

F. No. AERA/20011/DIAL-DF/2009
Consultation Paper No. 4/2009-10



Airports Economic Regulatory Authority of India

**Review of Levy of Development Fee (DF) at IGI Airport,
New Delhi**

New Delhi: 23rd March, 2010

**Rajiv Gandhi Bhawan
Near Safdarjung Airport
New Delhi – 110003**

Subject: REVIEW OF LEVY OF DEVELOPMENT FEE (DF) AT IGI AIRPORT, NEW DELHI BY DELHI INTERNATIONAL AIRPORT (PVT.) LTD. (DIAL)

The Central Government, vide letter No. AV.24011/002/2008-AD dated 9.2.2009 (Annexure-I), had conveyed their approval, under Section 22A of the Airports Authority of India Act, 1994, for levy of Development Fee (DF) by DIAL at IGI airport, New Delhi @ Rs.200/-per departing domestic passenger and @ Rs.1300/- per departing international passenger, inclusive of all applicable taxes, purely on an 'ad-hoc' basis, for a period of 36 months, w.e.f. 01.03.2009. The 'ad-hoc' approval granted, was subject to review, specifically upon following milestones:

- (a) DIAL would submit final project cost estimates within 6 months of the commencement of levy, i.e., latest by 31.08.2009. The project costs so submitted, including amount of contingencies, and their utilization shall be audited by an independent technical auditor to be appointed by AAI or as the Regulator/Government may decide.
- (b) DIAL would undertake a review of the bidding process in respect of the hospitality district. They may approach the Government with the outcome of the review within 6 months of the commencement of levy, i.e., latest by 31.8.2009.

Above approval was also subject, inter-alia, to the condition that the final determination of levy may be made by the Government/Regulator upon compliance with (a) and (b) above.

2.1 Subsequently, Central Government, vide Notification No. GSR 317(E) dated 12.5.2009 notified the establishment of the Authority w.e.f. 12.5.2009. Therefore, by virtue of section 54 of the AERA Act, 2008, section 22A of the AAI Act, 1994 stood amended w.e.f. the date of establishment of the Authority in the manner specified in the Schedule to the said Act. Consequently, in respect of 'major airports', the DF could be levied at the rate as may be determined by the Authority under section 13(1) (b). The IGI airport, New Delhi is a major airport as the annual passenger throughput thereat is in excess of 1.5 million.

2.2 DIAL vide their letter Ref: DIAL/2009-10/MoCA-DF/ dated 31.8.2009 (Annexure-II) requested the Authority for permission to submit the information required for review of DF levied at the IGI Airport, New Delhi by February 2010.

3.1 It was observed that the levy of DF was approved by the Central Government to bridge the funding gap of Rs.1827 crores (ceiling amount), in view of the inability of DIAL to raise the originally anticipated amount of Rs.2739 crores as refundable security deposits from commercial property development at the IGI airport. Based on the bids received by DIAL at the relevant time, it was ascertained, on behalf of the Central Government, that DIAL may be able to raise an amount of

Rs.912 crores, on this count. It was also observed that the bidding process required a review so as to obtain optimum returns out of the commercial property development. DIAL was, accordingly, required to review the bidding process and approach the Government/ Regulator with the outcome of the review latest by 31.8.2009.

3.2 It was also submitted by DIAL, at the relevant time before the Central Government, that the original estimated project cost of Rs.8975 crores is likely to increase and may actually be of the order of about Rs.10500 crores (DIAL's letter No. DAL2008-09/MoCA-DF/2643 dated 14.1.2009). It was further stated that they were still in the process of awarding various packages of the project. Therefore, project cost is likely to get crystallized by June, 2009 only.

3.3. It is also evident from the records obtained from the Central Government that in absence of the estimation of final project cost and due to the review of the bidding process and consequent uncertainty about realization from refundable security deposits, the Central Government was not in a position to make a final determination of the funding gap which was required to be bridged through levy of DF. It is due to the above mentioned reasons that the approval was granted on an 'ad-hoc' basis subject to review upon submission of final project cost estimate and information regarding realization on account of refundable security deposit from commercial property development, within a period of 6 months.

4. Vide their letter dated 31.8.2009, DIAL stated that:

- (a) Out of the 13 asset areas (total 45 acres), it has been able to licence 8 asset areas (29.26 acres). The quantum of lease deposits raised/committed from these assets is Rs.864 crores. In respect of balance 5 asset areas, they have decided to go for rebidding, which is likely to take 4-6 months.
- (b) Considering the stiff timeline of completion of the project, DIAL had to go in for parallel design and construction methodology for completion of the project. The project was, for the sake of convenience, divided into various packages and awarded accordingly. The number of packages (as on 31.8.09) stood at 114, out of which 91 packages had been awarded and balance 23 were pending. Of the 23 pending packages, 9 were under examination. Among the packages already awarded some cost elements were variable with market conditions. Hence, the final project cost could undergo change over the next few months. In this light, it expected to complete the final estimation of project cost only by end of February 2010.

5.1 Aforesaid request of DIAL was placed for stakeholder consultation by the Authority vide Consultation Paper No.1/2009-10 dated 10.9.2009. The comments/submissions were requested for by 30.9.2009.

5.2 The comments were received from International Air Transport Association (IATA) and Emirates Airlines.

5.3 IATA, vide letter dated 30.9.2009, made several observations and recommended the following for the consideration of the Authority:

- (a) The airport needs to clearly justify to the Authority and the airlines that all options of financing have been explored and that pre-funding through levying a DF is the most beneficial financing option for the industry. The fact that the industry at this stage would be adversely affected by advance payment of airport development costs as opposed to deferred payment should be an important consideration. In the absence of such justification, the DF should not be approved.
- (b) If DF can be shown to be most viable financing option, then a reasonable period of time must be set aside for effective consultation between airport and airlines as stipulated by ICAO. Effective consultation demands that the airport provides full transparency of its costs and that the charges developed comply with ICAO's principles of cost-related and non-discriminatory charging.

5.4 Similarly, Emirates Airlines vide letter dated 30.9.2009, made several observations and submitted that the levy of DF is discriminatory and not in compliance with ICAO principles. They would challenge the charge on the basis of OMDA agreement and financial performance of DIAL.

5.5 The submissions received from IATA and Emirates Airlines, as above, were communicated to DIAL for their comments. DIAL, vide letter No. nil dated 23.10.2009, inter-alia, stated that the observations made by IATA and Emirates do not relate to their present request, i.e., extension of time to file final project cost.

5.6 The matter was considered in the meeting of the Authority held on 29.10.2009 wherein Shri Kiran Kumar Grandhi, MD, DIAL and Shri Sidharath Kapur, CFO, DIAL, who were in attendance, apprised the Authority as under:

- (a) The project has been further sub-divided into 117 packages as against 114 packages reflected in their letter dated 31.8.2009. Out of these, 97 packages have already been awarded, 12 are under evaluation and 8 are yet to be floated. The balance packages, i.e., those under evaluation and those yet to be evaluated would be awarded by end of December, 2009.
- (b) The value of 12 packages under evaluation is tentatively estimated to be Rs.170 crores whereas value of 8 packages, yet to be floated, is estimated to be Rs.30 crores.
- (c) The project is being financed through a mix of debt and internal resources including DF. Out of the total debt component of about

Rs.5000 crores, an amount of about Rs.1750 crores was to be raised as ECB. Due to the change in financial conditions, ECB lenders have renegotiated the interest rates from LIBOR + 300 basis points to LIBOR + 500 basis points. Therefore, the project cost is likely to increase further due to higher interest cost. The interest capitalization in the project cost is now estimated to be Rs. 831 crores as against Rs. 659 crores estimated originally.

- (d) As on 30.9.2009, the Gross Assets capitalized in the books of Company were Rs.2646 crores. Further the value of assets under capitalization, as on same date, was Rs.6132 crores.
- (e) In the commercial property development, out of 13 asset areas, 8 assets have, already, been awarded as submitted vide their letter dated 31.8.2009. Balance 5 asset areas are under bidding. Bids are likely to be received by end November, 2009 and after evaluation and negotiation it is expected to complete the final award by 31.12.2009.
- (f) Till 30.9.2009, the DF was billed for Rs.310 crores, out of which Rs.265 cores had been collected and the balance was outstanding with the airlines.
- (g) Project will be completed by 31.3.2010, where after only the work of maintenance and minor rectification would be undertaken by DIAL.

5.7 The Authority, in particular, noted the following :

- (a) As per the estimates submitted by the DIAL representatives before the Authority, the final award of the project, as well as the review of hospitality district is likely to be completed by end December 2009.
- (b) The levy had been approved on 'ad-hoc' basis. At that time stakeholder consultation did not take place due to non availability of the information (as indicated in para 4). It would, therefore, be appropriate that the review is undertaken at the earliest so that DF could be finally determined.
- (c) The project completion date is determined to be 31.3.2010. Hence the firmed up project cost must be available much before that date.

5.8 The Authority, having pursued the records and upon due consideration of the submissions made by DIAL and various stakeholders, passed an order (Order No.01/2009-10 dated 04.11.2009 – Annexure-III) extending the date of submission of the details by DIAL upto 31.1.2010.

6.1 DIAL, vide their letter ref.no.DIAL/2009-10/MoCA-DF dated 31.01.2010 (Annexure-IV) submitted details of only the review of the bidding process in respect of the hospitality district. It was stated that the aggregate security deposit

amount committed for approximately 45 acres of land parcel is around Rs.1471.51 crores. The enhanced committed security deposit of Rs.559 crores, over and above the earlier envisaged amount of Rs.912 crores was being used to fund the ongoing project, "the cost of which is being firmed up".

6.2 However, details of the project cost were not furnished. DIAL also did not furnish any reasons for its failure to comply with the Authority's Order nor did it request for any revised time line for submission of the project cost.

6.3 In its letter dated 04.02.2010 to DIAL (Annexure-V), Authority informed that it had taken a serious note of DIAL's failure to comply with the Authority's Order and non submission of information in respect of the project cost. DIAL was requested to furnish the requisite information, along with all supporting material/documents, without any further delay, failing which the Authority will be constrained to proceed with the matter on the basis of information available on its record without any further reference to DIAL.

6.4 Despite Authority's above mentioned letter dated 4.2.2010 requesting that the requisite information be furnished without any further delay, DIAL vide their letter no. DIAL/2009-10/MoCA/DF/2201 dated 08.02.2010 (Annexure-VI), replied that the matter of submissions to the Authority, inter-alia, on the project cost was placed before the Board of Directors of DIAL on 20.01.2010. After detailed review and deliberation and considering the complex nature of the project, the Board felt it would be in order to undertake an in depth review of the project cost. Accordingly, the Board constituted a Project Cost Committee, approved an audit of the project cost and authorized the said Committee to appoint an auditor for the purpose of this audit. The Project Cost Committee had appointed M/s. Brahmayya and Co. (one of the Joint Statutory Auditors of the Company) to Audit the project cost. Upon completion of the audit, DIAL would furnish the desired project cost information to AERA, after appropriate Board approval.

6.5 Authority, vide its letter dated 12.02.2010 (Annexure-VII), noted that DIAL appeared to have not been able to furnish the requisite information due to their inability to obtain the internal approvals in time. Further, DIAL had not furnished any timeline for completion of the audit nor submission of the details. Authority also drew DIAL's attention to a news report titled "Get ready to pay more for flights from Delhi as DIAL costs overrun", published in The Economic Times, Delhi on 09.02.2010, which inter-alia, stated that the project cost was now estimated at Rs.12300 crores, i.e, nearly Rs.3300 crores more that the earlier estimate. DIAL was, accordingly requested to:

- (a) Confirm the veracity or otherwise of the news report; and
- (b) Submit the requisite information regarding the project cost immediately failing which the Authority will proceed to decide the matter on the basis of information available on record.

6.6 DIAL, vide letter no. DIAL/2009-10/FIN-Ac/2296 dated 18.02.2010 (Annexure-VIII), broadly reiterated their earlier position and stated that the Board

of DIAL directed certain “probity actions” before submission of the project cost to the Authority. In accordance with the directions of the Board, a Project Cost Committee was set up which had appointed M/s. Brahmayya and Co (one of the Joint Statutory Auditors of the Company) to audit the project cost. Further, the audit was under progress. They would endeavor to conclude the audit expeditiously and submit the desired project cost information as soon as the audit was over and the project cost was approved by DIAL’s Board. Since the T3 project was in an advanced stage of completion and audit by an independent agency will facilitate submission of accurate data to the Authority, the same would be in larger interests, considering the scale and complexity of the project. This may also be desirable from a stakeholder perspective, considering representation in the Company, of the Government of India and other partners. DIAL, did not comment on the veracity of the media report stating that “it may not be appropriate for us to comment on the veracity of a media report in a regulatory submission apart from being premature to do so at this stage considering the ongoing audit”.

7. The matter was considered in the fourth meeting of the Authority (held on 26.02.2010). Authority noted the above position and came to a conclusion that it had been left with no option but to proceed to decide the matter on the basis of updated information made available in respect of bidding of Hospitality District and the project cost of Rs. 8975 crores based upon which the Central Government had approved the levy of DF (on an ad-hoc basis). As indicated in para 3.2 above, DIAL had at the relevant time stated that the project cost might actually be of the order of Rs. 10500 crores. However, this was likely to get crystallized by June 2009 only. Thus, DIAL was itself not clear about the final cost.

8. DF is a pre-funding levy. The Central Government had taken a view that this levy is a measure of last resort and such levy should be preceded by user consultation. However, in the instant case, in view of the urgency, the Central Government approved the levy on an ‘ad-hoc’ basis and directed that at the stage of final determination the Regulator/Central Government will ensure adequate consultation with the users. The approval granted by the Central Government clearly stipulates that the amount collected through DF would not in any case exceed the ceiling of Rs.1827 crores (being the ‘ad-hoc’ gap in deposits from the hospitality district and the NPV as on 01.03.2009). It also stipulates that the amount of Rs. 1250 crores, which was at the relevant time received as shareholders advance, would be retained by DIAL. Any escalations of cost would be met from the amount so retained. In case the cost escalation is less than the retained amount, the ceiling amount of Rs. 1827 crores would be reduced by an amount which is equal to the difference between the retained amount of Rs. 1250 crores and the amount representing project cost escalation beyond Rs. 8975 crores.

9. Keeping in view of the information available on record, it is noted that :

- (i) The funding gap of Rs. 1827 crores was determined on the basis of expected accrual of Rs. 912 crores from refundable security deposits (RSD). DIAL has since informed that after completion of bidding the expected accrual from RSD is Rs. 1471.51 crores. Thus, the funding

gap of Rs. 1827 crores would reduce to Rs. 1267.49 crores (Rs. 1827 crores + Rs. 912 crores – Rs. 1471.51 crores = Rs. 1267.49 crores).

- (ii) As per the report of independent auditors appointed by AAI, total DF billed for the period 01.03.2009 to 31.01.2010 is Rs.536.86 crores with the average billing around Rs.48.81 crores per month. The actual collection for the same period was Rs.503.52 crores. The average monthly collection is, accordingly, estimated to be Rs.45.77 crores.
- (iii) Actual monthly DF billed by DIAL from 01.03.2009 to 31.01.2010 has been considered. From Feb'2010 growth in traffic has been assumed at 12% for 2009-10, 14% for 2010-11 and 12% for 2011-12 (based on the assumptions made during the initial DF determination by the Central Government.) The monthly DF billings from Feb'2010 onwards have been estimated accordingly.
- (iv) On an estimated discount rate of 11% (as considered at the time of approval by the Central Government), the tenure of DF levy to bridge the re-determined funding gap of Rs. 1267.49 crores (NPV as on 1.3.2009 and rate of levy remaining unchanged) of 24.5 months would be sufficient. However, these are notional values based on the assumption that the final project cost would be Rs. 8975 crores and that the other assumptions made at the time of 'ad hoc' determination viz. discount rate, traffic forecast etc. still remain valid.
- (v) The investments made in the project through DF would not form part of the Regulatory Asset Base (RAB). Therefore, unless the final project cost is available and the final determination is made in respect of DF, it would not be possible to determine the RAB and to consequently fix the aeronautical tariffs for IGI airport, New Delhi. Therefore, availability of final project cost estimate is not only a pre-requisite for final determination of DF, it is also a necessary pre-requisite for initiation of tariff regulatory cycle.
- (vi) As stated by DIAL, an audit is underway before the final project cost is reported to the Authority. This audit is reported to have commenced in the first week of February 2010 and has been initiated "in order to undertake an in-depth review of project cost". It could, therefore, be reasonably presumed that the audit may take about 6 weeks time. Thereafter, DIAL would take internal approvals and submit the final project cost to the Authority.
- (vii) In terms of the approval accorded by the Central Government, "The project costs so submitted, including amount of contingencies, and their utilization shall be audited by an independent technical auditor to be appointed by AAI or as the Regulator / Government may decide". It would appear that the independent technical auditor may take about 3 months to complete the audit. A time period of approx.

15 days may be required by the Authority in the appointment of the technical auditor by the AAI under the directions of the Authority.

10. After careful consideration of the position indicated above, the Authority proposes to issue the following order:

- (i) DIAL should submit the final project cost at the earliest. In case, the submission is so delayed that the Authority is not in a position to obtain final project cost, duly audited by the independent technical auditor, latest by 31.07.2010 the levy of DF shall not be permitted with effect from 01.08.2010. Therefore, keeping in view the indicative timelines discussed in para 9(vii) above, the final project cost information should be submitted by DIAL latest by 15.4.2010.
- (ii) In the meantime, DIAL may be permitted to continue levy of DF @ Rs.200/- per departing domestic passenger and @ Rs.1300/- per departing international passenger, with effect from 01.03.2009 to bridge an estimated funding gap of Rs. 1267.49 crores (NPV as on 1.3.2009), exclusive of taxes, on an 'ad-hoc' basis. Based on the above calculations and on the assumption that the final project cost would be restricted to the original estimate of Rs. 8975 crores, the period of this levy may need to be reduced to 24.5 months in the final determination.

11. The Authority solicits feedback, comments and suggestions from stakeholders on the proposal contained in para 10 above. Comments/submissions may please be furnished to the Authority, **latest by Tuesday, 6th April, 2010**, at the following address:

Shri Sandeep Prakash,
Secretary,
Airports Economic Regulatory Authority of India,
Room No. 58, Rajiv Gandhi Bhawan,
New Delhi.
Tel: 011-24616025 Fax: 011-24656214
Email: sandeep.moca@nic.in
sandeep.prakash@aera.gov.in

Yashwant S. Bhawe
Chairperson

Assumptions for the redetermination of DIAL's Development Fee

For the purpose of DF redetermination the following assumptions have been made:

- (i) The project gap funding has been taken as Rs. 1267.49 crores (the initially envisaged funding gap of Rs. 1827 crores stands reduced to Rs. 1267.49 crores due to accrual from RSD amounting to Rs. 1471.51 crores as against Rs.912 crores (Rs. 1827 crores + Rs. 912 crores – Rs. 1471.51 crores = Rs. 1267.49 crores, being the NPV as on 1st March'2009).
- (ii) The discount rate assumed is 11% (which is the same rate used for determining the DF at the time of approval by the Central Government).
- (iii) Actual monthly DF billed by DIAL from 1st 01.03.2009 to 31.01.2009 has been considered. From Feb'2010 growth in traffic has been assumed at 12% for 2009-10, 14% for 2010-11 and 12% for 2011-12 (based on the assumption made during the initial DF determination by the Central Government). The monthly DF billings from Feb'2009 have been calculated accordingly.
- (iv) The rate of DF for domestic & international passengers has not been changed.
- (v) Based on the above, the tenure of DF levy to bridge the re-determined funding gap of Rs. 1267.49 crores is 24.5 months (ie up to 15.03.2011).

DIAL's project cost details (based on which 'ad-hoc' approval was granted by the Central Government

Particulars	Amount (Rs in Crores)
Project Cost	8975
Means of Finance	
Rupee Term Loan	3650
External Commercial Borrowings	1336
Base Equity	1200
Internal accruals	50
Deposit from Hospitality District	2739
Total means of finance	8975

Calculation of the 'ad-hoc' gap	as on 01.03.2009	current position
Originally budgeted receipts from Hospitality District	2739	2739
Less: likely deposits from Hospitality district	912	1471.51
Ad-hoc gap	1827	1267.49
Total Gross DF Billing from 01.03.2009 to 31.01.2010	536.86	
Average monthly DF billed (11 months)	48.81	

Billing Collections
536.86 503.52
48.81 45.77

Present Date 3/1/2009
 Annual Rate of Discount 11%
 Average Monthly DF Billed 40.81
 SPMG Traffic Projections over 2008-09 figures 1%
 2009-2010 14%
 2010-2011 12%
 2011-2012 15%
 Ad hoc Gap (Rs in Crores) 1,267.49

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Future Cash Flow Dates	3/31/2009	4/30/2009	5/31/2009	6/30/2009	7/31/2009	8/31/2009	9/30/2009	10/31/2009	11/30/2009	12/31/2009	1/31/2010	2/28/2010	3/31/2010	4/30/2010	5/31/2010
Cash Flows (DF Billing)	9.98	32.92	53.41	60.99	48.09	50.74	52.86	40.75	59.97	57.53	61.62	62.24	62.96	63.59	64.33
Days between Present Date & Future Cash Flow Dates	30	60	91	121	152	183	213	244	274	305	336	364	395	425	456
Discount Factor	0.99	0.98	0.97	0.97	0.96	0.95	0.94	0.93	0.92	0.92	0.91	0.90	0.89	0.89	0.88
Present Value of respective Cash Flows (Billing)	9.89	32.36	52.04	58.92	46.04	48.15	49.74	45.46	55.45	52.73	55.98	56.08	56.15	56.32	56.47
Cumulative Cash Flows	9.89	42.25	94.29	155.21	199.25	247.41	297.14	342.61	398.06	450.79	508.76	562.85	618.89	675.31	731.78

6/30/2010	7/31/2010	8/31/2010	9/30/2010	10/31/2010	11/30/2010	12/31/2010	1/31/2011	2/29/2011	3/31/2011	4/30/2011	5/31/2011	6/30/2011	7/31/2011	8/31/2011	9/30/2011	10/31/2011	11/30/2011	12/31/2011	1/31/2012	2/29/2012
65.08	65.84	66.61	67.39	68.18	68.97	69.78	70.59	71.41	72.25	73.09	73.90	74.74	75.58	76.43	77.28	78.13	78.98	79.83	80.68	81.53
486	517	548	578	609	639	670	701	729	760	790	821	851	882	913	943	974	1,004	1,035	1,066	1,095
0.87	0.86	0.85	0.85	0.84	0.83	0.83	0.82	0.81	0.80	0.80	0.79	0.78	0.78	0.77	0.76	0.76	0.75	0.74	0.74	0.73
50.64	56.80	56.95	57.12	57.28	57.45	57.61	57.77	57.98	58.14	58.22	58.28	58.36	58.42	58.48	58.57	58.65	58.71	58.77	58.84	58.94
788.42	845.21	902.17	959.29	1,016.57	1,074.02	1,131.63	1,188.40	1,247.38	1,305.52	1,363.73	1,422.01	1,480.37	1,538.79	1,597.26	1,655.84	1,714.47	1,773.18	1,831.96	1,890.80	1,949.73

DIAL - Development Fee Billing and Collections

(Rs in crores)

Year	Month	Monthly Billing	Cummulative Billing	Monthly Collection	Cummulative Collection	
2009	March	9.98	9.98	0.92	0.92	
	April	32.92	42.90	25.29	26.21	
	May	53.41	96.31	37.58	63.79	
	June	60.99	157.30	60.02	123.81	
	July	48.09	205.39	56.69	180.50	
	August	50.74	256.13	46.47	226.97	
	September	52.86	308.99	38.14	265.11	
	October	48.75	357.74	58.00	323.11	
	November	59.97	417.71	47.31	370.42	
	December	57.53	475.24	70.23	440.65	
	2010	January	61.62	536.86	62.87	503.52

F. No. AV. 24011/002/2008-AD
Government of India
Ministry of Civil Aviation

Rajiv Gandhi Bhawan,
New Delhi-110003
Dated: 9th February, 2009

To

Shri Kiran Kumar Grandhi,
Managing Director,
Delhi International Airport Pvt. Ltd.,
Uran Bhawan,
New Delhi.

Subject: Levy of Development Fee at IGI Airport – reg.

Sir,

I am directed to refer to your letter ref. no. DIAL/2008-09/Fin dated 7.10.2008, letter ref. no. DIAL/2008-09/Fin/ dated 18.12.2008, letter ref. no. DIAL/2008-09/MoCA-DF/2604 dated 5.01.2009, letter ref. no. DIAL/2008-09/MoCA-DF/2613 dated 6.01.2009 and letter ref. no. DIAL 2008-09/MoCA-DF/2643 dated 14.01.2009 on the subject noted above and to convey the approval of the Central Government under Section 22A of the Airports Authority of India Act, 1994 for levy of Development Fee (DF) by DIAL at IGI Airport, New Delhi @ Rs. 200/- per departing domestic passenger and @ Rs. 1300/- per departing international passenger, inclusive of all applicable taxes, purely on an 'ad-hoc' basis, for a period of 36 months w.e.f. 1.03.2009. The approval shall be reviewed specifically upon following milestones:

- (a) DIAL would submit final project cost estimates within 6 months of the commencement of levy, i.e., latest by 31.08.2009. The project costs so submitted, including amount of contingencies, and their utilization shall be audited by an independent technical auditor to be appointed by AAI or as the Regulator/Government may decide.
- (b) DIAL would undertake a review of the bidding process in respect of the hospitality district. They may approach the Government with the outcome of the review within 6 months of the commencement of levy, i.e., latest by 31.8.2009.

2. The above approval is subject to the following conditions:

- (a) The final determination of levy may be made by the Government/Regulator upon compliance with (a) and (b) of para above.
- (b) Following procedural/monitoring mechanism shall be followed:
 - (i) DF receipts would be deposited in a separate Escrow Account. Modalities of the Escrow Account may be decided by DIAL, with the approval of the AAI, atleast one week before the commencement of levy.

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- (ii) AAI and the Central Government would have supervening powers in respect of Escrow Account to ensure that all receipts are properly accounted for and are utilized only for permitted purposes. These powers may include stoppage of withdrawal by DIAL.
 - (iii) Presently, other capital receipts like equity and debt funds are channelized through another Escrow Account of DIAL as per OMDA requirements. However, presently, the Independent Auditor appointed by AAI only verifies the revenue as defined in Article 1.1 of OMDA and not the receipts of capital nature and utilization thereof. As a condition of this approval, DIAL would be required to subject such capital receipts and expenditure also to AAI supervision.
 - (iv) All accounting and auditing practices, as would have been applicable to AAI, would be applicable to DF receipts and expenditure by DIAL. The modalities in this respect should be worked out between AAI and DIAL, atleast one week before the commencement of levy.
 - (v) The compliance in respect of points (i) to (iv) above may be furnished by AAI and DIAL to the Central Government on event basis as well as on a periodical monthly basis.
- (c) It will be ensured that DF is utilized for the development of such "Aeronautical Assets" only, which are "Transfer Assets" in terms of OMDA.
 - (d) DIAL should report the collection and usage of DF on a monthly basis to Central Government/Regulator through AAI. The report should reach the Central Government/Regulator latest by 10th day of the following month.
 - (e) The levy will be reviewed 6 months after commencement by the Regulator/Central Government and thereafter at such intervals as the Regulator/Central Government may decide.
 - (f) At the stage of final determination, Regulator/Central Government would ensure adequate consultation with the users.
 - (g) The amount collected through DF would not in any case exceed the ceiling of Rs. 1827 crores (NPV as on 1.03.2009). The ceiling amount would be exclusive of taxes, if any.
 - (h) The balance amount of Rs. 1250 crores received as shareholders advance (i.e., Rs. 1750 crores net of Rs. 500 crores to be appropriated towards equity) would be retained by DIAL. Any escalations of cost would be met from the amount so retained. In case the cost escalation is less than the retained amount, the ceiling amount of Rs. 1827 crores (as indicated in (g) above) would be reduced by an amount which is equal to the difference between the retained amount of Rs. 1250 crores and the amount representing project cost escalation beyond Rs. 8975 crores.

Cont...

- (i) Rate and tenure of levy are premised upon the traffic projections and other estimates. In case due to actual figures being different than those estimated, the collections during levy period exceed the amount of Rs.1827 crores (NPV as on 1.3.2009) or any other amount which the Regulator/Central Government may determine, the excess amount so collected shall not be utilized, for any purpose whatsoever, without the prior approval of the Regulator/Central Government.

3. Compliance may be reported to the Central Government in terms specified hereinabove.

Yours faithfully,

(Signature)

(Sandeep Prakash)
Director
Tel: 24616025

38/Section
31-08-09

Ref: DIAL/2009-10/MoCA-DF/

May like to see in
data.

[Signature]
31st August, 2009

19/08/09
1/9/2009

The Secretary,
Airport Economic Regulatory Authority,
Rajiv Gandhi Bhavan,
Safdarjang Airport,
New Delhi

Chairperson
Secy (AERA) 01/05/09
Pr. p. u.
OSD-16

Sub: Levy of Development Fee at IGI airport- Request for extension of date for submission of
Details
Ref: Letter No. F. No. AV. 24011/002/2008/-AD dated 9th February 2009 authorizing
DIAL to levy Development Fee (DF).

Dear Sir,

This is with reference to the above referred letter, authorizing DIAL to levy Development Fee (DF), by Ministry of Civil Aviation (MOCA). In compliance with certain conditions of the letter, the levy was to be reviewed upon the following milestones:

- 1 Submit the final project cost estimates by 31 Aug 2009; and
- 2 Review the bidding process in respect of Hospitality district and approach the Government with the outcome of the review by 31st August 2009.

In this connection we would like to submit the following:

Project Progress

To meet the tight timelines of achieving the project completion in 37 months (never achieved in the world) before Commonwealth Games, project work is going on full swing and reported physical progress of 75% as on July 31st, 2009.

Commercial Property Development (CPD)

We are in the process of reviewing the bidding process in hospitality district. The severe downturn in real estate market, downturn in retail and hospitality has impacted the commercial property development of the airport. As a result of above, in the first tranche of 45 acres we have been able to license only 29.26 acres (8 asset areas) so far. The quantum of lease deposits raised/committed from these plots is Rs. 864 Cr (against the projected 912 Cr). Due to adverse market sentiments, we could not get desired response for remaining asset areas. In this regard, Ministry of Civil Aviation has specifically advised us to review the bidding process so as to maximize the valuation from bidding of hotel projects. Keeping this in view, the Board of Directors advised us to go for re-bidding of balance 5 asset areas. We are in the process of marketing the remaining plots and we expect to conclude the process in next 4-6 months and finally ascertain quantum of deposits from the first tranche of commercial property development.

Project Cost:

Considering the stiff timelines of completion of the project, we had to necessarily go for parallel design and construction methodology for completion of the project, with resulting change in the project cost estimates as appraised by the lenders. The total number of packages

communicated earlier vide our letter dated 14th January 2009 were 78. These packages have been further split to enhance competition by bringing in higher number of sub-contractors and total number now stands at 114. As on date we have awarded 91 packages and balance 23 are pending. Of the above 23 pending packages, 9 are under evaluation. Among the packages already awarded some cost elements are variable with market conditions. Hence the final project cost can undergo change over the next few months. The T3 Project is slated for completion by 31st March 2010 with commencement of trial runs thereafter. We are therefore expecting to complete the final assessment of project cost by end of February 2010.

We would like to bring to your kind notice that permission of levy of DF given by MoCA was challenged by three public interest litigations, namely

1. PIL No. 8918/09 filed by ROAR
2. PIL No. 9316/09 filed by COF
3. PIL No. 10288/09 filed by S S Sharma

All the above litigation was filed in Delhi High Court. After hearing the arguments in respect of these petitions, including that of Solicitor General of India representing on behalf of Union of India, all the three PIL's were dismissed by honorable Delhi High Court. Our advocates have applied for certified copies of the judgment and the same is expected in first week of September. A confirmation received from our advocated is enclosed herewith.

Considering the above explained circumstances, we request you to permit us to submit the data required for review by February 2010 by which time all the above explained issues will get settled and will be able to submit with full details. In the meantime we are continuing to charge DF in line with the approval dated 9th Feb, 2009.

Thanking you,

Yours Faithfully,
For Delhi International Airport Private Limited.

K. Narayana Rao
Director

✓ Cc: The Director, Ministry of Civil Aviation, Rajiv Gandhi Bhavan, New Delhi-110003

Enclosures:

1. Letter No. F. No. AV. 24011/002/2008/-AD dated 9th February 2009 received from Ministry of Civil Aviation.
2. Letter dated 14th January 2009 submitted by us.
3. Extract of DIAL Board Resolution in respect of revised bidding for Commercial Property Development
4. Current Status of Packages (Awarded/Pending)
5. Letter from our Advocated regarding PIL.

3.F. No. AV. 24011/002/2008-AD
Government of India
Ministry of Civil Aviation

Rajiv Gandhi Bhawan,
New Delhi-110003
Dated: 9th February, 2009

To

Shri Kiran Kumar Grandhi,
Managing Director,
Delhi International Airport Pvt. Ltd.,
Uran Bhawan,
New Delhi.

Subject: Levy of Development Fee at IGI Airport – reg.

Sir,

I am directed to refer to your letter ref. no. DIAL/2008-09/Fin dated 7.10.2008, letter ref. no. DIAL/2008-09/Fin/ dated 18.12.2008, letter ref. no. DIAL/2008-09/MoCA-DF/2604 dated 5.01.2009, letter ref. no. DIAL/2008-09/MoCA-DF/2613 dated 6.01.2009 and letter ref. no. DIAL 2008-09/MoCA-DF/2643 dated 14.01.2009 on the subject noted above and to convey the approval of the Central Government under Section 22A of the Airports Authority of India Act, 1994 for levy of Development Fee (DF) by DIAL at IGI Airport, New Delhi @ Rs. 200/- per departing domestic passenger and @ Rs. 1300/- per departing international passenger, inclusive of all applicable taxes, purely on an 'ad-hoc' basis, for a period of 36 months w.e.f. 1.03.2009. The approval shall be reviewed specifically upon following milestones:

- (a) DIAL would submit final project cost estimates within 6 months of the commencement of levy, i.e., latest by 31.08.2009. The project costs so submitted, including amount of contingencies, and their utilization shall be audited by an independent technical auditor to be appointed by AAI or as the Regulator/Government may decide.
- (b) DIAL would undertake a review of the bidding process in respect of the hospitality district. They may approach the Government with the outcome of the review within 6 months of the commencement of levy, i.e., latest by 31.8.2009.

2. The above approval is subject to the following conditions:

- (a) The final determination of levy may be made by the Government/Regulator upon compliance with (a) and (b) of para above.
- (b) Following procedural/monitoring mechanism shall be followed:
 - (i) DF receipts would be deposited in a separate Escrow Account. Modalities of the Escrow Account may be decided by DIAL, with the approval of the AAI, atleast one week before the commencement of levy.

Cont.....

- (ii) AAI and the Central Government would have supervening powers in respect of Escrow Account to ensure that all receipts are properly accounted for and are utilized only for permitted purposes. These powers may include stoppage of withdrawal by DIAL.
 - (iii) Presently, other capital receipts like equity and debt funds are channelized through another Escrow Account of DIAL as per OMDA requirements. However, presently, the Independent Auditor appointed by AAI only verifies the revenue as defined in Article 1.1 of OMDA and not the receipts of capital nature and utilization thereof. As a condition of this approval, DIAL would be required to subject such capital receipts and expenditure also to AAI supervision.
 - (iv) All accounting and auditing practices, as would have been applicable to AAI, would be applicable to DF receipts and expenditure by DIAL. The modalities in this respect should be worked out between AAI and DIAL, atleast one week before the commencement of levy.
 - (v) The compliance in respect of points (i) to (iv) above may be furnished by AAI and DIAL to the Central Government on event basis as well as on a periodical monthly basis.
-
- (c) It will be ensured that DF is utilized for the development of such "Aeronautical Assets" only, which are "Transfer Assets" in terms of OMDA.
 - (d) DIAL should report the collection and usage of DF on a monthly basis to Central Government/Regulator through AAI. The report should reach the Central Government/Regulator latest by 10th day of the following month.
 - (e) The levy will be reviewed 6 months after commencement by the Regulator/Central Government and thereafter at such intervals as the Regulator/Central Government may decide.
 - (f) At the stage of final determination, Regulator/Central Government would ensure adequate consultation with the users.
 - (g) The amount collected through DF would not in any case exceed the ceiling of Rs. 1827 crores (NPV as on 1.03.2009). The ceiling amount would be exclusive of taxes, if any.
 - (h) The balance amount of Rs. 1250 crores received as shareholders advance (i.e., Rs. 1750 crores net of Rs. 500 crores to be appropriated towards equity) would be retained by DIAL. Any escalations of cost would be met from the amount so retained. In case the cost escalation is less than the retained amount, the ceiling amount of Rs. 1827 crores (as indicated in (g) above) would be reduced by an amount which is equal to the difference between the retained amount of Rs. 1250 crores and the amount representing project cost escalation beyond Rs. 8975 crores.

Cont...

- (i) Rate and tenure of levy are premised upon the traffic projections and other estimates. In case due to actual figures being different than those estimated, the collections during levy period exceed the amount of Rs.1827 crores (NPV as on 1.3.2009) or any other amount which the Regulator/Central Government may determine, the excess amount so collected shall not be utilized, for any purpose whatsoever, without the prior approval of the Regulator/Central Government.
3. Compliance may be reported to the Central Government in terms specified hereinabove.

Yours faithfully,

(Sandeep Prakash)
Director
Tel: 24616025



DELHI INDIRA GANDHI
INTERNATIONAL AIRPORT

Delhi International Airport (D) Limited
Ref: DAI.2008-09/MoCA-DF/2643
14th January, 2009

6



GMR Infrastructure Limited
Indira Gandhi International Airport
New Delhi, India
GMR Infrastructure Limited
GMR Infrastructure Limited
GMR Infrastructure Limited

The Secretary
Ministry of Civil Aviation
Rajiv Gandhi Bhawan
New Delhi – 110 003

Sub: Levy and collection of Development Fees (DF) at IGI Airport, New Delhi
Ref: Your Letter No. F.No.AV.24011/002/2008 AD dated 31.12.2008
Our Letter No. DAI/2008-09/MoCA-DF/2604 dated 5th January, 2009 and
DAI/2008-09/MoCA-DF/2613 dated 6th January, 2009
Your Letter No. F.No.AV.24011/002/2008-AD dated 13.01.2009

Dear Sir,

In continuation to our above mentioned letters, we would like to bring to your kind notice the following :

Project Progress

To meet the tight timelines of achieving the project completion in 37 months (never achieved in the world) before Commonwealth Games, project work is going on in full swing with 27,000 people working round the clock. By maintaining this tempo and speed, it will be possible to complete the project within the timelines.

Need for funding the entire gap of Rs.1,964 crores in Deposits

As mentioned in our earlier letter, the gap on account of shortfall in deposits was coming to Rs.1,964 crores (based on bids received, the estimated deposits amount is Rs. 775 crores as against Rs.2,739 crores of deposit envisaged by the Lenders). To make the airport project bankable and meet the requirements of lenders, we need Government support to fund the gap of Rs.1,964 crores. It may be noted that the gap in the funding of Rs.1,964 crores is required to be filled up during the project implementation for which we have to take bridge finance from the lenders against the receipts of development fees over the envisaged period of 3 years 3 months. Further, the construction work will be at its peak in the next one year and all the specialized equipment would start arriving at the project site from the next month onwards.

Project Cost

To meet the difficult and challenging task of completing the project in tight timelines of 37 months, we have to necessarily go for parallel design and construction method for which we adopted open book policy with cost plus contract with I&T through competitive bidding. At the time of going for financial closure we could only do a preliminary estimates based on the preliminary drawings available at that point of time.



DELHI INDIA GANDHI
INTERNATIONAL AIRPORT

Delhi International Airport (PI) Limited



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As and when detailed drawings are firmed up, all the major and minor contract packages are finalized. In all there are 78 packages out of which 55 have already been awarded through competitive bidding process and the balance 23 packages are in the process of being awarded in the next 4-5 months. We expect that the project cost will get crystallized by June, 2009 and we will be able to give crystallized project cost for verification / vetting by that time. The present indications are that the final project cost may be of the order of about Rs.10,500 crores as against the earlier estimate of Rs.8,975 crores. This would call for an additional funding of about Rs 1,500 crores albeit the true picture would emerge by June, 2009. As the project would not be able to leverage additional debt, the additional funding of Rs 1,500 crores will have to be brought in by the promoters from their own sources.

With regard to your specific observation of shareholders advances amounting to a total of Rs.1,750 crores already mobilized by DIAL, we wish to clarify that out of Rs.1,750 crores shareholders advance, an amount of Rs 500 crores is appropriated to the base equity since as per the approved funding plan total base equity of Rs 1,200 crores was to be mobilized against which only Rs.700 crores was contributed by all the shareholders. Therefore, to make the base equity to Rs.1,200 crores as required under the approved funding plan, Rs.500 crores out of shareholders advance of Rs.1,750 crores was appropriated. Therefore, the balance shareholders advance will remain at Rs 1,250 crores and consequently the base equity at Rs.1,200 crores. The same is reflected in Annexure - V enclosed to our letter dated 05.01.2009. Further, the balance amount of Rs.1,250 crores already brought in by the shareholders as advance would be retained in the project to take care any additional fund requirements of the crystallized project cost.

Presently available funds will be just sufficient till end of this month. We need the support of lenders in terms of further disbursement of loans. For it, we earnestly request Ministry of Civil Aviation to examine our request and approve levy of development fees to address the funding gap of Rs.1,964 crores arising on account of shortfall in the security deposit from property development.

We request you to consider our proposal for levy of development fees and help us to complete the implementation of this project of National importance as per the schedule.

Thanking you,

Yours faithfully,

For Delhi International Airport Pvt. Ltd.



K. Narayana Rao
Director

EXTRACT OF THE RESOLUTION PASSED AT THE BOARD MEETING OF DELHI INTERNATIONAL AIRPORT PVT. LTD. HELD ON MARCH 18, 2009

a) For awarding Asset Area No's- 1, 2, 6,9,10 and 12

RESOLVED THAT the Board of Directors be and hereby accord their approval to award and issue Letter of Award for the Asset Area No.s-1, 2, 6, 9, 10 and 12, to the successful bidders as detailed below.

Asset Area Number	Built up Area (in Square feet)	Area (in Acres)	Name of the Bidder
9	190,000	1.70	Interglobe Hotels (Accor)
12	185,000	1.60	Wave Impex (Hyatt/ Traders)
10	175,000	1.60	Amadeus India (Dusit)
6	232,000	1.95	Krizm Hotels (Lemon Tree)
2	625,000	4.68	Accor
1	650,000	5.48	Juniper Hotels (Hyatt)
Total	2,057,000	17.01	

RESOLVED FURTHER THAT Mr.Kiran Kumar Grandhi, Managing Director, and Mr.Srinivas Bommidala, Executive Director, be and are hereby severally authorized on behalf of the company, to issue Letter of Award to the successful bidders.

RESOLVED FURTHER THAT Mr.Kiran Kumar Grandhi, Managing Director, Mr.Srinivas Bommidala, Executive Director, Mr.G.B.S.Raju, Director, Mr.B.S.Shantharaju, CEO/Whole time Director, Mr.K.Narayana Rao, Whole time Director, Mr.O.Bangaru Raju, Alternate Director and Mr.M.S.Narayanan, Vice President-(Finance) & Company Secretary be and are hereby severally authorized on behalf of the company to provide any information, enter into any agreements, sign all other relevant letters, documents, papers and to do all such acts, deeds and things as may be necessary and as required by the successful bidders for commercial development of the above said Asset Areas.

b) For Asset Area No.s-3, 4, 5, 7, 8, 11 and 13

Board advised to re-negotiate Asset Area No's- 4, 5 and 11 for a period of one more month and put up for finalization and approval of the Board and go for rebidding for Asset Area No's 3, 7, 8 and 13. Board further advised for re-bidding the said Asset Areas, in the event of unfavourable negotiations.

For Delhi International Airport Pvt. Ltd.



Director



RESOLVED FURTHER THAT Mr.Kiran Kumar Grandhi, Mr. B.S.Shantharaju, Mr.K.Narayana Rao and Mr. M.S.Narayanan be and are hereby severally authorized to do all such acts, deeds and things, including signing of documents, papers, agreements, in connection with opening of Escrow /Trust and Retention Account(s).

RESOLVED FURTHER THAT Mr. Kiran Kumar Grandhi, Managing Director of the Company be and is hereby authorized to authorise executives to operate the bank account(s) of the company with appropriate limits and to make suitable modification to such authority delegated, including change in executives /authorized signatories and other instructions in connection with operation of the aforesaid bank account of the company.

10. PRESENTATION ON COMMERCIAL PROPERTY DEVELOPMENT

A presentation (attached) on Commercial Property Development was made to the Board, which covered the following:-

- status of award with respect to 6 Asset Area Nos. - 1, 2, 6, 9, 10 & 12;
- status of negotiations with respect to Asset Area Nos. 4, 5 & 11;
- way forward / proposed timelines for remaining Asset Areas.

Authorization of the Board was sought to award Asset Area No. 4, re-negotiate the bid for Asset Area No. 5 upto May 31, 2009 and go for re-bidding for Asset Area Nos. 3, 7, 8, 11 & 13.

The Board was informed that key decisions with respect to development mix, re-segmentation etc. would be taken based on market feedback to come up with "right sized" asset areas without changing the commercial aspects.

After due deliberations the following resolutions were passed:-

a) For awarding Asset Area No. 4

RESOLVED THAT the Board of Directors be and hereby accord their approval to award and issue Letter of Award for Asset Area No. 4 to the successful bidder as detailed below:

Asset Area Number	Built up Area (in Square feet)	Area (in Acres)	Name of the Bidder
4	578,000	4.55	Aria Hotels (Asian)

RESOLVED FURTHER THAT Mr.Kiran Kumar Grandhi, Managing Director, Mr.Srinivas Bommidala, Executive Director and Mr. Ramkrishna Sharma, Chief Operating Officer

Director's Notes



July 28, 2009

Mr. K Narayana Rao
Whole-Time Director
Delhi International Airport Private Limited
New Udaan Bhavan, Terminal 3
International Terminal, IGI Airport
New Delhi – 110037

Dear Sir,

Sub: Circular resolution under Section 289 of the Companies Act, 1956 – Commercial Property Development : Authorisation to award Asset Area No. 13

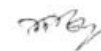
Consequent to the approval by Board of Directors in its meeting held on July 18, 2008, the Company commenced commercial development of about 45 acre area in Hospitality District. The bid process started with the release of RFP in September 2008 with about 100 potential bidders picking up the RFP documents. The bids received were evaluated and subsequent to Board's approval, Letter of Awards were issued to successful bidders for 7 Asset Areas out of total 13 Asset Areas. The Board had given mandate to negotiate with other interested bidders who were close to the minimum cut off value.

In the Board meeting held on July 20, 2009, Board was informed that Development Agreement & Infrastructure Development Agreements have been entered into with the 7 successful bidders to whom Letter of Awards had been issued for development of Commercial Property. In respect of remaining 6 Asset Area Nos. 3, 5, 7, 8, 11 & 13, re-bidding process would be carried out by the Company which process is likely to be completed by October 31, 2009.

The Company has now received a revised increased bid from M/s DB Hospitality, the original bidder in respect of Asset Area No. 13. The revised bid is higher than the minimum cut off for all the Assets Areas awarded till date. The value is attractive as it is higher than the bid values of other large Asset Areas awarded even though the subject Asset is almost double their size.

A detailed presentation on the same, covering the following points, is attached herewith:

- Background of the bid process for commercial development of Hospitality district
- Details of revised bid received for Asset Area No. 13
- Asset Area No. 13, the largest plot in the district, to be viewed as a special case
- Justification for award of said Asset Area
- Advantages to the Company in awarding said Asset Area to the selected bidder





DELHI INDIRA GANDHI
INTERNATIONAL AIRPORT

Delhi International Airport (P) Limited

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As the revised bid offers good value to the Company, Board is requested to approve the attached resolution as a circular resolution under Section 289 of the Companies Act, 1956 for award of Asset Area No. 13.

You are requested to kindly return the resolution duly signed in token of your approval.

Thanking you

Yours faithfully,

for **Delhi International Airport Private Limited**

M.S.Narayanan
Chief Financial Officer & Company Secretary

Encl : as above

List Of packages -Awarded

Sl. No.	Package No.	Package Details	Category	Contract Award status
1	A-01	Earthworks within site boundary (for Phase 1A and 1B)	CWP	Awarded
2	A-02-a	Runway and Taxiways for Phase 1A and 1B excluding drains and aprons	CWP	Awarded
3	A-02-b	21m Strip connection Taxiway 6 and 7	CWP	Awarded
4	A-02-c	Taxiway 6 and 7 connection	CWP	Awarded
5	A-02-d(i)	Phase 1B shoulder strengthening works adjoining main aprons	CWP	Awarded
6	A-02-d(ii)	Taxiway S and Fillet widening / strengthening	CWP	Awarded
7	A-02-d(iii)	Earthworks within site boundary (for Phase 1A and 1B)	CWP	Awarded
8	A-02-e	Remote apron stands 301 to 305	CWP	Awarded
9	A-02-e(i)	Cargo Apron stands – 3 new stands	CWP	Awarded
10	A-02-g(i)	Main Apron of Phase 1B stage 2	CWP	Awarded
11	A-02-g(ii)	Airside culverts and drainage works – Phase 1B	CWP	Awarded
12	A-02-i	Airside culverts and drainage works for Phase 1A	CWP	Awarded
13	A-09-a	Aviation Fuel hydrant system – Under taxiway 6 and 7 only	CWP	Awarded
14	A-09-c	Aviation Fuel hydrant system – For new Cargo apron stands	CWP	Awarded
15	A-10-a	Aviation Fuel hydrant system – For Main aprons + New fuel farm	CWP	Awarded
16	A-10-b	Airport service building – Civil, Arch., MEP and Finishes works	CWP	Awarded
17	A-10-c	New Terminal building – PTB civil structural works	CWP	Awarded

-13-

18	A-10-d	New Terminal building – Piers civil structural works	CWP	Awarded
19	A-10-e	New Terminal building – Service Tunnel under Piers	CWP	Awarded
20	A-10-f	New Terminal building – Nodes and Rotunda civil works	CWP	Awarded
21	A-10-g	New Terminal building – Access Tunnel, PHE/Fire UGT, Unloading Bay, etc	CWP	Awarded
22	A-10-h	New Terminal building – Forecourt civil works	CWP	Awarded
23		Piers - Fixed Link bridges	CWP	Awarded
24		PTB Deck Slab & Waterproofing	CWP	Awarded
25	L-01-b	Connection to NH8, enhancement of road infrastructure, etc	SCP	Awarded
26	A-03	AGL Power supply	SCP	Awarded
27	A-04	AGL and associated works	SCP	Awarded
28	A-05	SRFF building incl. hard paved stands	SCP	Awarded
29	A-06	ARFF Vehicles	SCP	Awarded
30	A-07	Airport wide Power distribution system	SCP	Awarded
31	A-08	Airside external services, utilities, STP, water supply, sewerage, etc	SCP	Awarded
32	T3-02-a	Roof structure – PTB and forecourt	SCP	Awarded
33	T3-02-b	Roof Structure – Piers	SCP	Awarded
34	T3-03	Roof sheeting and associated works (PTB, Forecourt)	SCP	Awarded
35		Roof sheeting and associated works (Piers)	SCP	Awarded
36	T3-04-a	Façade - Piers, Fixed Links, bridges and nodes	SCP	Awarded

37	T3-04-b	Facade- PTB, Sky lights, cleaning systems	SCP	Awarded
38	T3-06	Plumbing and sanitary works	SCP	Awarded
39	T3-07	Electrical systems	SCP	Awarded
40	T3-08	Fire fighting and fire suppression systems	SCP	Awarded
41	T3-09	HVAC systems and associated works	SCP	Awarded
42	T3-10	Elevators, escalators and Travelators (VHT)	SCP	Awarded
43	T3-11-b	Visual docking guidance systems	SCP	Awarded
44	T3-12	BHS, X Ray & screening and associated works	SCP	Awarded
45	T3-13-a	PBB - Code C stands (21 Nos.)	SCP	Awarded
46	T3-13-b	PBB - Code E and F stands (63 Nos.)	SCP	Awarded
47	L-02	MLCP	SCP	Awarded
48	T3-11-a	PSP (People Screening Plant), Subject to Election E7.2	SCP	Awarded
49	T3-05-a(i)	Parched finishes - ACP cladding to walls and columns with Stainless Steel skirting & Internal Portals (ACP and MS structural work) at gate lounges with Automatic Doors	Finishes	Awarded
50	T3-05-a(ii)	Parched finishes - Automatic Glass Doors	Finishes	Awarded
51		Glazed partitions with entry portal and steel structures	Finishes	Awarded
52	T3-05-b(i)	Parched finishes - Raised Access Flooring	Finishes	Awarded
53	T3-05-b(ii)	Parched finishes - Corian column cladding with Stainless Steel skirting	Finishes	Awarded
53.1	T3-05-b(iii)	Parched finishes - Internal gypsum partition with glazing and aluminum glazed doors, all wooden doors and aluminum-door Frames	Finishes	Awarded
54		External Glazing - Nodes	Finishes	Awarded

55		Entrance Portals at forecourt	Finishes	Awarded
56		Design Review package	Finishes	Awarded
57		Mineral Fibreboard & Plasterboard Ceiling	Finishes	Awarded
58	T3-0S-c	Granite Flooring	Finishes	Awarded
59	T3-0S-d	Tiles / Kota stone	Finishes	Awarded
60	T3-0S-e	Carpets	Finishes	Awarded
61	T3-0S-f	Suspended Ceiling (Supply)	Finishes	Awarded
62	T3-0S-f	Suspended Ceiling (Installation)	Finishes	Awarded
63	T3-0S-g	Fabric Roof	Finishes	Awarded
64	T3-0S-h	Metal doors and Asso. Works	Finishes	Awarded
65	T3-0S-i	Toilet Finishes	Finishes	Awarded
66	T3-0S-j	Expansion Joint	Finishes	Awarded
67	T3-14-a	Check-in counters / Canopy	Finishes	Awarded
68	T3-14-d	Signages	Finishes	Awarded
69	T3-0S-k	Railing and crash-guards	Finishes	Awarded
70	T3-19-1a	Blockworks PTB & PIERS	Finishes	Awarded
71	T3-11-a	System Integration (L&T)	IT	Awarded
72	T3-11-a	Master Systems Integration (DIAL)	IT	Awarded
73	T3-11-a	Network	IT	Awarded

74	T3-11-a	Flight Information Display system (FIDS)	IT	Awarded
75	T3-11-a	Check-in System & Baggage Reconciliation (CUPPS-CUSS & BRS-MDS)	IT	Awarded
76	T3-11-a	Telephony	IT	Awarded
77	T3-11-a	Public Address and Voice Alarms (PAVA)	IT	Awarded
78	T3-11-a	CCTV & Access Control Systems (ACS)	IT	Awarded
79	T3-11-a	Building Management System (BMS)	IT	Awarded
80	T3-11-a	Control Centres & Helpdesk System (HED)	IT	Awarded
81	T3-11-a	Master Antenna TV (MATV)	IT	Awarded
82	T3-11-a	Mobile Phone Antenna System	IT	Awarded
83		Irrigation System	Landscape	Awarded
84		Softscape	Landscape	Awarded
85		Indianization Consultancy	Branding	Awarded
86		Branding Consultancy	Branding	Awarded
87		Retail Steel Structure	Retail	Awarded
88		Corian Gypsum Works	Retail	Awarded
89		Specialist Metal Works	Retail	Awarded
90		Specialist Ceiling	Retail	Awarded
91		General Civil Works	Retail	Awarded

List Of packages Under Evaluation

Sl. No.	Package No.	Package Details	Category	Contract Award status
1		Ground Access - Street Lighting	SCP	Under Evaluation
2		Ground Access - GPUIPC Air	SCP	Under Evaluation
3		VIP & WIP Lounges	Finishes	Under Evaluation
4	T3-14-b	Seating	Finishes	Under Evaluation
5	T3-11-a	Electronic Point of Sales (EPOS)	IT	Under Evaluation
6	T3-11-a	Info Kiosk (INK)	IT	Under Evaluation
7	T3-11-a	Automated Payment Parking System (APPS) & Space Allocation Display System (SADS) (Car Parking System)	IT	Under Evaluation
8		Hardscape - External	Landscape	Under Evaluation
9		Hardscape - Internal	Landscape	Under Evaluation

Rs.5000 crores, an amount of about Rs.1750 crores was to be raised as ECB. Due to the change in financial conditions, ECB lenders have renegotiated the interest rates from LIBOR + 300 basis points to LIBOR + 500 basis points. Therefore, the project cost is likely to increase further due to higher interest cost. The interest capitalization in the project cost is now estimated to be Rs. 831 crores as against Rs. 659 crores estimated originally.

- (d) As on 30.9.2009, the Gross Assets capitalized in the books of Company were Rs.2646 crores. Further the value of assets under capitalization, as on same date, was Rs.6132 crores.
- (e) In the commercial property development, out of 13 asset areas, 8 assets have, already, been awarded as submitted vide their letter dated 31.8.2009. Balance 5 asset areas are under bidding. Bids are likely to be received by end November, 2009 and after evaluation and negotiation it is expected to complete the final award by 31.12.2009.
- (f) Till 30.9.2009, the DF was billed for Rs.310 crores, out of which Rs.265 cores had been collected and the balance was outstanding with the airlines.
- (g) Project will be completed by 31.3.2010, where after only the work of maintenance and minor rectification would be undertaken by DIAL.

5.7 The Authority, in particular, noted the following :

- (a) As per the estimates submitted by the DIAL representatives before the Authority, the final award of the project, as well as the review of hospitality district is likely to be completed by end December 2009.
- (b) The levy had been approved on 'ad-hoc' basis. At that time stakeholder consultation did not take place due to non availability of the information (as indicated in para 4). It would, therefore, be appropriate that the review is undertaken at the earliest so that DF could be finally determined.
- (c) The project completion date is determined to be 31.3.2010. Hence the firmed up project cost must be available much before that date.

5.8 The Authority, having pursued the records and upon due consideration of the submissions made by DIAL and various stakeholders, passed an order (Order No.01/2009-10 dated 04.11.2009 – Annexure-III) extending the date of submission of the details by DIAL upto 31.1.2010.

6.1 DIAL, vide their letter ref.no.DIAL/2009-10/MoCA-DF dated 31.01.2010 (Annexure-IV) submitted details of only the review of the bidding process in respect of the hospitality district. It was stated that the aggregate security deposit

19
LINK LEGAL
ADVOCATES

By Courier/ E-mail

August 26, 2009

Delhi International Airport Private Limited
New Udaan Bhawan,
Terminal III, IGI Airport,
New Delhi - 110037

**Kind Attention: Mr. K. Narayana Rao, Director/ Mr. Sumant Nayak, AVP
(Legal)**

Regarding: Judgment of the Delhi High Court in the Writ Petition filed
by Resources of Aviation Redressal Association (ROAR) numbered as
W.P. (C) No. 8918 of 2009 challenging the levy of Development Fee
("DF") by DIAL at IGIA.

Dear Sir,

We write in reference to the subject captioned above.

This is to inform you that the High Court of Delhi at New Delhi passed its verdict
today on the Writ Petition filed by Resources of Aviation Redressal Association
(ROAR) numbered as W.P. (C) No. 8918 of 2009 challenging the levy of
Development Fee ("DF") by DIAL at IGIA at the rate of Rs. 200 per embarking
domestic passenger and Rs 1300 per embarking international passenger, as being
without the authority of law. The Petitioner has therefore sought quashing of the
levy of Development Fee at the IGIA. The Union of India has been arrayed as the

20
Respondent No.3

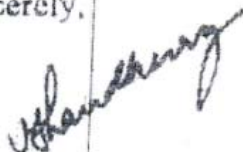
The High Court held that by virtue of Section 12 A (4) of the Airports Authority of India Act, 1994, DIAL has stepped into the shoes of AAI and therefore DIAL would have all the powers of the AAI for the purpose of carrying out the functions under the AAI Act.

The Court also observed that the permission granted by UOI vide its letter dated February 9, 2009 specifically provides an upper limit on the amount to be collected as DF and also is for a limited period and the permission also prescribes the manner of utilization of the DF so collected at IGIA.

As a result, the Hon'ble High Court held that there is no illegality attached to the imposition of DF by DIAL with the prior permission of the Union of India. As such the Petition was dismissed.

If you need any further clarifications, please feel free to revert to us.

Yours sincerely,



Atul Sharma/ Milanka Chaudhury.

Airports Economic Regulatory Authority of India

Order No. 01/2009-10

New Delhi

Date of Order 4th November, 2009

Date of Issue 6th November, 2009

In the matter of M/s Delhi International Airport Pvt. Ltd.

Subject: Request dated 31.8.2009 of M/s Delhi International Airport Pvt. Ltd. for extension of time for submission of information in regard to review of levy of Development Fee (DF) at IGI airport, New Delhi.

Authority has received a letter Ref: DIAL/2009-10/MoCA-DF/ dated 31.8.2009 from M/s Delhi International Airport Pvt. Ltd (DIAL) requesting for permission to submit the data required for review of DF levied at Indira Gandhi International Airport (IGI Airport), New Delhi by February 2010.

2. It is observed that the Central Government vide letter No. AV.24011/002/2008-AD dated 9.2.2009 had conveyed their approval under Section 22A of the Airports Authority of India Act, 1994 for levy of DF by DIAL at IGI airport, New Delhi @ Rs.200/-per departing domestic passenger and @ Rs.1300/- per departing international passenger, inclusive of all applicable taxes, purely on an 'ad-hoc' basis, for a period of 36 months, w.e.f. 01.03.2009. The approval is subject to review, specifically upon following milestones:

- (a) DIAL would submit final project cost estimates within 6 months of the commencement of levy, i.e., latest by 31.08.2009. The project costs so submitted, including amount of contingencies, and their utilization shall be audited by an independent technical auditor to be appointed by AAI or as the Regulator/Government may decide.
- (b) DIAL would undertake a review of the bidding process in respect of the hospitality district. They may approach the Government with the outcome of the review within 6 months of the commencement of levy, i.e., latest by 31.8.2009.

Order No. 01/2009-10



Page 1 of 6

Above approval was also subject, inter-alia, to the condition that the final determination of levy may be made by the Government/Regulator upon compliance with (a) and (b) above.

3. Subsequently, Central Government, vide Notification No. GSR 317(E) dated 12.5.2009 have notified the establishment of the Authority w.e.f. 12.5.2009. Therefore, by virtue of section 54 of the AERA Act, 2008, section 22A of the AAI Act, 1994 stood amended w.e.f. the date of establishment of the Authority in the manner specified in the Schedule to the Act. Consequently, in respect of 'major airports', the DF could be levied at the rate as may be determined by the Authority under section 13(1) (b). The IGI airport, New Delhi is a major airport as the annual passenger throughput thereat is in excess of 1.5 million. Accordingly, the DIAL have made the subject request to the Authority.

4. The levy of DF was approved by the Central Government to bridge the funding gap of Rs.1827 crores (ceiling amount), in view of the inability of DIAL to raise the originally anticipated amount of Rs.2739 crores as refundable security deposits from commercial property development at the IGI airport. Based on the bids received by DIAL at the relevant time, it was ascertained, on behalf of the Central Government, that DIAL may be able to raise an amount of Rs.912 crores, on this count. It was also observed that the bidding process required a review so as to obtain optimum returns out of the commercial property development. DIAL was, accordingly, required to review the bidding process and approach the Government/ Regulator with the outcome of the review latest by 31.8.2009.

5. It was also submitted by DIAL, at the relevant time before the Central Government, that the original estimated project cost of Rs.8975 crores is likely to increase and may actually be of the order of about Rs.10500 crores (DIAL's letter No. DAL2008-09/MoCA-DF/2643 dated 14.1.2009). It was further stated that they were still in the process of awarding various packages of the project. Therefore, project cost is likely to get crystallized by June, 2009 only.

6. It is evident from the records obtained from the Central Government that in absence of the estimation of final project cost and due to the review of the bidding process and consequent uncertainty about realization from refundable security deposits, the Central Government was not in a position to make a final determination of the funding gap which is required to be bridged through levy of DF. It is due to this reason that the approval was granted on 'ad-hoc' basis subject to review upon submission of final project cost estimate and information regarding realization on account of refundable security deposit from commercial property development within a period of 6 months.



7. Vide their captioned letter dated 31.8.2009, DIAL have stated that:
- (a) Out of the 13 asset areas (total 45 acres), it has been able to licence 8 asset areas (29.26 acres). The quantum of lease deposits raised/committed from these assets is Rs.864 crores. In respect of balance 5 asset areas, they have decided to go for rebidding, which is likely to take 4-6 months.
 - (b) Considering the stiff timeline of completion of the project, DIAL had to go in for parallel design and construction methodology for completion of the project. The project was, for the sake of convenience, divided into various packages and awarded accordingly. The number of packages (as on 31.8.09) stood at 114, out of which 91 packages had been awarded and balance 23 were pending. Of the 23 pending packages, 9 were under examination. Among the packages already awarded some cost elements were variable with market conditions. Hence, the final project cost could undergo change over the next few months. In this light, it expected to complete the final estimation of project cost only by end of February 2010.

8.1 The aforesaid request of DIAL was placed for stakeholder consultation by the Authority vide Consultation Paper No.1/2009-10 dated 10.9.2009. The comments/submissions were requested for by 30.9.2009.

8.2 The comments were received from International Air Transport Association (IATA) and Emirates Airlines.

8.3 IATA, vide letter dated 30.9.2009, made several observations and recommended the following for the consideration of AERA:

- (i) The airport needs to clearly justify to AERA and the airlines that all options of financing have been explored and that pre-funding through levying a DF is the most beneficial financing option for the industry. The fact that the industry at this stage would be adversely affected by advance payment of airport development costs as opposed to deferred payment should be an important consideration. In the absence of such justification, the DF should not be approved.
- (ii) If DF can be shown to be most viable financing option, then a reasonable period of time must be set aside for effective consultation between airport and airlines as stipulated by ICAO. Effective consultation demands that the airport provides full transparency of its costs and that the charges developed comply with ICAO's principles of cost-related and non-discriminatory charging.



8.4 Similarly, Emirates Airlines vide letter dated 30.9.2009, made several observations and submitted that the levy of DF is discriminatory and not in compliance to ICAO principles. They would challenge the charge on the basis of OMDA agreement and financial performance of DIAL.

8.5 The submissions received from IATA and Emirates Airlines, as above, were communicated to DIAL for their comments. DIAL, vide letter No. nil dated 23.10.2009, inter-alia, stated that the observations made by IATA and Emirates do not relate to their present request, i.e., extension of time to file final project cost.

9.1 The matter was considered in detail in the meeting of the Authority held on 29.10.2009.

9.2 Shri Kiran Kumar Grandhi, MD, DIAL and Shri Sidharath Kapoor, CFO, DIAL, who were in attendance, apprised the Authority as under:

- (a) The project has been further sub-divided into 117 packages as against 114 packages reflected in their letter dated 31.8.2009. Out of these, 97 packages have already been awarded, 12 are under evaluation and 8 are yet to be floated. The balance packages, i.e., those under evaluation and those yet to be evaluated would be awarded by end of December, 2009.
- (b) The value of 12 packages under evaluation is tentatively estimated to be Rs.170 crores whereas value of 8 packages, yet to be floated, is estimated to be Rs.30 crores.
- (c) The project is being financed through a mix of debt and internal resources including DF. Out of the total debt component of about Rs.5000 crores, an amount of about Rs.1750 crores was to be raised as ECB. Due to the change in financial conditions, ECB lenders have renegotiated the interest rates from LIBOR + 300 basis points to LIBOR + 500 basis points. Therefore, the project cost is likely to increase further due to higher interest cost. The interest capitalization in the project cost is now estimated to be Rs. 831 crores as against Rs. 659 crores estimated originally.
- (d) As on 30.9.2009, the Gross Assets capitalised in the books of Company were Rs.2646 crores. Further the value of assets under capitalization, as on same date, was Rs.6132 crores.
- (e) In the commercial property development, out of 13 asset areas, 8 assets have, already, been awarded as submitted vide their letter dated 31.8.2009. Balance 5 asset areas are under bidding. Bids are likely to be received by end November, 2009 and after evaluation and negotiation it is expected to complete the final award by 31.12.2009.



- (f) Till 30.9.2009, the DF was billed for Rs.310 crores, out of which Rs.265 cores had been collected and the balance was outstanding with the airlines.
- (g) Project will be completed by 31.3.2010, whereafter only the work of maintenance and minor rectification would be undertaken by DIAL.

9.3 The Authority has deliberated the issue in detail and, particularly, the following aspects:

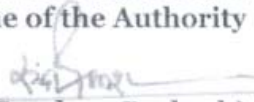
- (i) As per the estimates submitted by the DIAL representatives before the Authority, the final award of the project, as well as the review of hospitality district is likely to be completed by end December 2009.
- (ii) The levy had been approved on 'ad-hoc' basis. At that time stakeholder consultation did not take place due to non availability of the information, as indicated in para 2.1.5. It would, therefore, be appropriate that the review is undertaken at the earliest so that DF could be finally determined.
- (iii) The project completion date is determined to be 31.3.2010. Hence the firming up of project cost must be available much before that date.

10. Having pursued the records and upon due consideration of the submissions made by DIAL and various stakeholders, the Authority passes the following Order.

ORDER

11. The time for submission of information in terms of clauses (a) and (b) of para 1 of Ministry of Civil Aviation's letter No. AV.24011/002/2008-AD dated 9.2.1009 is extended upto 31.1.2010. DIAL should submit the requisite information latest by the extended date of 31.1.2010 so that the Authority would be in a position to deliberate on the same.

**By the Order of and in the
name of the Authority**


**(Sandeep Prakash)
Secretary**

**M/s Delhi International Airport (P) Limited,
New Udaan Bhawan,
Terminal 3, Opp. ATS Complex,
International Terminal, IGI Airport,
New Delhi – 110037.**

Order No. 01/2009-10



Page 5 of 6

Copy to:

1. Secretary, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, New Delhi.
2. Chairman, Airports Authority of India, Rajiv Gandhi Bhawan, New Delhi.

Internal :

1. PS to Chairperson
2. ✓ Order Folder
3. Subject F.No. AERA/20011/DIAL-DF/2009



Dated: January 31, 2010
Ref: DIAL/2009-10/MoCA-DF/

The Secretary,
Airport Economic Regulatory Authority of India
Room No-1, New Administrative Block
Safdarjang Airport, New Delhi -110003

Dear Sir,
Kind Attention: Sh. Sandeep Prakash
Ref: AERA order number 01/2009-10

Pl- put up
2/2/10
Secy (AERA)

Please refer to the abovementioned order issued by AERA. We herewith submit the details of the review of the bidding process in respect of the hospitality district. The Board of Directors of Delhi International Airport Private Ltd (DIAL) approved the development of Phase 1 of the hospitality district vide resolution dated 18th July' 08. Salient features of the development process were as follows:

348 AERA/10
3.2.10
129/10/09663
2/2/2010
42/Secy/10
31/1/10

- The first phase of hospitality district comprised of ~45 acres.
- ~45 acres were divided into a total of 13 asset areas (with Cumulative built up area 8of 6.12 mn sft).
- Out of above, 10 asset areas were for hospitality assets (across categories totaling to ~37.46 acres of land with a cumulative built up area of 5.045 mn sft).
- Balance 3 asset areas were commercial assets, (totaling to ~7.62 acres of land with cumulative built up area of 1.075 mn sft).
- Approvals were secured from Airports Authority of India & Delhi Urban Arts Commission with respect to master plan.
- An extensive pre-bid marketing was carried out through national & international road shows.
- Bid process started with the release of RFP from 29th Spetember'08, with ~100 potential Bidders picking up the RFP documents

SM (ABS)
We have already actioned on the fax copy received on 2/2/10 - for review
(h)
22/2/10

A rigorous three stage evaluation process was followed as under:

Stage 1:

- Initial Bids consisting of Financial and Non Financial Bids were received on 15th of Dec'08.
- After opening of Non Financial Bids it was decided to invite all the qualified Bidders for negotiation on financial bids on the basis of one to one meetings.



Stage 2:

- One to one meetings were conducted with all qualified Bidders,
- Detailed discussion on the Financial Bids was undertaken with a request to re-look & re-submit Revised Financial Bids.
- Bidders interested in revising their financial bids were asked to submit their Revised Financial Bids by 25th February' 2009.

Stage 3:

- Top 3-4 Bidders per asset area were invited for final round of negotiations which were held on 4th- 6th of March' 09 after which they submitted the final offer.

The Board reviewed the bidding process and approved allotment of eight asset areas. Considering the prevailing depressed market conditions, the Board decided to go for rebidding in respect of balance 15.8 acres (five asset areas) where the bids were below expectation.

Re-bidding for the remaining Asset Areas of Hospitality District was undertaken as per the approval given in the Board Meeting dated May 5 2009. Of the remaining five Asset Areas that were offered for re-bid, one Asset Area was split into two thus taking the total number of Asset Areas put on rebid to six from five.

An extensive pre-bid marketing was carried out to market these asset areas to prospective developers and investors. Bid process started with the release of RFP from September 4, 09, with approx 60 potential Bidders picking up the RFP documents.

Here again a rigorous three stage evaluation process was followed as under:

a) Stage 1:

- i) Initial Bids consisting of Financial and Non Financial Bids were received on Nov 27, 2009.
- ii) After opening the Non Financial Bids it was decided to invite all the qualified bidders for negotiation on the financial bids on the basis of one to one meeting.



b) **Stage 2:**

- i) One to one meetings with all qualified bidders were conducted where detailed discussion on the Financial Bids submitted was undertaken and bidders were requested to re-look & re-submit Revised Financial Bids.
- ii) Bidders were given time till December 22, 09 to submit Revised Financial Bids.

c) **Stage 3:**

- i) Top 3 bidders per asset area were invited for final round of discussions/ negotiations which were held on December 23' 09 after which they submitted the final offer

Thereafter the Board of Directors of DIAL, vide circular resolution dated December 31st 09, reviewed and approved allotment of balance 15.8 acres of land comprising of 6 asset areas.

The aggregate security deposit amount committed for approximately 45 acres of land parcel is as under:

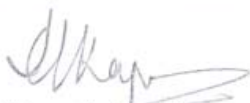
Round of Bidding	Security deposit in Rs. Crores	Acres
First Round	864.37	29.28
Second Round	607.14	15.8
Total	1471.51	45.08

A statement giving details of the various asset areas is annexed.

The enhanced committed security deposit of Rs. 559 crores, over and above the earlier envisaged amount of Rs. 912 crores, is being used to fund the ongoing project, the cost of which is being firming up.

Thanking you,

For Delhi International Airport Private Limited,


(Sidharath Kapur)
Chief Financial Officer - Airports



Annexure of Commercial Property Development

Round of Bidding	Asset Areas	Area in Acres	Gross Built up Area (Square feet)	Successful Bidders	Name of Development Company	Current Status	Award date	Refundable Deposits In Crore	
									Column No
First Round of Bidding	1	5.48	650,000	Juniper Hotels	Juniper Hotels Private Limited	Agreements executed	26/Mar/09	142.79	
	2	4.69	625,000	AAPC limited (Accor)	Caddie Hotels Private Limited	Agreements executed	26/Mar/09	137.86	
	4	4.55	578,000	Aria Hotels	Aria Hotels and Consultancy Services Private Limited	Agreements executed	5/May/09	127.42	
	6	1.95	232,000	Krizm Hotels (Lemon Tree)	Haycynth Hotels private limited	Agreements executed	26/Mar/09	53.73	
	9	1.71	190,000	InterGlobe Hotels	InterGlobe Hotels Private Limited	Agreements executed	26/Mar/09	47.26	
	10	1.6	175,000	Amadeus India	Bird Airport Hotels Private Limited	Agreements executed	26/Mar/09	40.63	
	12	1.6	185,000	Wave Impex	Wave Hospitality Private Limited	Agreements executed	26/Mar/09	46.26	
	13	7.7	1,200,000	DB Hospitality	Heaven Star Realty Pvt Ltd.	Agreements executed	1/Aug/09	268.41	
	Sub Total	29.28	3,835,000	--					864.37
	Second Round of Bidding	3	5.03	730,000	Blue Coast Hotels limited	Under Finalization	LOA issued	31/Dec/09	192.89
		5A	1.575	240,000	Pride Hotels limited	Under Finalization	LOA issued	31/Dec/09	64.12
		5B	1.575	240,000	Sweata Estates private Limited	Under Finalization	LOA issued	31/Dec/09	64.24
		7	2.22	300,000	Bharti Realty Limited	Under Finalization	LOA issued	31/Dec/09	80.74
8		2.3	325,000	Bharti Realty Limited	Under Finalization	LOA issued	31/Dec/09	86.03	
11		3.1	450,000	Bharti Realty Limited	Under Finalization	LOA issued	31/Dec/09	119.12	
Sub Total	15.8	2,285,000	--					607.14	
Grand Total	45.08	6,120,000						1,471.51	

Note: Figures as per Agreements and Letter of Awards



ANNEXURE V

F. No. AERA/20011/DIAL-DF/2009/478
Airports Economic Regulatory Authority of India

Room No. 1,
New Administrative Block,
Safdarjung Airport,
New Delhi-110003.

Dated the 4th February, 2010

To,

Shri Kiran Kumar Grandhi,
Managing Director,
Delhi International Airport (P) Ltd.,
New Uddan Bhawan, Terminal 3,
Opp. ATS Complex,
International Terminal, IGI Airport,
New Delhi – 110 037.

Subject: DIAL Development Fee (DF) – regarding

Read: 1) Central Government's Order No.AV.24011/002/2008-AD dated 09.02.2009.
2) AERA's Order No.01/2009-10 dated 04th November, 2009.

Sir,

I am directed to refer to your letter No. DIAL/2009-10/MoCA-DF dated 31.01.2010 on the above subject and to say as under:

- i) Vide Order referred at (1) above, the approval for levy of DF @ Rs.200/- per departing domestic passenger and @ Rs. 1300/- per departing international passenger, inclusive of all applicable taxes, was granted, on an ad hoc basis, for a period of 36 months w.e.f. 01.03.2009. The approval was to be reviewed specifically upon the two milestones mentioned in the said order. One of them related to submitting project cost estimates by 31.08.2009 and the other regarding review of bidding process in respect of hospitality district and informing Govt. of the outcome also by 31.08.2009.
- ii) However, vide your letter no. DIAL/2009-10/MoCA-DF dated 31.08.2009, a request was made for extension of timeline for submission of the aforesaid information upto February, 2010. Upon due consideration, the Authority had extended the timeline upto 31.01.2010, vide its order referred to at (2) above.
- iii) It is observed from your captioned letter dated 31.01.2010 that you have furnished information only regarding the review of bidding process in respect of the hospitality district and the aggregate security deposit amount committed for

Contd/-...

approximately 45 acres of land parcel. No information has been furnished with reference to the project cost which was also one of the milestones for review and final determination of DF. You have further stated that the security deposit is being used to fund the ongoing project, the cost of which is being 'firmed up'.

2. The Authority views your inability to firm up the project cost and supply the same to the Authority within the time stipulated by it to enable it to proceed further in terms of Order at (1) and (2) above seriously. You are hereby requested that the requisite information, along with all supporting material/documents, may be furnished without any further delay, failing which the Authority will be constrained to proceed with the matter on the basis of information available on its record without any further reference to you.

Yours faithfully,



(CV Deepak)

OSD -II

Tel: 24618539

g/c

585/2009/10 - 897 -
8/2/10
360. AERA-10
9.2.10

ANNEXURE VI

G.R

Registered office: New Udaan Bhawan,
Terminal 3, Opp. ATS Complex,
International Terminal, IGI Airport,
New Delhi 110037, India
T +91 11 47197000
F +91 11 47197181
W www.newdelhairport.in

February 8, 2010

DIAL/2009-10/MOCA/DF / 2201

The Secretary,
Airports Economic Regulatory Authority of India (AERA),
Room No. 1,
New Administrative Block,
Safdarjung Airport,
New Delhi-110003

Ref: 12

5/2/10

2201

Dear Sir,

Subject: DIAL Development Fee (DF)

Please refer to your letter Number: F.No. AERA/20011/DIAL-DF/2009/478 dated 4th February, 2010, on the above subject.

As you are aware, we are in the final stages of implementing an arduous and challenging project within unprecedented timelines of 37 months through a design and build using cost plus approach.

As you are also aware, Delhi International Airport Private Limited (DIAL) has representations, at Board level, from MOCA, AAI, Fraport and Malaysian Airports (Eraman Malaysia). In line with corporate governance norms, the matter of submissions to AERA on project cost and details of review of the bidding process in the Hospitality District were placed before the Board of Directors of DIAL at their meeting held on January 20, 2010. After detailed review and deliberation and also considering the complex nature of the project, the Board felt it to be in order to undertake an in-depth review of project cost. Accordingly the Board



constituted a Project Cost Committee, approved an audit of the project cost and authorized the said committee to appoint an auditor for the purpose of this audit. Thereafter the Board authorized the management to immediately file the details of review of the bidding process in the Hospitality District with AERA.

In line with the above, the Project Cost Committee appointed M/s Brahmayya and Co. (one of the Joint Statutory Auditors of the Company) to audit the Project Cost. Upon completion of audit, we would immediately thereafter, furnish the desired project cost information, after appropriate Board approval.

We solicit your kind indulgence in bearing with this delay.

Yours Sincerely,



(Sidharath Kapur)
Chief Financial Officer-Airports



Copy to: The Secretary, Ministry of Civil Aviation

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ANNEXURE - VII

F. No. AERA/20011/DIAL-DF/2009/488
Airports Economic Regulatory Authority of India

**Room No. 1, New Administrative Block,
Safdarjung Airport, New Delhi.
Dated the 12th February, 2010**

To

**Shri Kiran Kumar Grandhi,
Managing Director,
Delhi International Airport Ltd.,
New Udan Bhawan, Terminal 3,
Opp. ATS Complex,
International Terminal, IGI Airport,
New Delhi – 110 037.**

Subject: DIAL Development Fee (DF) – regarding.

**Read: (1) Central Government's Order No. AV.24011/002/2008-AD
dated 09.02.2009.**

(2) AERA's Order No. 01/2009-10 dated 4th November, 2009.

**(3) AERA's letter no. AERA/20011/DIAL-DF/2009/478 dated
4th February, 2010.**

Sir,

I am directed to refer to DIAL's letter reference no. DIAL/2009-10/MOCA/DF/2201 dated February 8, 2010, which has been forwarded in response to AERA's letter referred to at (3) above, stating that the Board of Directors of DIAL has ordered an in-depth review of project cost. Accordingly, an auditor has been appointed to audit the project cost. Upon completion of audit, the information regarding project cost would be submitted, after appropriate Board approval.

2. It appears that DIAL has been unable to furnish the information due to its inability to obtain internal approvals in time. Even now, no timeline has been indicated within which DIAL expects to complete audit, obtain board approval and submit the requisite information. No explanation is also forthcoming as to why internal procedures were not so timed so as to ensure compliance with the Order at (2) above. Further, the attention of the Authority has been drawn to the news report titled "Get ready to pay more for flights from Delhi as DIAL costs overrun", which was published in the Economic Times, Delhi on 9.2.2010. The report, inter-alia, states that the project is now estimated to cost Rs. 12,300 crores, i.e., nearly Rs. 3300 crores more than that earlier estimated.

Cont...

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3. In view of the above, DIAL is requested to:
- (a) confirm the veracity or otherwise of the news report mentioned in the preceding para; and
 - (b) submit the requisite information regarding project cost immediately failing which the Authority will proceed to decide the matter on the basis of information available on record, as already indicated in the letter referred to at (3) above.

Yours faithfully,

CVD

(C. V. Deepak)
OSD-II
Tel: 24618539

o/c

G.R

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Handwritten note: *Handwritten note in Hindi: 'Kya kya se ka in date.'*

DIAL/2009-10/FIN-Acc/2296

The Secretary,
Airports Economic Regulatory Authority of India (AERA),
Room No. 1,
New Administrative Block,
Safdarjung Airport,
New Delhi-110003

February 18, 2010

Secretary (AERA)

Dear Sir,

Subject: DIAL Development Fee (DF)

Please refer to your letter No. F.No. AERA/20011/DIAL-DF/2009/488 dated 12th February, 2010 regarding the above subject.

As submitted earlier, being a Public Private Partnership project, Delhi International Airport Private Limited (DIAL) Board has representations, from MOCA, AAI, Fraport and Malaysian Airports (Eraman Malaysia). While the internal planning was to submit project cost details to AERA, with Board approval, well in time; Board directions warranted certain probity actions. As intimated earlier, the Board deliberated and felt it appropriate to undertake an in-depth review of the project cost. Accordingly, the Board constituted a Project Cost Committee, directed an audit of the project cost and authorized the said committee to appoint an auditor for the purpose of this audit. Immediately thereafter, the 'Project Cost Committee' appointed M/s Brahmayya and Co. (one of the Joint Statutory Auditors of the Company) to audit the Project Cost.

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18/2/10*

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18/2/2010*

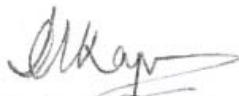
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19-2-10*

The audit is currently in progress and is expected to take some time. While it may be difficult to hazard a guess on the time required to complete the audit, we fully appreciate the need to furnish the desired project cost information at the earliest. We shall make full endeavor to conclude the audit expeditiously and submit the desired project cost information as soon as the audit is over and the project cost is approved by our Board of Directors.

While The T3 project is in an advanced stage of completion, you would appreciate that audit of cost numbers at this stage by an independent agency will facilitate submission of more accurate data to AERA which would be in larger interests, considering the scale and complexity of the project. This may also be desirable from a stakeholder perspective, considering representation in the Company, of the Government of India and other partners.

Regarding the point raised on the news report in ET, it may not be appropriate for us to comment on the veracity of a media report in a regulatory submission, apart from being premature to do so at this stage considering the ongoing audit. In view of the foregoing, we trust you will appreciate the genuine difficulties faced by us and solicit your kind indulgence in bearing with this delay.

Yours Sincerely,



(Sidharath Kapur)
Chief Financial Officer-Airports

Copy to: The Secretary, Ministry of Civil Aviation