

Ref No: CELEBI/DEL/CEO/2019/03/190

Dated: 18th March, 2019

To,
The Chairman,
Airports Economic Regulatory Authority of India (AERA),
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi – 110003

Subject: Request for tariff order for FY 2019-20 and FY 2020-21 of Çelebi Delhi Cargo Terminal Management India Private Limited (Celebi) and the Consultation Paper No. 34 /2018-19 published by AERA dated 12th Mar'19 in this regard.

Dear Sir,

We would like to thank your good office for considering and taking up our request / proposal for tariff order for FY 2019-20 and FY 2020-21.

However, the rate mentioned in the Consultation Paper for FY 19-20 is 10% as against 30% requested by us and 15% agreed by trade bodies including DCCAA and ACAAI. Since Cargo is under soft touch approach, we would pray that the rate increase which is agreed by the trade bodies may be considered.

We would like to highlight few points in this regard:

1. Our tariff rates were low in the past considering the investment made by us. This has led to lower recovery of revenue leading to average of net profit margin of 3.8% in last 7 years showing financial stress. Also, since inception (Nov'09) the Company has been able to declare only 5% dividend to its shareholders.
2. Celebi is fully committed to provide seamless experience to users of the cargo terminal. To do so, Celebi has infused significant capital investment to renovate and modernize the complete infrastructure of the terminal in the past and has brought several state-of-the art equipment. We had earlier mentioned that Celebi has planned investment of INR 115 Cr in the current control period (2017 - 2021) excluding any increase in security deposit. This will increase by another INR 26 Cr as the Automated Storage and Retrieval System (ASRS) – INR 34 Crores mentioned earlier, is now likely to go up to INR 60 Cr and the project is in active stage of finalization (within a month).

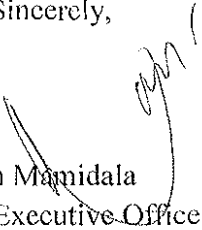
3. No return on Security Deposit since inception (INR 178 Cr – April 2019). Our earnest request is to consider adequate return on security deposit as this amount is conforming from RFP process of Cargo Concession and is integral part of the Concession Agreement. Hence this huge amount cannot be treated as a no return investment, which is surely causing huge financial stress and loss to the company.

4. Please note that there is a change in CISF regulation which may lead to increase in cost for Celebi as we might require deploying at least 60 additional security staff at the city side access control due to change in CISF policy at the airport. The cost of this additional deployment is close to INR 2 Crs per annum, which has not been considered in our request for increase in tariff rates.

Considering all the major points we would request you to kindly consider at least 15% and 10% increase in tariff for FY 19-20 and FY 20-21 respectively, which has also been agreed to by the relevant trade bodies.

Thanking you for your kind consideration.

Yours Sincerely,



Ramesh Mamidala
(Chief Executive Officer)