

Annexure I

GMR letter No. DIAL/CR/ Subsidiaries/ 2069 dated 27 September 2007 indicating calculation of income through lease rentals over the period of 57 years
(Referred to in Para 2.6)

Annexure - 8
4.0 ✓

Delhi International Airport (P) Limited
(A Joint Venture of GMR group, AAI, Fraport, MANSB and IDF)

GMR
Delhi International Airport (P) Ltd

Ref: DIAL/CR/Subsidiaries/2069 dated
September 27, 2007

Shri K. N. Shrivastava, IAS
Joint Secretary Ministry of Civil Aviation
Rajiv Gandhi Bhawan
'B' Block, Safdarjung Airport
New Delhi

Dear Sir,

Sub: Information about Refundable Security Deposits

Ref: Our letter no. DIAL/CR/Subsidiaries/1814 dated 06.09.2007

In continuation of the correspondence resting on the above subject, we wish to furnish the following further information on the above subject matter:


We are in the process of finalizing the developers for the Hotel Projects coming up in the Hospitality District as a part of airport development through international competitive bidding process.

As per the bid document, we have stipulated that the refundable security deposits (per acre basis) should be in the following forms:-

- Airport development bond Rs. 35 crores
- Delhi Airport deposit Rs. 15 crores
- 3 years average licence fees to be adjusted in the last 3 years
- Security deposit 10% (on licence fees for the licence period + 3 years licence fee advance + development cost)

The details of exact amount of security deposit can be arrived once bids are finalized. Further based on a tentative indicative licence fee of Rs. 1.58 crore/acre/annum, the approximate total value of all the 4 components as refundable security deposit is working out to Rs. 71 crores/acre. This total amount is to be paid over a period of 24 months during the implementation of hotel projects in the hospitality district.

As you are kindly aware that we have been indicating in our earlier letters that the quantum of refundable security deposit is equivalent to 8 - 10% of total licence fees, payable by the developers over a total period of 58 years (28 years of initial period & 30 years of renewal period).


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Delhi International Airport (P) Limited

In our bid document, we have stipulated that developers should quote the annual licence fees / acre which should be increased with an escalation of 5% year on year compounding basis. We have also further stipulated that after completing the initial licence period of 28 years the licence fees should be increased by 50% from the beginning of renewal period in the 2nd block of 30 years with an escalation of 5% year on year on compounding basis. Taking an approximate indicative annual licence fees of Rs. 1.58 crores/acre in the first year, we have worked out the total licence fees over a period of 58 years which is working out of Rs. 682 crores/acre (Details as per the Model working sheet enclosed in Annexure 1).

During the course of road shows conducted in India and outside India, the developers have suggested that refundable security deposit should be in the form of security deposit as well as in the form of bonds. Therefore, taking into account the feedback received from the developers and based on our consultants advise, we have worked out a mixed components of refundable security deposit in the form of bonds as well as deposits, as explained above.

Thanking you,

Yours truly,
For Delhi International Airport Pvt. Ltd.

Srinivas Bommidala
Managing Director

Encl: a/a

CC: Mr. M.C. Kishore ✓
ED (CA & CS)
AAI, Rajiv Gandhi Bhawan
New Delhi

Model Working Sheet
Per Acre Basis

Annexure 1

Initial License Period of 28 years									
Year	1	2	3	4	5	6	7	8	9
Annual License fee, Rs Crore / Acre	1.58	1.66	1.75	1.83	1.92	2.02	2.12	2.23	2.34
Year	11	12	13	14	15	16	17	18	19
Annual License fee, Rs Crore / Acre	2.58	2.71	2.84	2.99	3.14	3.29	3.46	3.63	3.81
Year	21	22	23	24	25	26	27	28	
Annual License fee, Rs Crore / Acre	4.20	4.41	4.63	4.86	5.11	5.36	5.63	5.91	

Renewal Period 30 years.									
Year	29	30	31	32	33	34	35	36	37
Annual License fee, Rs Crore / Acre	8.87	9.31	9.78	10.27	10.78	11.32	11.88	12.48	13.10
Year	39	40	41	42	43	44	45	46	47
Annual License fee, Rs Crore / Acre	14.44	15.17	15.92	16.72	17.56	18.44	19.36	20.32	21.34
Year	49	50	51	52	53	54	55	56	57
Annual License fee, Rs Crore / Acre	23.53	24.70	25.94	27.24	28.60	30.03	31.53	33.11	34.76

Sum of 58 years License Fees, Rs Cr/ Acre 681.63

Particular	Rs. in cr 58 yrs
Deposits	
Airport Development Bond	35
Debt/Airport Development Deposit	15
Security Deposit	11.54
3 years average license fee	9.91
Total Deposit (per acre)	71.45
Total License Fees (per acre)	681.63
Deposit as % of license fees	10.48%

Refundable Security Deposit is collected over a period of 24 months and license period is collected over a period of 58 years (28 years + 30 years)