



GMR Goa International Airport Limited

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भारतीय विमानपत्तन आर्थिक विनियामक प्राधिकरण
साफदरजंग एयरपोर्ट, नई दिल्ली-110003



प्राप्त
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तारीख: 12/07/17

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Date 10th July'2017

Letter no. GGIAL/AERA/2017-18/0066

1350 सन्वित (12/17)
12/17

To,

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

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

Dear Madam,

With respect to the above mentioned consultation paper please find below our response:

A. Land development cost

In order to eliminate ambiguity the Land Development Cost should be defined in the referred consultation paper. The Land development cost should mainly consist pre development works.

The land development cost in case of specific asset is part and parcel of the main asset viz. terminal building, runway etc. In many cases the composite contracts have been awarded hence it's get difficult to segregate the cost pertaining to land development pertaining to specific asset. Also the useful life of land development can't be different than the main asset.

Accordingly we suggest that the land development cost i.e. pre development work should be depreciated uptill useful life of asset or initial concession period whichever is less.

B. Useful life of asset should be restricted to concession period

The airport concession to private airport operator has been awarded for limited period at the end of concession the transfer assets has to be surrendered back to the concessioning authority at the end of concession in line with the terms of the concession terms. Accordingly, with respect to the private airport operator the useful life of asset should be restricted for the term of concession agreement.

Accordingly we suggest that the useful life of asset with respect to any asset should be restricted to the initial concession period.

Airports | Energy | Transportation | Urban Infrastructure | Sports | Foundation

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13/7/17

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C. Useful life of building with RCC structure:

In the abovementioned consultation paper Authority has proposed useful life of 60 years for the building with RCC Frame Structure. However, keeping in mind the airport operations which is 24X7 365 days in a year, building has got higher wear and tear and hence the said structure needs to be treated as factory building and should be depreciated as per the rate prescribed by Companies Act for factory building.

Accordingly we suggest that the useful life of asset with respect to building with RCC structure should be lower of 30 years or the residual period of initial concession term.

D. 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.

Yours faithfully,

For GMR Goa International Airport Ltd.


K Narayana Rao
Director