Sqm to 37,703 Sqm based on final design / actual awarded works; Increase in Landscape area of 9,330 Sqm to 15792 sqm based on final design / actual awarded works;	21	
b.	Electrical works: 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.	16	
c.	False Ceiling Works : 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	
d.	Interior Panel and cladding: Due to increase in basic material rate for corian @ 4.20 Cr ; Due to increase in rate for Trespa /metal panel/ SS cladding etc.@ 1.82Cr; Due to increase in qty for various items based on actual execution @ 14.96 Cr (as per final detail design, site requirement).	21	
e.	Glass Partition doors and SS railings: 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	
f.	Interior sky well partitions: 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; Additional Gypsum Area in lieu of louvers.	4	

g.	Carpet flooring: Increase in rate for carpet - Rs 3925 / Sqm to Rs 4140 per Sqm; Increase in qty from estimated 25,400 Sqm to 33,350 Sqm as per final design / award.	4	
h.	Miscellaneous civil works: Increase in cost based on awarded as per site requirement.	4	
3.	TOTAL		184

While Authority (AERA) has considered savings of Rs. 60 Cr on account of ATC equipment, it has disallowed the other costs of Rs. 184 Cr., when the benefit of this saving should have been adjusted against the other increases in costs of Rs.184 Cr taking net increase to Rs 124 Cr.

It is important to note that in order to ensure that Project Cost does not increase in spite of additional costs an elaborate exercise was undertaken by the Board of Directors of MIAL and as per its advice, without compromising the overall project capability, the projects aggregating Rs. 380 Cr. were dropped. With such increases coupled with savings / reduction, the final Project Cost, upto that stage, had been contained at Rs.12380 Cr.

In view of above, we requests AAI to kindly confirm to AERA that these cost increases were justifiable and were beyond control of MIAL and hence should be allowed by AERA while determining tariff for 2nd Control Period for CSIA.

A.	Increase in IDC	Rs. 55 Cr.
B.	Increased in Site Overheads cost	Rs. 39 Cr.
C.	Increased costs due to variation in scope / rate including additional scope not part of earlier estimates	Rs.184 Cr.
		Rs.278 Cr.

Clarifications / recommendations from AAI along with justifications as detailed above, would go a long way in ensuring economic viability of operations at CSI Airport, Mumbai which is already under threat due to non-consideration of various provisions of OMDA and SSA.

Thanking You,

For Mumbai International Airport Private Limited

Vinod Hiran
Executive Vice President (Finance)

CC: Member (Finance), AAI

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Annexure 9

STUP Consultants Pvt. Ltd.

50 years

Five Decades of Sustainable Design of Infrastructure & Real Estate through Innovation

Mumbai International Airport Ltd.
RECEIVED
14 JUN 2014
CSIA Expansion & Renovation Program

M/s.Mumbai International Airport Ltd.
Chatrapati Shivaji International Airport
Project Office, Near International Terminal
Sahar Road, Andheri (E)
Mumbai 400 009.

33/9727/pc:kkr/81

12th June 2014

Attn. Mr.Chanderbhan Manwani

Sub: Consultancy services for the preparation of Block Estimate for the proposed New project in 2nd control period for MIAL at CSIA.

Dear Sir,

Further to the meeting our QS team had with your representative on 29.04.2014 at your Sahar office, we are pleased to submit herewith the Block Estimate with necessary supporting documents for the following structure :-

1. Hangar and Annexe building
2. IMD Facilities and Ancillary building

Hope you will find the above in order. Should you have any queries, please feel free to contact us.

Thanking you,

Yours faithfully,
For STUP Consultants Pvt.Ltd.

P. Chandrasenan
Joint Principal Consultant

Encl: as above

Annexure 9

STUP Consultants Pvt. Ltd.

THE PROPOSED NEW PROJECTS IN SECOND CONTROL PERIOD FOR MUMBAI

PRELIMINARY BLOCK ESTIMATE FOR HANGAR

Rev - 2 dated 11-06-2014

THE PROPOSED NEW PROJECTS IN SECOND CONTROL PERIOD FOR MUMBAI INTERNATIONAL
PRELIMINARY BLOCK ESTIMATE FOR HANGAR & ANNEXE BLDG.

Sr. No.	Description of Works	Amount (Rs.)	Unit Rate (Per Sft.) of BUA
1.0	AREA STATEMENT (In Sft.)		
A	HANGAR	32292	Sft.
B	ANNEXE BLDG.	32292	Sft.
	TOTAL AREA	64584	Sft.
2.0	PRELIMINARY BLOCK ESTIMATE		
A	HANGAR	19,24,63,200	5,960
B	ANNEXE BLDG.	18,44,41,020	5,712
	SUB TOTAL (INCL. OH & P) ....(A) (RS.)	37,69,04,220	5,836
	ADD FOR :		
	DESIGN SERVICES (b1) @ 5% ON SUB TOTAL (A) ABOVE	1,88,45,211	
	PMC'S FEES (b2) @ 5% ON SUB TOTAL (A) ABOVE	1,88,45,211	
	SUB TOTAL (C = A+b1+b2) (RS.)	41,45,94,642	6,419
	ADD FOR :		
	CONTINGENCIES @ 5% ON SUB TOTAL (C) ABOVE	2,07,29,732	
	SUB TOTAL.........(D) (RS.)	2,07,29,732	
	TOTAL AMOUNT (E=C+D) (RS.)	43,53,24,374	6,740
	SAY	43,50,00,000	

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ASSUMPTIONS

THE PROPOSED NEW PROJECTS IN SECOND CONTROL PERIOD FOR MUMBAI INTERNATIONAL AIRPORT LTD. (MIAL) AT CSIA

ASSUMPTIONS

Sr.No.	Specifications
A	**HANGAR BLDG.**
1.0	The Block Estimate is prepared with item wise quantification with CPWD's DSR 2013 rates (based on CPWD's PAR dated 01-10-2012) with rates duly enhanced as per prevailing cost index of Mumbai. Market Rates are considered for Non-scheduled items.
2.0	Substructure in RCC isolated footings, plinth beams, columns upto 4m depth
3.0	The flooring for hangar shall be in Ready Mix Concrete Grade Slab with seamless Polyurethane finish
4.0	Superstructure is in fabricated structural steel structure
5.0	Pre-coated Galvalume sheet roofing & side cladding using single skinned Galvalume roofing sheets
6.0	Automated Electric Operated Hangar Door made out of PU painted galvanised steel puff panels
7.0	Trenches & Pits have been considered in RCC
B	**ANNEXE BLDG.**
1.0	The Block Estimate for Annexe Bldg. is based on CPWD's PAR dated 01-10-2012 with rates duly enhanced as per prevailing cost index of Mumbai.
C	**MEP WORKS**
1.0	For Hangar, Cost of MEP Works have been derived based on unit cost of similar projects.
2.0	For Annexe Bldg, Cost of MEP Works have been derived based on CPWD's PAR dated 01-10-2012 with rates duly enhanced as per prevailing cost index of Mumbai.

Annexure 10

URGENT

No. AV.24011/ 004/2011-AD
Government of India
Ministry of Civil Aviation
AD Section
*****

'B' Block, Rajiv Gandhi Bhawan,
Safdarjung Airport, New Delhi
Dated- 31.12.2013

Office Memorandum

Sub: - Minutes of the 17th Meeting of OMDA Implementation Oversight Committee (OIOC) - Mumbai Airport.

The undersigned is directed to forward herewith a copy of the minutes of the 17th Meeting of OMDA Oversight Committee (OIOC) in respect of Mumbai Airport and held on the 19th December, 2013 under the chairmanship of Secretary, Ministry of Civil Aviation with a request to furnish an Action Taken Report on the concerned action points.

(Sunil Pant)
Under Secretary to the Govt. of India
Tele: 24619282

To

1. Smt. P.Gopinath, Secretary, Department of Post, Dak Bhawan, New Delhi. Fax:23036670
2. Shri J.S. Saharia, Chief Secretary, Government of Maharashtra, Maharashtra Secretariat, Mumbai.
3. The Additional Secretary & Financial Adviser, Ministry of Steel, Udyog Bhavan, New Delhi.
4. The Chief Managing Director, Air India, Airline House, New Delhi.
5. The Director General, Directorate General of Civil Aviation, Safdarjung Airport, New Delhi.
6. The COSCA, BCAS, Janpath Bhavan, Janpath, New Delhi.
7. The Chairman, Airports Authority of India, Safdarjung Airport, New Delhi.
8. Member (Finance), Airports Authority of India, Safdarjung Airport, New Delhi
9. Member (Planning), Airports Authority of India, Safdarjung Airport, New Delhi
10. Sh. A.K. Sharma, RED, Western Region, CSIA, Mumbai.
11. The Managing Director, Mumbai International Airport Private Limited, D – 104, 10th Floor, Himalaya House, 23 K.G. Marg, New Delhi – 110001.

Copy for Internal distribution to:

Sr. PPS to Secretary (CA)/PPS to JS (AS)/PS to Dir (LR)/PS to Dir(SJ)/ AS Section

Minutes of the 17th Meeting of OMDA Implementation Oversight Committee (OIOC) – Mumbai Airport

The 17th meeting of OMDA Implementation Oversight Committee (OIOC) in respect of CSI Airport, Mumbai was held under the chairmanship of Secretary, Ministry of Civil Aviation (MoCA) at New Delhi on 19th December 2013 to review the progress of action taken on the decisions of earlier meetings and new issues.

2. A list of participants is at Annexure 1.

3. The minutes of 16th OIOC meeting were confirmed. Further AAI confirmed the compliance of OMDA by Mumbai International Airport Limited (MIAL).The discussions held on the Agenda items and decisions taken thereon are as under:

4. **Issues related to MoCA:**

4.1 **Navi Mumbai Airport Bidding:** MD, MIAL stated that it was of utmost importance that the right of First Refusal (RoFR) granted to MIAL as per Section 3.4 of the State Support Agreement must be protected in true spirit. He further requested that in the light of the RoFR, MIAL to be considered as a pre-qualified party and should be directly allowed to participate in the financial bid stage. **Chairman informed that this matter will be discussed in the NMIA Steering Committee meeting scheduled on 20th December 2013 and MIAL's is interest to be protected, by making suitable provisions in Request for Qualification (RFQ).**

(Action: MoCA)

4.2 **Deployment of Immigration staff:** The Committee was informed that there is a acute shortage of immigration staff at MIAL and there is a need to increase the manpower deployed by Bureau of Immigration (BoI) to man immigration counters at the new Terminal 2. **Chairman informed that there was a general shortage of Immigrations staff with the BoI. Considering the criticality of manning the counters at the airports, Ministry has taken up this matter with MHA.**

(Action: MoCA)

4.3 **Operations of Airbus A-380 at CSIA:** The Committee was informed that in order to optimise airside capacity of CSIA, it was imperative to allow larger aircraft to operate, such as Airbus A-380 (Code 'F' aircraft). **Chairman informed that MoCA is positively considering this request and the matter will be finalised in an internal meeting between MoCA and DGCA to be held shortly.**

(Action: MoCA/DGCA)

5. Issues related to AAI:

5.1 **Space and design requirements for new ATC Block at NAD Colony**: Member (ANS), AAI stated that the site proposed by MIAL is not suitable for the Technical Block location, since it was small in size (2 acres) and also due to vicinity of Western Express Highway, the noise levels will be a distraction. MD, MIAL replied that the location was finalised after due approval from AAI and the same is also incorporated as such in the development plan of CSIA. Further, MIAL has also initiated the work on the said plot for connecting to the ATC Tower. Hence, changing the location at this stage was not possible. Member (ANS) stated that the said plan was never shown to CNS/ATM department, this needs to be revisited as per the requirement of AAI. **After discussion, it was decided that MIAL would provide the adequate space in consultation with AAI.**

(Action: AAI / MIAL)

5.2 **Matters referred to Ministry of Law & Justice (MoL&J) for Opinion**: Chairman expressed concerns over non-compliance by AAI despite the opinion from Ministry of Law & Justice and subsequent advice from MoCA. **He directed that AAI to act as per the opinion of MOL&J and to remit all the revenues accrued on such Leases to MIAL.**

(Action: AAI)

5.3 **Exchange of Land with MCGM**: MIAL informed that the exchange of land between AAI and MCGM has to be expedited as per directions of Hon'ble Supreme Court. **Chairman advised that keeping in overall interest of airport development, AAI should expedite the by circulation.**

(Action: AAI)

5.4 **Exchange of Land with M/s Sears Construction**: AAI Chairman informed that AAI Board had approved the exchange of land with M/s. Sears Construction.

(Issue closed)

5.5 **Height Approvals for Construction at Airport**: MIAL informed that although decisions were taken in the meeting of the committee appointed by the appellate committee, on 13th May 2013, to construct ASR-2 near bomb cooling pit, yet AAI has not approved the building lay out plan and therefore MIAL was unable to commence construction of the same. MIAL expressed concerns that unless AAI approves the construction of ASR-2, there could be restrictions on height available for various airport projects including real estate development, which will adversely affect interest of MIAL / AAI. Member (ANS), AAI informed that decisions of the meeting held on 13th May 2013 will be adhered to. However, ADS-B will be installed in place of ASR-2 as it will offer more flexibility in terms of height clearances and confirmed that the height available for the projects / developments will be approved based on the principle of 'Best of three' (i.e. ASR – 1, ADS-B and ASR – 3 (existing ASR / its replacement). MIAL representatives also informed that height clearances of many MIAL constructions were pending as the height clearance of the buildings were being restricted due to the existing ASR and the height clearances have not been revised by application of multi Radar criteria. **After the detailed deliberations it was decided that all the pending matters should be brought to Appellate Committee for clearance during its next meeting scheduled to be held on 27th December 2013. Height Clearance will be given based on the best of the three radars.**

(Action: MIAL / AAI)

5.6 Interest claims by AAI from MIAL:

After deliberations on the issue, the following decisions were taken:

(i) In case of claim of interest by AAI where actual Revenue is not greater than 110% of the projected Revenue of any quarter and not paid by 15th of the month, interest is waived for the past, but in future, MIAL shall pay interest as claimed by AAI, although there is no specific provision for such interest payment in OMDA [Article 11.1.2.3(i)].

(ii) Instances where actual Revenue exceeded 110% of the projected Revenue because of extraordinary income or otherwise and not envisaged earlier and generated in a quarter, for such cases MIAL will be liable to pay interest as per OMDA provisions [Article 11.1.2.3(ii)] irrespective of extraordinary nature of revenue.

(Action: Issue closed)

5.7 Correction of Lease Deed: MIAL brought to the notice that 4.17 acres of land which was not Carved Out but was inadvertently shown as Carved Out in Lease Deed. MIAL requested for correction of the Lease Deed as Article 20.3.2(b) of OMDA, i.e. in case of conflict between OMDA and any other Project Agreements, OMDA shall prevail. AAI Chairman confirmed the discrepancy and mentioned that the same needs to be corrected. However, MoCA approval is required since subsequent lease was carried out with the approval of Ministry. **AAI may send proposal to MoCA for rectification.**

(Action: AAI / MoCA)

5.8 MIAL as Airport Operator for CSIA: AAI Chairman informed that the MIAL proposal for being appointed as Airport Operator for CSIA in accordance with Article 2.5(j) and 2.5(k) of the OMDA has been approved by the AAI Board and formal approval shall be conveyed to MIAL shortly.

(Issue closed)

5.9 **Relaxation of OSQ/Extension of time till May 2015:** MIAL requested that the target date for meeting OSQ requirement of Passenger Boarding Bridge should be further extended to June 2015 in view of the fact that there was a delay in commissioning of Terminal 2 due to relocation of Chhatrapati Shivaji Maharaj statue and subsequent delay in commencing integrated operations from the Terminal 2. **AAI Chairman informed that the request for extension by MIAL has been concurred to by AAI and has been recommended to MoCA for approval.**

(Issue closed)

5.10 **Installation of Instrument Landing System (ILS) on Runway 32 of CSIA: MIAL informed that absence of ILS on Runway 32 reduces efficiency of this runway and there was a need to conduct feasibility study of installing ILS on this runway also. Chairman after detailed discussions asked MIAL to get a simulation study carried out before taking a final view.**

(Action: MIAL)

5.11 **Family accommodation for ASG/CISF Personnel:** MIAL informed that there was shortage of family accommodation for ASG/CISF staff and in the past, MIAL had approached AAI to lease 20 acres of its land at Dahisar. MIAL further informed that if AAI agrees in-principle for such leasing, end-use restriction (receiving station) needs to be relaxed by Govt. of Maharashtra. AAI Chairman informed that legal requirements will be examined because land was acquired for receiving station purpose and change in end-use may require information to the court, if required. **It was decided that after complying with legal requirements, AAI may take final decision for leasing of land.**

(Action: AAI)

5.12 **Cancellation of Right of way to Indian Hotels Company Ltd. (TAJSATS):** MIAL informed that Indian Hotels Company has violated the right of way granted for flight kitchen by allowing a third party hotel operator (M/s. Chalet Hotels) access to the said land. Since Indian Hotels is not using the said land for accessing the flight kitchen anymore, MIAL requested that AAI may terminate the licence granted to Indian Hotels. **A decision was taken to cancel the licence granted to Indian Hotels in view of no use for the purpose for which the licence was granted.**

(Action: AAI)

5.13 **Land acquisition cast of Mithi River:** MIAL informed that it was approaching owners of the land directly as the entire land is encroached and acquisition route might not be feasible. **MIAL also confirmed that for want of this acquisition, capacity of airport will not fall below 40 mppa.**

(Issue closed)

6. **Air India (AI) Issues:**

6.1 **Hangar East of Mithi River:** Matter of compensation to be paid to AI for small line maintenance hangar was discussed. AI should hand over old hanger to MIAL. Demolition work etc. if required to be taken up by MIAL. AI should abide by the earlier decision taken in this regard by this Ministry that additional hanger would be provided to them at Nagpur. Estimation on hanger valuation and construction cost has already been carried out by AI in 2011 and will be escalated based on the NPV and will be communicated to MIAL within 15 days.

(Issue closed)

6.2 **Chef Air Issue: After the detailed deliberation, it was decided that MoCA will hold a separate meeting with the representatives of AI and MIAL and resolve it.**

(Action: MoCA)

6.3 **Overdues:**
MIAL requested MoCA to direct AI for making payments in view of long overdue. Keeping in view of present financial position of AI and as per the revival plan of AI the required financial support is not coming up from the Ministry of Finance. **It was decided to hold a separate meeting with all the stakeholders on this issue.**

(Action: Air India/MIAL/MoCA)

6.4 **Escrow Account with IATA:**
MIAL informed that escrow account mechanism with IATA for payment of DF, UDF and PSF from Air India is likely to be implemented by second fortnight of January 2014. However, this arrangement requires sizable payment to IATA. Hence, MIAL requested that either AAI should bear such cost to the extent of 38.7% or alternatively, MIAL should be allowed to pay revenue share to AAI after netting of the costs payable to IATA. **Chairman informed that similar issue has been already decided in case of DIAL and the same principle will be applied to MIAL as well. An escrow account for payment of statutory dues i.e. UDF, ADF etc. To MIAL should be opened by MIAL and expenses of escrow account including the fees payable to IATA will be borne by MIAL. The collection charge will be shared by MIAL with AAI by raising invoice on the AAI.**

(Action: MoCA)

6.5 **GSD Relocation Plan:**
MIAL informed that GSD land use plan has been submitted to Air India. The consultant has been appointed. Master plan will be ready for submission by end January, 2014.

(Issue closed)

6.6 Air India Cargo Master Plan:
MIAL informed that discussions with respect to the Cargo master Plan submitted by MIAL to AI are currently in progress, and MoCA may be approached in future only in case any issues arise.

(Issue closed)

6.7 Vacation of Cargo Satellite Building: On the issue of vacation of Cargo Satellite Building, **Chairman directed MIAL and Air India to amicably resolve the issue in the interest of both the parties.**

(Action: Air India / MIAL)

6.8 Space allotment to AI in new T2: AI requested that a separate lounge may be provided for AI at the new terminal, especially in view of their revived relationship with Star Alliance. MD, MIAL explained the rationale behind common VIP Lounge for all the airlines, which is much more cost-effective, operationally efficient and was the only solution possible as per the design of the terminal. He further emphasised that presently, there was no possibility of earmarking a separate lounge for AI and the feasibility of the same will be looked into in future. It was decided that MIAL may explore possibility of providing space for VIP lounge in view of their agreement with Star Alliance.

(Action: MIAL)

6.9 **Load restriction on 777-ER Aircraft:** Air India raised the issue of load restrictions on take-off of 777-ER aircraft from Runway 27 for which MIAL clarified that after conducting latest studies on obstructions, such restrictions have arisen. **However, MIAL assured that it is working with MCGM for cutting trees and removing hoardings which are causing obstructions, which will result in lowering the load restrictions.**

(Action: MIAL)

7. Other Issues:

7.1 Relocation of DoP Sorting Office: Since earlier plot offered by MIAL had height restrictions, it has offered another plot adjacent to earlier plot. **New plot details were handed over to Member (Operations), DoP for confirmation of its acceptability.**

(Action: DoP)

7.2 Security Approval for New Integrated Terminal (T2) and MLCP at Sahar: Chairman advised BCAS to expedite security approval of new Terminal 2, especially in view of imminent inauguration of the Terminal 2 by honourable Prime Minister of India on 10th January 2014.

(Action: BCAS)

7.3 **Payment of rent and electricity charges by customs for non-operational areas in the passenger / cargo Terminals at CSIA**: MIAL raised concerns over non-payment by Customs. **Chairman informed that payment status with respect to all regulatory agencies (Customs, Immigration, etc.) across all the airports is being collated at MoCA and thereafter the issue will be taken up with the Cabinet Secretary.**

(Action: MoCA)

7.4 **Exemption/moratorium from cost recovery of customs departments in the cargo terminals:**

Issue of cost recovery comprised of two categories – (i) cost recovery from greenfield airports, and (ii) cost recovery in case of new facilities constructed in existing cargo complexes and operated by a concessionaire without change in custodianship. In case of MIAL, a newly constructed perishable cargo / pharma export facility operated by concessionaire is being subjected to cost recovery by Customs authorities for which MIAL had filed a writ in the honourable High Court at Mumbai. **Chairman informed that matter of cost recovery in both the cases was taken up with Ministry of Finance, but so far no positive outcome has emerged and he advised MIAL to pursue legal recourse.**

(Issue closed)

7.5 **Relocation of Reliance substation:** Since Reliance did not agree to the offer of relocation and land where sub-stations are located at present is required for airport development, **it was decided that subsequent to termination of lease / licence, AAI should commence necessary eviction proceedings.**

(Action: AAI)

7.6 **Slum Rehabilitation:** Subsequent to termination of agreement by MIAL with HDIL for rehabilitation of slums, it was necessary to find alternates for slum rehabilitation. Due to paucity of land around airport, it was imperative to explore in-situ rehabilitation to utilise land available post in-situ rehabilitation for the purpose of airport development. In this respect, **MIAL has already approached AAI for its in-principle approval to enable it to approach concerned authorities for such rehabilitation. Chairman advised that model adopted for rehabilitation of slums at Juhu may be followed for CSI Airport also. AAI to expedite its approval.**

(Action: AAI)

The meeting ended with a vote of thanks to the Chairman.

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List of Participants

Ministry of Civil Aviation

1. Shri K. N. Srivastava, Secretary
2. Shri Alok Sinha, Joint Secretary
3. Shri Venkatramana R. Hegde, Dy. Secretary
4. Shri Sunil Pant, US

Directorate General of Civil Aviation

1. Shri Arun Mishra, Director General Civil Aviation

Deptt. Of Posts

1. Shri Kamleshwar Prasad, Member (Operations)

Bureau of Civil Aviation Security

1. Shri B.B. Dash, Joint COSCA
2. Shri R.N. Dhoke, Add. COSCA

Airports Authority of India

1. Shri V. P. Agrawal, Chairman
2. Shri Sudhir Raheja, Member (Planning)
3. Shri V. Somasundaram, Member (ANS)
4. Shri A. K. Sharma RED (WR)
5. Shri L. L. Krishnan, ED JVC Cell
6. Shri S. Samanta, GM (Fin) JVC Cell

Air India

1. Shri R. Harihar, ED (WR)
2. Shri A.K. Mathews, ED (Engg.)
3. Shri Mukesh Bhatia, GM (Commercial)
4. Smt Sarit Sharma, GM (Finance)

Mumbai International Airport (Pvt.) Ltd.

1. Shri G. V. Sanjay Reddy, MD
2. Shri R. K. Jain, CEO
3. Shri Charudatta Deshmukh, Director (Urban Planning)
4. Shri Chanderbhan Manwani, Sr VP Projects
5. Shri Vinod Hiran, CFO
6. Shri Prabhat Mahapatra, VP Airside Operations
7. Shri Puneet Srivastava, VP Project Execution

Annexure 11

Extract of the Minutes of the 40th Board Meeting of MIAL 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:

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%.

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. 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.

Subsequently, the Board was presented with other building blocks.

The Board reviewed the above presentations and enquired about the adequacy of cash flows to meet funding requirements for Current Projects, New projects and debt service obligations. The Board was informed that as per MYTP presented above, adequate funds are estimated to be available. However there is a possibility that the Authority may not agree to some assumptions, especially issues which are already sub-judice, in that case approved tariff could be lower than what is being sought leading to a likely situation where cash flows may not be adequate to meet Company's payment obligations. The Board considered the matter and decided that a request should be made to the Authority that if such a scenario emerges, it should allow either accelerated depreciation or upfront higher aeronautical charges in such a way that Company is able to discharge its payment obligations sufficiently and to ensure that MIAL continues to have economic and viable operations of the airport as required under section 13 (1) (a) (iv) of the AERA Act, 2008.

Board directed Managing Director and other officials of the Company to prepare Multi Year Tariff Proposal (MYTP) for the Second Control Period, after reviewing the project cost as directed above and to submit the same to the Authority.

Board further directed Managing Director to place details of project cost after review for its information in next Board Meeting.

For the purpose of submission of MYTP, following resolutions were passed unanimously:

"**RESOLVED THAT** Multi Year Tariff Proposal (MYTP) for the second control period from April 1, 2014 to March 31, 2019 be submitted with the Authority at the earliest."

"**RESOLVED FURTHER THAT** Mr. G. V. Sanjay Reddy, Managing Director, Mr. R. K. Jain, CEO, Mr. Vinod Hiran, CFO & Company Secretary and Mr. Sanjeev Bhargava, Vice President - Regulatory of the Company, be and are hereby severally authorised to sign, execute and file application/documents for MYTP (including Annual Tariff proposals) and revised details as may be directed by the Authority or otherwise and to do all such other acts, things and/or deeds which are incidental to the above or as may be deemed fit in the matter from time to time".

"RESOLVED FURTHER THAT once MYTP is submitted to the Authority, salient features of the same should be placed before the Board for its information and consideration."

Annexure 12

Miscellaneous Capital expenditure for the second control period

Annexure

Rs. In Crs.

Sr no	Particulars	FY 17 (Balance of FY 16)	FY 17	FY 18	FY 19	Total	Remarks
	Miscellaneous expenses						
1	Construction of TWY K1 and K3	9	6	6	6	25	The Existing Cement Concrete Pavement TWY K1 and K3 is very old & many of the Panels are damaged. Total area of 38,673 Sq mt. It is proposed to be reconstructed with New Cement Concrete Pavement.
2	Conversion of taxiway E-1 from Code E to Code F	17	-	-	-	17	As of today, Emirates and Singapore airlines operate A380 at CSIA. Lufthansa has also requested to operate A380 at CSIA. Today, only Runway 09/27 of CSIA is certified by DGCA for landing and take-off of A380 aircraft. But considering the fact that Runway 09/27 may not be available all the time (due to maintenance or other reasons), it is essential to make Runway 14/32 also suitable for landing of A380 aircraft. But one of the taxiways connecting Runway 14/32 is only Code E and therefore it needs to be upgraded to Code F for making this runway suitable for A380 operations. This taxiway has to be used by aircraft to vacate the runway after landing on Runway 14. Similarly aircraft departing from Runway 32 will have to enter the runway using this taxiway only. The only other alternate is to construct a turning pad for Runway 32 beginning. But the cost of constructing the turning pad will be in excess of Rs. 20 Crore. Upgrading TWY-E1 to Code-F by widening the TWY from the current 23 M to 25 M for the stretch RWY-32 intersection to RWY-27 Intersection. The works involve: i) Demolition of old Pavement ii) Construction of High strength and shoulder, iii) AGL, Duct Bank and Signage's iv) Line Marking, Grading & Drainage Facility etc • To meet requirement of Airline Community • To commence full commercial operation of Code F aircraft at CSIA with the standby RWY • There will not be any disruption to A380 operations at CSIA in case Runway 09/27 becomes unavailable suddenly.
3	Apron A - Restrengthing	4	1	2	-	7	Apron A was constructed in 1993 and there is deterioration in subsoil due to which the final surface of concrete panel are cracked and settled. This generates lot of loose material which are very dangerous for the aircraft movement. To minimise the safety concern, the cracks and settlement of panel are being treated with fine bituminous material. Therefore, damaged concrete panel of apron A is required to be reconstructed after strengthening of sub soil.
4	Energy conservation equipments	6	-	-	-	6	Conservation of energy, use energy efficient equipment and product, replacement of conventional fitting with high efficient LED fittings. 1. Replacement of AHU induction motors with energy efficient PMS Motors at T1B (Total 54 Motors) - Cost : Rs. 70 Lakhs. 2.Rolling shutters for conveyor openings to reduce AC loss at Terminal 1 (total 20 Nos.) Cost : Rs. 14 Lakhs. 3. Replacement of 250 Watt/ 400 Watt Street light fitting with 90/110Watt LED (550 Nos.) Cost Rs. 83 Lakhs. 4. Replacement of HHR 300 Watt fittings with 150 Watt LED fittings (Total 1000 Nos.) Cost Rs. 260 Lakhs Replacement of high wattage fitting with low wattage fitting at T1: 1. Replacement of street light fittings, Departure canopy (city side) and fitting above checking counter at T1 Cost : Rs. 60 Lakhs 2. Replacement of fitting at Mega columns, Substation and MEP Rooms Cost : 60 Lakhs 3. Replacement of fittings of Arrival corridors : 60 Lakhs
5	Recarpeting of RWY 14-32	-	6	-	-	6	Runway reconstruction work was completed in FY 10. Life of bituminous surface is 5 to 6 years. Hence re-carpeting is essential in year FY 17 as per life cycle of pavement. To Maintain its gradient and Pavement Classification Number (PCN) value, Re-carpeting with 50mm milling is proposed. It will update the PCN value and increase the lifecycle of runway, reduction of damages and generation of FOD. Work will be taken up in FY 16-17 , will be correlated with other 14-32 work i.e Tunneling.
6	Replacement of High Mast	5	-	-	-	5	Presently apron lightings are non compliant as per CAR. Project involves study of existing lux level at apron, designing of lighting as per standard, implementation and verification. Cost consists of High mast & foundation of Rs. 0.50 Crs. + fixtures + cabling and refurbishment of Rs. 4.50 Crs. This expenditure would make apron lighting CAR compliant and increase safety standards.

Rs. In Crs.

Sr no	Particulars	FY 17 (Balance of FY 16)	FY 17	FY 18	FY 19	Total	Remarks
7	Ops View and Ops Analyser software applications (adhoc)	4	-	-	-	4	Engaging HITT (Holland Institute of Traffic Technology) of Netherlands for installation of Ops View and Ops Analyser software applications. A software application and equipment to process and integrate data from ASMGCS of AAI and AODB of MIAL for an Ops View and Ops Analyser solution. Cost of Ops View – Rs 1.5 Cr and Ops Analyser – 2.5 Cr. The Ops view will be a visual projection of aircraft and vehicle movement in the manoeuvring area of the airport and would automate On-chocks and Off-chocks data capture. The Ops Analyser would provide comprehensive analysis and reports on what goes on at the airport.
8	Provision of Ozone deodorizer units in Passenger washrooms at Terminal	3	-	-	-	3	Provision of Ozone deodorizer units in Passenger washrooms at Terminals.
9	Provision of offices/ stores at New T2	3	-	-	-	3	Development of satellite stores and working offices at T2. Development of utility complex with provision of partitions, ceiling, storages, furniture etc.
10	Domestic Terminal – Gas supply installations and readiness	3	-	-	-	3	Cost consists of consultancy services for feasibility study, design, licensing etc with MGL. Project consists of construction of Pressure Reducing Stations, distribution network, stubs including meters, leak detectors, filters, valves etc.
11	Additional smoke lounges in T2 Departure and Arrival	3	-	-	-	3	Construction of smoking lounges with best ventilations and smoke & odour extraction. For provide facilities to passengers and customer care. Arrival and departure smoking lounge.
12	Bird scaring sonic automated device	3	-	-	-	3	Bird scaring sonic automated device consists of mobile devices which can be utilized by wildlife department jeeps to carry the devices to the specific locations while stationary devices can be installed at specific interval near the runways. It is a mandatory requirement by DGCA to control the bird menace at airports, to enhance aircraft safety and to reduce the risk of bird strike. The device can also be utilized during darks hours especially for Owls and Bats.
13	Runway 32 Approach system lighting	2	-	-	-	2	Present approach system is non compliant due to unavailable of Simple Approach system as per CAR. Project involves construction of two pillars in middle of Mithi River and provision of Approach light. Construction cost is estimated to be Rs.1.80 Crs. It also reduces aircraft go around due to runway inspections in case of reported bird hits.
14	Automation of cooling water treatment for HVAC at T2	2	-	-	-	2	Provision of automated dosing mechanism and improving water quality of cooling Tower.
15	Side arm mower	1	-	1	-	2	Project involves procurement of mowers mounted on heavy tractors. It is difficult to carry out grass cutting in monsoon season due to soft soil. If grass cutting machine enters the muddy area, there are chances of vehicle getting struck in it. This machine will help in cutting the grass on the strip of Runway, Taxiway by parking/moving on the shoulder of Runway and Taxiway and without actually going into the grassy areas. Cost is Rs. 1.6 Crore for 2 machines. It enhances safety of aircraft operations by reducing bird hazard to aircraft within the airport.
16	Paint removal machine	2	-	-	-	2	Procurement of one paint removal machine of Water Blasting company. The conventional machines while removing the paint also damage the pavement. So there is a requirement of a specialized machine to remove the paint without damaging pavement of the Runway, Taxiway and Apron. Surface will not be damaged. This will increase the life of pavement.
17	Payment for NATS for work package 5 (Adhoc)	2	-	-	-	2	NATS had carried out a capacity augmentation study of CSIA. They had made total 24 recommendations. NATS was contracted to implement some of the recommendations that they had made. Project is for runway capacity enhancement of CSIA. It will lead to increased number of aircraft movements at CSIA.
18	Preparation of obstacle charts for CSI airport (Adhoc)	2	-	-	-	2	Project consists of appointment of a survey agency to carry out the survey and prepare the aeronautical charts. As per DGCA regulations, to ensure safety of aircraft operations, an airport has to conduct surveys and publish charts such as Approach charts, Type-A charts, zoning maps, aerodrome obstacle charts etc. The last survey for CSIA was carried out in year 2010-11. As per regulations, the charts have to be updated every 3 to 4 years. So it is essential to conduct the survey in year 2014-15. Cost consists of Rs. 1.5 Crore towards the survey and preparation of charts. Benefits includes: i) On time renewal of Aerodrome License, ii) to develop Instrument Approaches, iii) to certify airport for certain types of aircraft operations,

Rs. In Crs.

Sr no	Particulars	FY 17 (Balance of FY 16)	FY 17	FY 18	FY 19	Total	Remarks
19	Forward Command Post	1	-	-	-	1	It is a mobile control room required in case of major incidents, accidents, fire to take control of situations and coordinate with all stake holders viz. hospitals, city fire, State and National disaster management unit. Mistral solutions It consists of mobile van equipped with communication system, portable generators, life saving equipments, etc., required as per regulatory compliance. Currently, 1 machine is there which was procured in FY 2002-03 which now currently needs to be replaced.
20	Disabled aircraft removal equipments	1	-	-	-	1	Procurement of various equipment for disabled aircraft removal equipment. In the event of an aircraft incident or accident at the airport wherein an aircraft becomes disabled on the runway, there is a need to remove the aircraft from the runway and restore the operations to normal as soon as possible. In addition, the aircraft or the wreckage should not constitute a danger or obstruction to the public or to air navigation. Disabled aircraft removal equipment are required for removing the disabled aircraft to a safe position. Project is needed for regulatory compliance and business continuity of the airport.
21	Follow Me Vehicles	0	0	0	0	1	All Follow Me vehicles exceeding 1.5 lakh KM running or 5 years from date of induction, whichever is earlier need to be replaced with new vehicles. Airside Safety is responsible ensuring statuary compliance at Airside. It also works as an extended arm of ATC on ground and ensures efficient conduct of Airside Operations at CSI Airport. Airside safety is assigned with various field activities including Runway inspections, Taxiway inspections, control of aprons, Follow Me services, Airside construction site inspections, compliance checks etc. Most of the works of this department are on the field and vehicles are the primary requirement for carrying out the tasks in the field. A total 7 number of vehicles including 1 stand by vehicle are required to meet day to day operations in safe and efficient manner. It is planned to replace 2 vehicles every year in phase manner starting from FY 15. Replacing of vehicles as and when it exceeds 1.5 lakh KM running or 5 years from date of induction. To ensure Safe and efficient conduct of aircraft operations.
22	Grass collector	1	-	-	-	1	Project involves procurement of a machine which cuts and collects the grass from the ground. CSIA has lot of grassy areas at the airside. The grass are cut using grass cutting machines and the cut grass are left on the ground as the area is quite vast and it is not possible to manually collect all the cut grass and dispose them off. The cut grass thereafter becomes dry and because of wind, are flown to the runway and taxiways and becomes FOD. The cut dry grass is also a fire hazard and there have been a few instances of grass fire which has caused disruption to flight operations. Moreover, it is essential to remove the cut grass from airfield to minimize the bird attraction.; Procurement of a machine which cuts and collects the grass from the ground. Reduction of bird menace, reduction of FOD and reduction of chances of grass fire at airside
23	Replacement of grass cutting machine	-	-	1	-	1	Procurement of grass cutting machines. CSIA has lot of grassy areas at the airside. To maintain grassy area as per ICAO standard; grass cutting machines are required. As of today, there are 3 grass cutting machines which were procured in year 2007 and which have a life of approximately 8 to 10 years. Hence, they are required to be replaced by year FY 2017-18. As of today, cost of 1 grass cutting machine is Rs. 20 Lacs. Considering inflation, cost of 3 machines will be approximately Rs. 75 Lacs by FY 18. Enhancement in safety, reduction of bird menace. Signage will be clearly visible to the pilot.
24	Provision of Power Supply to SACT building near 09 south	1	-	-	-	1	Provision of Package substation and DG Set; To provide LT supply to SACT facility 1. Package substation 1250 KVA : Cost 25 Lakhs 2. DG Set 500 KVA Cost : 30 Lakhs 3. Cables and Cable laying : 8 Lakhs 4. Installation, testing and commissioning : 7 Lakh
25	B A Sets	1	-	-	-	1	Breathing Apparatus (B.A.) sets are required to be worn by fire fighting personnel for entering areas filled with smoke so that they are able to breathe properly. Requirement of 80 nos BA Sets to fulfill the life saving requirement in Terminal T-2, Cargo Complex and Terminal 1B/1C and Warehouse. Cost is Rs. 90,000 per BA Set. Protection to fire staff during fire fighting

Rs. In Crs.

Sr no	Particulars	FY 17 (Balance of FY 16)	FY 17	FY 18	FY 19	Total	Remarks
26	Auto Drop Point Canopy Installation	1	-	-	-	1	Weather shade for passengers from bus stop & auto drop point to MLCP. Construction of fabric canopy including foundations, structure, fabric, drain and rain water pipes etc.
27	Drain Cleaning Equipment	1	-	-	-	1	Proposed to procure a vacuum suction unit for cleaning the open & close drains inside MIAL. At CSIA, we have almost 35 km length of storm water drains, open nallahs, close drains & culverts out of which some drains are 10 M deep / 12 M wide. As of today, the drains are cleaned manually which is not efficient and effective. Regular removal of Debris / sludge is required in the drains for un-interrupted flow of filth & storm water. Mechanized drain cleaning equipment is required to carry out drain cleaning in operational area. Reduced chances of water logging in the drains which may otherwise cause flooding of runway / taxiway / aprons and lead to disruption of aircraft operations.
28	Provision of 11 KV Ring Network for CSIA	1	-	-	-	1	Augmentation of 11KV Network at CSIA; Provision of Ring Main Unit (RMUs) at CCR1 and CCR2/ T1C. Supply of 11KV, 4 way RMU (Total 2 Nos.) Cost : 35 Lakhs 11 KV Cable supply and laying Cost : 10 Lakh ITC of system : Cost 5 Lakhs It would help in reliable power supply to CSIA.
29	Provision of emergency stop switches on pole with proper signage/labels for escalators & travelators	1	-	-	-	1	To provide stainless steel mounted box for Escalator and Travellator and wiring of Emergency stop Button. 1. Civil work including fabrication of pole and foundation for 67 Nos. Escalators and Travellators Cost : 40 Lakh 2. Electrical work : Wiring and provision of Emergency Switch Cost : Rs. 10 Lakh Passenger Safety in case if incidents/accidents
30	Improvement of ventilation at Baggage Makeup Area/ Baggage Breakup area (BMA/BBA) at T2	1	-	-	-	1	To improve exhaust system in BMA/BBA/ Ground Transportation lobby. Jet fans (Supply and installation) : 40 Lakhs Ducting, Exhaust fans installation : 10 Lakhs Provision of Jet fans, Ducting etc.; Proper air circulation to make area comfortable for working team
31	Procurement of additional high lift for art gallery	1	-	-	-	1	Additional high lifts for working at heights for maintenance activities at utility complex and L4 as under:- (a) procurement of High lift (AWP)-12m for utility complex (b) high lift with boom (AWP) – 17m ht. for L4. High lift (AWP)-12m for utility complex : 0.15 Cr & High lift with boom (AWP) – 17m ht. for L-4: 0.35 Cr. Access for working at heights for maintenance activities at utility complex and L4 i.e. check in hall.
32	25 Nautical Miles Charts from NRSA	1	-	-	-	1	Procurement of 25 NM charts from NRSA. Under CNS-ATM agreement with AAI, MIAL is obligated to ensure that approach and take-off paths to the runways at CSIA are clear of obstructions for safe aircraft operations. The 25 NM chart prepared by NRSA are very accurate and depicts the obstructions as they are captured using satellite imaging technique. This will give an overview of obstructions around CSIA. Rs. 50 Lacs payment to be made to NRSA after receiving the charts. Easy to identify the obstacles. Mumbai is a crowded city and therefore, carrying out the survey is a very challenging task. In case we have charts from NRSA, there is no need to carry out manual surveys to detect the obstacles. After identifying, action for removal of obstacles can be initiated. This will ensure safety of aircraft operations.
33	Netting for drains	0	-	-	-	0	There are a few drains passing through the airside, which attracts birds. By putting nets over drains, birds will not be able to access the drains and it will reduce bird concentration inside the airport. Reduction of bird activity near operational areas will reduce number of bird strikes, reduction in go around due runway inspections and achieve safety target. Cost of netting is Rs. 400 per sq mtr and approximately 11,000 sq mtr area needs to be covered with nets. Reduction of bird concentration inside the airport, reduction of bird strikes to aircraft and enhancement of safety of aircraft operations at the airport.
34	Recovery Van	-	0	-	-	0	Procure new vehicle of capacity of approx 14T, Multi axel, with recovery crane system. Existing vehicle of AAI is 16 years old and out lived its usable life. Vehicle Chassis Rs. 15 Lacs + Crane for recovery RS. 25 Lacs. It would be used for restoring the break down vehicles, lifting of FOD and heavy loads, to make available airside services i.e. Taxiways and Runways in shortest possible time.

Rs. In Crs.

Sr no	Particulars	FY 17 (Balance of FY 16)	FY 17	FY 18	FY 19	Total	Remarks
35	Breathing Air compressors(Old AAI times)	0	-	-	-	0	On urgent basis we require 2 nos of Breathing Air Compressors to fulfill day to day requirements of Routine fire training drills/Smoke Chamber drills which consume approx. 12 B A Sets per session.; Outdated 2 nos of Breathing Air Compressors are available at Fire Station. These were procured during AAI times and are quite old and unreliable. Cost is Rs. 20,00,000 per BA Compressor. Quick refilling and replacement of empty cylinders.
36	Inflating Tents	0	-	-	-	0	Procurement of 4 inflatable tents. These are the most important rescue equipment required during the monsoon /natural/disaster calamities and effective for handling big medical emergencies. As the old tents are beyond repair and their life has expired, 4 new inflatable tents need to be purchased. Cost is Rs. 8,00,000 per tent. Statutory requirement to handle passengers at open space and segregation of casualties by giving them temporary shelter in any adverse weather condition.
37	Installation of PAPI	0	-	-	-	0	27 Approach are mostly used as air direction supports to this approach, PAPI is mandatory requirement in case of failure, 27 Approach becomes non usable and ATC need to change to other Approaches. To avoid such issue, alternate PAPI is required. Redundancy available for PAPI, 27 Approach will be usable in the event of failure of any one set of PAPI units
38	Provision of testing bench at Utility complex	0	-	-	-	0	Develop the test lab for in house testing of systems, equipments etc.; Provision of Testing bench for Electrical instruments and water. Test bench with standard facility for testing of electrical fittings all rating, testing of Energy meters, testing and calibration of tools : Cost : 25 Lakh Test bench for water testing of STP/ Cooling Towers : Cost 5 Lakh
39	Levelling and grading of zone 2 of south of ruway 09-27	0	-	-	-	0	The existing side strip of RWY09 zone 2 area in front of GP Hut & RWY27 zone 2 area near DVOR & GP Hut is undulated & not graded as per standard. It causes water ponding during Monsoon. Due to water ponding birds are attracted and grass cutting operation is hampered. It is proposed to level & grade the undulated area in Zone 2 of RW09 &27 in south side for proper drainage of surface water during monsoon. Also it is proposed to provide RCC Pipe across the service road, connected to storm water drain. Levelling & Grading Total area - 38000 Sqm @ Rs. 40/- Rs. 15.20 Lacs Providing RCC Pipes Total Length 75 M @ Rs. 8000 Rs. 6.00 Lacs -- Total RS. 21.20 Lacs 1) Smooth flow of surface water to adjacent storm water drain. 2) Minimising bird hazard 3) Smooth operation of grass cutting.
40	Provision of Energy Meters & interface with billing server at T2	0	-	-	-	0	Accurate measurement of energy supply and usage to identify the losse top take corrective action; To provide SCADA connectivity of Energy meters. Enhance the quality and testings
41	Supply of Insulating mats for Substation and Closets	0	-	-	-	0	Provision of Insulating Mats at Substations and Closets; Statutory requirement as per Indian Electricity acts. Provision of LT insulating mats (Total 800 Sq Mtr.) : Cost Rs. 20 Lakh Provision of HT Insulating Mats (Total 100 Sq. Mtr.) Cost Rs. 5 Lakh
42	Improvement of drinking water system at New T2	0	-	-	-	0	Procurement & replacement of spares i/c booster pumps, filters, ARVs, PRVs etc.; To upkeep the drinking water spouts & water coolers in serviceable conditions. Drinking water fountains – T2 :32 Nos ,MLCP . 14 Nos. The drinking water fountains, coolers will be serviceable & quality of water will be fit for potable purposes.
43	Procurement of escalator cleaning machine	1	-	-	-	1	Escalator and travelator by its design has the fine grove, which could not be cleaned in conventional method and needs special equipment to clean the same. Procure the automatic specially designed equipment of Karcher make.
44	Provision of alternate supply to CRAC Unit, MCR 2 etc.	0	-	-	-	0	Provision of Alternate supply to CRAC Unit installed at MCR 2. Provision of LT Panel and ATS at SS 8-1 (Cost : 35 Lakh) Supply and laying of cable : (Cost : 15 Lakhs) Work would ensure reliable power supply to CRAC Unit.

Rs. In Crs.

Sr no	Particulars	FY 17 (Balance of FY 16)	FY 17	FY 18	FY 19	Total	Remarks
45	Inflating Boats	0	-	-	-	0	Procurement of 2 new inflatable boats. As per DGCA CAR, an airport needs to have the capability to carry out rescue of passengers in case an aircraft accident takes place in the vicinity of the airport. Considering the presence of Mithi river which is flowing just at the end of the runways, it is required that CSIA is equipped with the capability to carry out rescue in water if required. The boats available with CSIA are old and beyond repair. Cost is Rs. 10 00,000 per Inflatable boat. During flooding in monsoon season similar to year 2005 incident or in case of an aircraft accident taking place inside Mithi river, these boats will be very useful for search and rescue search operation and life saving purpose.
46	Provision of air curtains at T2	0	-	-	-	0	Infiltration of hot air and mixing the air with AC resulting in sweating and condensations, Mosquitoes and flies issue; Provision of high speed and low noise level Air curtains to create the air wall to prevent the infiltration of hot air and insects. 1. Provision of Air Curtains at Terminal 1 Gates (34 Nos.) Rs. 8 Lakhs 2. Provision of air curtain at Terminal 2 Gates (50 Nos.) Rs. 12 Lakh Better environmental conditions to passengers, Prevent insect based diseases.
47	Supply of spare ACB	0	-	-	-	0	Procure the spare ACB to use in case of failure on any ACB's in system; Lead time of ACB is quite long, to avoid the power interruption for longer duration spare ACB is required. 4000 Amos ACB 3 Nos. Cost Rs. 12 Lakh 1250/1000Amps ACB 3 Nos. Cost Rs. 8 Lakh Less Down time and easy for preventive maintenance
48	Improvement of illumination level at T2	0	-	-	-	0	Replacement of existing fittings by High Lumen out put fittings; Improvement of Lux Level at FLB's' Replacement of around 1200 fittings Cost : Rs. 20 Lakhs Improved passengers facility
49	Provision of portable load bank for UPS testing	0	-	-	-	0	Procurements of UPS Electronic load bank; To check performance, UPS require to be checked on dummy loads for its charging and discharging Load testing machine. Reliability of UPS Power to critical Equipments
50	Procurement of Pump trolleys & core cutting machine for E&M works at T2.	0	-	-	-	0	Procurement of Pump trolleys ,glass lifting trolleys, core cutting machine etc.; Trolley for material shifting (Glasses, civil materials, fixtures etc);Core cutting machine for drilling core for conduiting works. Pump trolleys, glass lifting trolleys, core cutting machine etc.:0.20 Cr. Materials i/c glasses handling, core cutting will be facilitated.
51	Jeep (Wildlife)	0	-	-	-	0	Vehicles were 8 years old (AAI) and out lived its useful life. Procurement of new vehicles (Bolero) is required for effective monitoring of wild life activities and maintain safety at airport.
52	Customs canteen	1	-	-	-	1	Canteen facility is provided to Customs officials and meeting stakeholders requirement. Work involves construction of HVAC system, kitchen Facility, PNG Facility & Civil and electrical works. Work is completed successfully and canteen handed over to Customs on 15-06-14.
53	AGM Vehicle	0	-	-	-	0	Present vehicle Scorpio will complete its useful life. Procurement of new vehicle is required for effective monitoring the airside activities.
54	Library	0	0	0	0	0	For Business Analysis, Market Intelligence & Research & Generating leads for Business Development, Procurement of Books, standards, periodicals journals. Knowledge sharing, Increase skill levels
55	Ambient Air Quality Monitoring System	1	-	-	-	1	Installation of Continuous AAQMS at CSIA for measurement & monitoring of all air quality parameters as per the circular. ; Installation of Ambient Air Quality monitoring station (AAQMS) as per the specifications given in the DGCA circular 4 of 2013. To comply with the legal requirements. It will measure the air quality at CSIA continuously and It will help CSIA to take decision to provide any control measures if required.
56	Consultancy services for water features/fountains at T2.	0	-	-	-	0	Modification of water features and taking statutory approvals as applicable; Statutory requirement for operation of water bodies. Compliance as per regulatory requirement
57	CDM Platform for JCC	0	-	-	-	0	Evaluation, procuring and integrating an application to receive and process data from heterogeneous systems and vendor solutions across airport in a structured manner to aid proactive collaborative decision making at JCC. An application platform facilitating information exchange and collaborative decision making at JCC. The application will facilitate different departments and units to conduct collaborative planning and provide accurate situational assessment for decision makers at different levels. It would also pop-up relevant level-wise SOPs for standardized and consistent approach to respond to irregular operations.

Rs. In Crs.

Sr no	Particulars	FY 17 (Balance of FY 16)	FY 17	FY 18	FY 19	Total	Remarks
58	Big FOD Bins (1100 Liter)	0	0	0	0	0	Procurement of 1100 liter of garbage bins for waste management. FODs at the airside are generated by stakeholders in the process of aircraft servicing. FOD bins are required to be placed in front of each stand so that FODs are collected and safety of aircraft operations is not impaired. If FODs are not collected in the bin and are ingested by aircraft engines, the engines may get damaged. These are required to be replaced every 4 to S years. Rs. 30, 000 per bin. Every year almost 6 to 7 bins will be procured for every year. It would lead to cleanliness of airside, minimising bird attraction to the debris and enhancement of safety of aircraft operations.
59	Provision of signage's inside Electrical Rooms	0	-	-	-	0	Provision of various signages like Emergency Exit, Arrow marking etc. Which is as per Regulatory & OHS requirement. 1. Signages for Substation Rs. 3 Lakh 2. Signages for MFP Rs. 3 Lakh 3. Signages for Closets Rs. 4 Lakhs
60	Supply of 11KV insulator for Sub station 7-1	0	-	-	-	0	3 Nos. 11KV MV insulator of L&T make Panel; New Insulator of HT Panel SS 7-1. Reliability of Power supply
61	Supply of Breaker testing kit	0	-	-	-	0	Procurement of Release testing kit. C Power L&T Breaker testing kit Rs. 6 Lakhs U Power L&T Breaker testing kit Rs. 4 Lakhs Healthiness of Equipment for reliability
62	AFTN	0	-	-	-	0	Installation of AFTN; Aeronautical Fixed Telecommunication Network is required to receive urgent messages on aircraft position I,e, Actual Time of departure, ETA etc and meteorological information and NOTAMs. The features of flight plans, meteorological data, NOTAMs etc. available from the AFTN network will enhance AOCC functions.
63	Vehicles for Height monitoring	0	-	-	-	0	Physical site verification for site elevation of planned constructions. No new obstacles are created due to planned constructions of buildings and structures. A vehicle for the exclusive use of height monitoring and site verification will enable the team to meet the benchmark of minimum 15 site verification in a week. Would help on timely removal of obstacles and no new obstacle created due to planned constructions of buildings and structures. This would lead to enhanced safety of airfield.
64	Provision of MS Structure for access to AHU's and Cooling Tower valve	0	-	-	-	0	Proper access to the valves of cooling Tower and AHU Motors; Provision of MS Structure. 1. Provision of Platform for Cooling Tower 6 Nos. Cost 15 Lakhs 2. Provision of Platform at AHU's Cost : 35 Lakh Personnel safety and proper maintenance
65	ASFT Vehicle	1	-	-	-	1	As per DGCA CAR, we have to measure the runway surface friction co-efficient every week to ensure that runway is safe and fit for operations. As of today we have an Airport Surface Friction Tester (ASFT) which is more than 6 years old and therefore occasionally develops snags and becomes unserviceable. So we need to purchase another ASFT which can act as a standby and also after a few years to replace the existing ASFT.
66	PPE suits	1	-	1	-	1	Procurement of 110 nos. Personal Protective Equipment (PPE) Suits for ARFF staff. PPEs are required to be worn by fire fighting personnel to protect them from getting injured while fighting fire. 110 nos. PPE Suits required for the ARFF staff as previously issued PPE are damaged due to continuous usage. Also company warranty period is over on 2014 – 2015 (at present only 20 Nos. of PPE are in good condition). Rs. 80,000 to Rs. 1,00,000 per PPE suit. Personal protection of fire staff during fire fighting as per the guideline of CAR.
	Total	87	13	10	6	116	

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Additional operational capital expenditure projects proposed by MIAL

Annexure

Department	Particulars	Amount (Rs in Crores)	Justification
E&M	Runway 32 & Taxiway E1 widening and strengthening for A380 operations	16.00	Presently only Runway 09/27 is suitable and certified for Code F aircraft operations. In case of non availability of Runway 09/27 due to any reason, CSIA becomes unavailable for Code F aircraft operations which results in diversion of Code F aircraft to other airports and inconvenience to airlines and passengers. Currently Taxiway E1 which is connected to Runway 14/32 is non compliant as its width, shoulder, graded strip portion, fillets at intersection with Runway and minimum separation from Runway are non-compliant as per DGCA CAR (Director General of Civil Aviation Civil Aviation Requirements) Para 3.9.5, 3.10, 3.11.4, 3.9.7,3.9.8. In order to upgrade Runway 14/32 to Code F, it is essential to widen and strengthen taxiway E-1. Therefore upgradadtion of Runway 14/32 to Code F standards and upgradation of Taxiway E1 to handle Code F aircraft taxing is required. 1)The main purpose of Upgrading Runway-32 & Taxiway-E1 is for A380 Operation, to meet the demand of Airline Community 2)To commence full commercial operation of Code F aircraft at CSIA with the stand by Runway all time 3) To minimize the Runway Occupancy Time (ROT) while in use of Runway-32 4)To assess the existing taxi route for a Code F aircraft taxiing to and from Runway-32 beginning and Via Taxiway-E1 (as on date Taxiway-E1 is Code _E Compatibility with 23 m High strength and 10 m wide Shoulders)
E&M	Mithi reiver Retaining wall	15.00	Phase 2 works on Mithi river retaining wall involving construction of 280 mtr length is to be completed at a cost of Rs 14 crores out of which 9 crores have already been incurred till 31 March 2016. Phase 3 works involving 200 mtr are to start in October 2016 and completed by March 2017 at a cost of Rs 10 crores. Rs 15 crores shall be incurred in FY 2016-17 apart from opening CWIP of Rs 9 crores and is for safety and security of the airport.
E&M	Rapid Entry Taxiway-N1	11.00	Runway 09/27 is the primary runway at CSIA. Runway 27 is used 94 % of the time. All the departing aircraft enter Runway 27 via Taxiway N1. N1 is connected to Runway 27 at a level of 90 degrees. It is proposed to convert Taxiway N1 from a normal Taxiway to a rapid access taxiway by constructing filates at the junction of Runway 27 and Taxiway N1. This will reduce the runway occupancy time for departing aircraft and enhance the runway capacity. 1)The Main Purpose of this Project is to Reduce the Runway Occupancy Time (ROT) as the RWY (Runway)-27 is Predominantly used RWY throughout the year 2)Providing and fixing centre line lights & edge lights to Rapid entry TWY (Taxiway) -N1, 3)Construction of proposed TWY will enable aircraft to enter the RWY-27 at a higher speed 4)No 90 degree turn in to RWY-27 5)Effect on jet blast on blast fence would be reduced

Department	Particulars	Amount (Rs in Crores)	Justification
E&M	Bleed of line- west side	5.00	This requirement has been raised based on Operational requirement to meet the contingency of Sorter breakdown. In case of both sorter failure, there will not be sortation available. Bags on sorter trays will required to be discharged on problem chute manually and bags in system will need manually shifted to level 1. The bags removed to level 1 will be checked through the standalone Screening machines . Departure will have major impact as only two standalone machines will be available for the check in bags with 300 bags/ Hr capacity which is hardly a percentage of the peak loads .This will in turn stop full Departure check in. This redundancy will help to clear the 70+% of check in bags on two separate carousel through four STM (Screen Transport Main) lines .This will give us the redundancy option with reduced throughput but will help to continue with Check in operations with reduced and restricted capacity. This will provide the quick drain of bags on sorter in case of one sorter failure. This will help to reduce the misconnections .
E&M	Rubber Removal Machine (RRM)	4.50	The main purpose of procurring one more Rubber Removal Machine (RRM) is essential to improve the efficiency of the Operation and ensure friction and safety As on date only one RRM is available. If there is any maintenance or breakdown of the existing machine, then there is no stand by of equipment. With increase in the number of flight movements, rubber deposit on the runway has increased proportionality.
Airside	CCTV	4.00	Airside at CSI Airport, mumbai handles 900+ landings / take offs, with 5000 + vehicular movement involving 20000+ employees in airside. Current CCTV cameras are located on the terminal buidling. There are no airside specific CCTV cameras which are able to capture airside movements/incidents. In past 3 years, 1725 number of incidents reported involving safety and passenger baggage theft and pilferage have been noticed. 180 CCTV cameras are required in order to have a 100% surveillance over the runway, taxiway, apron, aircraft parking area, vehicular movement areas upto baggage makeup and breakup area.
E&M	Expansion of security hold area for domestic operation at Level 3 at T-2	4.00	The existing security arrangement at T2 Level 3 may be inadequate after commissioning of Domestic operation of Indigo from T2. Accordingly as per SOM study carried out be design team, it is proposed to expand the existing SHA by providing additional X-ray machines, Door Frame Metal Detetctors & Civil works i/c finishes, flooring, false ceiling, mill work, MEP(Mechanical, Electrical & Plumbing) services etc for the expanded area. The cost includes Civil, Electrical, IT, HVAC, X-ray machines, equipments etc.
E&M	Provision of Ball mat /Roller bed container decking area in Baggage Break-up Area	3.00	In view of constraint of space availability for ULDs (Unit Load Devices) parking nearby to baggage make up area for the quick support of ULDs for departing flights, the area towards north of Baggage Break area has been identified for ULD storage .Vicinity of empty ULDs in next hall will improve the departure baggage services. As of now we are able to accommodate around 100 ULDs in assigned area. The proposed roller ball mat decking area will increase capacity up to 160+. Also, this will avoid damage to floor by direct placing ULDs on floor and to ULDs.

Department	Particulars	Amount (Rs in Crores)	Justification
E&M	Additional equipments for Night Maintenance of Runway & Taxiway (Photometric Bench Tester, RFID based Engineer Inspection & Maintenance System, etc)	2.84	In the recent past domestic Operations increased substantially. Every week main runway maintenance scheduled clostures happen on Monday and Thursday for 2 hrs between 1400hrs to 1600hrs. During that day Secondary runway is put on Operation and the Capacity of flight handling per hour is less the Main runway. Hence the slots are pushed and the delay is cumulative till 2000 hrs in the night. In order to minimize the delay and improve the efficiency of flight operations, night maintenance is proposed as it is a lean period. Mentioned equipments are essential to use in the night maintenance for safety working and improve on the efficiency
Airside	Altys software and hardware for getting aircraft movement data in Joint Control Centre (JCC)	2.00	Joint Control Centre (JCC) has been established at CSIA based on the Airport Operations Management System. This JCC comprises of representatives from various MIAL departments, Airlines, Ground Handlers and regulatory authorities like Customs and Immigrations. It aims at improving & managing the various airport resources at its optimum and add value to the overall operational functioning of the Airport. The JCC at New Terminal (New T2) is located at level-3 in a closed room with no view of outside which is absolutely essential to understand ground movement of flights, equipment and vehicles. The Altys software will provide the required visual depiction and information critical for successful and efficient operations. The system would provide a continuous flow of analytical outputs thereby creating the potential of increased number of Runway movements as well as efficient ground movement of flights. Deployment of Altys Solution would contribute to the Capacity Management by reducing delays, improving predictability of events, optimizing utilization of resources and more importantly taking the efficiency of the airport to the next level.
E&M	Standby Level-1 screening and server	2.00	Redundancy proposed is for HBS i.e. Hold Baggage Screening. HBS failure will have high impact on departure operations as screening will be done through standalone screening machines. This may totally stop the operations. This proposal will provide the reduced capacity for HBS operation by server at different physical location with screening staions.It will provide redundancy to the servers, any network switch related issues, any reason causing the shutdown of the servers etc.
Airside	Visual Guidance Docking System (VDGS) Display modification Phase 1	1.50	This is required for effective and safe maneouvoring of the aircraft in all seasons and give 24/7 operations.
E&M	Provision of HVAC at Fixed Link Bridge (FLB) & Security Hold Area (SHA) 7, 8 , bus lounge T1A	1.50	Post T1A closer, it is economical to supply the air conditioning to Fix Linked Bridge & Security Hold Area 7, 8 , bus lounge T1A from T1B/C chiller plant. This will result in reduction of Operation & Maintenance cost of chillers.
Terminal Operations	Signage	1.00	Expenditure is for procurement of illuminated signage similar to the ones installed in the Terminal have been ordered from Singapore. This was the last minute requirement of APHO, Airlines, CISF, Immigration, Customs and Mumbai Police.
Airside	CAST Software for Terminal and airside planning	1.00	As of today MIAL does not have any software tool for simulating changes planned at the airside, inside the terminal building and the roads at the landside. The purpose of the simulation is to assess the impact of the changes before the changes are actually implemented. Based on the outcome of the simulation study, the decision on implementation of the changes shall be decided. So it is planned to purchase a software tool (CAST/TAAM/ARC/any other) for carrying out the above mentioned simulation study.

Department	Particulars	Amount (Rs in Crores)	Justification
Airside	LED board displays for Targeted Off Block Time (TOBT)/ Target Start-up Approval Time (TSAT) on each parking stand	1.00	Successful operations is not just about upgrading and expanding airport infrastructure but also about foresight and the ability to adopt collaborative processes and tools for accurate information to put CSIA at the forefront of airport operational efficiency. MIAL in collaboration with AAI-Mumbai has implemented the A-CDM application which aims at improving operational efficiency, reducing delays, improving the predictability of events effectively, utilization of available slots and reduce the current buffer capacity. An important aspect of A-CDM is communication of Targeted Off Block Time (TOBT) to all personnel involved with turn-around activities of a flight at a stand. Equally important is communication of Target Start-up Approval Time (TSAT) to pilots. MIAL, therefore, proposes to utilise the Visual Docking Guidance Sysetm (VDGS) poles to install LED boards at each stand which will display Flight No, TOBT and TSAT. The other cost towards this project would be developing interface between A-CDM and AODB to capture the TOBTs and TSATs.
E&M	Reconfiguration of Pre Determined Positions (PDP) and access road for easy movement of Crash Fire Tenders (CFT)	0.98	The main purpose is to give access to Pre Determined Positions for the CFTs-(Crash Fire Tenders) during Aircraft Emergencies. Some of the existing PDP at CSIA are not enabling direct access to the runway and involve numbers of turns and penetrate the active taxiway which may result in delayed response during an Aircraft emergency . PDP has to be close and at right angle to the runway. It is therefore proposed to reconfigure some of the PDPs to enable expeditious movement of fire fighting vehicles into the runways. Hence modifications required to be carried out to meet the Quick Response Time (QRT). It is proposed to construct new bituminous road of width 6m wide for easy manuering.
E&M	Provision of power supply for Ground Power Unit (GPU)/ Pre Condition Air (PCA)	0.80	It is proposed to provide power supply for GPU & PCA at A1 to A8 at T1 to facilitate Airlines which will provide power supply & AC to air plane.
E&M	Improvement of Heating, Ventilation and Air Conditioning unit (HVAC) at T1C	0.75	At present the temparature at T1 C is not comfortable for passengers especially during summer. Thus it is proposed to improve HVAC capacity at T1C.
E&M	Provision of side stream filter for cooling Tower at T1 & T2	0.70	The purpose of filtration is to remove fine dirt, dust, smoke & organic particles that collect in water in the cooling tower. This increases effectiveness of Cooling towers.
E&M	Equipment for efficient maintenance of chillers of T2 (BTU meters, access to Cooling Tower (CT) and provision of monorail for lifting of heavy motors)	0.65	BTU meters are proposed to be installed to monitor effective performance of chillers, chiller thermal and electrical consumptions of 6 chillers at T2 At present the access to cooling tower motor at T2 is not possible due to unavailability of lifting/monorail. Monorail is required for lifting motor in case of breakdown.
E&M	Conversion of Taxiway edge light from convensional to retrofit LED	0.60	The main purpose of this work is to save energy. The other benefits include abundant candelas with very low power of LED, stable color temperature, longer life. LED operates with higher ambient temperature and in all weather and minimum maintenance cost
Medical	Design & Build Cost for proposed 01 Medical center at New T2 (Domestic SHA)	0.50	Medical centre required at T2 Domestic SHA.
Terminal Operations	Furniture and Fixtures	0.50	Furniture and fistures are required for 10 Facilitation counters including requirement for Meeters & Greeter Survival reception counter for Air Craft Crash, Counter for Passenger Re union Area. Day to Day requirement fulfillment of Customs, Immigrations and APHO (Airport Health Office)
Terminal Operations	Golf cart	0.50	The existing 5 nos 11 seaters golf carts will be replaced as the 11 seater buggy chaises are breaking due to rear and hind wheels and new 8 nos 6 seaters will be procured against the same. (for phase 3/4 operations).

Department	Particulars	Amount (Rs in Crores)	Justification
E&M	Install Signalling lamps at vehicular road crossing of taxiways	0.50	Signalling lamps help in regulating vehicles traffic and staff movement at the junction of taxiways at night time and bad weather conditions. It will help to mitigate the risk of jet blast impact. It is required to be installed to warn the traffic with regards to the movement of the aircraft on the Taxiway. The same is also a regulator's requirement.
E&M	LOC-14 (Localizer) Shifting (DGCA Non Complaince)	0.50	The localizer hut of runway 14 is located at the beginning of runway 32 is currently penetrating the approach surface of runway 32 and therefore an obstruction as per DGCA CAR. So it is proposed to relocate the localizer hut slightly away from the runway and reduce the height of the building by 1 meter so that the building is not penetrating the approach surface of runway 32. 1) The main purpose of doing the work is to remove the DGCA Non Compliances as LOC-14 falls within the Runway strip 2) As per AAI ILS Runway -14 RDHis only 50' instead of 52-53',so glide path of RWY needs to be relocated by 30 meter down the RWY. 3)As LOC-14 is currently situated 114 m from the RWY C/L and the requirement says it should be 120m away from the C/L 4) Hence, to meet the CAR Compliance-Anneure 10 Section 3.4.6 An Object situated on a runway strip which may endanger aeroplanes shall be regarded as an Obstacle and shall, as far as practicable, be removed & 3.4.7 No fixed Object, other than Visual aids required for air navigation and satisfying the relevant frangibility requirement, shall be permitted on a runway strip, this requirement needs to be executed
E&M	Improvement works at utility building and substations of T1B (Epoxy flooring, Signages, Civil repairs and painting, etc.)	0.50	Utility building being most vital installation for T2, certain modifications including civil refurbishments, road signages, road narkings, sheds, painting etc activities are proposed to be carried out to improve aesthetics & facilitate performance of the utilities in HVAC (Heat Ventilation & Air Conditioning) and Electrical building.
Terminal Operations	Radio Frequency Identification (RFID) for Trolleys	0.48	RFID helps in trolley inventory, monthly trolley counting/Auditing, circulation of trolleys at Departure and Arrival and ensures security of assets.
E&M	Epoxy flooring at South West Pier (SWP) MEP rooms at T-2	0.40	Epoxy flooring was not carried out in MEP rooms in Phase-1 &2 of Terminal 2 .As a result the floor is uneven & dusty which cause frequent clogging of Filters & affects performance of HVAC units. Hence it is proposed to provide Epoxy flooring in all MEP rooms in Phase-1,2 to have levelled & dust free floor surface.
	Others	8.02	These are miscellaneous opertiaonal expenditure essential for smooth and efficient operation of the terminal.
	Total	**91.72**	

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Annexure 14

Operational Capex for Second Control Period

Rs in Crores

Sr no	Asset	Cost Allowed as per Authority	Total cost as per MIAL	Incurred	Balance to be incurred
1	Tunnel under Runway 14/32	365	383	3	**380**
2	Construction of new RET (including cost of boundary wall and enabling cost) – 14/32 – E6	69	66	4	62
3	Recarpeting of RWY 09-27	62	65	-	**65**
4	Rescue & Fire Fighting Facilities	61	64	10	**54**
5	Reconstruction of RET N8 & provision of standby RET	35	26	3	**23**
6	Construction of compound wall - 15 Km.	31	33	1	**32**
7	Development of Airside perimeter roads		32	-	**32**
8	Passenger boarding bridges - T2 - Code F	25	33	-	**33**
9	Reconstruction of Apron "C"	16	42	-	**42**
10	Mithi River retaining wall	20	77	82	-
11	Additional baggage reclaim carousals at T2	20	41	18	**23**
12	Crash fire tenders	25	15	-	**15**
13	Central Store Utility Building	19	19	9	**10**
14	Airport Sweeper/Scrubber (additional)	9	9	0	**9**
15	Rescue Stairs vehicle	5	5	-	**5**
16	Grooving on Runway 32 rigid surface.	8	-	-	-
17	Structure of Approach Radar	3	3	2	**1**
18	Steel Gate for Mithi river opening	8	9	1	**8**
19	Provision of 5 MVA Sub-Stn. At Gaondevi area		5	0	**5**
20	Construction of TWY S7 & R Junction	11	12	0	**11**
21	Replacement of 04 marking machine	5	5	-	**5**
	Terminal Operations				
22	New T2-Trolleys/Trolley Scooter	7	9	4	**6**
23	New T2-Tensa Barrier/Tensa Top/Standies etc.	5	5	-	**5**
24	T1 (Queue Manager/Standalone AC/View Cuter Screen)	3	3	-	**3**
25	Medical Equipments/Wheel Chairs	3	3	-	**3**
26	PIDS Protection/ACS Systems	6	5	-	**5**
27	IT (not by Wipro)	8	8	1	**7**
28	CISF Family Accommodation at Chakala	9	9	-	**9**
29	CISF Barrack Accommodation at Kalina	5	6	-	**6**
30	Shifting of Terminal 1B Power House	5	5	2	**3**
31	Provision of VDGS for C D, L Aprons	5	5	0	**5**
32	Terminal 1A/ 1B Refurbishment		85	-	**85**
33	Construction of 2 parallel Code C taxiway - T2 Apron		23	10	-
34	Miscellaneous expenses	4	116	-	**116**
	Total (a)	**857**	**1,225**	**150**	**1,068**
	Add : Actual capitalisation in FY 16 (Only Aero)				**172**
	Add : CWIP as on 31 March 2016 (Only Aero)				**68**
	Add : Actual capitalisation in FY 15				**124**
	Total (b)				**1,432**
	Add : Additional items proposed by MIAL (c)				**92**
	Total (b+c)				**1,524**

Annexure 15

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AIRSIDE PERIMETER ROAD STATUS

T2
MUMBAI

AIRSIDE PERIMETER ROADS

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RWY-32 APPROACH

RWY-32 EAST SIDE

AIRSIDE PERIMETER ROADS

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ADJACENT TO FIRE DRILL PIT

AIRSIDE PERIMETER ROADS

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ROAD FROM BAY-A12 TO STP

AIRSIDE PERIMETER ROADS

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TWY-N1 EAST

RWY-27 APPROACH

AIRSIDE PERIMETER ROADS

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RWY-27 SOUTH SIDE

RWY-27 SOUTH SIDE NEAR SMR

AIRSIDE PERIMETER ROADS

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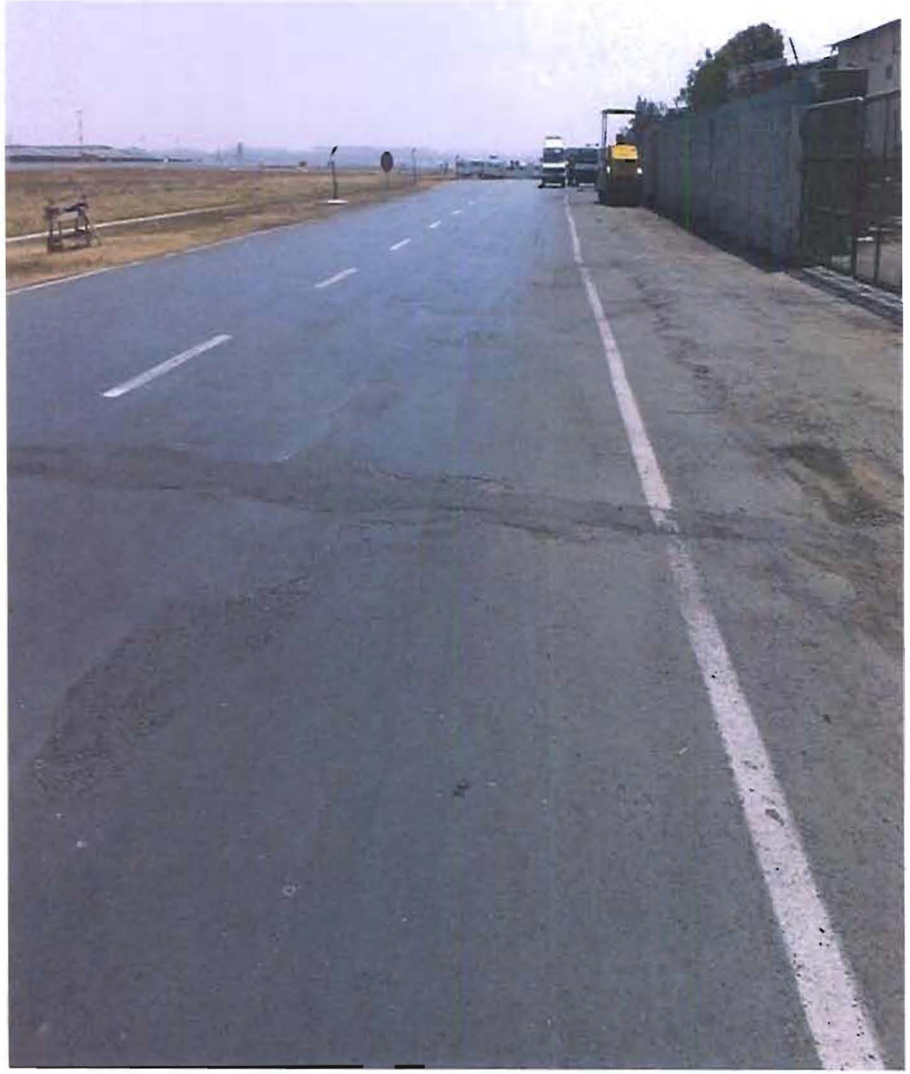
RWY-14 APPROACH

RWY-14 (WEST) CIVIL STORE



AIRSIDE PERIMETER ROADS

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IN FRONT OF BAY-1

RWY-14 (WEST) JET GSD

AIRSIDE PERIMETER ROADS

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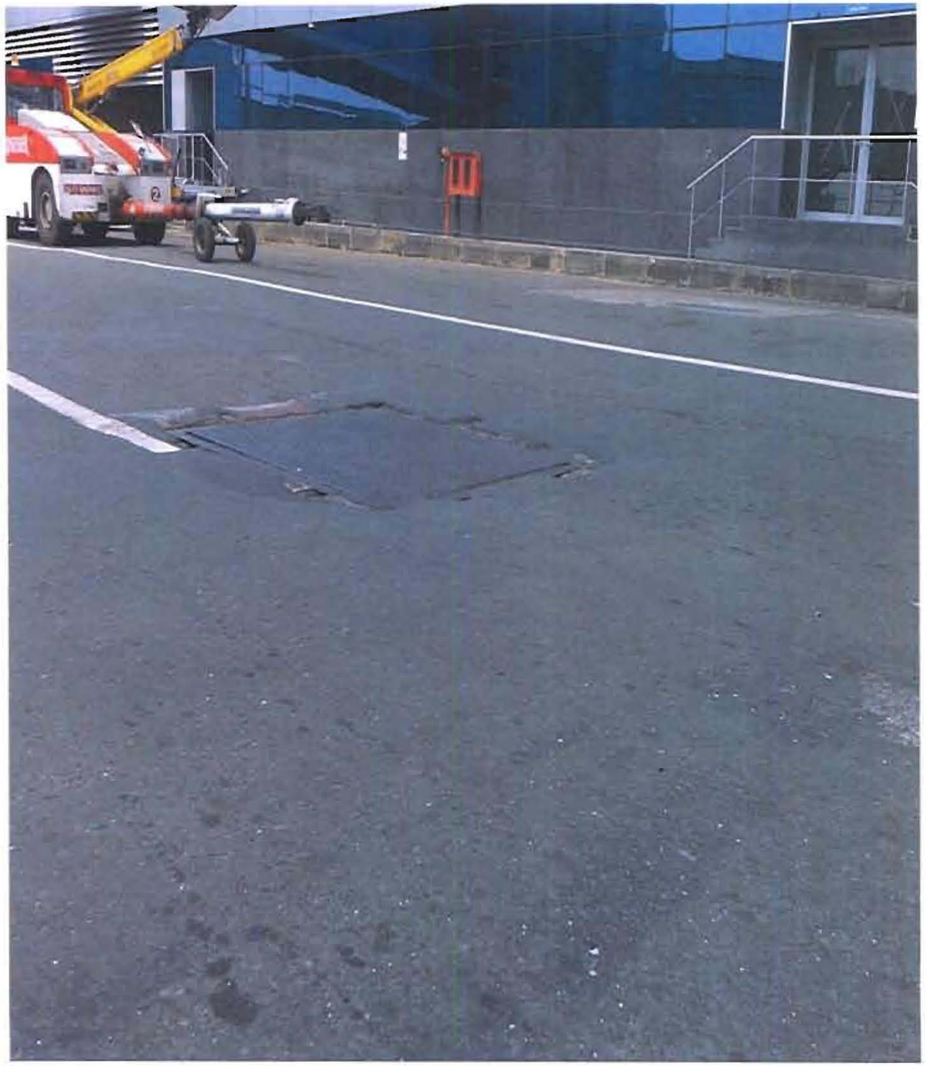
HEAD OF STAND ROAD- BAY-A5

HEAD OF STAND ROAD- BAY-A4



AIRSIDE PERIMETER ROADS

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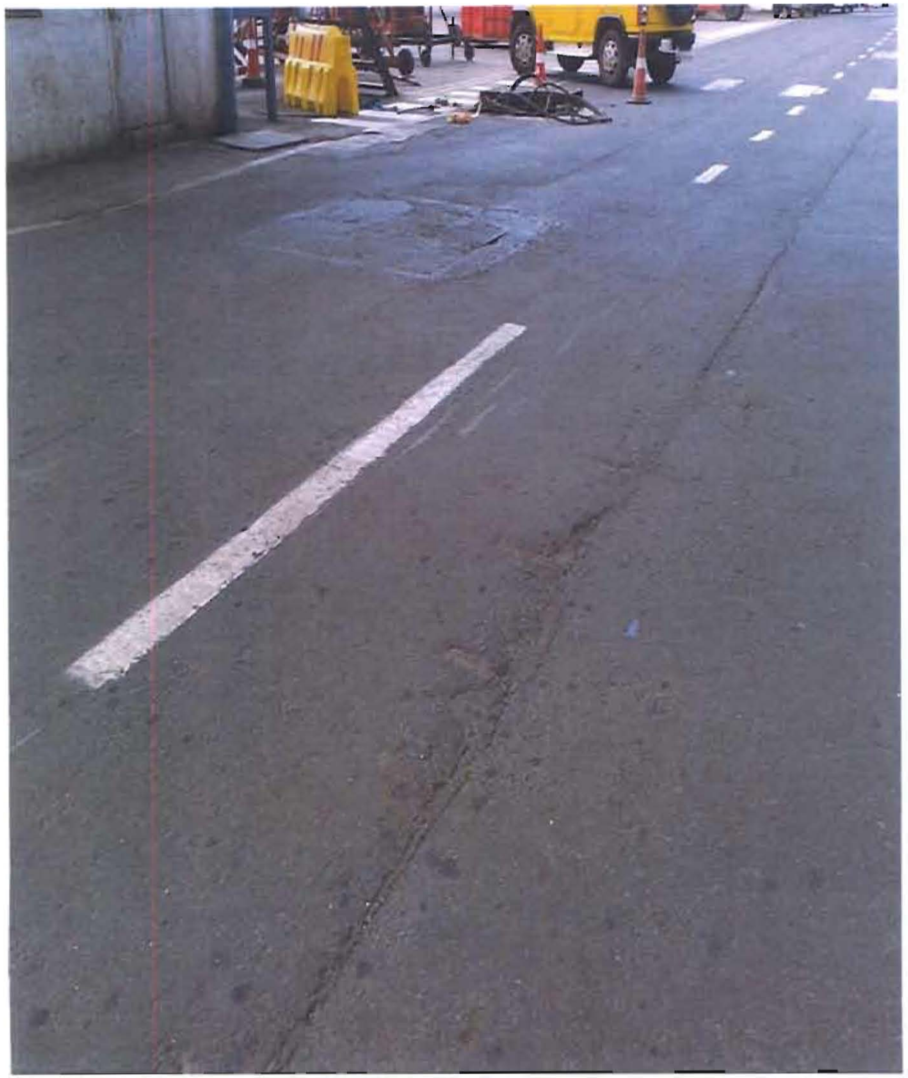
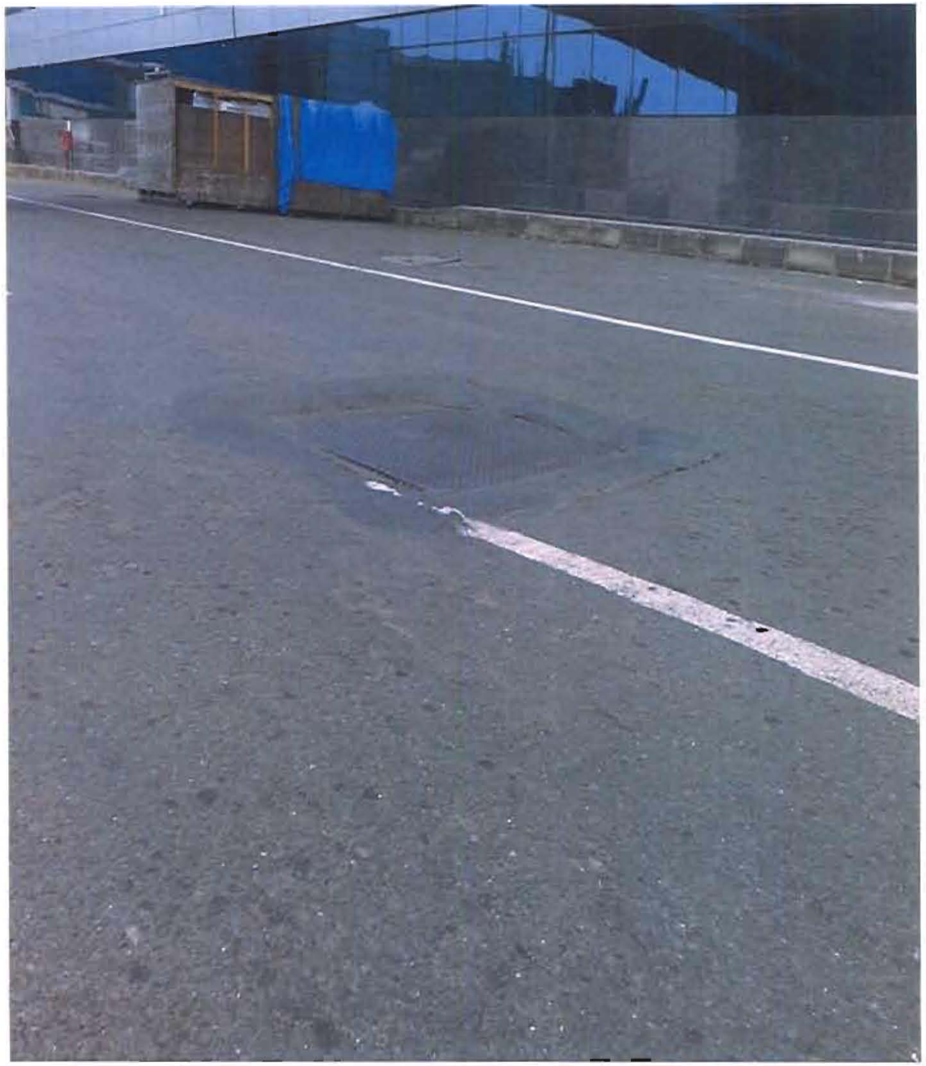
HEAD OF STAND ROAD-BAY-A9



HEAD OF STAND ROAD-BAY-A4



AIRSIDE PERIMETER ROADS

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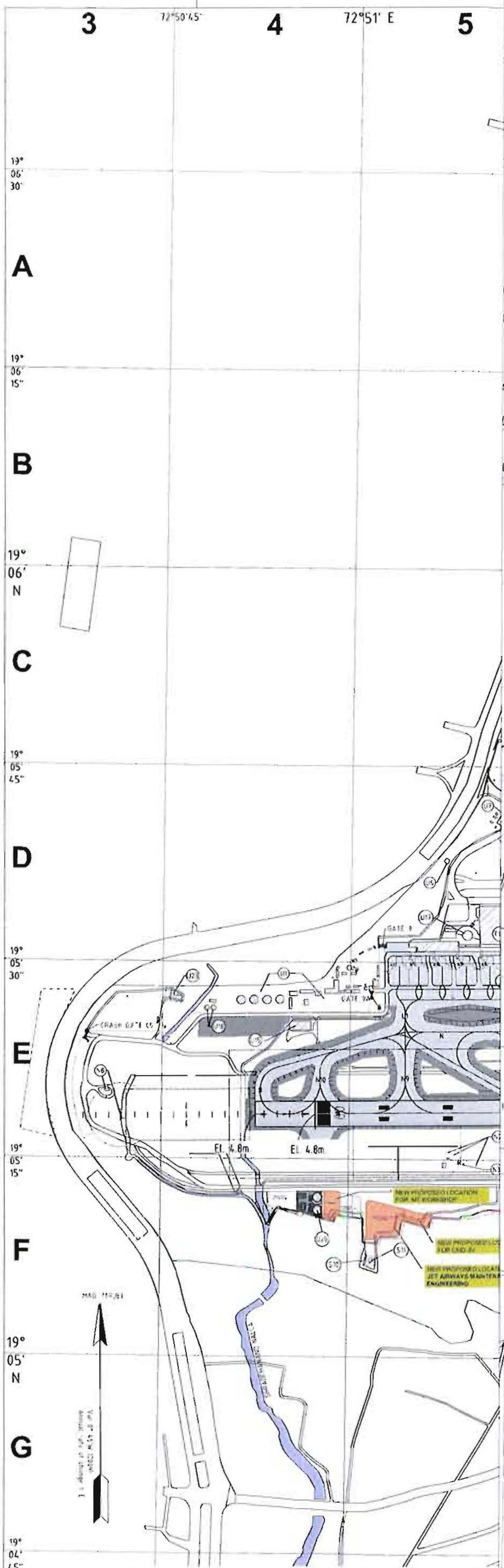
ROAD AROUND SMR-INFRONT OF BAY-12 &13

ROAD AROUND TRAFFIC ISLAND INFRONT OF GATE-1

Annexure 16



FACILITY LEGEND

G	GENERAL AVIATION	GRID
G1	Air Force Hangar	F7
G2	Air Works Hangar	F7
G3	Reliance Hangar	F7
G4	Essar Hangar	F7
G5	Indian Air Force Hangar	F7
G6	Navy Hangar	F7/8
G7	Taj Air Hangar	F8
G8	Indamar Hangar	F8
G9	Tata Hangar	F8
G10	Raymond Hangar	F8
G11	MIAL Corp. Aviation Terminal	F7

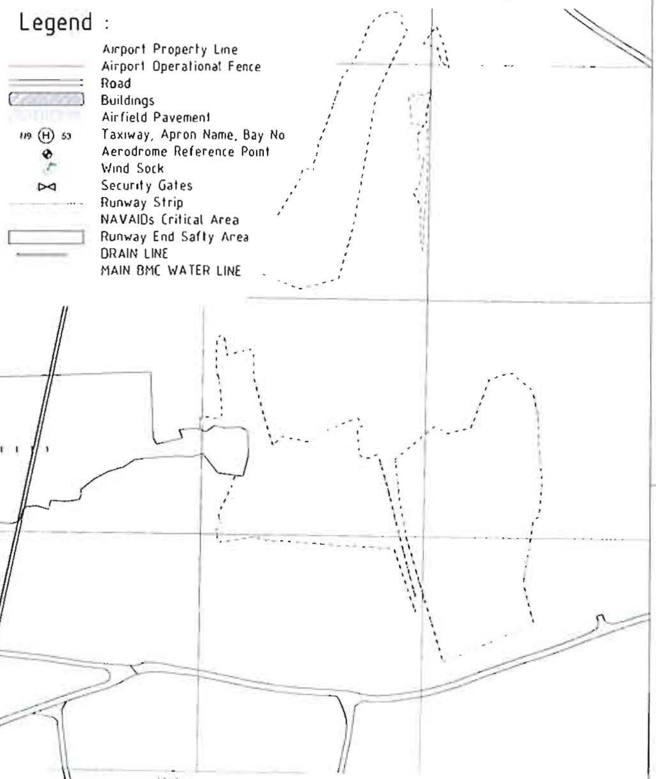
L	LANDSIDE FACILITIES	GRID
L1	Sahara Star Hotel	C,D/5,6
L2	T1 MLCP	D6
L3	Hotel Leela	3-10
L4	Ch Shivaji Statue	D5
L5	CSIA MAIN ENTRANCE	B6
L6	T2 MLCP	B10,11

N	NAVAIDs	GRID
N1	Approach Radar	D9
N2	RVR - RWY 09	E/F5
N3	GP Antenna CAT I - RWY 09	F5
N4	LLZ CAT I - RWY 09	F12
N5	New ASR	F6,11
N6	GP Antenna CAT I - RWY 27	E10
N7	RVR - RWY 27	E11
N8	LLZ CAT I - RWY 27	E3
N9	RVR - RWY 14	D8
N10	GP Antenna CAT I - RWY 14	D8
N11	LLZ CAT I - RWY 14	G11
N12	VOR / DME	F10
N13	PAPI 09	E6
N14	PAPI 14	D8
N15	PAPI 32	F10
N16	PAPI 27	E10
N17	SMR-1	E6
N18	SMR-2	F11

R	RESIDENTIAL COLONIES	GRID
R1	Air India Colony	G8,9,10
R2	IAC Staff Quarters	G/H 9,10
R3	N.A.D Staff Quarters	B7
R4	N.A.D Staff Quarters	A6,B6
R5	A.A.I Staff Quarters	A7/B8
R6	MET Staff Quarters	B6

A	AIRLINE SUPPORT	GRID
A1	GSE Air India	C9
A2	*Demolished*	
A3	Indian Airlines New Engg Complex	C7
A4	*Demolished*	
A5	*Demolished*	
A6	New Air India Line Maintenance Hangar	B7
A7	Jet Airways GSE Maintenance	C6
A8	Jet Airways Aircraft Maintenance	F6
A9	Air India Maintenance Hangar	F8/9
A10	Air India Maintenance Complex	F8,9/G9
A11	Indian Airlines Freight Warehouse / Maintenance / Admin	C/D6
A12	Air India Operations	F7
A13	Union Office	F7
A14	Medical Clinic	F7/8
A15	In Flight Services	F7
A16	Pistion Engine Test House	F9
A17	Transport Workshop	F7
A18	*Demolished*	
A19	Centralized / Kitchen	C10
A20	Transport Workshop & GSD Parking	C10
A21	Cabin Catering Stores	B10
A22	Cheffair (HCI)	B10
A23	Oberoi Flight Services	B9
A24	Ambassador Flight Kitchen	B11
A25	Air India Simulators	F7
A26	Grave Yard	F8
A27	*Demolished*	
A28	Stores Shed	F8/G9
A29	Cylinder Room	G9
A30	C.M.B.S GR	F6/7
A31	Potable Water Tank	E10
A32	Flight Safety Department	F8
A33	Go Down	F8
A34	NACIL GSD, Office, Paintshop (*L to R*)	B10
A35	Cabin Catering / Stores & Med Clinic	B10
A36	I.A Recreation Club	F6/7

C	AIR CARGO	GRID
C1	Cargo MIAL	D8
C2	Cargo Air India	C8/D9
C3	Foreign Airlines Cargo Terminals	C9
C4	*Demolished*	
C5	MIAL Cargo Building	C8
C6	MIAL CLF Area	D8
C7	(Temporary Domestic Cargo)	D6
C8	Blue Dart	C9
C9	Courier Terminal	C9
C10	Center of Perishable Cargo (CPC)	C/D 8/9



Note.

- Facilities developed after 2008 are based on available data, not surveyed

DECLARED DISTANCE (IN METERS)							
RWY	TORA	TODA	ASDA	LDA	DISPLACED THRESHOLD	RESA	
						WIDTH	LENGTH
09	3188	3188	3188	3048	140	120	240
27	3448	3448	3448	2965	483	120	240
14	2871	2871	2871	2471	400	90	90
32	2871	2871	2871	2673	198	100	150

Horizontal Coordinate system Geo (Lat/Long) WGS84 (UTM-43N)
Vertical Coordinate system. Meters MSL

REV	DESCRIPTION	DATE	BY

Mumbai International Airport Pvt. Ltd. (MIAL)

CSIA GRID MAP- Issue 4-TAXIWAY W & W1

Prepared By	Checked By	Approved By
Scale	Date APRIL 2016	Drawing Number

AIRSIDE PERIMETER ROADS

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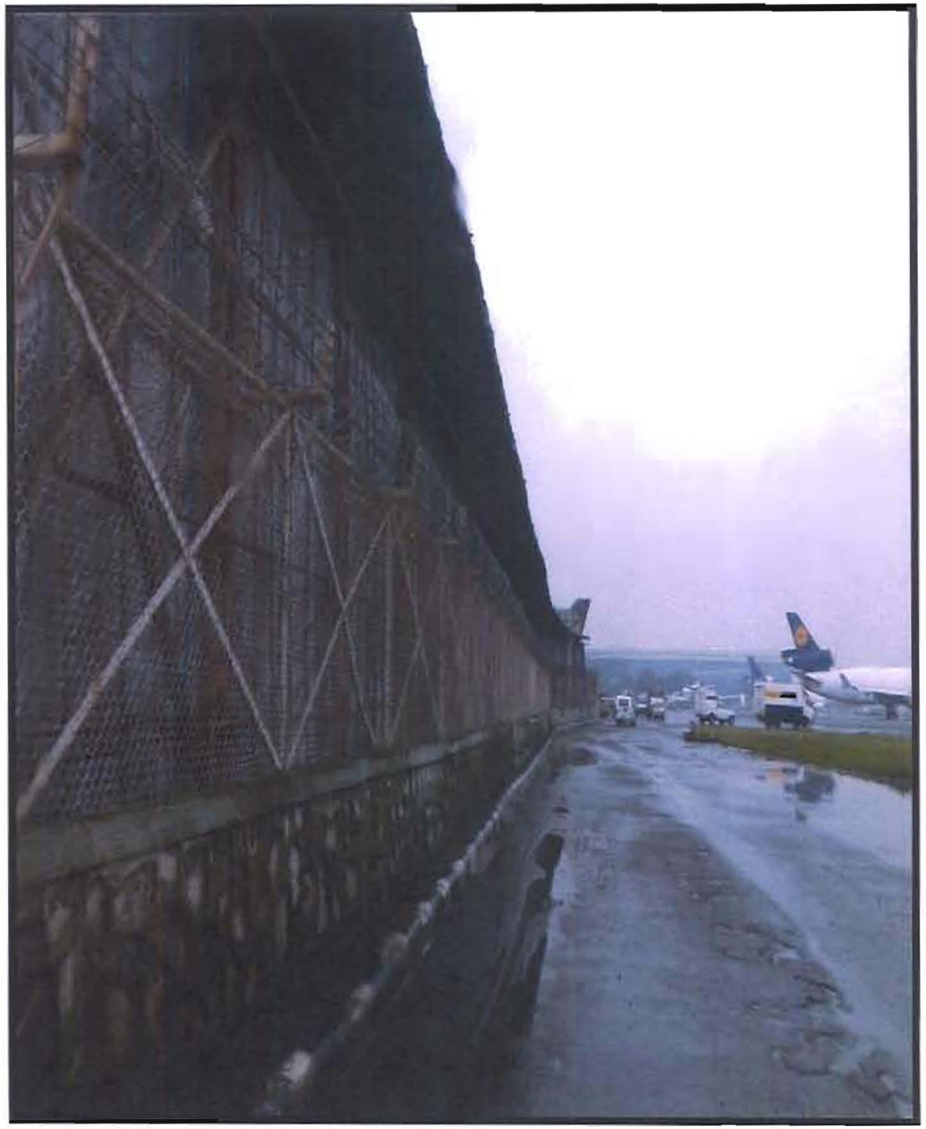
ROAD NEAR BAY- G1 & CARGO GATE-4B



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AIRSIDE PERIMETER ROADS

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ADJACENT TO BAY-G5

IN FRONT OF GATE-5

AIRSIDE PERIMETER ROADS

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RWY-32 BEGINNING

NEXT TO APRON-L & AIRFORCE BAY

Annexure 17

Terminal refurbishment cost

Annexure

Sr.No.	Description	Amount (Rs in million)
1	**Consultancy services (PMC contract)**	30
2	**Terminal 1B Landside**	
2.1	Curb side, replacement of vetrified tile to granite.	15
2.2	Diversion of sewage line and water line	0
2.3	Curb side lightings.	2
2.4	Curb side power system	2
3	**Ramp side**	
3.1	Ramp side road, redevelopement of manuring area at Arrival.	30
3.2	Redevelopment of baggage break-up area	10
3.3	Redevelopment of baggage make-up area	10
3.4	Modification of conveyor systems.	18
4	**Terminal Electrical / Mechanical**	
4.1	Modification to A/C systems (Replacement of AHU & reconstruction of AHU room)	53
4.2	Modification to A/C systems (Replacement of Chiller system 600 TR & its Cooling Tower)	32
4.3	Modification to A/C systems (Replacement of pipe lines, grills etc.)	6
5	**Lighting**	
5.1	Switch room modification	8
5.2	Replacement of LT panels	45
5.3	Lighting systems	10
5.4	Cabling and wiring	10
5.5	Power system	5
6	**VHT**	
6.1	Replacement of two lifts	12
6.2	Provision of additional lifts	18
6.3	Provision of sliding doors, air curtains, circular doors	10
6.4	Provision of two additional escalators	12
6.5	Modification of check in counters	5
7	**Terminal Civil**	
7.1	Strengthening of structure	10
7.2	Demolition and reconstruction of north side of the building.	100
7.3	Reconstruction and upgradation of toilets	50
7.4	Terminal flooring	50
7.5	Plastering, flooring, ceiling/refurbishment of 1st, 2nd & 3rd floor.	30
7.6	Water supply systems	30
7.7	Fire hydrant and sprinkler system	30
7.8	Cladding works	10
7.9	Interior works	50
7.1	Terrace water proofing	20
7.11	Replastering of building	10
7.12	Glazing works	5
7.13	Anti Termite treatment	3
8	**Electronics**	
8.1	IT/FPS/PA	10
	Misc	100
	Total	**849**

Annexure B

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De-stress structural notes, T1B

T2
MUMBAI

Ceiling exposed in Jet office near courier hall

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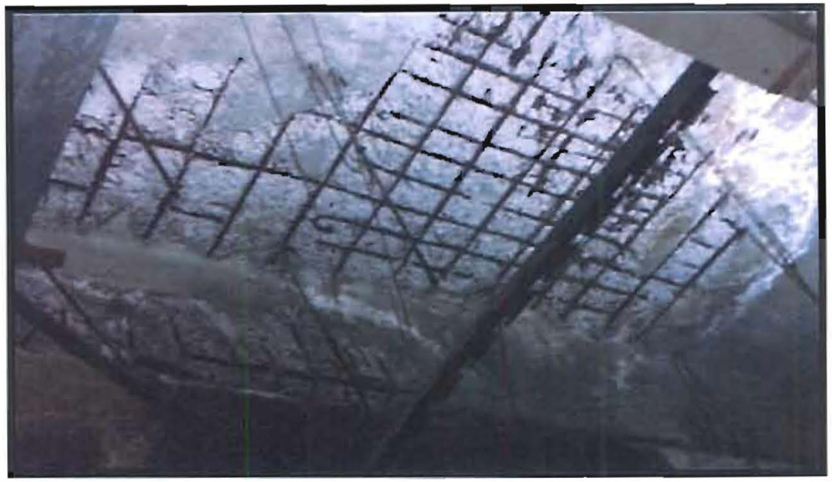

Canopy slab exposed near BMA I

GVK

Exposed reinforcement of Lift head room near gate no.1 also observed vertical crack on column

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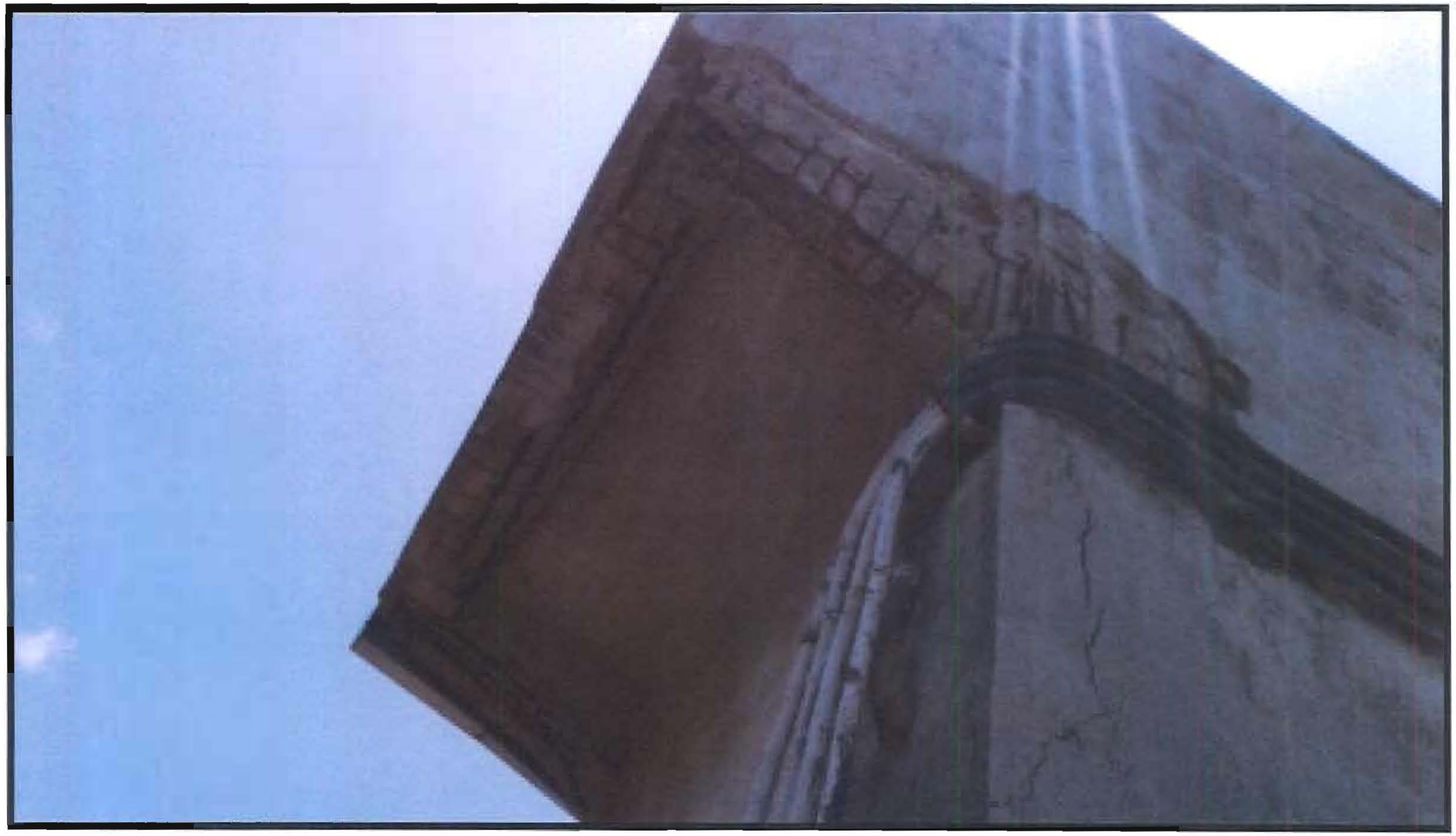

Gate no.1 Lift head room: Both column and beam severely damage.

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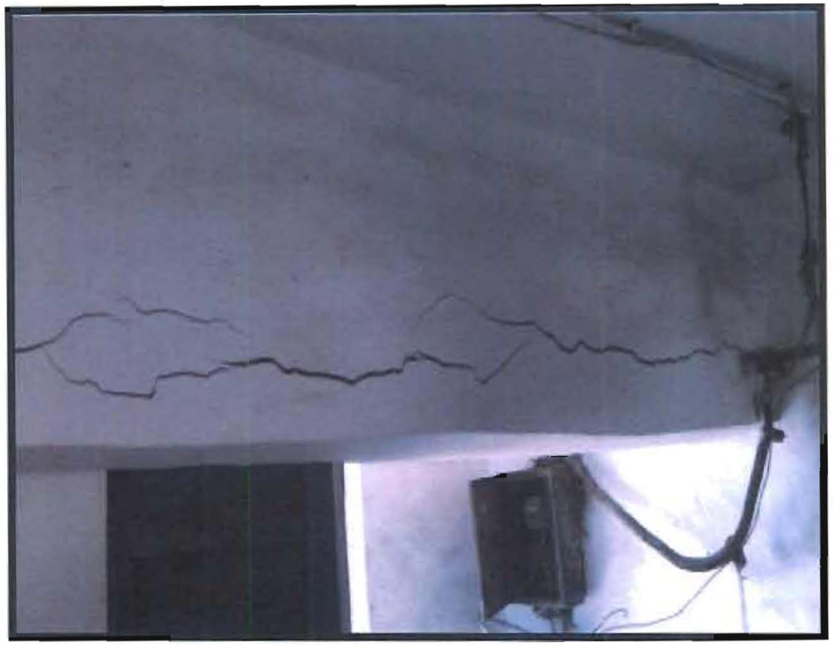

Chajja reinforced exposed at CISF training center (2nd Floor)

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Live Well office ceiling (It is working area)

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QRT Staircase : Damage beam of stair, Gate no.1

GVK

Crack in column outside Live Well office

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Cantilever slab as well as beam is damage, AOG

101

Separation cracks on joint are observed in departure dome.

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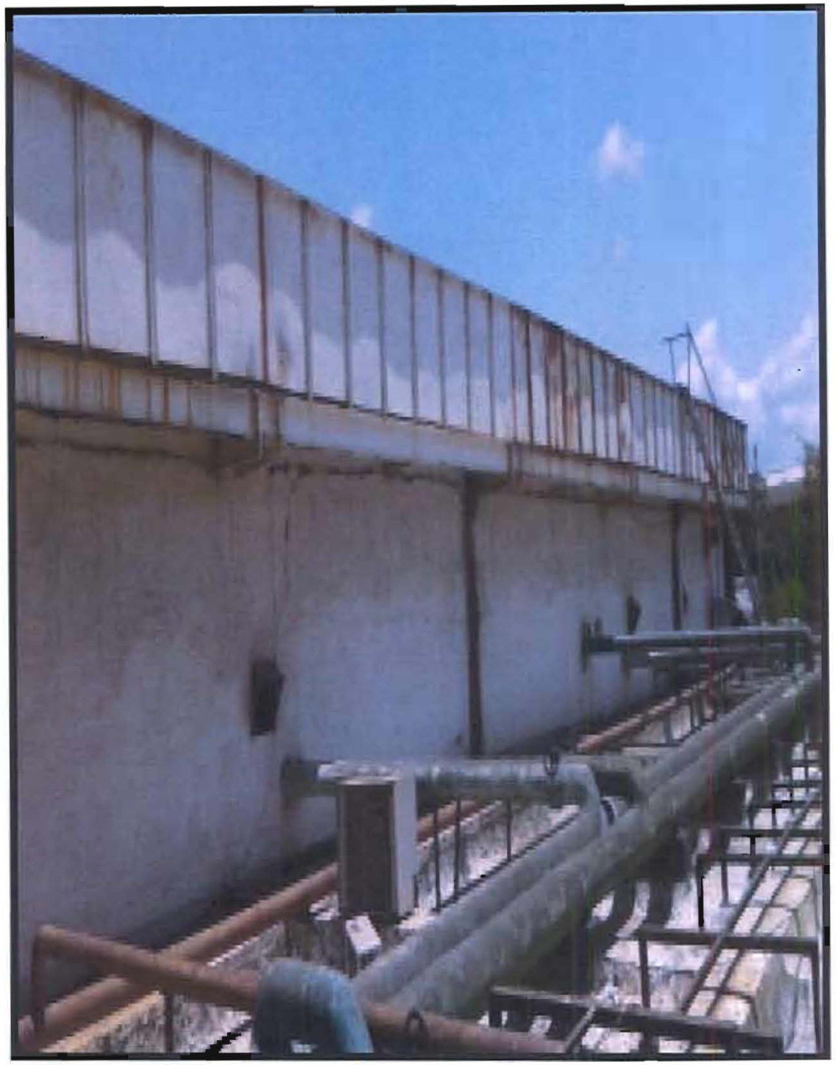


Annexure 19

Baggage reclaim **Annexure**

Reasons for installation of 2 additional belts (over and above 2 already proposed) are as under:

a) Baggage Reclaim arrangement

Only 4 of the reclaims currently in use are dual feed which only could be allocated to more than one flight if OMDA standards are to be achieved. At present, there are only six baggage reclaims for International operations. As per the design criteria, each reclaim could have been used by 3 aircrafts. However, due to introduction of larger aircrafts by airlines such as Code E and F, practicably it is feasible that on each baggage reclaims only 2 aircrafts are used. In view of this, the construction of Reclaim 7 and 8 will bring 2 further dual feed reclaims which are required for better passenger experience. The construction of further Reclaim 4 and 11 (which can swing for both Domestic and International operations) will bring 2 additional dual feed reclaims.

Reclaim Availability Summary (International Flights)

International Reclaim Availability	Reclaims	Flights		
		Capacity	Peak Demand	Shortfall
Design Capacity (Current)				
International Dual Feed	4	8		
International Single Feed (Swing Capability)	2	2		
Total	6	10	16	6
Proposed Capacity (After Addition of Reclaims 7&8)				
International Dual Feed	6	12		
International Single Feed (Swing Capability)	2	2		
Total	8	14	16	2
Proposed Capacity (After Addition of Reclaims 4&11)				
International Dual Feed	6	12		
International Dual Feed (Swing Capability)	2	4		
International Single Feed (Swing Capability)	2	2		
Total	10	18	16	0

As demonstrated above, addition of Reclaim 7&8 is absolutely necessary as even after adding them there is shortfall of 2 reclaim in the peak hours. Hence, addition of Reclaims 4 & 11 will not only meet the shortfall in international operations, but also provides the opportunity to use for domestic operations since these are capable to swing.

As North-West Pier is not available, the distribution of belts for the domestic flights will be asymmetric and will reduce operations capability to use East side swing belts (11 and 12) for international use.

b) Cost of baggage reclaims

The original supplier is ready to provide the baggage belts but only at exorbitantly high price and is also not willing to provide any ancillary works. In view of this project team is in process of shortlisting an alternative supplier to meet the functional requirements. Based on quotations received, the price of baggage reclaims would be atleast twice the cost of existing baggage reclaims. Procuring only 2 baggage reclaims now and 2 later on would lead to a situation where cost may again escalate 2-3 times.

c) Additional Interface of technology of baggage reclaims

Though MIAL has decided to go with the new vendors, procuring the belts from new vendor would result into different interface and integration of technologies along with different aesthetic and designs. Although alternate vendors can provide installations closer in appearance of the existing reclaims, there are slight variations and component differences. In addition it will not be possible to integrate into the existing BHS SCADA and a separate control system will be required.

If the construction of balance reclaims is deferred to a later date, there is a high risk that another vendor may have to be selected and once again there may be slight variations in looks, finish and components used which will impact on the architectural vision. Procuring only 2 baggage reclaims now having different interface and 2 later having different technology/ interface would lead to a situation with different versions of technologies needing to be integrated to existing system. Third set of controls will be required if the reclaims are not compatible which in addition to being operationally undesirable, will also add further unnecessary cost. Hence, MIAL has decided to install balance two baggage reclaims for T2 at this juncture itself to avoid multiplicity of interface and integration of technologies.

d) Meeting OMDA service quality parameters

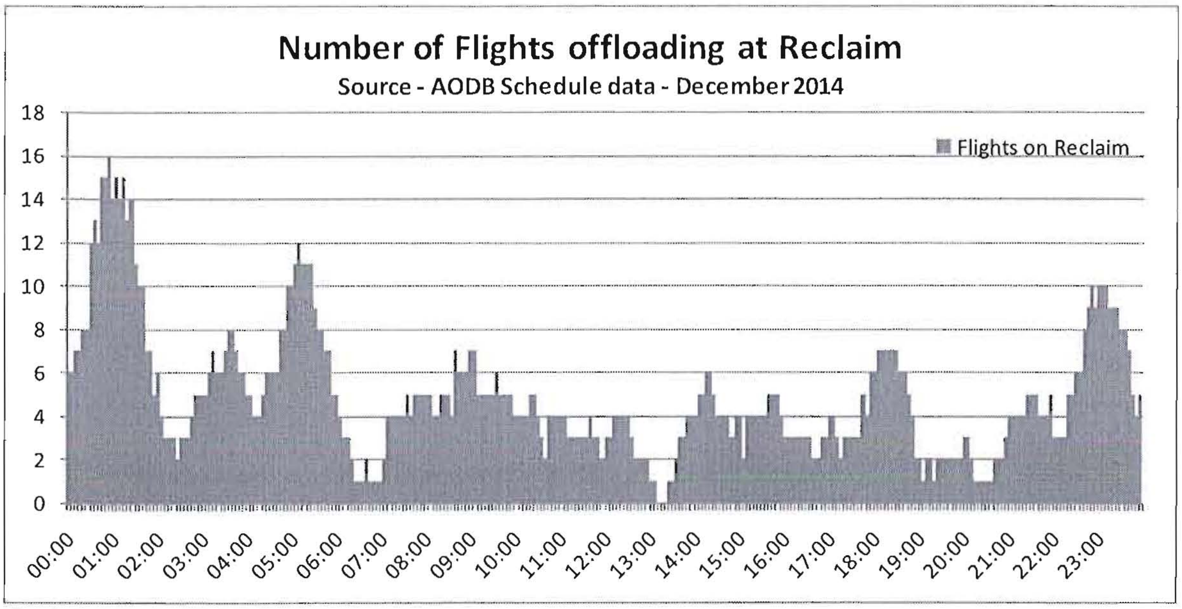
OMDA requirements for First and Last bag times can be affected when two flights are allocated to one reclaim as we can not avail of dual feed capability leading to too low passenger take off rate. Creating spare capacity that allows more instances of single flight to single reclaim will improve our ability to consistently achieve OMDA service quality parameters.

e) Customer experience

If the 4 reclaims are built now, they will offer an enhanced customer experience, and even during peak times we would be able to significantly reduce the number of occasions when two flights have to be allocated to a single baggage reclaim.

f) Demand and allocation of reclaim belts

For International flights, there is a specific peak as can be seen on the graph below, the biggest peak takes place between 0000-0100. This peak consists of a number of wide body flights which given the limitation of dual feed reclaims, can often be restricted to sharing single feed reclaims. During this peak a number of Airlines are also looking to increase the size of their aircraft, which will further impact on reclaim demand.



Typical allowance given for a reclaim is 60 minutes, this allows for baggage delivery within OMDA standards and additional time for passengers to remove the majority of the bags. To meet the baggage reclaim demands in peak hour, addition of 4 baggage reclaims is absolutely necessary.

Cost Estimate of two SS Reclaim carousels at T2 (carousel No.7,8,4 & 11) with in feed Screening lines

Import Supply and Services Claim Units (4 carousels) Claim Feed inbound lines (8nos. of In-feed lines) Local Portion Supply and services Claim Units Claim Feed inbound lines Amendment for Rubber to SS	INR 22.00 Crores
Auxiliary Systems X-Rays Machines (Hi-scan 100100V2-is) Custom OCR Custom Booth Control Desks First Bag last Bag CCTV FIDSSS" FIDS40" Signage for ADS Signage for Columns	INR 4.00 Crores
Additional Cost for following items • Electrical • Civil • Interface (ACS, FAS) • Associated signages • Carpet on Re-claim carousel • Fire Enclosure for Arrival Lines • IT Cabling for FB/LB • IT Cabling for HBS	INR 14.00 Crores
Total	INR 40.00 Crores

Assumptions:

Budgetary price is for Four Baggage carousels

Cumulative inflation for Pteris (Import, Local Supply & Services) is considered @15%

Annexure 20

CA

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 "Terminal 1B, Chhatrapati Shivaji International Airport ("CSIA"), Santacruz (East), Mumbai – 400 099", as agreed vide Engagement Letter dated 05th May, 2016 with respect to the certification of category wise assets capitalised during the financial year 2015-16 for the purpose of filing "Multi Year Tariff Proposal ("MYTP")" with Airports Economic Regulatory Authority of India ("AERA") for the controlling period 2014-15 to 2018-19.

Based on review of the books of account of the Company, we certify category wise assets capitalized during the financial year 2015-16 as below:

Rs in Million

Asset class	Projects	Operations	Real Estate	Grand Total
a)Tangible assets :				
Bridges, Culverts, Bunders, etc.	(44)	-	-	(44)
Buildings	9,119	1,689	53	10,861
Computer - End User Devices	68	11	-	79
Electrical Installations	1,238	116	-	1,354
Furniture and Fixtures	687	34	-	721
Office Equipment	4	15	-	19
Plant and Machinery	2,585	477	-	3,062
Roads	16	5	-	21
Runways, Taxiways and Aprons	5,098	60	-	5,158
Vehicles	-	10	-	10
Total (a)	**18,771**	**2,416**	**53**	**21,241**
b)Intangible assets :				
Computer – Software	19	2	-	21
Total (b)	**19**	**2**	**-**	**21**
Total additions during FY 2015-16	**18,790**	**2,418**	**53**	**21,262**

Note: Additions/adjustments includes reclassification of class of assets on account of component accounting.

Since the procedures performed in connection with the certification of category wise assets capitalised during the financial year 2015-16 do not constitute either an audit or a review 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 Airports Economic Regulatory Authority of India ("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: 23rd May, 2016

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 "Terminal 1B, Chhatrapati Shivaji International Airport ("CSIA"), Santacruz (East), Mumbai – 400 099", as agreed vide Engagement Letter dated 05th May, 2016 with respect to the certification of Operational Capital Work in Progress (CWIP) as on 31 March 2016 for the purpose of filing "Multi Year Tariff Proposal ("MYTP")" with Airports Economic Regulatory Authority of India ("AERA") for the controlling period 2014-15 to 2018-19.

Based on review of the books of account and classification of assets in to Aeronautical and Non-aeronautical submitted by the Company, we certify that the value Operational Capital Work in Progress (CWIP) as on 31st March, 2016 is Rs 2,185 Million as detailed in Annexure I.

Since the procedures performed in connection with the certification of Operational Capital Work in Progress (CWIP) as on 31 March 2016 connection do not constitute either an audit or a review 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 Airports Economic Regulatory Authority of India ("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: 23rd May, 2016

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 I

Project name	Rs in Million
(A) Aeronautical	
Mithi River - Retaining Wall	97.45
Central Stores Utility Building (CSUB)	94.77
Baggage Handling System	65.77
Miscellaneous #	189.28
Rapid Exit Taxiway E6	44.94
Jet Parlusion 5	39.42
Indian Airlines (IA) Road	31.70
Tunnel under RW14	30.79
Radar Building	18.63
Shifting of T1B power house	16.32
Sewage Treatment Plant (STP)	15.28
Design Services and Procurement Activities (DSPA)	15.09
Sahar Road Pipleline	10.88
Sewer Network	10.02
Total Aeronautical (A)	**680.35**
(B) Non-aeronautical	
Multi Level Car Park (MLCP) T1B	884.91
Export Heavy Cargo Shed	243.53
Central Public Works Department (CPWD)	115.47
Metro Stations	65.91
Urban Planning	47.30
Domestic Cargo	27.85
Yellow Fever taxi staging	23.60
Miscellaneous #	96.29
Total Non-aeronautical (B)	**1,504.86**
Grand Total (A+B)	**2,185.21**

Miscellaneous includes items lessthan Rs 1 Million

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

Annexure 22

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 "Terminal 1B, Chhatrapati Shivaji International Airport ("CSIA"), Santacruz (East), Mumbai – 400 099", as agreed vide Engagement Letter dated 05th May, 2016 with respect to the certification of , value of assets constructed by MIAL and handed over to NACIL/ Air India and Line Maintenance office building of other airlines falling within the Terminal 2 apron area, for the purpose of filing "Multi Year Tariff Proposal ("MYTP")" with Airports Economic Regulatory Authority of India ("AERA") for the Control Period 2014-15 to 2018-19.

Based on the certification from the management for identification of assets and on our review of the books of account of the Company, we certify that the value of assets constructed by MIAL and handed over to:

i) NACIL/ Air India falling within the Terminal 2 apron area, is Rs 2,152.72 Million (Details as per **Annexure 1**).
ii) other airlines, in lieu of airlines Line Maintenance office building falling within the Terminal 2 apron area, is Rs 152.23 Million (Details as per **Annexure 2**).

Since the procedures performed in connection with the certification of value of assets constructed by MIAL and handed over to NACIL/ Air India and Line Maintenance office building of other airlines falling within the Terminal 2 apron area do not constitute either an audit or a review 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 Airports Economic Regulatory Authority of India ("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: 23rd May, 2016

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 1

NACIL / Air India assets (Other than Line Maintainence building)

Asset Code	Asset Class	Asset description	Capitalisation Date	Gross Block as at March 31, 2014 Rs in Million
10132000620	Buildings	NACIL - Runup Bay - Civil Works	01.01.2014	221.19
10131006010	Buildings	NACIL - Annexure Building - Civil Works	01.01.2014	162.80
10132000621	Buildings	NACIL - Runup Bay - Civil Works	31.03.2014	120.02
10131006011	Buildings	NACIL - Annexure Building - Civil Works	31.03.2014	84.53
10132000601	Buildings	NACIL - Runup Bay - Blast Fence	31.03.2014	30.36
10131005100	Buildings	Union Office (NACIL Relocation) - Civil Works	21.12.2012	19.12
10132000600	Buildings	NACIL - Runup Bay - Blast Fence	01.01.2014	15.99
10131004300	Buildings	NACIL Interim Kitchen - Civil Works	30.06.2011	6.06
10131006030	Buildings	NACIL - Annexure Building - Landscaping	01.01.2014	4.48
10131006060	Buildings	NACIL - Oxygen & Nitrogen Store Structure	01.01.2014	2.97
10131006040	Buildings	NACIL - Dining Facility	01.01.2014	1.96
10131006061	Buildings	NACIL - Oxygen & Nitrogen Store Structure	31.03.2014	1.83
10131006021	Buildings	NACIL - Annexure Building - EFD Room	31.03.2014	1.18
10131006020	Buildings	NACIL - Annexure Building - EFD Room	01.01.2014	0.80
10131006031	Buildings	NACIL - Annexure Building - Landscaping	01.01.2014	0.71
10131006041	Buildings	NACIL - Dining Facility	31.03.2014	0.54
10132000610	Buildings	NACIL - Runup Bay - Boom Barriers	01.01.2014	0.23
10132000611	Buildings	NACIL - Runup Bay - Boom Barriers	01.01.2014	0.02
10171006170	Computers	NACIL - Annexure Building - Data Centre	01.01.2014	15.37
10161009680	Furniture & Fixtures	Personnel Dept & Ace Bank (NACIL Relocation) -Furn	17.08.2012	0.17
10151005030	Office Equipments	NACIL Interim Kitchen - Equipment	30.06.2011	1.60
10154001030	Office Equipments	Union Office (NACIL Relocation) - HVAC Works	21.12.2012	1.13
10154001020	Office Equipments	Personnel Dept & Ace Bank (NACIL Relocation) -HVAC	17.08.2012	0.51
10142000830	Plant & Machinery	NACIL - Annexure Building - Fire Protection & Detection	01.01.2014	60.22
10149203280	Plant & Machinery	NACIL - Annexure Building - Electrical Works	01.01.2014	56.35
10141005180	Plant & Machinery	NACIL - Annexure Building - HVAC System	01.01.2014	30.45
10142000831	Plant & Machinery	NACIL - Annexure Building - Fire Protection, Det	31.03.2014	29.04
10141005181	Plant & Machinery	NACIL - Annexure Building - HVAC System	31.03.2014	16.72
10141005160	Plant & Machinery	NACIL - Annexure Building - VHT System	01.01.2014	16.07
10141005150	Plant & Machinery	NACIL - Annexure Building - PHE System	01.01.2014	14.58
10141005161	Plant & Machinery	NACIL - Annexure Building - VHT System	31.03.2014	10.42
10141005151	Plant & Machinery	NACIL - Annexure Building - PHE System	31.03.2014	6.61
10149203281	Plant & Machinery	NACIL - Annexure Building - Electrical Works	01.01.2014	6.55
10141005170	Plant & Machinery	NACIL - Annexure Building - Compressed Air Piping	01.01.2014	4.39
10141005200	Plant & Machinery	NACIL - Runup Bay - Electrical Works	01.01.2014	3.93
10141005171	Plant & Machinery	NACIL - Annexure Building - Compressed Air Pipin	31.03.2014	3.03
10149202940	Plant & Machinery	Personnel Dept & Ace Bank (NACIL Relocation) -Elec	17.08.2012	2.00
10141003300	Plant & Machinery	Union Office (NACIL Relocation) - PHE Works	21.12.2012	1.78
10149202950	Plant & Machinery	Union Office (NACIL Relocation) - Electrical Works	21.12.2012	1.58
10149203300	Plant & Machinery	NACIL - Run Up Bay - Electrical Works	01.01.2014	0.49
10141005201	Plant & Machinery	NACIL - Runup Bay - Electrical Works	01.01.2014	0.46
10149203301	Plant & Machinery	NACIL - Run Up Bay - Electrical Works	01.01.2014	0.05
10142000440	Plant & Machinery	NACIL Interim Kitchen - Fire Extinguisher	30.06.2011	0.02
10141005190	Plant & Machinery	NACIL - New LMD Hanger - EOT Crane	01.01.2014	2.69
10141005191	Plant & Machinery	NACIL - New LMD Hanger - EOT Crane	31.03.2014	1.03
10149203290	Plant & Machinery	NACIL - New LMD Hanger - Electrical Works	01.01.2014	0.95
10149203291	Plant & Machinery	NACIL - New LMD Hanger - Electrical Works	01.01.2014	0.10
10131006050	Buildings	NACIL - New LMD Hanger - Civil Works	01.01.2014	481.65
10131006051	Buildings	NACIL - New LMD Hanger - Civil Works	31.03.2014	198.08
10131003550	Buildings	NACIL CARGO BUILDING(CIVIL, INTERIOR AND PLUMBING	04.01.2009	9.34
10131004570	Buildings	NACIL Interim Medical Centre - Civil Works	31.12.2011	2.83
10131005030	Buildings	Hangar Extension (Air India) - Civil Work	30.09.2012	426.55
10131005031	Buildings	Hangar Extension (Air India) - Civil Work	30.09.2012	25.92
10149202910	Plant & Machinery	Hanger Extension (Air India) - Electrical Work	30.09.2012	3.45
10149202600	Plant & Machinery	NACIL Interim Medical Centre - Electrical Works	31.12.2011	2.21
10131004530	Buildings	ECO Porta Cabin (Size 4' X 4') - NACIL	31.12.2011	0.04
10171004560	Computers	NACIL CARGO BULD(CABLE FOR TELEPHONE,DATA CABLE)	04.01.2009	0.33
10141002570	Plant & Machinery	NACIL Interim Medical Centre - PHE Works	31.12.2011	0.14
10146000100	Plant & Machinery	NACIL Interim Kitchen - HVAC	30.06.2011	0.11
10141003290	Plant & Machinery	Personnel Dept & Ace Bank (NACIL Relocation) - PHE	17.08.2012	0.09
10141002590	Plant & Machinery	NACIL Interim Medical Centre - Telecom Cabling	31.12.2011	0.04
10131005090	Buildings	Personnel Dept & Ace Bank (NACIL Relocation) -Civi	17.08.2012	4.65
10131003560	Buildings	MATIC ASPHALT FLOORING - BLUE DART, JET & NACIL CA	04.01.2009	2.52

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

Asset Code	Asset Class	Asset description	Capitalisation Date	Gross Block as at March 31, 2014 Rs in Million
10161008170	Furniture & Fixtures	NACIL Interim Kitchen - Furniture & Fixture	30.06.2011	1.95
10151005020	Office Equipments	NACIL Interim Kitchen - Dumb Waiter	30.06.2011	0.58
10141001920	Plant & Machinery	NACIL Interim Kitchen - Electrical Fittings	30.06.2011	1.63
10141001930	Plant & Machinery	NACIL Interim Kitchen - PHE	30.06.2011	0.50
10161008640	Furniture & Fixtures	NACIL Interim Medical Centre - Furniture & Fixture	31.12.2011	1.53
		Sub-total (a)		**2,127.22**

10141005250	Plant & Machinery	Electrical & HVAC work for Air India Office atRoomW61031 at T2	10.01.2014	1.77
10146000371	Plant & Machinery	South West Pier- Level 1 (LM Office - Air India)	31.03.2013	1.21
10161009870	Furniture & Fixtures	South West Pier- Level 1 (LM Office - Air India)-F	31.03.2013	0.09
10161009920	Furniture & Fixtures	South West Pier- Level 1 (LM Office - Indian Airli	31.03.2013	0.03
10131005170	Buildings	South West Pier- Level 1 (LM Office - Indian Airli	31.03.2013	9.14
10131005151	Buildings	SWP- Level 1 (LM Office - Air India)-C	31.03.2013	2.27
10149202980	Plant & Machinery	South West Pier- Level 1 (LM Office - Air India)	31.03.2013	4.66
10149203000	Plant & Machinery	South West Pier- Level 1 (LM Office - Indian Airlines	31.03.2013	2.26
10142000620	Plant & Machinery	South West Pier- Level 1 (LM Office - Air India)-F	31.03.2013	1.28
10141003620	Plant & Machinery	South West Pier- Level 1 (LM Office - Air India)	31.03.2013	0.68
10146000370	Plant & Machinery	South West Pier- Level 1 (LM Office - Air India)-H	31.03.2013	0.53
10142000660	Plant & Machinery	South West Pier- Level 1 (LM Office - Indian Airli	31.03.2013	0.50
10146000391	Plant & Machinery	South West Pier- Level 1 (LM Office - Indian Air	31.03.2013	0.42
10141003590	Plant & Machinery	South West Pier- Level 1 (LM Office - Indian Airli	31.03.2013	0.23
10146000390	Plant & Machinery	South West Pier- Level 1 (LM Office - Indian Airli	31.03.2013	0.18
10142000650	Plant & Machinery	South West Pier- Level 1 (LM Office - Indian Airli	31.03.2013	0.06
10142000610	Plant & Machinery	South West Pier- Level 1 (LM Office - Air India)-F	31.03.2013	0.19
		Sub-total (b)		25.50
		Total (a+b)		**2,152.72**

Annexure 2

10131003850	Buildings	Line Maintenance Building - Civil works	30.09.2009	105.49
10141005260	Plant & Machinery	Supply of electrical work for Airline at T2	08.01.2014	3.66
10146000880	Plant & Machinery	Modification to HVAC System of AirlinesOffices Loc	02.01.2014	0.91
10149202881	Plant & Machinery	South West Pier- L1 (ALM Areas)-Electrica Works	30.06.2012	42.17
		Total (c)		**152.23**

Total of value of relocated assets (a+b+c) **2,304.95**

BRAHMAYYA & Co. Chartered Accountants HYDERABAD

Annexure 23

O/C

प्राप्त/RECEIVED
AIR INDIA LTD./एअर इंडिया लि.
18 APR 2016
कार्यपालक निदेशक (प.क्षे.) का कार्यालय
OFFICE OF THE EXECUTIVE DIRECTOR
मुंबई/MUMBAI

MIAL/AIL-0416/029

GVK

18th April, 2016

Executive Director – Western Region,
Air India Ltd.,
Transport Complex Building,
CSI Airport, Vile Parle East,
Mumbai – 400 099.

Sir,

Sub: Assets created by MIAL for Air India Ltd

This has reference to subject matter.

AERA requires confirmation from Air India regarding occupation and usage of the following facilities created and handed over by Mumbai International Airport Pvt. Ltd. to Air India Ltd., which are in possession and being used by Air India for their operational and other purposes:-

1. Interim domestic cargo facility near Terminal 1B including Mastic flooring
2. Line Maintenance Hangar and its Annex building, including Run up bay at New Engineering Complex (NEC)
3. Union office facilities at NEC
4. Interim kitchen and dining facility at NEC
5. Oxygen and Nitrogen storage shed at NEC
6. Offices of Personal Department and ACE Bank at NEC
7. Extension of Hangar at NEC
8. Interim Medical Centre at NEC
9. ROFS facility near T2

You are requested to confirm the same at the earliest.

Thanking you,
Very Truly Yours,

18/04/16

Puneet Srivastava
Vice President (Development Planning)

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

ENERGY
RESOURCES
AIRPORTS
TRANSPORTATION
HOSPITALITY

o/c

GVK

MIAL/AIL-0516/037

प्राप्त / RECEIVED
AIR INDIA LTD./ एअर इंडिया लि.
11 MAY 2016
कार्यपालक निदेशक (प.क्षे.) का कार्यालय
OFFICE OF THE EXECUTIVE DIRECTOR
(WR) MUMBAI

11th May, 2016

Executive Director – Western Region,
Air India Ltd.,
Transport Complex Building,
CSI Airport, Vile Parle East,
Mumbai – 400 099.

Sir,

Sub: Assets created by MIAL for Air India Ltd
Ref : Our letter no. MIAL/AIL-029 dated 18th April, 2016 – *copy enclosed*

With reference to above, we still await your confirmation on possession of the facilities as listed in the referred letter.

Request you to kindly confirm the same at the earliest.

Thanking you,
Very Truly Yours,

11/05

Puneet Srivastava
Vice President (Development Planning)

encl : as above

Mumbai International Airport Pvt Ltd
Chhatrapati Shivaji International Airport
1st Floor, Terminal 1B, Santacruz (E), Mumbai 400 099, India
T +91 22 6685 0900 / 6685 0901 F +91 22 6685 2059
www.csia.in CIN-U45200MH2006PTC160164

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Annexure 24.

Shri Puneet Srivastava,
Vice President (Development Planning)
Mumbai International Airport Pvt Ltd.
CSI Airport,
MUMBAI

Ref.No: ED-WR:MIAL-2016 May 18, 2016

Sub: Assets created by MIAL for Air India Ltd.

This has reference to your letter No. MIAL/AIL-0416/029 dated 18th April 2016. Enumerated hereunder are facilities which have been occupied by Air India in lieu of space surrendered and the highlights of various issues being faced in respect of the same :

1) **Line Maintenance Hangar and its Annex Building, including Run-up bay at New Engineering Complex.**

The following are the shortfalls observed in the new LMD Hgr facility created by M/s. MIAL at NEC

(i) Provision of Air India Signage on air side - MIAL had agreed to design & provide Signages & AI logo with high visibility on air side & which was existing on the old LMD Hangar. Till date, MIAL has not submitted any proposal on the same.

(ii) Heavy leakages from Terrace waterproofing observed during rains in the year 2014 & 2015 wherein M/s. MIAL had accepted that terrace waterproofing had failed & will be re-done. However patch repairs were carried out without removing & redoing the terrace waterproofing.

(iii) Leakages are observed from Fire tank inside the basement due to defective waterproofing which has increased over the time & needs to be urgently rectified.

(iv) Provision of working platforms for Inaccessible water supply valves in basement of Annexe bldg due to which basement gets flooded & which may lead to fatal accidents as electrical panels are provided in the basemen t.

(v) Frequent chokes in Toilet blocks at various floor levels in Annexe bldg. due to faulty drainage lines leading to unhygienic working conditions

(vi) Provision of automatic sliding doors in lieu of present barricades which have blown away in the past on several occasions so as to prevent any fatal accidents , injury to the staff working in the area & also damage to our aircrafts.

Contd....2/-

(vii) Provision of RCC framed Security Chowky near Entrance to NEC as agreed & drawing signed by M/s. MIAL & PFD, Air India. However, no construction has taken place till date. It was also agreed to provide new MS gate, increasing the height of the compound wall with Corcertina coil fencing for entrance to NEC Hgr.

(viii) Replacement of improperly designed MS Gratings & cover blocks over storm water drain as many blocks are damaged & needs to be replaced for smooth movement of vehicular traffic.

(ix) Filling of joints in Apron for Hangar & Approach areas.

(x) Submission of soft & hard copies of Completion drawings (Architectural , Structural & E&M) of Hangar, Annexes & Services.

(xi) Submission of Height clearance certificate for Hangar & Annexes from National Airports Authority of India & Occupancy Certificate

(xii) The Septic tank throws the effluent in the open storm water drain which gives foul smell at the entrance of hangar & is breeding ground for mosquitoes.

2. **Interim Kitchen & Dinning facility at NEC :**

The Centralised kitchen bldg at NITC, Sahar, was surrendered during May 2011 with an understanding that the new Canteen bldg. will be created shortly. As a stop gap arrangement the facilities was merged & re-located in the existing Canteen facility at NEC . However in-spite of regular follows up the following facilities are yet to be provided by MIAL :

(i) The raising of floor level in Preparatory area as it is prone to water logging during rains. No action till date by M/s. MIAL.

(ii) Provision of toilet block for workers inside the existing Canteen premises on Ground floor

(iii) Provision of Hand wash & Dish wash areas for extended Dining facility at 1st floor level due to which the same is not commissioned till date.

(iv) Provision of Fire / rear access for the extended Dining area on 1st floor level.

(v) Provision of Loading platforms at Ground floor level for delivery & Receipt of food stuff to & from other Canteens at NITC, Sahar

(vi) Provision of Kotah stone flooring in Dining area, stainless steel sinks with proper water supply & Drainage lines & Utensil washing areas with all (cold & Hot) water supply & Drainage connections.

(vii) The new false ceiling provided for extended Dining area has caved in within a span of one year , rendering the area un-serviceable. The same has not been rectified till date.

Contd....3/-

3. Ramp Operation Facility (ROFS) at T2 :

(i) Provision of hot water arrangements for washing utensils in Dish wash area.

(ii) False ceiling has caved in number of locations in ROFS due to overhead leakages.

While on the subject, we would like to emphasise MIAL is yet to provide façade at Level 3 (Commercial Office), Standees / signages at all Air India offices across all levels of new T2 (Intl & Domestic)

As regards the other Assets mentioned in your letter under reference, we shall revert latest by Tuesday 24th May 2016, as the concerned official is presently away on leave.

Thanking you,

Yours faithfully,
For AIR INDIA

(MUKESH BHATIA)
Executive Director (Co-ord), WR

Cc: Shri Abhay Londhe/ Shri O Krishnakumar, AGM-PFD, AI.

परिवहन संकुल बिल्डिंग, छत्रपति शिवाजी इंटरनेशनल एयरपोर्ट, विले पारले (पूर्व), मुंबई - 400 099. फोन : 2616 8000
Transport Complex Building, CSI Airport, Vile Parle (E), Mumbai - 400 099. India. Tel. : 2616 8000
रजिस्टर्ड कार्यालय : एअर इंडिया लिमिटेड, एअरलाईन्स हाऊस, 113, गुरुद्वारा रकाबगंज रोड, नई दिल्ली - 110 001. फोन : 2342 2000
Regd. Office : Air-India Limited, Airlines House, 113, Gurudwara Rakabganj Rd., New Delhi - 110 001. Tel: 2342 2000
www.airindia.in

Annexure 25

Indian Register of Shipping

(INDUSTRIAL SERVICES)

Independent auditors Inspection Report on AI facilities built by MIAL at NEC, NTB & T2 in possession and use of AIR INDIA (AI)/ NACIL at CSI Airport Mumbai.

CLIENT
MUMBAI INTERNATIONAL AIRPORT PVT LTD.
(MIAL)

REPORT PREPARED BY
INDIAN REGISTER OF SHIPPING
IRS – IS

Indian Register of Shipping
MUMBAI INDUSTRIAL SURVEY STATION
5th Floor-New Building, 52A, Adi Shankaracharya Marg,
Opp. Powai Lake, Powai, Mumbai - 400 072.
Tel.: +91-22-3051 9400 / +91-22-3051 9757 Fax: +91-22-3051 9758
Email: irsismumbai@irclass.org ★ Website: www.irclass.org

INTRODUCTION

Indian Register of Shipping (IRS) is an autonomous organization, established in March 1975, following a decision of the Union Cabinet and Registered under section 25 of Companies Act 1956 as a "Not for Profit" organization.
IRS was formed with active support and cooperation of the Ministry of Transport, Government of India (GOI), which it continues to enjoy. IRS has no profit motive and primarily aspires only for self-support, development and growth. The company has no shareholders, hence no dividends are distributed and surplus, if any, is ploughed back into the organization for promoting its objective and activities and services to its customers, through appropriate Research and Development.
IRS is widely recognized for its technical competence, vast experience in related fields and customer friendly approach. Its proven expertise developed in the Marine sector with excellent track record has enabled IRS to suitably diversify its services to the Industrial Sector and to the field of quality management system certification.

IRS has three divisions:

A. Marine Services
B. Indian Register of Quality System
C. IRS – Industrial Services

The "IRS - Industrial Services" covers the following:

1. Third Party Inspection & certification of Projects
2. Project monitoring, Quality Assurance & Surveillance
3. Third Party Technical Quality audits & Projects
4. Design Evaluation
5. Proactive & cost effective expediting services
6. Technical Investigation & Advisory Services

IRS –IS provides third party inspection & technical audit services to and for infrastructure sectors such as a) Bridges (Rail/ Road), Roads & Highways (Flexible/ Rigid), Skywalks c) Buildings (High rise, Township, Green Building) d) Irrigation Projects (Dams, Canals & Viaducts) e) Airports g) Sewage Treatment Plants & allied Underground Drainage Networking h) Water treatment Plants, Head works and connected gravity & rising mains, distribution pipe lines, storage tanks j) Thermal Power Projects.

IRS caters to the needs of its clients from its various 16 offices spread over India and has an International presence in ten top countries of the world.

Head Office: 52 A, Adi Shankaracharya Marg, Opp. Powai Lake, Powai, Mumbai - 400 072.
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INSPECTION REPORT

We have been engaged by Mumbai International Airport Private limited (MIAL) to verify and inspect locations of various facilities constructed by MIAL for Air India / NACIL and provide a report on the current possession status of these facilities.

MIAL has provided us a list of the facilities which it has constructed for Air India / NACIL till 31st March, 2014 and which are in possession of Air India / NACIL:

1. Line Maintenance Hangar, its Annexe Building and Run-Up Bay
2. Extension of Hangar at NEC (New Engineering Complex)
3. ROFS Facility and Line Maintenance Offices in New T2
4. Union Office Facilities at NEC
5. Interim Kitchen and Dining facility at NEC
6. Interim Domestic Cargo facility near Terminal 1B
7. Office of Personnel department and ACE Bank at NEC
8. Interim medical Centre at NEC
9. Oxygen and Nitrogen storage at NEC

We have accordingly visited each of the facility and have physically verified and inspected the locations of the same. Our findings for each of the facility are given in the attached annexure alongwith the photographs of each of the facility, discussed therein.
Based upon our verification and inspection of each of the facility, we confirm that the above stated facilities are currently in possession of Air India and the same are being used by Air India / NACIL for its own purposes.

23/5/2016
(Name: R.U.SUTE)

Designation: Consultant

For Indian Register of Shipping

"Annexure"

Indian Register Of Shipping

Surveying for Mumbai International Airport Pvt Ltd.

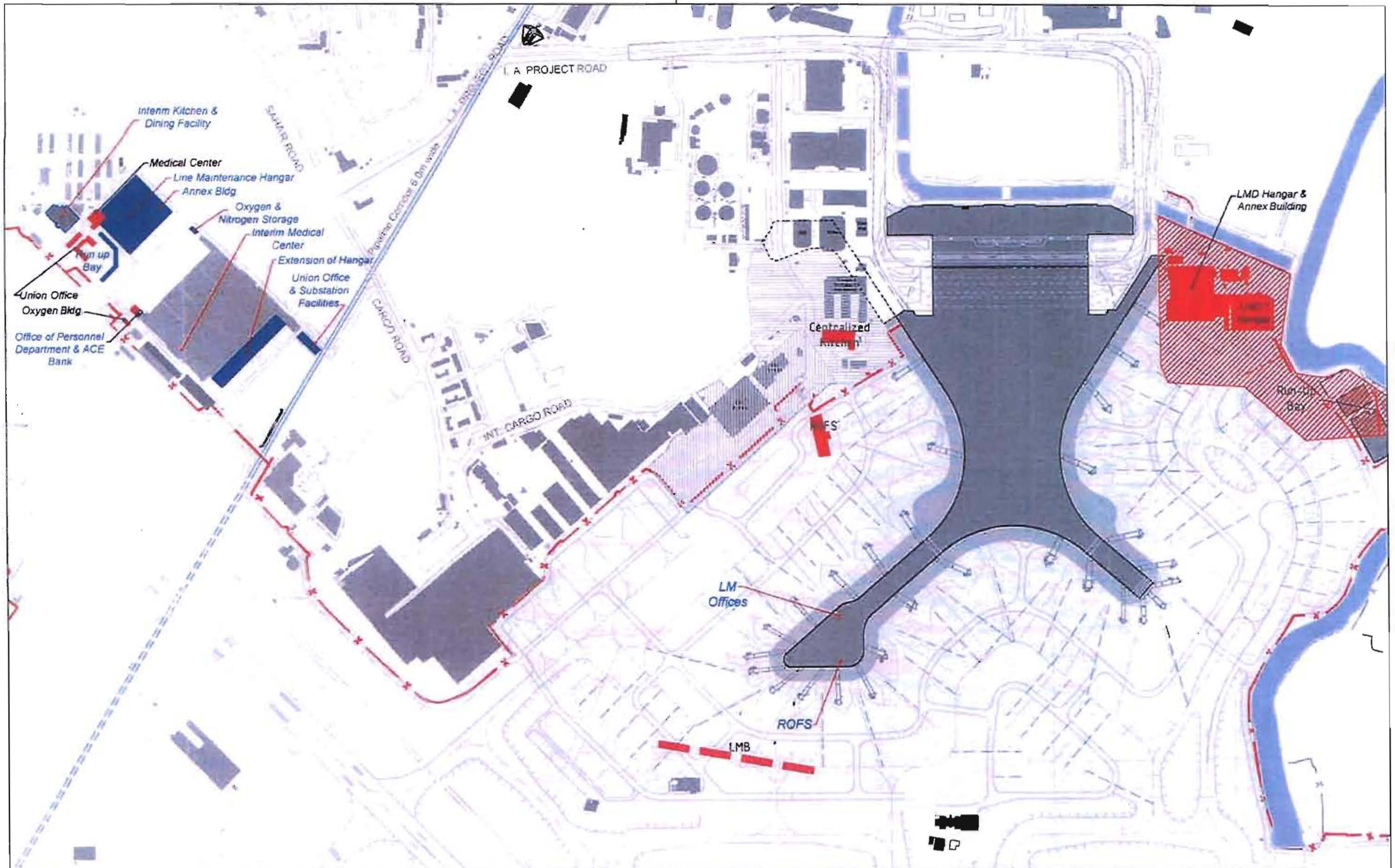
Inspection Report No	: MUM/IRS/MIAL-1	Date: 23-05-2016
Description of Work	: Independent auditors Inspection Report on AI facilities built by MIAL at NEC, NTB & T2 in possession and use of AIR INDIA (AI)/ NACIL as per requirement of Regulatory department, MIAL	
Scope of Audit/Inspection	: Study Report of Re-Location of AIR INDIA FACILITIES at CSI Airport Mumbai	
Site visit	: 05-05-2016	
Name of IRS Auditors	: P.U.Sute & M. D. Deshmukh	

Item No.	Name of the Facility Relocated	Location prior to Relocation of Facility (Refer Layout Plan)	Location after Relocation of Facility (Refer Layout Plan)	Comments/ Reasons for Re-Location of Facility
	General	A. Inspection of Locations of AIR INDIA FACILITIES RELOCATED by MIAL at NEC, NTB (Near T1-B) & New T2 were conducted in the presence of officials of MIAL on 5th May 2016. B. The following were present: 1) Mr. Rangnath Mishra DGM (Land Development) MIAL 2) Mr. Dharminder S Beniwal DGM (Projects) MIAL 3) Mr. Kunal Shetti, Dy.Manager (Projects) MIAL C. Our observations are as tabulated below along with actual photographs of the facilities taken on 5th May, 2016. The observations are based on discussions & information gathered during site study.		
1	Line Maintenance Hangar, its Annexe Building and Run-Up Bay	LMD Hangar located Near Gate 6 at old T2 & Engine Run Up Bay at NEC & T2 (now demolished)	New HANGAR & new Engine Run Up Bay in NEC complex	1. Two Hangars including annexe building / facilities of Air India (AI) were located near Gate 6 at old T2 which were coming in the way of construction of New Apron. In view of this, New LMD Hangar and Engine Run Up Bay were constructed by MIAL for AI at NEC complex. After shifting the facilities to a new location at NEC, the old structures/ facilities were demolished by MIAL. One Hangar is yet to be built. 2. The newly built LMD Hangar, Annexe building and Run UP Bay / facility of AI at NEC Complex was physically visited /verified at site and the locations of the facility prior to relocation and after relocation are shown in the LAY-OUT Plan attached as Annexure 1. 3. The NEC complex where the new facilities are constructed is under the possession of AIR INDIA and NEC complex is guarded by AIR INDIA Security. 4. Photographs of the new Line Maintenance Hangar and Engine Run Up Bay, available at NEC Complex taken during the site visit are attached with the report as Annexure 3.

2	Extension of Hangar at NEC (New Engineering Complex)	Existing Air India Hangar at NEC	Existing Air India Hangar at NEC	1. The existing Hangar of AIR INDIA was extended by MIAL. 2. The location of the new facility is shown in the LAY-OUT Plan attached as Annexure 1. 3. Photographs of the facility available in the NEC premises of AI are taken during site visit and photographs are attached with the report as Annexure. 4. The facility is being used by AI.
3	ROFS Facility & Line Maintenance Offices in South West Pier	Near Gate 5 in Old T2 (now demolished)	In New T2 Terminal (Ground and first floor)	1. The existing ROFS Facility of AI located near Gate 5 at old T2 was coming in the way of construction of Apron. In view of this, the facility was accommodated in the New T2 by MIAL for AI, and after shifting the facility to a new location at new T2, the structure was demolished by MIAL. Similarly Line Maintenance Offices earlier located near Fire Station on the Apron were also coming in the way of development of Apron and were accommodated in New T2 along with ROFS facilities. 2. The structure/ facility are relocated in the New Terminal, T2, Ground and First Floor. 3. The location of the facility prior to relocation and after relocation are shown in the attached LAY-OUT Plan attached as Annexure 1. 4. Photographs of the facility available at the New Terminal (T2) as on date are attached as Annexure 3. 5. The facility is being used by AI.
4	Union Office Facilities at NEC	Located at NEC complex (now demolished)	Located in a newly built " BUILDING" for AI at NEC complex	1. Pre existing Union offices located in NEC which were coming in the way of construction of New Hangar and Engine Run Up Bay were to be relocated. 2. The Union offices are now accommodated in the newly constructed building by MIAL for AI at new location in the NEC. 3. The location of the facility prior to relocation and after relocation are shown in the attached LAY-OUT Plan attached as Annexure 1. 4. Photographs of the same are taken during the site visit and are attached with the report as Annexure 3. 5. The offices are under possession of AIR INDIA at NEC Complex.
5	Interim Kitchen and Dining facility at NEC	Located at NIPTC as " Centralised Kitchen" of erstwhile AI (now demolished)	Located in existing Canteen building of erstwhile Indian Airlines (IA) at NEC complex,	1. The kitchen and dining facilities for increased strength on account of shifting of line maintenance facility " CENTRALISED KITCHEN" of AI, are accommodated in the existing space of erstwhile IA CANTEEN building by MIAL as an interim arrangement. 2. Location of the facility relocated is shown in the Lay Out Plan attached as Annexure 1. 3. Photographs of the facility available in the NEC complex are taken during the site visit and are attached with the report as Annexure 3. 4. The facility is being used by AI.

6	Interim Domestic Cargo facility near Terminal 1B	Located in between T1B and T1A (building now demolished)	ARRIVAL CARGO near T1-B (NTB complex)	1. The Arrival Cargo building of AIR INDIA (erstwhile INDIAN AIRLINES) located in between Terminal 1B & 1A was coming in the way of construction of New T1-C, Apron. In view of this, new structure near AI Domestic Cargo building at NTB was constructed by MIAL for AIR INDIA for relocating the facility of Arrival Cargo. 2. The location of the newly built structure/ facility in NTB Area under possession of AIR INDIA near Terminal 1B was physically seen. Locations of the facility prior to relocation and after relocation are shown in the attached LAY-OUT Plan attached as Annexure 2. 3. NTB complex where the cargo facility is relocated is guarded by the AIR INDIA Security. 4. Photograph of the re-located facility/structure available at the NTB Complex, near T1-B is taken during the site visit and the same is attached with the report as Annexure 3. 5. The facility is being used by AI.
7	Office of Personnel department and ACE Bank at NEC	Portion of the existing Administrative building of AIR INDIA, located in existing Hangar Annexe. (now demolished)	Located in the existing space in AI Administrative building at the NEC Complex	1. The earlier existing "Time office and ACE Bank" facilities located at NEC are accommodated in the existing space of Administrative building of AIR INDIA, located in existing Hangar Annexe at NEC. The portion of existing administrative building was demolished as the same was coming in the way of construction of Approach to New HANGAR, built up by MIAL for AI at NEC. 2. The location of the facilities prior to relocation and after relocation is shown in the attached LAY-OUT Plan attached as Annexure 1. 3. Photographs of the facility available in the NEC premises of AI are taken during site visit and the same are attached with the report as Annexure 3. 4. The facility is being used by AI.
8	Interim Medical Centre at NEC	Independent Medical Unit Building located in NEC (now demolished)	Accommodated in the existing space in AI (erstwhile IA) Hangar Annexe.	1. Medical facilities are accommodated in the existing space of AI HANGAR (ANNEXE) by MIAL in lieu of AI Medical building earlier located in the NEC (now demolished). The demolition was required as the medical building was coming in the way of construction of New HANGAR of AI, built by MIAL at NEC. This is an interim arrangement. 2. Location of the facility prior to relocation and after relocation are shown in the attached LAY-OUT Plan attached as Annexure 1. 3. Photographs of the facility relocated in the Hangar premises of AI are taken during the visit and same are attached with the report as Annexure 3. 4. The facility is being used by AI.

9	Oxygen and Nitrogen storage at NEC	Located at NEC complex (now demolished)	Located at NEC complex, near to New HANGAR	1. Oxygen building located at NEC, was required to be demolished as the same was coming in the way of reorganization of NEC Complex to accommodate the new facilities. The building was constructed at new location in the same complex of NEC. 2. Location of the facility prior to relocation and after relocation is shown in the attached LAY-OUT Plan attached as Annexure 1. 3. Photographs of the Oxygen building available in the NEC premises of AI are taken during the visit and same are attached with the report as Annexure 3. 4. The facility is being used by AI.



KEYPLAN

* For Discussion Purpose only

Legend:

- Facilities at Original Location
- Facilities at Relocated Location
- Apron area to be built.
- Deferred works
- * Code C hangar was not relocated. However hangar extension was provided.

Chhatrapati Shivaji International Airport

MUMBAI INTERNATIONAL AIRPORT PVT. LTD.

Relocated Facilities For T2 Apron Development

NTS | 1 OF 1 | 160521

'ANNEXURE 1'

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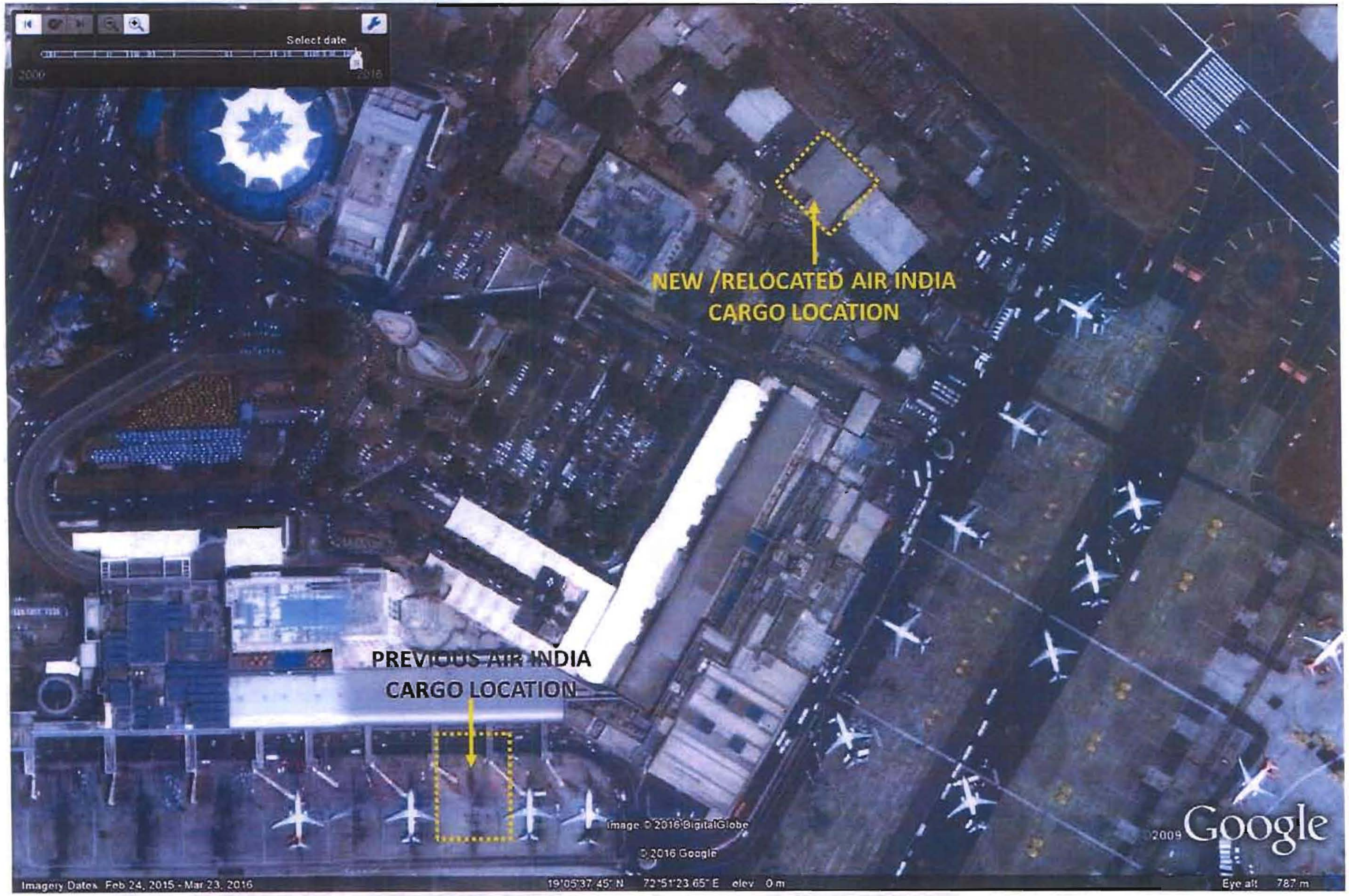
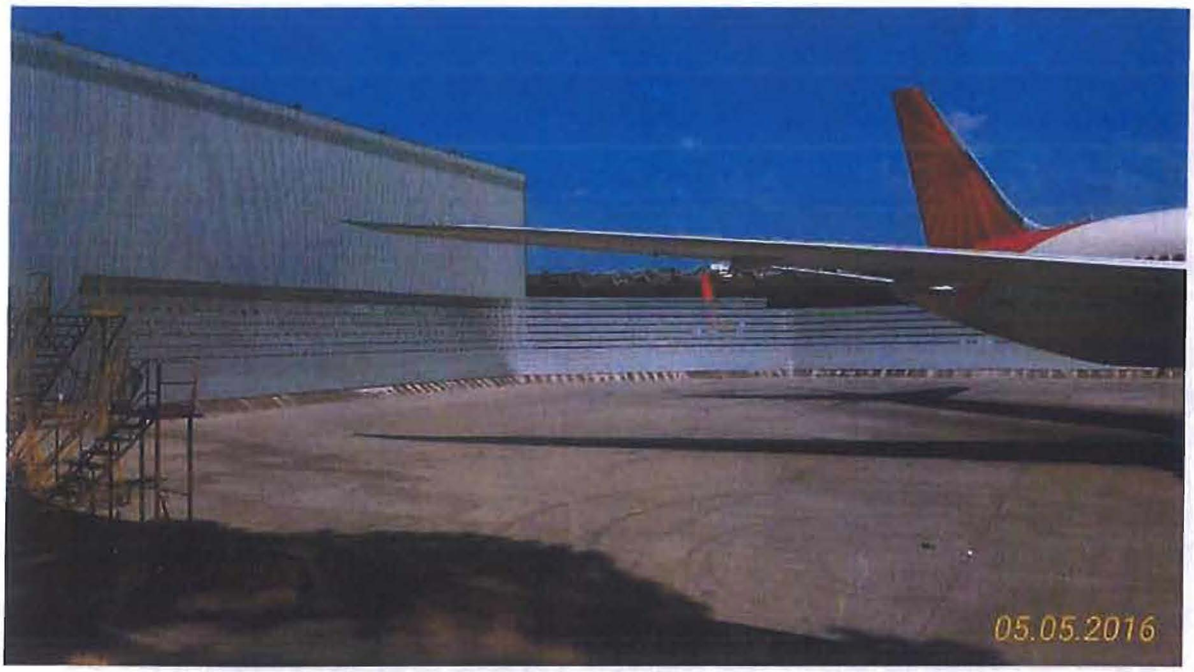

Select date
2000
2016
NEW /RELOCATED AIR INDIA
CARGO LOCATION
PREVIOUS AIR INDIA
CARGO LOCATION
Image © 2016 DigitalGlobe
© 2016 Google
2009 Google
Imagery Dates: Feb 24, 2015 - Mar 23, 2016
19°05'37.45" N 72°51'23.65" E elev 0 m
Eye alt 787 m

ANNEXURE 2

Annexure 3

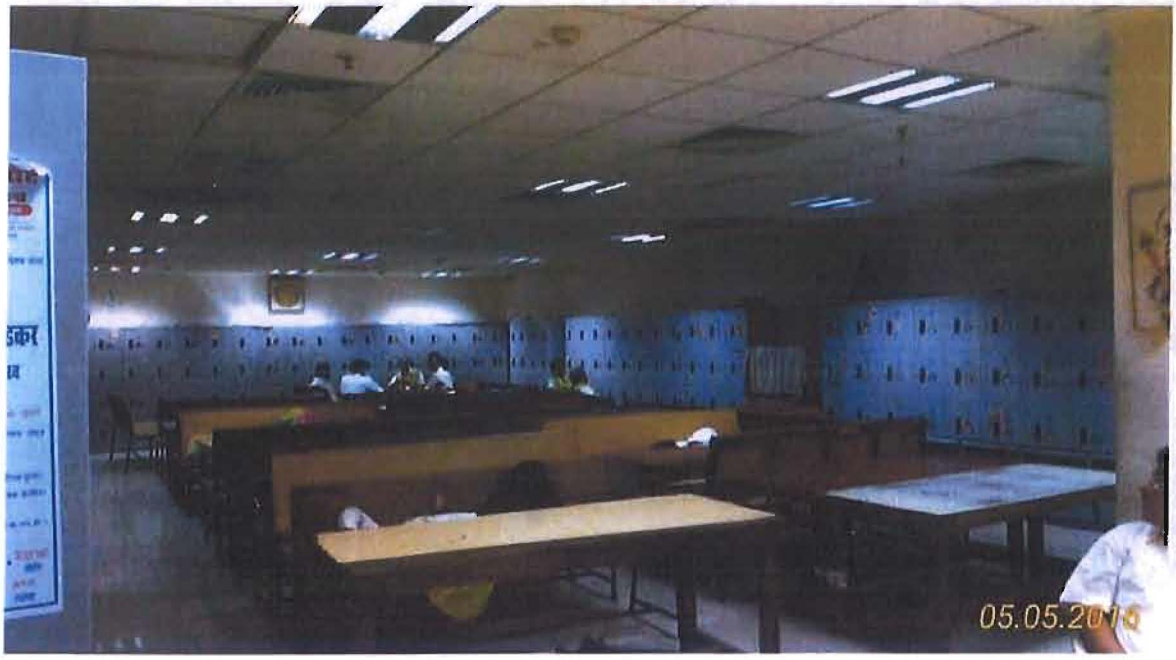
1. Line Maintenance Hangar, its Annex building and Run Up bay

Run Up Bay



2. Extension of Hangar at NEC

3. **ROFS facility in South West Pier**



4. **Union Office facilities at NEC**

5. **Interim kitchen and dining facility at NEC**

6. Interim domestic cargo facility near T1B – Layout Plan at Annexure 2

7. Office of Personnel Department at NEC

ACE Bank at NEC

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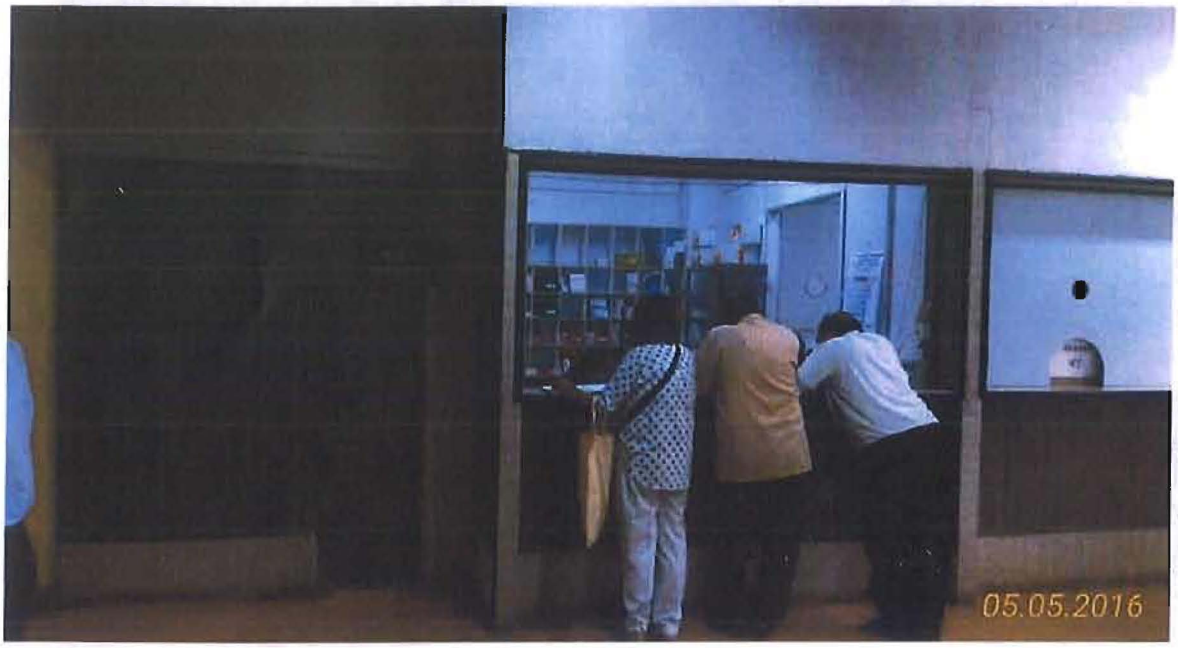
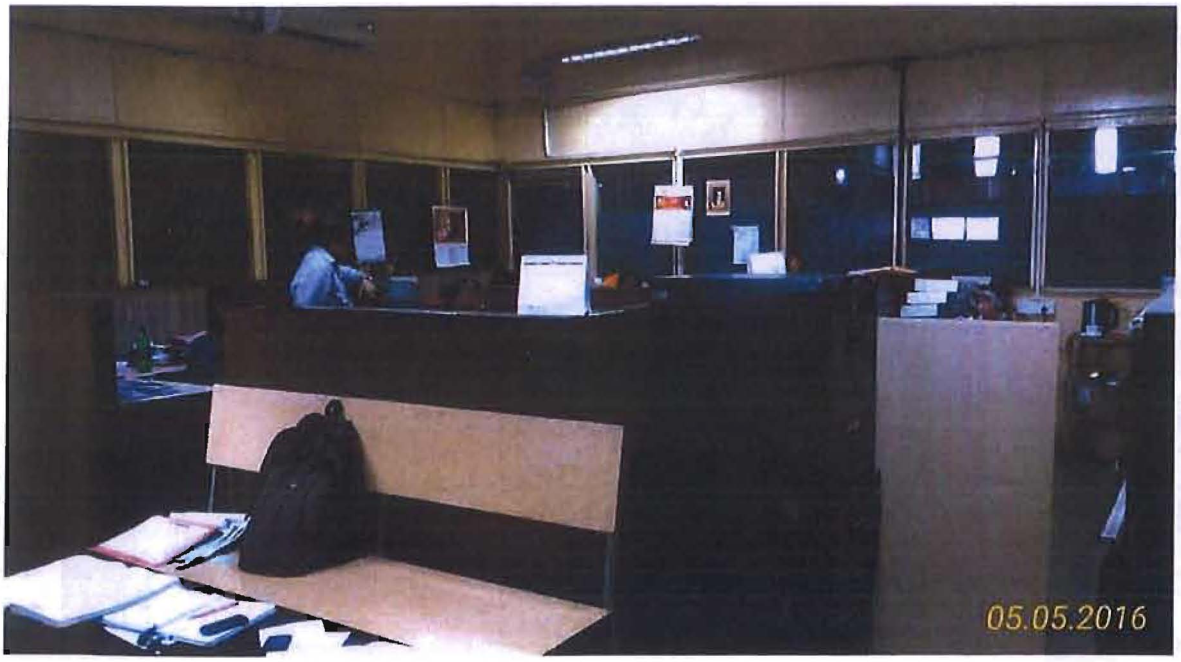
8. **Interim Medical Centre at NEC**





9. Oxygen and Nitrogen storage at NEC

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Annexure 26.

Y. H. MALEGAM

GOOLESTAN
37 CUFFE PARADE
MUMBAI - 5

Opinion Re. : Mumbai International Airport Private Limited.

1. Facts

1.1 Airports Authority of India ("AAI") is an Authority established under the Airports Authority of India Act, 1994 ("AAI Act") for the development, operation, management and maintenance of airports in India pursuant to International competitive bidding process. AAI selected GVK led consortium as the successful bidder, to upgrade, modernize, finance, operate, maintain and develop the Chhatrapati Shivaji International Airport, Mumbai ("CSIA") (the "Project"). Subsequently, Mumbai International Airport Private Limited ("MIAL") was incorporated as a joint venture between AAI and the consortium members ("JVC") and an Operation, Management and Development Agreement (:OMDA") was entered into between AAI and MIAL on April 04, 2006. .

1.2 OMDA is the concession document which sets out the terms and conditions of the Project to be implemented by MIAL. Along with the OMDA, AAI entered into a lease deed ("Lease Deed") on April 26, 2006 whereby the land at CISA was leased to MIAL for the purpose of the Project, in the manner provided under the OMDA.

1.3 OMDA requires MIAL to prepare a Master Plan for the development of CSIA and implement the same over a period of time. Accordingly MIAL prepared the Master Plan and submitted the same to the Ministry of Civil Aviation (MOCA) and AAI, as required under OMDA and proceeded with implementation of the same.

1.4 Master Plan, inter–alia, envisaged construction of an Integrated Passenger Terminal Building (PTB) to handle 40 million passengers per annum and development of various Airside facilities (such as Runaways, Taxiways, Aprons & Associated Infrastructure) and Landslide facilities.

1.5 Schedule 5 of OMDA provides list of Aeronautical Services and Schedule 6 of OMDA provides list of Non- Aeronautical Services. Assets required for performance of Aeronautical Services and Non-Aeronautical Services are defined as Aeronautical Assets and Non-Aeronautical Assets respectively. Based on this classification, MIAL segregates its assets based into 3 categories i.e. Aeronautical Assets, Non-Aeronautical Assets and Common Assets. In an asset-by-asset segregation approach, assets are segregated as Aeronautical or Non-Aeronautical based on the usage for the respective service. Assets that cannot be identified as purely Aeronautical or Non-Aeronautical are classified as Common Assets which are then apportioned between Aeronautical and Non-Aeronautical Assets. Aeronautical Charges are determined by an independent airport regulator, AERA based upon a building block approach in which Aeronautical Assets is one of the building blocks.

1.6 CSIA is a land constrained and land starved airport. Since there was no vacant land available for construction/development of PTB and other infrastructure, MIAL had to create land by relocating and optimizing various existing facilities/infrastructures The Master Plan, therefore envisaged relocation of many existing facilities/assets to make way for construction/development of new facilities. Many of the facilities to be relocated were built by third parties on the land taken by them from AAI, before award of concession to MIAL and therefore these facilities are/were owned by them. However land underlying these facilities of third parties was leased to MIAL by AAI and consequently MIAL started receiving land rentals from these parties in place of AAI. Most significant amongst these facilities were assets/facilities created by Air India Ltd (Air India/AI/NACIL) and included such as Hangers, ROFS, GSE, Run-up bay and Centralized kitchen etc. Air India facilities at CSIA were coming in the way of development of CSIA. It was essential that the facilities coming in the way of development of CSIA be relocated elsewhere at CSIA. Ministry of Civil Aviation, Air India and MIAL had discussed these issues in various meetings and it was decided to relocate certain Air India facilities to facilitate airport development, MIAL entered into a MOU with Air India on 22/02/2010 for relocation of various facilities which, inter-alia, required MIAL to provide new facilities at alternative locations for facilities that were to be removed/relocated. Cost of relocating / constructing new facilities in lieu of existing facilities were to be fully borne by MIAL.

1.7 Accordingly MIAL proceeded with its construction and development program as per Master Plan and created world class integrated PTB along with required infrastructure on Airside and Landside, which were inaugurated in the month of January 2014.

1.8 MIAL constructed following new facilities for Air India, in lieu of its existing facilities that were coming in the way of CSIA development and spent about Rs. 215 Crores towards the same:

- Line Maintenance Hanger
- Engine Run-up bay
- ROFS
- GSE
- Flight Kitchen
- Line Maintenance Building

Land got vacated due to such relocation was utilized to construct Aprons for parking of aircraft i.e. Aeronautical Assets (Apron and aircraft parking area is specifically classified as Aeronautical Services at sl. no. 18 of Schedule 5 of OMDA)

1.9 Cost incurred by MIAL for construction and /relocation of new facilities in lieu of earlier facilities of Air India were capitalized in the books of accounts of MIAL considering them as enabling cost for overall development of CSIA since new facilities created on the land vacated by relocation of existing facilities were to be used by MIAL for its business during the concession period, even though newly constructed facilities/assets for Air India will be owned by Air India and MIAL will have no right whatsoever in these facilities/assets except that underlying land remain leased to MIAL by AAI. However to separately identify and keep track of these costs, MIAL decided to capitalize the cost as individual assets that were newly created in lieu of existing facilities of Air India, instead of allocating / adding these costs to the cost of new facilities constructed at the land vacated by relocation of existing facilities. For example, MIAL had to relocate existing LMD Hangar of Air India to construct new Apron (Airside infrastructure). Accordingly MIAL first constructed new LMD Hangar at another location then demolished existing LMD Hangar and constructed new Apron at the land so vacated. Cost incurred by MIAL in construction of new LMD Hangar was capitalized as individual asset LMD Hangar instead of adding this cost to the cost of the new apron constructed on the land vacated by shifting of LMD Hangar to new location. Similarly, other facilities constructed by MIAL for Air India in lieu of its existing facilities like a) Annex Building b) Run-up bay c) ROFS d) Flight kitchen e) GSE were capitalized in the books of accounts of MIAL while MIAL constructed Aeronautical Assets i.e. Apron on the land so vacated.

1.10 It is important to note that MIAL had to agree to bear the cost to relocate/ construct new facilities in lieu of existing AI facilities since CSIA had to be developed in accordance with the finalized Master Plan which required shifting/ relocation of Air India facilities. It was obligatory on the part of MIAL to construct and develop CSIA in accordance with Master Plan. Had there been adequate vacant land available for construction of new apron and other infrastructure, MIAL would not have agreed to either relocate these facilities and/or bear the cost of the same.

2. Opinion Requested :

My opinion is requested on the following matters :-

a) Whether MIAL is right in capitalizing the cost incurred towards construction of new facilities / assets for Air India in lieu of its existing facilities, considering the cost so incurred as enabling cost for overall development of CSIA since new Apron created (Aeronautical Assets) on the land vacated by relocation of existing facilities has to be used by MIAL for its business during the concession period.
b) If answer to (a) above is in affirmative, whether these costs are to be necessarily treated as enabling cost for creation of new Apron (Aeronautical Assets) on the land vacated and therefore have to be allocated / added to the cost of new Apron created (Aeronautical Assets) on the land vacated and in deciding that the nature of assets relocated from existing location to new location is irrelevant and immaterial.
c) Whether treatment in the books of accounts of MIAL would be of any relevance while deciding question at points a and b above i.e. whether these costs are capitalized in the name of individual assets newly created in lieu of the existing assets (though primarily for identification purpose only) or these costs are allocated / added to newly created Apron at the land vacated due to relocation.
d) Any other suggestion / advice relevant in the matter.

3. Opinion :

3.1 Accounting Standard (AS) 10. Accounting for Fixed Assets provides in clause 20 that " The cost of a Fixed Asset should comprise its purchase price and any attributable cost of bringing the asset to its working condition for its intended use".

3.2 Clause 9 of the Standard provides that " The cost of an item of fixed assets comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use: any trade discounts and rebates are deducted in arriving at the purchase price. Examples of directly attributable cost are:

(i) site preparation;
(ii) initial delivery and handling costs;
(iii) installation cost, such as special foundation for plant; and
(iv) professional fees, for example fees of architects and engineers.

The cost of fixed assets only undergoes changes subsequent to its acquisition or construction in account of exchange fluctuations, price adjustments, changes in duties or similar factors."

3.3 Indian Accounting Standard (IND AS) 16, which has been formulated to converge with International Financial Reporting Standards (IFRS) also defines in clause 16 the Elements of cost (which is identical with clause 16 of International Accounting Standard 16) as under:-

" The cost of an item of property, plant and equipment comprises :

(a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

(b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period."

3.4 Clause 17 of IND As 16 (which is also identified with clause 17 of IAS 16) states as Under :

" Examples of directly attributable costs are :

(a) costs of employee benefits (as defined in IND As 19 Employee Benefit) arising directly from the construction or acquisition of an item of property, plant and equipment;

(b) costs of site preparation;

(c) initial delivery and handling costs;

(d) installation and assembling costs;

(e) costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items purchased while bringing the asset to that location and condition (such as samples provided when testing equipment); and

(f) professional fees."

3.5 The question which therefore arises for consideration is whether the cost of about Rs. 215 crores incurred by MIAL for the construction of new facilities for Air India as outlined in para 1.8 above, can be considered as "costs of site preparation " for the construction of "Aprons for parking of aircraft"?

3.6 In deciding this question, the following relevant facts have to be considered:-

(a) There were existing assets/facilities created by Air India Ltd. (Air India /AI/NACIL) including Hangers, ROFS, Run-up Bay and Centralized Kitchen etc. on the site on which the Aprons for parking of aircraft are created.

(b) According to the MOU with Air India, MIAL was under obligation to provide new facilities to Air India at alternative locations for facilities that were to be removed/relocated and the cost of relocating / constructing new facilities in lieu of existing facilities were to be fully borne by MIAL.

(c) Construction of Aprons for parking of aircraft could not be completed unless vacant site was available for construction of the Aprons for parking of aircraft.

(d) The land on which the Aprons have been constructed is part of the total land which is covered by the lease deed dated April 26,2006 whereby the land at CSIA has been leased by AAI to MIAL for the purpose of the Project, in the manner provided in the OMDA.

(e) The facilities/assets created by MIAL for Air India are owned by Air India and MIAL will have to no right whatsoever in these facilities / assets except that the underlying land for these facilities will form part of the land leased by AAI to MIAL.

3.7 Having regard to the above facts, in my opinion the cost incurred by MIAL in relocating/constructing new facilities for Air India is clearly in the nature of costs of site preparation and therefore costs directly attributable to the cost of construction of the Asset (I.e. Aeronautical Assets) which is constructed on the site so made available.

3.8 Since the ownership of the relocated assets and facilities is with Air India and MIAL has no right whatsoever in these facilities, the nature of the assets created for Air India is irrelevant and what is important is the fact of additional costs incurred so that facilities can be created on the vacant site. The position would have been the same if instead of creating the facilities for Air India, MIAL had reimbursed to Air India the cost which would have been incurred by Air India in creating the facilities or if MIAL had paid Air India an agreed amount for removing the existing facilities, whether new facilities were created or not by Air India.

3.9 Since MIAL does not own the relocated asset/ facilities created for Air India and since as I have mentioned above, it is irrelevant in what form the cost is incurred by MIAL in ensuring that it has vacant land for construction of the Aprons for parking of aircraft, (i.e. Aeronautical Assets) the cost incurred can only be considered as a part of the cost of construction of Aprons for parking of aircraft (i.e. Aeronautical Assets), and cannot be considered in the books of accounts of MIAL as the cost of the individual assets newly created for Air India and capitalized as such.

3.10 I have nothing further to add.

(Y. H. Malegam)
Chartered Accountant

Mumbai, March 3, 2016.

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 "Terminal 1B, Chhatrapati Shivaji International Airport ("CSIA"), Santacruz (East), Mumbai – 400 099", as agreed vide Engagement Letter dated 05th May, 2016 with respect to the certification of Cash profit generated by the Company during the financial years 2014-05 to 2015-16 for the purpose of filing "Multi Year Tariff Proposal ("MYTP")" with Airports Economic Regulatory Authority of India ("AERA") for the controlling period 2014-15 to 2018-19.

Based on review of the books of account of the Company, we certify that the Cash profit generated by the Company during the financial years 2014-05 to 2015-16 is as below:

(Amount in Million)

Particulars	Total upto FY 2013-14	FY 2014-15	FY 2015-16	Total
Profit after tax	11,670	(3,192)	(852)	7,626
Add: Non-cash items				
Bad debts written off	273	-	17	290
Provision for doubtful debts	50	16	10	76
Depreciation and Amortization	8,266	5,292	5,068	18,626
Deferred tax	3,843	(1,454)	(192)	2,197
Loss on disposal of assets	3	2,455	24	2,482
Profit on sale of assets	-	-	(161)	(161)
CWIP written off	-	-	135	135
Cash profit	**24,105**	**3,117**	**4,049**	**31,271**

Since the procedures performed in connection with the certification of Cash profit generated by the Company during the financial years 2014-15 to 2015-16 do not constitute either an audit or a review 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 Airports Economic Regulatory Authority of India ("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: 23rd May, 2016

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

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 "Terminal 1B, Chhatrapati Shivaji International Airport ("CSIA"), Santacruz (East), Mumbai – 400 099", as agreed vide Engagement Letter dated 05th May, 2016 with respect to the certification of Cash profit generated by the Company during the financial years 2006-07 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal ("MYTP")" with Airports Economic Regulatory Authority of India ("AERA") for the controlling period 2014-15 to 2018-19.

Based on review of the books of account of the Company, we certify that the Cash profit generated by the Company during the financial years 2006-07 to 2013-14 is as below:

(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	Total
Profit after tax	909	1,100	853	1,328	1,970	1,838	1,551	2,121	11,670
Add: Non cash items									
Bad debts written off	-	-	-	-	1	0	152	120	273
Provision for doubtful debts	-	-	-	27	(1)	30	13	(19)	50
Depreciation and Amortization - Charged to Statement of Profit and Loss	117	254	400	793	1,138	1,421	1,665	2,478	8,266
Deferred tax	131	154	282	690	923	346	343	974	3,843
Loss on disposal of assets	-	-	-	-	-	2	1	-	3
Cash profit	**1,157**	**1,508**	**1,535**	**2,838**	**4,031**	**3,637**	**3,725**	**5,674**	**24,105**

Since the procedures performed in connection with the certification of Cash profit generated by the Company during the financial years 2006-07 to 2013-14 do not constitute either an audit or a review 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

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

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 Airports Economic Regulatory Authority of India ("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: 23rd May, 2016

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 28

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 "Terminal 1B, Chhatrapati Shivaji International Airport ("CSIA"), Santacruz (East), Mumbai – 400 099", as agreed vide Engagement Letter dated 05th May, 2016 with respect to the certification of Minimum Alternative Tax ("MAT") credit utilized by MIAL for the purpose of filing "Multi Year Tariff Proposal ("MYTP")" with Airports Economic Regulatory Authority of India ("AERA") for the Control Period from 2014-15 to 2018-19.

Based on review of the books of account of the Company, we certify that the value of Minimum Alternate Tax (MAT) credit utilized by MIAL is as below:

Sr No	Particulars	Rs in Millions
(A)	Total MAT credit entitlement recognised from FY 10 to FY 16	1,361
(B)	MAT credit balance as per Audited financials of FY 16 (Note)	(545)
(A-B)	MAT credit adjusted	816

Note: We have reviewed the MAT credit entitlement balance of Rs 545 Millions as on 31 March 2016. Based on the projections provided by the management for convincing evidence that sufficient future taxable income will be available against which such MAT credit entitlement can be realized. We are of the opinion that in accordance with the provisions of Income tax Act, 1961 and relevant Guidance Note issued by Institute of Chartered Accountants of India, the Company will be able to utilize the balance amount of the MAT credit entitlement within the stipulated period.

Since the procedures performed in connection with the certification of MAT credit utilized do not constitute either an audit or a review 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 Airports Economic Regulatory Authority of India ("AERA") for filing "Multi Year Tariff Proposal ("MYTP")" for the control 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: 23rd May, 2016

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 29.

इंजीनियर्स इंडिया लिमिटेड ENGINEERS INDIA LIMITED (A Govt of India Undertaking)

DOCUMENT/ DRAWING TRANSMITTAL

To:

Date: 31.08.2015

Document No. 1048-Cert-NMCP-031

Name of Recipient	**No. of copies**	**Action Required**	**Name of Recipient**	**No. of copies**	**Action Required**
Mr. Chanderbhan Manwani MIAL	1	A			
Mr. B. Bhattacharya, Jt. 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 – New International Apron of Terminal T2 (Phase III). (Project Code: N055C)	1048-CERT- NMCP-0035	RO

Legend for “Action Required”

A – Construction/Survey
C – Comments/Approval
I – Information
O – Any other (Specify)

B – EPC Bid
E – Engineering
R – Record
M – Modification in Document

Project

Issued by (Division/department/group/ discipline)

Sanjay T Chellingan

Name and Signature of issuing authority

CERTIFICATE OF COMPLETION OF CONSTRUCTION

It is hereby certified that New International Apron of Terminal T2 ((Phase III - Refer Annexure I (1- Sheet)) has been completed (Project Code: N55C).

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).

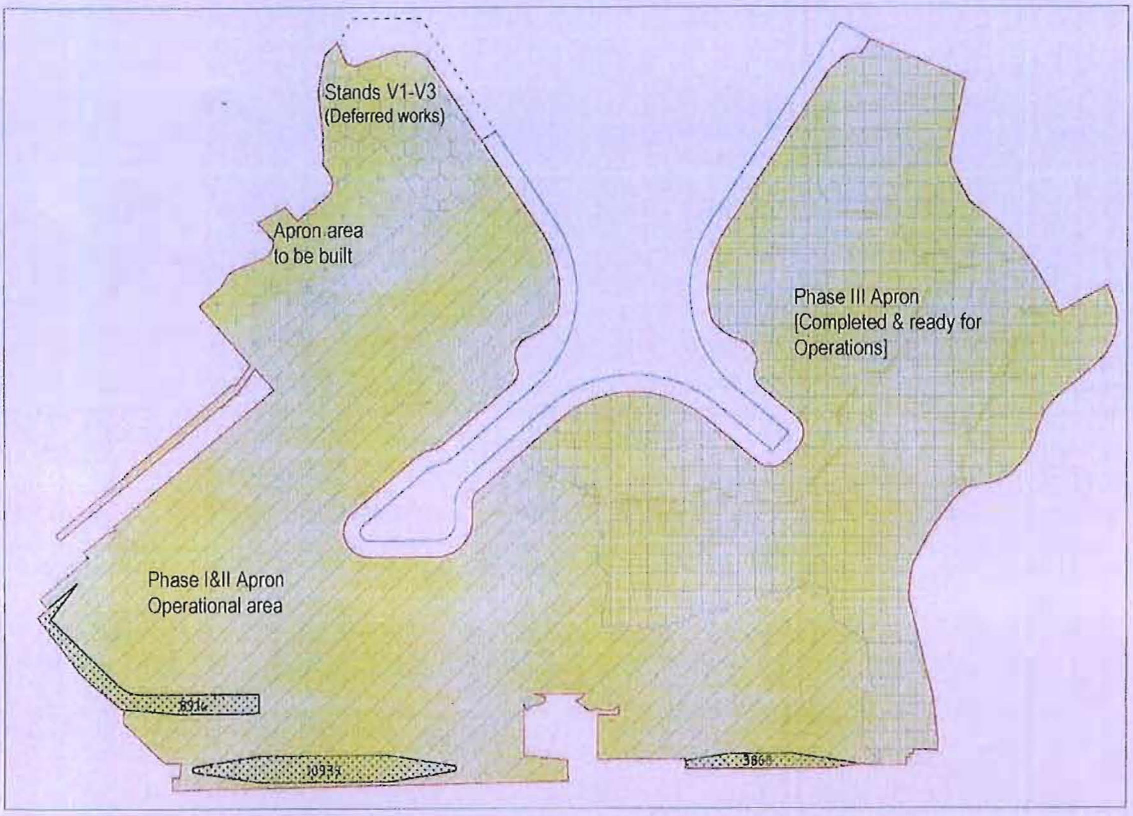
Signed:

(Sanjoy Mukherjee)
Project Manager
Independent Engineer

Date: 31st August 2015

Kind Attention: Shri Chanderbhan Manwani,
Director (Projects),
Mumbai International Airport Pvt. Ltd. (MIAL),
Project Office, next to Hyatt Hotel,
Sahar Road, Andheri (East),
Mumbai-400099.

Terminal 2 Apron Areas



Average area pertaining to stands V1-V3 (Deferred works)	=	36,492 Sqm
Apron area to be built	=	35,053 Sqm
Phase I&II Apron Operational area	=	4, 56,999 Sqm
Phase III Apron completed & ready for Operations	=	3, 46,998 Sqm
T2 Apron total Area	**=**	**8, 75,542 Sqm**

Annexure 30

भारतीय विमानपत्तन प्राधिकरण
AIRPORTS AUTHORITY OF INDIA

No. AAI/MC/JVC-14/VRS/2015-16/ 322 May 17, 2016

Sh. Sanjiv Bhargava,
Vice President, Regulatory,
Mumbai International Airport Private Limited
Chhatrapati Shivaji International Airport
1st Floor, Terminal-1B,
Santacruz(E)
Mumbai-400 099.

Sub: Confirmation required by AERA in r/o VRS Expenses – Re: CP No.10/2015-16 dated 16th March, 2016.

Dear Sir,

Please refer your letter No.MIAL/VPR/2016-17/01 dated 2nd April, 2016 on the above mentioned subject.

In this connection, a statement showing amount of VRS collected adjusted and amount to be received from MIAL is enclosed herewith for necessary action.

Further, in case of any queries and clarifications require, you may please contact Jt. General Manager (Fin.), Western Region, Mumbai with a copy to this office.

Thanking you,

Yours faithfully,

(V. Vidya)
G.M. (Finance)-JVC

Encl: As above.

Note :The Bills for 2009-10 and the bills for 2010-11(upto Nov 2010) were raised on 01.11.2010 (2010-11)

VRS PAYMENTS BY MIAL

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Bills due to pay revision (one time) 30.3.11			196,850,400.00								
Bills due to pay revision 30.3.11			131,540,400.00								
Bills due to pay revision APR10			5,652,000.00								
			12,529,200.00	17,739,600.00	17,466,000.00	17,194,800.00	16,858,800.00	16,356,000.00	15,751,200.00	15,169,200.00	14,720,400.00
			18,151,200.00	17,715,600.00	17,445,600.00	17,151,600.00	16,825,200.00	16,274,400.00	15,703,200.00	15,126,000.00	
			18,039,600.00	17,688,000.00	17,414,400.00	17,120,400.00	16,776,000.00	16,246,800.00	15,655,200.00	15,040,800.00	
			18,015,600.00	17,634,000.00	17,378,400.00	17,073,600.00	16,748,400.00	16,183,200.00	15,606,000.00	14,965,200.00	
			17,956,800.00	17,619,600.00	17,332,800.00	17,066,400.00	16,711,200.00	16,171,200.00	15,493,200.00	14,920,800.00	
			17,932,800.00	17,605,200.00	17,306,400.00	17,044,800.00	16,659,600.00	16,118,400.00	15,460,800.00	14,911,200.00	
			17,892,000.00	17,580,000.00	17,260,800.00	17,008,800.00	16,642,800.00	16,099,200.00	15,416,400.00	14,872,800.00	
			17,882,400.00	17,572,800.00	17,262,000.00	16,970,400.00	16,599,600.00	16,026,000.00	15,399,600.00	14,791,200.00	
			17,835,600.00	17,562,000.00	17,240,400.00	16,938,000.00	16,579,200.00	15,945,600.00	15,321,600.00	14,798,400.00	
			17,808,000.00	17,546,400.00	17,233,200.00	16,906,800.00	16,515,600.00	15,862,800.00	15,284,400.00	14,785,200.00	
			17,803,200.00	17,520,000.00	17,230,800.00	16,909,200.00	16,455,600.00	15,817,200.00	15,231,600.00	14,758,800.00	
			17,781,600.00	17,498,400.00	17,221,200.00	16,886,400.00	16,389,600.00	15,792,000.00	15,217,200.00	14,742,000.00	
Payment by MIAL ON 08/06/09	300,000,000.00										
Payment by MIAL ON 09/12/09	150,000,000.00										
Payment by MIAL ON 8/12/09	150,000,000.00										
Payment by MIAL ON 30/03/09	942,319,088.00										
Payment made on 07/01/11		4,055,712.00									
Payment made on 07/02/11		12,578,400.00									
Payment made on 07/02/11		3,600.00									
Payment made on 07/03/11		12,550,800.00									
PAID BY MIAL	1,542,319,088.00	29,188,512.00									
LESS :MAF FOR DEC 10 ADJ		340,742,000.00									
TOTAL PAID BY MIAL	1,542,319,088.00	-311,553,488.00	543,670,800.00	211,281,600.00	207,792,000.00	204,271,200.00	199,761,600.00	192,892,800.00	185,540,400.00	178,881,600.00	14,720,400.00

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Annexure 31.

Narasimha Murthy & Co.,
Cost Accountants
Phones : 23228562, 23227303
Fax : 91-40-23221612
E-mail : knm.nmc@gmail.com
3-6-365, 104 & 105, PAVANI ESTATE, Y. V. RAO MANSION, HIMAYATNAGAR, HYDERABAD - 500 029

CERTIFICATE

We Narasimha Murthy & Co., Cost Accountants, being Cost 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 with respect to the Certification of classification of expenses between Aeronautical and Non-Aeronautical including Cargo for the financial year 2014-15 for the purpose of filing "Multi Year Tariff Proposal (MYTP)" with Airports Economic Regulatory Authority of India (AERA) for the 2nd controlling period 2014-15 to 2018-19.

Based on our review of the books of accounts& Cost Records maintained by the Company for classification of expenses between Aeronautical and Non-Aeronautical including Cargo for the for the financial year 2014-15 and on the representation from the Management we certify the following:

Particulars	FY 2014-15	
	Aero %	Non Aero %
Administrative Expenses	88.60%	11.40%
Airport Operator Fees	100.00%	0.00%
Operating Cost	94.83%	5.17%
Advertisement Expenses	94.40%	5.60%
Insurance Expense	93.27%	6.73%
Rent, Rates &Taxes	92.12%	7.88%
Employee Cost	92.45%	7.55%
Repairs & Maintenance	82.24%	17.76%
Consumable Stores	90.16%	9.84%
Utilities (Net off Recoveries from Concessioners)	100.00%	0.00%
Provision for PSF (SC) expenses	100.00%	0.00%
Overall	**92.08%**	**7.92%**

NARASIMHA MURTHY & CO. COST ACCOUNTANTS

The above Certificate is prepared from the Cost Accounting Records maintained by the Company for the year 2014-15, based on the Cost Accounting Policies & Principles adopted by the MIAL.

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 Airports Economic Regulatory Authority of India (AERA) for filing "Multi Year Tariff Proposal (MYTP)" for the 2nd Control Period for FY 2014-15 to 2018-19.

Dated: 8th May, 2016
Place : Hyderabad

For NARASIMHA MURTHY & CO.,
Cost Accountants,

NARASIMHA MURTHY & CO. COST ACCOUNTANTS

(K. NARASIMHA MURTHY),
Partner.

S.No	Department	FY 15	FY 16	FY 17	FY 18	FY 19	Reason for increase in headcount
Airport Operations Group							
1	Director's Office	0	5	5	5	5	Management Trainees are required for Director's office along with personnel for project follow up
2	Health, Safety & Environment	4	7	9	9	9	To make operational activities more proactive and efficient in view of larger building additional Safety personnel are required
3	Airside Management	5	2	2	2	2	No change
4	Airside Safety	42	47	47	50	50	To support increase in ATMs
5	Airport Operations Services	46	70	72	79	79	To support increase in ATMs
6	Emergency Services	137	159	159	159	159	The increase in manpower is due to opening of Domestic level 3 and increase in operations at New Terminal 2
7	Airside & Ground Maintenance	13	15	16	17	17	To support effectively increase in Airside Operations and new equipment induction.
8	Joint Control Centre	3	5	5	5	5	No significant change
9	Terminal Operations	79	116	116	116	116	The increase in manpower is due to opening of Domestic level 3 and increase in operations at New Terminal 2
10	GA Terminal	20	21	21	21	21	No significant change
11	Landside Operations	23	28	28	28	28	Additional manpower envisaged due to increase in coverage area in T-2 for 4 levels of operations and elevated roads.
12	Facilities	37	40	40	40	40	The increase in manpower is due to opening of Domestic level 3 and increase in operations at New Terminal 2
13	Baggage Operations	22	24	24	24	24	New role on account of complexity of operations at T2, thereafter will be constant.
14	Engineering & Maintenance	89	93	93	93	93	Additional 4 nos kept due on shifting of operations in New Terminal 2
15	Customer Service & Quality	136	150	150	150	150	We intend to increase the scope of team by introducing floor walking functions apart from handling the help desk allocations.
16	Compliance & Assurance	4	5	5	5	5	No significant change
17	Horticulture	7	8	8	9	9	No significant change
18	Information Technology	27	37	41	45	47	Additional Manpower will be required to support new technologies in T2. Also, increased IT support will be needed to manage the new terminal.

S.No	Department	FY 15	FY 16	FY 17	FY 18	FY 19	Reason for increase in headcount
19	Security	49	52	57	63	66	To handle Inline security Screening at all the terminals including new T2, impart AVSEC security training, issuance of Airport Entry passes including all stake holders and monitoring and maintenance of Access Control system.
20	Life Safety Systems	14					
21	Graduate tranices		2	2	2	2	
Corporate							
22	MD's Office	3	3	3	3	3	No change
23	CEO's Office	4	4	4	4	4	No change
24	Regulatory	2	2	2	2	2	No change
25	Legal	7	11	11	11	11	To handle increased litigations. Due to commissioning of T2 as well as development of airport land, additional manpower required to handle drafting, vetting and closure of commercial agreements.
26	Finance & Accounts	39	41	41	41	41	Increase is due to controllers for new cost and profit centre.
27	Human Resources	22	26	26	26	26	With the commissioning of T2 , additional manpower is required for handling staffing, employee services,and related administrative services for ensuring smooth business operations.
28	Corporate Relations (Protocol)	17	22	23	24	24	With the expected increase in passenger movements, there will also be corresponding increase in VIP movements which necessitates addl protocol staff to ensure smooth movement of VIPs through the Airport.
29	Airport Services (Meet and Greet)	14	14	14	14	14	No change
30	Environment	5	6	6	6	6	No significant change
31	Corporate Communication	5	5	5	5	5	No significant change
32	Commercial/Comml T2	20	28	29	30	30	Increase in number is due to: 1) Increase in business due to the new terminal 2 2) Increase in size,type, scope and no of concessions to be managed.
33	ATS	12	14	15	16	16	Due to increase in Air traffic movements, additional manpower is envisaged to facilitate micro and macro management of passenger movements.

S.No	Department	FY 15	FY 16	FY 17	FY 18	FY 19	Reason for increase in headcount
34	Operations Procurement	19	29	30	32	32	The increase in FY16 is due to increased scope of New Terminal T2. Real Estate projects and Centralised Stores.
35	Corporate Affairs	3	3	3	3	3	No significant change
36	Liaison Special Project	12	15	16	17	17	Additional manpower required for strategising and executing new projects.
37	Airport Marketing & Aero Business	4	10	10	10	10	To target new airlines and new routes for the growing business out of Mumbai.
38	Slot & Data Management	6	7	7	7	7	Given expected increase in passengers and air traffic movements, adll manpwoer required to handle slot allocation to various airlines and data mining.
39	Chairman's Office	13	12	12	12	12	No significant change
40	AOR	3	0	0	0	0	Since the new terminal 2 has started operations, this department is no longer required.
Cargo							
40	Cargo	8	12	12	12	12	Increase is due to expansion of cargo activities and additional employees required to oversee cargo operations and concessionair at CSIA
	Retainer - AOG	9	7	7	7	7	No significant change
	Retainer - Cargo	0	1	1	1	1	No significant change
	Retainer - Corporate	20	20	20	20	20	No significant change
	Total (including Retainer)	**1004**	**1178**	**1197**	**1225**	**1230**	

Annexure 33

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 "Terminal 1B, Chhatrapati Shivaji International Airport ("CSIA"), Santacruz (East), Mumbai – 400 099", as agreed vide Engagement Letter dated 05th May, 2016 with respect to the certification of Finance charges paid during the financial years 2009-10 to 2013-14 for the purpose of filing "Multi Year Tariff Proposal ("MYTP")" with Airports Economic Regulatory Authority of India ("AERA") for the controlling period 2014-15 to 2018-19.

Based on review of the books of account of the Company, we certify the finance charges paid during the financial years 2009-10 to 2013-14 as under:

Amount in millions

Nature of expenses	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Bank Charges	0.07	0.57	4.90	1.22	6.61
Commission on Bank Guarantee	27.01	29.61	6.35	4.38	9.62
Management Fees for Term loan, Fees for modification of terms of loan and other charges	-	-	-	-	97.39
As per financials	**27.08**	**30.18**	**11.25**	**5.60**	**113.62**

Since the procedures performed in connection with the certification of Finance charges do not constitute either an audit or a review 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 Airports Economic Regulatory Authority of India ("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: 23rd May, 2016

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

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 "Terminal 1B, Chhatrapati Shivaji International Airport ("CSIA"), Santacruz (East), Mumbai – 400 099", as agreed vide Engagement Letter dated 05th May, 2016 with respect to the certification of Arrears of Operation Support Cost and Annual Fee paid to Airports Authority of India ("AAI") during the Financial Year 2012-13 for the purpose of filing "Multi Year Tariff Proposal ("MYTP")" with Airports Economic Regulatory Authority of India ("AERA") for the controlling period 2014-15 to 2018-19.

Based on review of the books of account of the Company, we certify that the Arrears of Operation Support Cost and Annual Fee paid to AAI during the financial year 2012-13 is as under:

Particulars	Amount in Million
Arrears of: Operation Support Cost	34.00
: Annual Fee	4.20
Total	**38.20**

Since the procedures performed in connection with the certification of Arrears of Operation Support Cost and Annual Fee paid to AAI during the financial year 2012-13 do not constitute either an audit or a review 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 Airports Economic Regulatory Authority of India ("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: 23rd May, 2016

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 35

ADDENDUM TO AIRPORT OPERATOR AGREEMENT

MADE AND ENTERED INTO BY AND BETWEEN

MUMBAI INTERNATIONAL AIRPORT PRIVATE LIMITED ("JVC")

Herein represented by **G V SANJAY REDDY**
In his capacity as Managing Director

AND

ACSA GLOBAL LIMITED ("ACSA")

Herein represented by **HAROON JEENA**
In his capacity as Director

WHEREAS the parties entered into an airport operator agreement on 28 April 2006 ("the Agreement") whereby the JVC appointed ACSA as the Airport Operator to provide various services to the JVC in respect of the management and operation of Chhatrapati Shivaji International Airport.

WHEREAS ACSA is entitled, in terms of the Agreement, to payment of the Performance Fee.

WHEREAS it has been unanimously agreed that to facilitate the computation, administration and payment of the Performance Fee contemplated in clause 6.2(a) of the Agreement, the computation of the Performance Fee requires clarification and a formula to determine the quantum of the Performance Fee needs to be explicitly stated and agreed.

NOW THEREFORE THE PARTIES AGREE THAT, ON AND WITH EFFECT FROM 1 FEBRUARY 2010:

1. The parties hereby delete the last sentence of clause 6.2(a) of the Agreement and replace same with the following:

"The computation of the Performance Fee payable to ACSA by the JVC shall be as set out below, and such Performance Fee shall, subject to all the terms and conditions as stated in this Agreement, be calculated for the periods as stated hereunder as follows:

For the financial year 1 April 2010 to 31 March 2011:

$PF_{2010/2011} = US\$\ 1,058,552.00 \times (1 + USCPI_{2009})$

Where,

$PF_{2010/2011}$ = *Performance Fee payable to ACSA by the JVC for the period 1 April 2010 to 31 March 2011, subject to all the terms and conditions as stated in this Agreement.*

$USCPI_{2009}$ = *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 2009 to 31 December 2009 as published by the U.S. Department of Labor.*

For the financial year 1 April 2011 to 31 March 2012:

$PF_{2011/2012} = PF_{2010/2011} \times (1 + USCPI_{2010})$

Where,

$PF_{2011/2012}$ = *Performance Fee payable to ACSA by the JVC for the period 1 April 2011 to 31 March 2012, subject to all the terms and conditions as stated in this Agreement.*

$PF_{2010/2011}$ = *As defined above.*

$USCPI_{2010}$ = *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 2010 to 31 December 2010 as published by the U.S. Department of Labor.*

For the financial year 1 April 2012 to 31 March 2013:

$PF_{2012/2013} = PF_{2011/2012} X (1 + USCPI_{2011})$

Where,

$PF_{2012/2013}$ = *Performance Fee payable to ACSA by the JVC for the period 1 April 2012 to 31 March 2013, subject to all the terms and conditions as stated in this Agreement.*

$PF_{2011/2012}$ = *As defined above.*

$USCPI_{2011}$ = *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 2011 to 31 December 2011 as published by the U.S. Department of Labor.*

For the period 1 April 2013 to 2 May 2013:

$PF_{1\ April\ 2013\text{-}2\ May\ 2013} = PF_{2012/2013} X (1 + USCPI_{2012}) X 32 / 365$

Where,

$PF_{1\ April\ 2013\text{-}2\ May\ 2013}$ = *Performance Fee payable to ACSA by the JVC on 2 May 2013 notwithstanding that stated in clause 6.2(a) for the period 1 April 2013 to 2 May 2013 subject to all the terms and conditions as stated in this Agreement.*

$PF_{2012/2013}$ = *As defined above.*

$USCPI_{2012}$ = *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."*

2. The parties hereby delete clause 6.2(b) of the Agreement in its entirety and replace same with the following new clause 6.2(b):

   "6.2 (b) The JVC shall annually procure from its statutory auditors a certificate stating the Performance Fee payable to ACSA calculated as stated in clause 6.2(a) above and shall send ACSA an original copy of such certificate such that it is

received by ACSA on or before 28 February prior to the commencement of the period to which the calculated Performance Fee relates. Within five (5) days of receipt of said certificate, ACSA shall deliver same to the bank issuing the Performance Guarantee such that it is received by the aforementioned bank prior to the commencement of the period to which the calculated Performance Fee relates."

3. The parties hereby delete the words "*Indian Rupees ("**INR**")*" contained in line 1 of clause 6.2(d) of the Agreement, and replace same with the words "*US Dollars*".

4. The parties hereby delete Attachment 4 of the Agreement in its entirety.

5. Capitalised terms not defined in this addendum shall bear the meanings assigned to them in the Agreement.

6. This addendum to the Agreement may be executed in several counterparts, each of which shall together constitute one and the same instrument.

THUS DONE AND SIGNED AT Mumbai ON THE 27th DAY OF January 2010.

AS WITNESSES:

1.

2.

G V SANJAY REDDY who hereby warrants his authority to act for and on behalf of Mumbai International Airport Private Limited

THUS DONE AND SIGNED AT Bedfordview ON THE 25 DAY OF January 2010.

AS WITNESSES:

1. ELSIE RATEIWA

2.

HAROON JEENA who hereby warrants his authority to act for and on behalf of ACSA Global Limited