

Date 10<sup>th</sup> July'2017  
Letter No: DIAL/2017-18/CA/498

भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण  
साफदरजंग एयरपोर्ट, नई दिल्ली-110003  
प्राप्त  
बायरी नं०: 10062  
तारीख: 12/07/17

To,

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

ACM (E)  
6  
13/7/17

**Subject: Response to the consultation paper 9/2017-18 dtd. 19<sup>th</sup> Jun'2017**

Dear Madam,

With respect to the above mentioned consultation paper we would like submit that in case of Delhi International Airport Ltd (DIAL), the concession is governed by the provisions of the OMDA and other Project Agreements. At the time of privatization of Delhi Airport, it was envisaged that Delhi Airport Facility should be of world standards and should at least match with top five international airports in the Asian regions. The tariff mechanism and service standards are defined under OMDA and based on the same document the bidders have put in their bids. Accordingly, the normative guidelines are not applicable to DIAL.

Without prejudice we put forward our response on the above referred consultation paper:

**A. Land development cost**

As per clause 2.2.5 (A) the land development cost shall be depreciated for balance lease period and the total lease term to be considered shall be a minimum of 60 years. However, as per Annexure – 5, the land development cost can be amortized over the lease period. Since, there is no lease period defined at Annexure -5 we believe that the land development cost can be depreciated over the respective lease period of the Airport. Accordingly, we believe that the land development cost will be depreciated in accordance with annexure 5 and not as per clause 2.2.5 (A). Kindly confirm if our understanding is correct.

Also, in case of existing airport the land development cost already been incurred and capitalized in the respective assets. At this juncture it is not feasible to bifurcate the land development cost, hence it is suggested that the treatment of asset for land development cost in case of existing asset should not be changed.

*D. Singh*



fb.com/DelhiAirport



@Delhi\_Airport



youtube.com/DelAirport



instagram.com/delhiairport

**B. Depreciation rates with respect to specific assets**

At point 15 of annexure 5 the computers/servers, Authority should separately define end user devices, such as, desktops, laptops, etc. and the useful life of these asset should be kept three year in line with the Companies Act.


In case of point 13 of annexure 5 the useful life of furniture & fixtures has been considered for five years. As per companies act the useful life of F&F is ten years. Authority may reconsider the same.

**C. Effective Date**

As per point 3.1.4 Authority has proposed to make it effective from 1<sup>st</sup> April'2016. In case of DIAL and MIAL the second control period starts from 1<sup>st</sup> April'2014 and also Authority has already issued orders for both the airports. Hence, it should be made effective from 1<sup>st</sup> April'2019 i.e. third control period.

Yours faithfully,

For Delhi International Airport Ltd.

  
K Narayana Rao  
Director