Annexure - II

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1. Covering Letter

08 August 2013

Capt. Kapil Chaudhary
Secretary
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport, New Delhi – 110003

Dear Madam,

Sub: Submission of Annual Tariff Proposal for FY 2013-2014 for Çelebi Delhi Cargo Terminal Management (I) Pvt Ltd

1.1 As per directions in the Terms and Conditions for Determination of Tariff for Services Provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft Guidelines 2011 ('Guidelines') issued under Section 15 of The Airports Economic Regulatory Authority of India Act, 2008, we, Çelebi Delhi Cargo Terminal Management (I) Pvt. Ltd. ('Çelebi'), had submitted our Multi Year Tariff Proposal ('MYTP') for the control period starting 1 April 2011 and ending 31 March 2016 to AERA on 30 April 2011 for our cargo facility at the Indira Gandhi International Airport (IGIA), New Delhi.

1.2 AERA in its Order No. 14/2011-12 issued on 7 October 2011 in response to our MYTP decided to adopt a "light touch" approach for regulation of our services.

1.3 Çelebi, thereupon, submitted its Annual Tariff Proposal (ATP) for first tariff year (FY 2011-12) and second tariff year (FY 2012-13) of the control period for consideration of the Authority. The Authority vide Order no. 11/2012-13 issued on 03.08.2012, determined the tariffs, for first and second tariff years, for cargo handling services provided by Celebi at IGI Airport.

1.4 For the third tariff year (FY 2013-14), Celebi requested AERA to grant extension of time for submission of ATP. AERA, through its order no. 45/2012-13 issued on 4 March 2013 had kindly accepted the same and ordered that tariffs approved for 2012-13 would remain valid till final determination of tariffs for the third tariff year.

1.5 In accordance with Section 7.4 of the Guidelines, Celebi is pleased to submit its Annual Tariff Proposal for the third tariff year, FY 2013-14, of the control period to the Authority along with this letter. Please find enclosed Form B and Form 14(b) prescribed in the Guidelines along with evidence of stakeholders' consultation.

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1.6 **Celebi would like to mention that the proposed revised charges are intended to come into effect only from 1 October 2013 till the period of 31 March 2014, and for the period 1 April 2013 to 30 September 2013, charges approved for FY 2012-13 are being and would continue to be levied**

1.7 Çelebi would like to bring to the Authority's attention that Celebi is fully committed to provide seamless experience to users of the cargo terminal. The modernization of the terminal is complete and Celebi has continued to introduce various improvements in infrastructure and operational processes including faster cargo processing, efficiency improvement, better service and status availability, reduction in cargo damage / pilferage, etc. All this is likely to result in significant time and cost savings for its customers. Some of the recent initiatives include:

- Installation of TLX machines
- Start of export/import "expedited delivery"
- New Pharma logistics centre

1.8 Due to the extensive renovations carried out at the terminal and large amount of investments incurred, major cost escalations have occurred. Celebi would also like to submit that by virtue of being a labour intensive service company, its cost of operation is heavily dependent on inflation which leads to a continuous hike in payroll expenses. Additionally, all operating costs, including electricity rates have increased sharply this year.

1.9 Contrary to expectations of growth, last two years in fact have seen falling cargo volumes at IGI airport (-5% for FY 11-12 and -4% for FY 12-13 over previous years, *Source: AAI*). In addition, recent weakening of rupee against dollar has negatively impacted imports in particular. Celebi has been extremely affected by the above developments.

1.10 Even for current financial year, the cargo volumes for April and May are 3% less than corresponding period of FY 2012-13 (*Source: AAI*). The global economic scenario still looks uncertain and an increase in the cargo volumes looks unlikely at least this year.

1.11 Celebi would like to submit to the Authority that taking all the above reasons into careful consideration, an increase in tariffs for various services being provided at the terminal becomes necessary. The proposed increase is 8% over previously approved tariffs for part of the services. But it must be realised that Celebi has proposed to absorb this burden for first half of the year and is proposing the increase only for second half of the year i.e. 1st Oct-31st March of FY 2013-14.

1.12 Celebi would like to point out that even assuming the revision for second half of FY 2013-14, the expected revenues are well below (about 30-35% lower) the Aggregate Revenue Requirement (ARR) for FY 2013-14 as per the earlier approved MYTP. Please refer to appended Form 14B for details.

1.13 Çelebi has undertaken stakeholders' consultation process for the proposed tariffs for FY 2013-14 and has provided evidence of the same with this Annual Tariff Proposal for FY 2013-14. Celebi has made earnest efforts to address any concerns raised by the stakeholders and to provide just and fair rationale for any proposed revision in the tariffs.

1.14 Celebi would also like to highlight in this submission that it would continue to honour the existing long-term agreements which have been signed with various customers in

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International Cargo Terminal, Indira Gandhi International Airport, New Delhi - 110037, INDIA Tel. : +91-11-47630900 Fax : +91-11-47630999

the past and are valid for FY 2013-14. The existing tariffs and other terms and conditions for such existing contracts would continue to remain valid for FY 2013-14 unless mutually agreed by Celebi and the customer to revise the same.

1.15 We hope that AERA would accept and approve our tariffs proposed in this Annual Tariff Proposal for FY 2013 – 14.

Thanking you,

Yours sincerely,

For **Çelebi Delhi Cargo Terminal Management India Pvt Ltd**

Rajesh Goel

Chief Executive Officer

Email: rajesh.goel@celebi.in

Tel: +91 11 47630900

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Enclosures:

1. Form B
2. Form 14(b)
3. Evidence of stakeholder consultation process with relevant stakeholders regarding this increase

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2. Form B: (ref: Section AI.8 of Appendix I)

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA

AT NEW DELHI

SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON BEHALF OF:

Çelebi Delhi Cargo Terminal Management India Pvt. Ltd
International Cargo Terminal,
Indira Gandhi International Airport,
New Delhi – 110037

I, Rajesh Goel, aged 47 years resident of A2/25 Paschim Vihar, New Delhi 110063 acting in my official capacity as Chief Executive Officer in **Çelebi Delhi Cargo Terminal Management India Pvt. Ltd** having its registered office at Room CE-05, First Floor, Import Building 2, International Cargo Terminal, IGI Airport, New Delhi – 110037 do hereby state and affirm as under that:

1. That I am duly authorized to act for and on behalf of Çelebi Delhi Cargo Terminal Management India Pvt. Ltd in the matter of making this submission before the Airports Economic Regulation Authority of India, New Delhi ('the Authority');
2. I am competent to make this submission before the Authority;
3. I am making this submission in my official capacity and the facts stated herein are based on official records;
4. The contents of the Annual Tariff Proposal submission which include inter alia

(i) ~~Estimated Maximum Allowed Yield per Unit and the proposed detailed break-up of Tariff(s) (in context to Estimated Maximum Allowed Yield per Unit where determined by the Authority) where the Authority has specified a price cap approach for the duration of the Control Period, pursuant to Clause 3.2;~~

~~OR~~

Proposed detailed break-up of Tariff(s) based on Clause 11.2 where the Authority has specified a light touch approach for the duration of the Control Period, pursuant to Clause 3.2, and

(ii) Justifications are correct and true to my knowledge and belief and nothing material has been concealed there from.

Rajesh Goel
Chief Executive Officer

Place New Delhi
Date: 8th August 2013

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Annexure - I

Form 14 (b): Annual Tariff Proposal for tariff year 3 (FY 2013 - 14) proposed to be in effect from 1st October 2013						
S No	Tariff Heading	Tariff for FY 2013-14 (INR)	Rate applied on	Levied on	Estimated units (Tonnes) for the year	Estimated Revenues for the year (INR Cr) *(Please note: Revised tariffs have only been considered for the period Oct 2013-March 2014)*
TARIFF FOR HANDLING INTERNATIONAL CARGO (for both scheduled and non-scheduled operators)						
Tariff for Export Cargo handling						
1	TERMINAL STORAGE & PROCESSING	General: 0.97, Minimum Charges 173 Special: 1.78, Minimum Charges 300 Hazardous: 2.65, Minimum Charges 259 Valuable: 1.78, Minimum Charges 300 Perishable/Pharmaceutical: 2.65, Minimum Charges 259 Express Delivery*: 1.21 or 25% more than the rate for category the cargo falls under (whichever is higher) Minimum Charges 185	per kg	PDA	General: 129,300 Perishable: 17,650 Pharmaceutical: 8,100 Express Delivery: 4,050 Hazardous: 1,400 Valuable: 1,350	18.00
2	DEMMURRAGE-General	1.08, Minimum Charges 183	per kg per day, Free Period of 24 hrs for Agent	PDA	General: 129,300 Perishable: 17,650 Pharmaceutical: 8,100 Hazardous: 1,400 Valuable: 1,350	Airline: 5.3 PDA: 2.7
		1.65	Per Kg per day, Free Period of 48 Hrs for Airlines	Airlines		
3	DEMMURRAGE-Special	1.84, Minimum Charges 302	per kg per day, Free Period of 24 hrs for Agent	PDA		
		3.30	Per Kg per day, Free Period of 48 Hrs for Airlines	Airlines		
4	DEMMURRAGE-Valuable	3.08, Minimum Charges 297	per kg per day, Free Period of 24 hrs for Agent	PDA		
		3.30	Per Kg per day, Free Period of 48 Hrs for Airlines	Airlines		
5	DEMMURRAGE-Perishable/Pharma	1.84, Minimum Charges 302	per kg per day, Free Period of 24 hrs for Agent	PDA		
		3.30	Per Kg per day, Free Period of 48 Hrs for Airlines	Airlines		
6	X-Ray Machine charges	0.90 Minimum Charges 120	Per Kg	Airlines	162,000	13.10
7	X-Ray Certification charges	0.90 Minimum Charges 120	Per Kg	Airlines	162,000	6.50
8	Unitization	General: 1.30 Special: 1.30 Bulk category: 0.75	Per Kg	Airlines Airlines Airlines		21.40
		* Cargo Acceptance & Loading within 4 hours from ETD for RFC (ready for carriage) AWBs				
TSP and Demurrage Charges are applicable on Gross Weight or Chargeable Weight, whichever is higher.						

Form 14 (b): Annual Tariff Proposal for tariff year 3 (FY 2013 - 14) proposed to be in effect from 1st October 2013						
S No	**Tariff Heading**	**Tariff for FY 2013-14 (INR)**	**Rate applied on**	**Levied on**	**Estimated units (Tonnes) for the year**	**Estimated Revenues for the year (INR Cr)** *(Please note: Revised tariffs have only been considered for the period Oct 2013-March 2014)*
Tariff for other Export Cargo handling services (for both scheduled and non-scheduled operators)						
9	RE-PACKING	Minimum Charges of Rs.20 Per Airway Bill. Packing /Re-packing charges will be Rs.10 per package (Lot of 50) per shipping bill.		PDA		
10	WEIGHT DIFFERENCE	Double the Applicable TSP IF 2 and up to 5% of declared Wt for variance above 5% penal charges will be leviable @5 Times of the applicable TSP of the differential weight.		PDA		
11	DGR/Live Animal Acceptance Fee	2700	Per TC	PDA		
12	Pet Assistance	1000	per AWB	PDA		5.0[a]
13	ULD Cleaning Charges	6000	per ULD	Airlines		
14	Dry Ice Acceptance Check	700		Airlines		
15	MOT Charges	220	per AWB	PDA		
16	Miscellaneous Activity Charges*	1000	per AWB	Airlines		
17	Miscellaneous Packing Charges*	100	per packet	Airlines		
18	Miscellaneous Packing Charges - Metal*	200	per AWB	Airlines		
19	ULD Builiding-rebuiliding Charges	1.30	per Kg	Airlines		
20	ULD Customization	2000	per ULD	Airlines		
21	SKID charges	328	per SKID	Airlines		

** Not covered elsewhere*

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Tariff for Import Cargo handling (for both scheduled and non-scheduled operators)						
1	TERMINAL STORAGE & PROCESSING	General - 5.40, Minimum Charges 145	Per Kg	PDA	General - 126,000 Special - 8300 Valuable - 1,450 Express Delivery - 3,500	77.00
		Special - 9.72, Minimum Charges 260				
		Valuable/Hazardous - 9.72, Minimum Charges 260				
		Pharma/Perishable - 9.72, Minimum Charges 260				
		Express Delivery*: 6.75 or 25% more than the rate for category the cargo falls under (whichever is higher) Minimum Charges 250				
2	DEMURRAGE -General	1.67, Minimum Charges 385	Per Kg per day, Up to 120 Hrs, Free period of 72 hrs	PDA	General - 126,000	80.00
		3.35	Between 120 hrs to 720 hrs per kg			
		4.97	Beyond 720 hrs			
3	DEMURRAGE -Special	3.35, Minimum Charges 750	Per Kg per day, Up to 120 Hrs, Free period of 72 hrs	PDA		
		6.64	Between 120 hrs to 720 hrs per kg	PDA		
		9.94	Beyond 720 hrs	PDA		
4	DEMURRAGE -Perishable/Pharma	6.64, Minimum Charges 1485	Per Kg per day, Up to 120 Hrs, Free period of 72 hrs	PDA		
		13.3	Between 120 hrs to 720 hrs per kg	PDA		
		19.93	Beyond 720 hrs	PDA		
5	DEMURRAGE -Valuable	6.64, Minimum Charges 1485	Per Kg per day, Up to 120 Hrs, Free period of 72 hrs	PDA		
		13.28	Between 120 hrs to 720 hrs per kg	PDA		
		19.93	Beyond 720 hrs	PDA		
6	DE-STUFFING CHARGES	1.30 Minimum Charges 265	per kg	Airlines	139,000	18.00
		* Cargo Delivery within 4 hours from ATA or TOR which is ever is later (subject to Customs clearance)				
TSP and Demurrage Charges are applicable on Gross Weight or Chargeable Weight, whichever is higher.						
Tariff for other Import Cargo handling services (for both scheduled and non-scheduled operators)						
7	Packing Charges	13.5	Per packet	PDA		
8	Delivery Order Charges	1400	Per MAWB	Airlines		
		700	Per HAWB	Airlines		
9	Pet Assistance	1000	per AWB	PDA		

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Tariff for handling Transshipment cargo						
1	DEMURRAGE -General	1.67, Minimum Charges 383	Per Kg per day, Up to 120 Hrs, Free period of 72 hrs	Airlines. Applicable on International to Domestic TP		
		3.35	Between 120 hrs to 720 hrs per kg			
		4.97	Beyond 720 hrs			
2	DEMURRAGE -Special	3.35, Minimum Charges 750	Per Kg per day, Up to 120 Hrs, Free period of 72 hrs	Airlines. Applicable on International to Domestic TP		
		6.64	Between 120 hrs to 720 hrs per kg			
		9.94	Beyond 720 hrs			
3	DEMURRAGE -Perishable/Pharma	6.64, Minimum Charges 1485	Per Kg per day, Up to 120 Hrs, Free period of 72 hrs	Airlines. Applicable on International to Domestic TP		
		13.28	Between 120 hrs to 720 hrs per kg			
		19.93	Beyond 720 hrs			
4	DEMURRAGE -Valuable	6.64, Minimum Charges 1485	Per Kg per day, Up to 120 Hrs, Free period of 72 hrs	Airlines. Applicable on International to Domestic TP		
		13.28	Between 120 hrs to 720 hrs per kg			
		19.93	Beyond 720 hrs			
5	Demurrage - General	1.65	Per Kg per day, Free period of 48 Hrs for Airlines	Airlines. Applicable on International to International & Domestic to International TP		
6	Demurrage - Special	3.30	Per Kg per day, Free period of 48 Hrs for Airlines	Airlines. Applicable on International to International & Domestic to International TP		
7	Demurrage - Valuable	3.30	Per Kg per day, Free period of 48 Hrs for Airlines	Airlines. Applicable on International to International & Domestic to International TP		
8	Demurrage - Perishable/Pharma	3.30	Per Kg per day, Free period of 48 Hrs for Airlines	Airlines. Applicable on International to International & Domestic to International TP		
9	Sector Charges	1.5	per kg	Airlines		
10	Carting charges - Transshipment	2.25, Minimum Charges 155	per kg	Airlines		
11	Ramp to Ramp – Loose (Incoming Loose and Outgoing Loose)	120	per AWB	Airlines		
12	Ramp to Ramp – Loose (Incoming Loose and Outgoing BUP)	120	per AWB	Airlines		
13	TP -destuffing charges	1.30, Minimum Charges 265	per kg	Airlines		
TSP and Demurrage Charges are applicable on Gross Weight or Chargeable Weight, whichever is higher.						

Form 14 (b): Annual Tariff Proposal for tariff year 3 (FY 2013 - 14) proposed to be in effect from 1st October 2013						
S No	**Tariff Heading**	**Tariff for FY 2013-14 (INR)**	**Rate applied on**	**Levied on**	**Estimated units (Tonnes) for the year**	**Estimated Revenues for the year (INR Cr)** *(Please note: Revised tariffs have only been considered for the period Oct 2013-March 2014)*
Other Exceptional Charges (for both scheduled and non-scheduled operators)						
1	Bag handling charges	1.4 Minimum charge 500	per kg			
2	Segregation charges	540				
3	Overtime Fee for Gate Pass Generation (between 1600-1800 hrs)	540	per gate pass			
4	Electricity Charge for RKN container	1296	per container per day			
5	Charges collect fee	500	Per AWB/HAWB			
6	Ramp to Ramp Transfer	500	per ULD			
7	Equipment / Manpower Charges	10 ton Forklift: 3000 05 ton forklift: 1500 03 ton forklift: 975 Crane: 6000 16 ton forklift: 6000 Additional Staff (Blue Collar): 500 Security: 1000 Gunman: 1500	per hour			
8	Gola charges	50				
9	Wrong Marking/Labeling	Minimum charges: 550 Maximum charges: 2150				
10	Damaged shipments "not in ready for carriage condition"					
11	Wrong declaration of consignment					
12	Odd size consignment brought in Closed Body trucks					
13	VAL & Vulnerable Escort Service	1000	per Manhour			
14	Cool Dolly Charges	1500	Per Dolly Per Trip			

Form 14 (b): Annual Tariff Proposal for tariff year 3 (FY 2013 - 14) proposed to be in effect from 1st October 2013						
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TARIFF FOR HANDLING DOMESTIC CARGO						
Tariff for handling Inbound Domestic cargo						
1	Terminal Storage and Processing - General & Couriers	General - 0.80 Special - 1.60 Couriers - 0.80	per kg	Airlines	30,440[d]	12.00
2	Handling Charges	0.90	per kg	Airlines		
Tariff for handling Outbound Domestic cargo						
3	Terminal Storage and Processing - General & Couriers	General - 0.80 Special - 1.60 Couriers - 0.80	per kg	Airlines	51,750[d]	
4	Handling Charges	0.90	per kg	Airlines		
5	X-Ray Machine charge	0.90	per kg	Airlines		
6	X-Ray Certification charge	0.90	per kg	Airlines		
Tariff for other Domestic cargo handling services						
7	Transshipment cargo & Offloaded cargo	1	per kg	Airlines		
8	Demurrage charges	General - 0.8 Special - 1.6 Couriers - 0.8	per kg	Airlines		
9	DGR acceptance check	INR 1600/-per AWB subject to maximum of 20 pieces per AWE. Additional pieces will be charged @ INR 64/-per additional piece		Airlines		
10	Dry ice acceptance checklist	1000	per AWB	Airlines		
11	Live animal acceptance and handling	1795	per AWB	Airlines		
12	Unitization	1.1	per Kg			
13	Miscellaneous Activity Charges*	1000	per AWB/ packet			
14	Miscellaneous Packing Charges*	100	per AWB/ packet			
15	Valuable cargo handling	637	per AWB	Airlines		

Form 14 (b): Annual Tariff Proposal for tariff year 3 (FY 2013 - 14) proposed to be in effect from 1st October 2013						
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	** Not covered elsewhere*					
Tariff for EICI terminal						
1	X-Ray Certification charges	0.90	per kg	City side/PDA		2 to 3
2	X-Ray Machine charges	0.90	per kg	City side/PDA		
3	Handling charges - outbound	1216	per ton up to 1,000 tons	City side/PDA		
		1179	per ton for more than 1,000 tons	City side/PDA		
4	Handling charges - inbound	870	per ton	City side/PDA		
Total Estimated Traffic					International Cargo - Export: 162,000 Import: 139,000 Domestic Cargo - Inbound: 25,500 Outbound: 25,500	
Total Estimated Revenues						**~265**
ARR in FY-14 as per MYTP						**395.60**

Note:

a. Expected to contribute less than ~7-8% of total export revenue
b. Expected to contribute less than ~3-4% of total import revenue
c. Insignificant contribution to expected FY 2013-14 revenue
d. Assuming full year of domestic operations in FY 2013 - 14
e. Expected to contribute less than 2% of the revenues

PDA Pre Deposit Account

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Meeting	User Consultation & Interaction Meeting with ACAAI on Proposed Tariff Structure of Celebi Delhi Cargo Terminal Management India Pvt Ltd (:"Celebi")			
	Date	25th June, 2013	**Place**	VC Room, First Floor, Import Building II, Celebi Delhi Cargo Terminal, IGI Airport, New Delhi
Attendants	Mr Sanjeev Sikka		Chairman, ACAAI – Northern Region	
	Mr S L Sharma		Vice President, ACAAI – Northern Region	
	Mr Mahesh Trikha		Hon. Secretary, ACAAI – Northern Region	
	Mr Vipin Vohra		Advisor, ACAAI – Northern Region	
	Mr Sunil Arora		Managing Committee Member, ACAAI – Northern Region	
	Mr Rajesh Goel		Chief Executive Officer, CELEBI	
	Mr Ashoke Guha		CFO, CELEBI	
	Mr Manoj Sharma		Head of Sales & Marketing, CELEBI	
	Mr Anup Nair		Sr Manager – Revenue Control & Process Development, CELEBI	
	Mr Raja Gupta		Sales & Marketing Analyst, CELEBI	

Introduction

The meeting was held to discuss the proposed rate structure for cargo handling services provided by Celebi

Following are the points discussed during the meeting:

1) Celebi explained the basic purpose of the meeting and its plans to file with AERA, a proposed increase of 8% in cargo handling tariff with effect from 1st October 2013.
2) ACAAI questioned the logic behind Celebi's proposed increase of 8% to which Celebi cited the prevalent average inflation rate i.e. WPI as the logic behind the same.
3) Further Celebi highlighted that the proposed increase of 8% will be only for the period of 6 months (Oct'13 – Mar'14) and so will have a net impact of only 4% in the current fiscal year, and this is a justified increase considering the amount of improvements done and rising costs. Celebi also mentioned that in 2012, after almost 7 years of constant tariffs, Celebi had applied a prospective increase of charges that too applicable from Aug'12 onwards.
4) Celebi made a presentation demonstrating highlights of the upgraded terminal and explained about various improvements in infrastructure and operational processes e.g. installation of TLX machines and start of export/import "expedited delivery" to benefit the trade.
5) Celebi also briefed about its upcoming 'New Pharma Logistics Centre'. ACAAI appreciated the same with some concerns, which Celebi agreed to look into based on a formal report available with Manager-CPC.

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6) Celebi also explained their plan to place "cool dollies" to extend the cool chain to air side, which ACAAI appreciated and mentioned that the step would surely benefit the trade immensely in export of perishables.
7) Celebi also pointed out that due to the massive renovation carried out in the terminal and large amount of investments incurred, the cost has shot up by huge margins.
8) Celebi further shared its own as well as DIAL's cargo volume projections for the year 2013-14 and mentioned that decreasing volumes have eroded margins. Market is sluggish and further volatile currency fluctuation is affecting imports adversely which is the major revenue contributor. Moreover, given the prevailing market scenario, Celebi does not envisage any increase in volumes in near future and the normal volume increase is not sufficient to recover costs.
9) Celebi also added that by virtue of being a labour intensive service company, its cost is heavily dependent on inflation indices like CPI & WPI, whose increase immediately hikes payroll expenses. All operating costs, including electricity rates have increased sharply this year. So even with the proposed WPI linked tariff increase, Celebi's projected revenue would fall short of the AERA approved Aggregate Revenue Requirement (ARR) projections and Celebi do not expect any profitability.
10) ACAAI argued that Celebi should focus on services which can attract further tonnages instead of raising tariffs and apprehended that exporters would shift to other stations.
11) In reply to the same Celebi cited examples of recently launched Air Freight Stations and Road Feeder Services which are attracting additional tonnage to New Delhi due to significant cost advantage and seamless operations.
12) Celebi explained that it cannot reduce its captive cost such as rent, interest, manpower, electricity and other trade facilitation expenses. And with a capital expenditure of Rs 260 crores by Celebi on building infrastructure upgrade and new equipment & machinery, the trade already has started benefitting from improved facilities & more efficient service levels, which will get even better in the future.
13) On a query about the expenses, Celebi indicated that the rent for the facility also goes up by 7.5% annually. All these factors are adding pressure on margins, which are already compressed
14) ACAAI further insisted Celebi to focus more on faster clearance with better liaison with regulatory authorities to which Celebi mentioned that they are already holding healthy interactions with the authorities and now Celebi is in the process of appointing a Regulatory Affairs Manager for better facilitation, which ACAAI appreciated.
15) ACAAI also queried about the possibility of X-Ray screening of built-up pallets for Export to which Celebi replied that the installation of such X-Ray machines had not been approved by BCAS earlier.
16) ACAAI also questioned the Demurrage charging principle for Imports having 72 hours of free period. They mentioned that Celebi charges from the point of touch down of cargo whereas the competitor starts charging demurrage from the time cargo is made available to the consignee. Also ACAAI requested reconsideration about demurrage on 2nd Saturday, long weekends and Holidays.
Celebi clarified that the demurrage free periods and charging principles are as per government directives. However Celebi will take this up with the airport operator to discuss any possibility of change.
17) Further there were discussions on 24X7 Customs clearance to which ACAAI mentioned that

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they have to incur additional cost due to deployment of manpower at night. Celebi mentioned that the same has been applicable as per mandate by Customs. 18) ACAAI appreciated Celebi's initiatives and investments in terms of infrastructure, but at the same time wanted further operational improvements, especially faster clearance of cargo 19) Finally ACAAI requested Celebi to reconsider their decision for proposed increase in charges
Concluding Comments: The meeting was a fruitful discussion, where CELEBI explained the rationale behind the proposed increase in tariff along with a detailed demonstration of improvements made in infrastructure & processes, and also its future initiatives. ACAAI appreciated the infrastructural developments in the terminal with a hope of further operational improvements and faster clearance. Though finally ACAAI was made to understand the logic behind Celebi's proposed increase in rates supported with the details about huge investments incurred, ACAAI still requested for a reconsideration on the proposed increase

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Meeting	User Consultation & Interaction Meeting with DCCAA on Proposed Tariff Structure of Celebi Delhi Cargo Terminal Management India Pvt Ltd (:"Celebi")			
	Date	24th July, 2013	**Place**	VC Room, First Floor, Import Building II, Celebi Delhi Cargo Terminal, IGI Airport, New Delhi
	Mr CK Govil		DCCAA	
Attendants	Mr Santosh Kumar Choudhary		DCCAA	
	Mr Moti Khanna		DCCAA	
	Mr Bhim Singh Jain		DCCAA	
	Mr Rajesh Goel		Chief Executive Officer, CELEBI	
	Mr Ashoke Guha		CFO, CELEBI	
	Mr Manoj Sharma		Head of Sales & Marketing, CELEBI	
	Mr Raja Gupta		Sales & Marketing Analyst, CELEBI	

Introduction

The meeting was held to discuss the proposed rate structure for cargo handling services provided by Celebi

Following are the points discussed during the meeting:

1) Celebi explained the basic purpose of the meeting and its plan to file with AERA, a proposed increase of 8% in cargo handling tariff with effect from 1st October 2013.
2) DCCAA questioned the logic behind Celebi's proposed increase of 8% to which Celebi cited the prevalent average inflation rate i.e. WPI as the logic behind the same.
3) Further Celebi highlighted that the proposed increase of 8% will be only for the period of 6 months (Oct'13 – Mar'14) and so will have a net impact of only 4% in the current fiscal year, and this is a justified increase considering the amount of improvements done and rising operating costs. Celebi also mentioned that in 2012, after almost 7 years of constant tariffs, Celebi had applied a prospective increase of charges that too applicable from Aug'12 onwards.
4) Celebi also pointed out that due to the massive renovation carried out in the terminal, large amount of investments has been incurred to facilitate the trade for smooth business operation
5) Celebi added that the recent hike in fuel, electricity prices which are evident along with the rising inflation rate has immediately hiked all our operating costs. So even with the proposed inflation linked tariff increase, Celebi's projected revenue would fall short of the AERA approved Aggregate Revenue Requirement (ARR) projections and Celebi does not expect any profitability this year.
6) Celebi explained that it cannot reduce its captive cost such as rent, interest, manpower, electricity and other trade facilitation expenses. And with a capital expenditure of over Rs 260 crores by Celebi on building infrastructure upgrade and new equipment & machinery, the

trade already has started benefitting from improved facilities & more efficient service levels, which will get even better in the future.

7) Celebi mentioned that market is sluggish and further volatile currency fluctuation is affecting business adversely. Moreover, given the prevailing market scenario, the expected revenue increase is not sufficient to recover costs.
8) DCCAA also discussed some operational points to which Celebi responded to discuss and resolve the issues if found legitimate.
9) DCCAA appreciated Celebi's initiatives and investments in terms of infrastructure, but at the same time wanted further operational improvements, especially faster clearance of cargo & throughput
10) Finally DCCAA requested Celebi to reconsider their decision for proposed increase in charges

Concluding Comments: The meeting was a fruitful discussion, where CELEBI explained the rationale behind the proposed increase in tariff along with a detailed demonstration of improvements made in equipment, infrastructure & processes, and also its future initiatives. DCCAA appreciated the infrastructural developments in the terminal with a hope of further operational improvements and faster clearance.

Meeting	User Consultation & Interaction Meeting with DCCAA & ACAAI on Proposed Tariff Structure of Celebi Delhi Cargo Terminal Management India Pvt Ltd (:"Celebi")		
	Date 06th August, 2013	**Place**	VC Room, First Floor, Import Building II, Celebi Delhi Cargo Terminal, IGI Airport, New Delhi
Attendants	Mr. Mahesh Trikha	ACAAI	
	Mr. Sanjeev Sikka	ACAAI	
	Mr CK Govil	DCCAA	
	Mr Santosh Kumar Choudhary	DCCAA	
	Mr Moti Khanna	DCCAA	
	Mr. Shailendra Jain	DCCAA	
	Mr Bhim Singh Jain	DCCAA	
	Mr. Sanjeev Edward	DIAL	
	Mr. M.D. Kala	DIAL	
	Mr. O.P. Sharma	DIAL	
	Mr. Ramesh Mamidala	Chief Operating Officer, CELEBI	
	Mr Manoj Sharma	Head of Sales & Marketing, CELEBI	

Introduction

The meeting was held to discuss the proposed rate structure for cargo handling services provided by Celebi

Following are the points discussed during the meeting:

1) DCCAA & ACAAI discussed regarding the re-consideration of Celebi's proposed increase of 8%, to which Celebi replied that it is difficult to re-consider proposed increase as the same has been proposed after considering the significant investments and developments done by Celebi to modernize the facility and upgrade the level of services and processes as per our Customers' expectations.

2) Celebi also pointed out that the escalation in the operating cost due to the steep inflation is also one of the reasons for the proposed increase in tariff.

3) Once again Celebi mentioned that the proposed tariff will have a net impact of only 4% in the current fiscal year as 8% increase will only be effective for 6 months (Oct '13 – Mar '14).

Concluding Comments:
Celebi strongly backed its statements regarding proposed increase in tariff and described in details the investments made and modernization done which DCCAA/ACAAI appreciated. Though ACAAI & DCCAA reiterated their request for reconsideration on increase in charges, however the meeting ended on a positive wherein the involved parties understood each other's concern and point of view.