

December 14th, 2022

The Secretary

Airports Economic Regulatory Authority of India

AERA Building, Administrative Complex

Safdarjung Airport, New Delhi – 110003

Sub: Response to Stakeholders comments with reference to consultation paper no. 12 for Celebi Delhi Cargo Terminal Management (I) Pvt. Ltd

Dear Sir,

With reference to consultation paper no. 12 dated November 14th, 2022, we have perused stakeholders' comments posted on AERA website and would like to submit our response as under, for your kind consideration.

The Air Cargo Agents Association of India (ACAAI)

S No.	Concerns	Remarks
1	Projection of Capital Expenditure	<p>Celebi would like to draw your attention towards major improvement that happened across Celebi's terminal both in terms of infrastructure and state of art equipment over 2nd control period. Celebi have built an entirely new domestic terminal, procured Dual View X-ray machines, Forklifts, ETD, CargoCEL implementation as further step towards digitalization, LED lighting across terminal and 3.72 KW solar power installation to reduce utility spend etc. These are some initiatives to mention in the referred period. Further, in the 2nd control period, out of Capex projection of INR 81 crores excluding ASRS (INR 115 crores less INR 34 Crores ASRS) Celebi had incurred capex of INR 70 crores that too being mindful of JET Airways (our large important customer) shutdown impact in FY 20 and Covid-19 pandemic impact in FY 21. Few capex got slightly deferred on account of Covid and were incurred in FY 22, which if considered will add up to INR 78 crores of Capex. Jet Airways shutdown impacted us greatly and Covid-19 in general has impacted aviation sector badly. Like all other entities globally, aviation projects were deferred in lieu to survive the pandemic uncertainty. Therefore, ASRS project is now considered in 3rd Control period with advanced features/technology.</p> <p>Related to shifting of utilities due to Cargo village, it may kindly be noted that this was a prerequisite as per concession terms between Celebi and DIAL. At Celebi's request, DIAL allowed Celebi to operate few utilities which were not in the area allocated to Celebi with the precondition that as and when required by DIAL, Celebi will move in the utilities within its premises. Hence the cost (Capex) which was supposed to be incurred much earlier at the time of takeover was deferred till now and the benefit of not incurring the capex automatically got passed on.</p>



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2	Express Delivery	<p>1. The said charge i.e. Express Delivery Charge is a charge that is levied only for 'Express Delivery' if requested (by the Consignee/ CHA) Import Consignments and as such it is an 'On demand Service' charge only.</p> <p>When the CHAs formally request for expeditious delivery of consignments before standard/normal segregation timelines, Express delivery is approved by the Customs Official. CELEBI Operations team locates the Unit Load Device (ULD) from amongst the many ULDs that await their turn for destuffing and segregation in the Warehouse (WH).</p> <p>The identified ULD thereafter is taken up for destuffing on PRIORITY with a view to retrieve the requested consignment along with completion of the required documentation for the consignment's expeditious delivery.</p> <p>Consignments with such requests for Express delivery are offered for delivery to the concerned CHA within 4 hours of receipt of the Customs permission (as mentioned above) and upon payment of all applicable dues.</p> <p>2. On the air side the normal handling i.e. destuffing and preparation of the segregation report for each of the flight handled at our terminal is governed by Service Level Agreement (SLA) that is signed individually with each of our airline customers. Depending on the volume of cargo being tendered for handling the agreed handling SLA parameters range from 4 hours (for flights with less than 10 MT of cargo) to 12 hours (for freighters bringing in 40 MT-100 MT of cargo).</p> <p>3. On the city side however the delivery of cargo to the consignee/ CHA is affected only upon receipt of the Customs permission (Out Of Charge) and payment of all applicable dues by the Consignee/ CHA. The time of delivery thus varies from as low as 6 hours (from time of segregation) to 48 hours (the permitted demurrage free period) and more.</p>
3	Misc. Charges	<p>Facilitation fee charges are against the support facility extended to the government agencies within the warehouse, including dedicated space, capex and operating expenses to support them to function efficiently. The same was examined by AERA authorities and was approved by AERA authorities during 2nd Control Period. However, subsequently in the order of DCSC for FY 21 the same was merged with TSP charges. We would also accept to merge these charges with the TSP, as it simplifies the charge under one heading.</p> <p>Regarding Miscellaneous charges, these are not mandatory and is on request basis against specific services not covered in the main tariff card.</p>
4	Repacking charges	<p>It may be noted that the requirement of repacking of packages comes up not only for packages that are opened by Customs but also on account of packages that must be subjected to physical checks as per BCAS vide their Av Sec Circular No 8/ 2008 dated 10th Sept 2008 wherein at least 15% is mandatory and random physical check of all consignments have to be undertaken.</p>
5	Handling charges	<p>We are not aware of any handling charges to the subject stakeholder. If the reference is to charges levied to airlines for unitization/destuffing of domestic cargo, then these are not relevant under the subject stakeholder's response</p>
6	DGD preparation and acceptance fee	<p>The representation as mentioned is factually incorrect and untenable. CELEBI team undertakes the activity i.e. DGD preparation/ DG Checklist currently for only for 4 airlines (out of over 50 International Airlines being handled at CELEBI terminal). It is to confirm that we do not provide this service, nor do we charge for the same for any airline other than the 4 contracted airlines as mentioned above.</p>



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11	ACAAI Recommendation on AFS-2	<p>Commodity wise handling requirement is defined by general industry practice and specifically by respective Airline who's transporting the cargo. Not only such handling requirements are different but even the infrastructure & facility required is defined, case in point is with regard to Perishable handling, which has a dedicated temperature controlled terminal/storage units with its set of requirements including industry certifications liked GDP, CEIV etc.</p> <p>Mix loading of general cargo and special cargo as a standard practice isn't permitted due to different handling requirements, they have to be processed separately as mentioned above and charged accordingly. This is a industry practice.</p> <p>Notwithstanding aforesaid, Celebi shall handle the build ULD as per instructions received from the AFS operator that is to say if the ULD is to be handled from the general cargo warehouse or would it need special handling and as such must be handled at our dedicated temperature-controlled facility for handling of perishables and temperature sensitive consignments.</p>
12	ACAAI Recommendation on AFS-3	<p>We are not aware of AFS operator's TSP charge to shipper and cost structure of AFS operator.</p> <p>Our TSP charge is to AFS operator that for the handling as defined above.</p> <p>Please note there will also be considerable opex requirements such as expenses to address additional manpower requirement, deployment and servicing of equipment, infrastructure repair & maintenance requirements, IT, admin and utility expenses.</p> <p>There will be investment for handling of palletized export cargo coming from AFS in terms of both Capex and opex. The capex investments will be for assets such as Battery-Operated Tractors, Pallet Dolly, Scissor lifts, Weighing scale, HHT & Castor/Ball Decks etc.</p>
13	ACAAI Recommendation on consultation paper	<p>Current tariff structure has its genesis from AAI tariff card, which was in practice before privatisation of Delhi Airport happened and has been thereafter continued with variations. The tariff structure allows transparency and is automated with customised IT system, with no manual intervention.</p> <p>Rates across airports/terminals is based on volumes, infrastructure required, local operating conditions including cost of operations, service & product requirements, growth outlook etc. of the respective station. As such it's improper to have one standard rate across the Indian Airports just as there isn't one airfreight tariff across different Airlines for the same transportation lane, or one UDF charge across different airports.</p> <p>This isn't the industry practice and not followed in any country.</p> <p>Further, single tariff leads to bundling of services, which may not be availed by every user. The issue of other charges has been clarified earlier, refer remarks under misc. charges.</p> <p>Lastly, as studies have revealed Terminal charges constitute in the range of 3-5% of the transportation costs and have minimum influence with regard to export competitiveness. On the contrary terminal operations being the last leg of the supply chain have an important role to play in ensuring fast, efficient and safe last mile delivery and it can only happen when terminal operators are adequately invested and ensure efficient terminals with latest, environment friendly material</p>



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Federation of Freight Forwarders' Associations in India

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		3. On the city side however the delivery of cargo to the consignee/ CHA is affected only upon receipt of the Customs permission (Out Of Charge) and payment of all applicable dues by the Consignee/ CHA. The time of delivery thus varies from as low as 6 hours (from time of segregation) to 48 hours (the permitted demurrage free period) and more.
3	Misc. Charges	Facilitation fee charges are against the support facility extended to the government agencies within the warehouse, including dedicated space, capex and operating expenses to support them to function efficiently. The same was examined by AERA authorities and was approved by AERA authorities during 2nd Control Period. However, subsequently in the order of DCSC for FY 21 the same was merged with TSP charges. We would also accept to merge these charges with the TSP, as it simplifies the charge under one heading. Regarding Miscellaneous charges, these are not mandatory and is on request basis against specific services not covered in the main tariff card.
4	Repacking charges	It may be noted that the requirement of repacking of packages comes up not only for packages that are opened by Customs but also on account of packages that need to be opened for physical checks as per BCAS vide their Av Sec Circular No 8/ 2008 dated 10th Sept 2008 wherein at least 15% is mandatory and random physical check of all consignments have to be undertaken.
5	Handling charges	We are not aware of any handling charges to the subject stakeholder. If the reference is to charges levied to airlines for unitization/destuffing of domestic cargo, then these are not relevant under the subject stakeholder's response.
6	AFS	Product wise handling requirement is defined by general industry practice and specifically by respective Airline who's transporting the cargo. Not only such handling requirements are different but even the infrastructure & facility required is defined, case in point is with regard to Perishable handling, which has a dedicated temperature controlled terminal/storage units with its set of requirements including industry certifications like GDP, CEIV etc. Mix loading of general cargo and special cargo as a standard practice isn't permitted due to different handling requirements, they have to be processed separately as mentioned above and charged accordingly. This is industry practice! At the outset, we would like to state that handling of ULDs from AFS involves no less effort for the terminal operator. <u>Note:</u> Kindly refer to list mentioned under scope of activities stated in remarks to Continental Carriers.
7	Recommendations of FFFAI-1	The tariff chart is similar since inception and our utmost endeavour is to be transparent and to provide complete clarity on charges. Delay on part of the CTO is something abnormal in nature and will be dealt on a case to case basis depending on the merit of each case.
8	Recommendations of FFFAI-2 AFS	Our response is elaborated in point 6 above.



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Continental Carriers Pvt. Ltd.

S.no.	Concerns	Remarks																																																																														
1	AFS Policy	AFS policy was created with a view to reach out to hinterland region of the country besides decongesting the congested air cargo terminals in some gateway internal airport that face high dwell times. As a general situation, at Celebi Delhi Cargo there are no real congestion issues.																																																																														
2	Scope of Activity	<p>The scope of activities and resources required to handle cargo from AFS is no different to that of general cargo otherwise received loose.</p> <p>In this regard following is the scope of activity required for AFS units and comparison to the loose cargo handling.</p> <table><thead><tr><th colspan="6">AFS Cargo</th><th rowspan="3">Loose cargo vs AFS Process Diff</th></tr><tr><th rowspan="2">S No</th><th rowspan="2">Activity</th><th rowspan="2">Charges</th><th colspan="2">Charged by</th><th rowspan="2">Paid by</th></tr><tr><th>AFS</th><th>CTO</th></tr></thead><tbody><tr><td>1</td><td>Dedicated Truck Dock at Cargo Terminal for AFS Cargo</td><td>TSP</td><td></td><td>✓</td><td>AFS Operator</td><td>Same effort. Truck slots can be booked in advance</td></tr><tr><td>2</td><td>Weight Volume check as per the instructions of Airline</td><td>TSP</td><td></td><td>✓</td><td>AFS Operator</td><td>Activity will not be performed; however, pallet condition checks are to be undertaken to meet Airline requirement.</td></tr><tr><td>3</td><td>Acceptance of AFS Cargo at the Cargo Terminal</td><td>TSP</td><td></td><td>✓</td><td>AFS Operator</td><td>ULD acceptance check will need to be performed as such it entails the same effort</td></tr><tr><td>4</td><td>Unloading of BUP from the Truck at the Acceptance Truck Dock</td><td>TSP</td><td></td><td>✓</td><td>AFS Operator</td><td>Greater care and expertise to handle the built ULDs is required vis a vis handling of loose consignments/ boxes.</td></tr><tr><td>5</td><td>Transfer BUP from Truck dock to Sterile Area at the Terminal</td><td>TSP</td><td></td><td>✓</td><td>AFS Operator</td><td>Greater care and expertise to handle the built ULDs is required vis a vis handling of loose consignments/ boxes.</td></tr><tr><td>6</td><td>Storage in Sterile Pallet Handling System</td><td>TSP</td><td></td><td>✓</td><td>AFS Operator</td><td>Same effort</td></tr><tr><td>7</td><td>Data interface & exchange</td><td>TSP</td><td></td><td>✓</td><td>AFS Operator</td><td>Same effort</td></tr><tr><td>8</td><td>Documentation</td><td>TSP</td><td></td><td>✓</td><td>AFS Operator</td><td>Same effort</td></tr><tr><td>9</td><td>Special Equipment</td><td>TSP</td><td></td><td>✓</td><td>AFS Operator</td><td>Extra for AFS Cargo Slave dolly, Scissor lift, weighing scale etc.</td></tr></tbody></table>	AFS Cargo						Loose cargo vs AFS Process Diff	S No	Activity	Charges	Charged by		Paid by	AFS	CTO	1	Dedicated Truck Dock at Cargo Terminal for AFS Cargo	TSP		✓	AFS Operator	Same effort. Truck slots can be booked in advance	2	Weight Volume check as per the instructions of Airline	TSP		✓	AFS Operator	Activity will not be performed; however, pallet condition checks are to be undertaken to meet Airline requirement.	3	Acceptance of AFS Cargo at the Cargo Terminal	TSP		✓	AFS Operator	ULD acceptance check will need to be performed as such it entails the same effort	4	Unloading of BUP from the Truck at the Acceptance Truck Dock	TSP		✓	AFS Operator	Greater care and expertise to handle the built ULDs is required vis a vis handling of loose consignments/ boxes.	5	Transfer BUP from Truck dock to Sterile Area at the Terminal	TSP		✓	AFS Operator	Greater care and expertise to handle the built ULDs is required vis a vis handling of loose consignments/ boxes.	6	Storage in Sterile Pallet Handling System	TSP		✓	AFS Operator	Same effort	7	Data interface & exchange	TSP		✓	AFS Operator	Same effort	8	Documentation	TSP		✓	AFS Operator	Same effort	9	Special Equipment	TSP		✓	AFS Operator	Extra for AFS Cargo Slave dolly, Scissor lift, weighing scale etc.
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		<p><i>Note: It is clarified that Screening & build-up charges are not part of TSP and have never been.</i></p> <p>Notwithstanding above, we have in our tariff submission already offered a discount.</p>
3	Single rate policy	Our AFS handling tariff policy is simple, consistent and in tune with warehouse handling system and one which avoids complicated tariff structure.
4	TSP charges	<p>We are not aware of AFS operator's TSP charge to shipper and cost structure of AFS operator.</p> <p>Our TSP charge is to AFS operator that for the handling as defined above. Please note there will be direct opex requirements such as expenses to address additional manpower requirement, deployment and servicing of equipment, infrastructure repair & maintenance requirements, IT, admin and utility expenses.</p> <p>There will be investment for handling of palletized export cargo coming from AFS in terms of both Capex and opex. The capex investments will be for assets such as Battery-Operated Tractors, Pallet Dolly, Scissor lifts, Weighing scale, HHT & Castor/Ball Decks etc.</p>
5	Single rate policy	<p>Commodity wise handling requirement is defined by general industry practice and specifically by respective Airline who's transporting the cargo. Not only such handling requirements are different but even the infrastructure & facility required is defined, case in point is with regard to Perishable handling, which has a dedicated temperature controlled terminal/storage units with its set of requirements including industry certifications liked GDP, CEIV etc.</p> <p>Mix loading of general cargo and special cargo as a standard practice isn't permitted due to different handling requirements, they have to be processed separately as mentioned above and charged accordingly. This is industry practice.</p> <p>Notwithstanding aforesaid, Celebi shall handle the build ULD as per instructions received from the AFS operator that is to say if the ULD is to be handled from the general cargo warehouse or would need special handling and as such must be handled at our dedicated temperature-controlled facility for handling of perishables and temperature sensitive consignments.</p>
6	Charges per pallet	For the reason we have outlined above in terms of resource, handling requirements, our proposed discount we believe is fair and put up for favourable consideration.



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Domestic Air Cargo Agent Association of India (DACCAI)

S.no	Concerns	Remarks																																								
	Point 1 (Capacity)	<p>It is regretted that factually incorrect assertions are being made by subject respondent. Facts as it pertains to this point are as under:</p> <ul style="list-style-type: none">- CELEBI commenced the handling of domestic cargo from within a suitably modified area within the International Cargo Terminal <u>only in FY 2015</u>.- The domestic terminal being referred to in the trade body's representation was a green field terminal which was constructed and operationalized on the DIAL assigned location/ plot <u>only in July 2017</u>.- As such the contention that the trade has been operating from the same terminal since the last 10 – 12 years is factually incorrect.- As is apparent from the foregoing <u>CELEBI has 2 exclusive terminals to handle over 2,00,000 MT of domestic cargo per annum</u>. It may be noted that for period Apr - Nov 2022 only 55,051 MT of cargo has been handled and FY 23 is expected to handle around 83000 MT., as such clearly establishing the fact that there is adequate capacity available to not only handle the current volumes but to also handle efficiently a substantial increase in the cargo volumes.																																								
2	Point 2 (Capacity)	<p>As mentioned above not only does the current CELEBI domestic terminals have sufficient capacity to handle the current and projected growth/ volumes but is also in discussion with the airport operator (DIAL) for allocation of additional space at a future date to address business expansion requirement based on rising demand. As such the representation being made is incorrect!</p>																																								
3	Point 3 (Tonnage & Infrastructure details)	<p>Celebi has recently refurbished and recommissioned its old domestic terminal spanning over 39,000 Sq. Ft. for handling of domestic cargo and this terminal in its full functioning, was shown to DACAAI's delegation during their visit of Nov 30, 2022. The total area available for domestic cargo operations handling thus is over 67,000 Sq. Ft. Notwithstanding above, we also have a continued investment plan pertaining to additional space & infrastructure to meet future demand requirements.</p> <p>The desired details with respect to the infrastructure and important fixtures are as contained in the succeeding Paras:</p> <ul style="list-style-type: none">a. Truck Docks: 17.b. X-Ray Machines: 9.c. HHMDs: 4d. CCTV Cameras: 91e. Weighing Scales: 6 <p>Celebi Domestic handled details are as follows:</p> <table><tr><th colspan="8">DOMESTIC CARGO TONNAGES (in MT) for FYs</th></tr><tr><th>Terminal</th><th>2016-17</th><th>2017-18</th><th>2018-19</th><th>2019-20</th><th>2020-21</th><th>2021-22</th><th>2022-23E</th></tr><tr><td>Old Dom</td><td>46,250</td><td>58,677</td><td>50,280</td><td>198</td><td>-</td><td>-</td><td>900</td></tr><tr><td>New Dom</td><td>-</td><td>66,249</td><td>78,812</td><td>1,00,304</td><td>59,589</td><td>66,536</td><td>81,792</td></tr><tr><td>Total</td><td>46,250</td><td>1,24,926</td><td>1,29,092</td><td>1,00,502</td><td>59,589</td><td>66,536</td><td>82,692</td></tr></table>	DOMESTIC CARGO TONNAGES (in MT) for FYs								Terminal	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23E	Old Dom	46,250	58,677	50,280	198	-	-	900	New Dom	-	66,249	78,812	1,00,304	59,589	66,536	81,792	Total	46,250	1,24,926	1,29,092	1,00,502	59,589	66,536	82,692
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		<p>Handling Capacity: It may be noted that our domestic CUTs are currently underutilized. Both terminals together can handle over 2,00,000 MT p.a. however, as mentioned above currently the domestic cargo load being tendered at Celebi terminal is much lower.</p> <p>It is thus to confirm that there is enough capacity at Domestic CUT to handle additional cargo.</p> <p>As for the number the number of flights it may be noted that the number of flights fluctuates as per airline schedules. Currently we are, on an average handling 185 flight departures and arrivals each per day which averaged around 210 pre pandemic.</p>
4	Point 4 (Space constraints)	<p>As has been mentioned above CELEBI cargo terminals have adequate space and have consistently been delivering quality service (surpassing even the stringent SLA performance criterions) to our airline customers. Celebi's score in terms of fulfilment of Airline's SLAs on inbound & outbound cargo has been over 99% consistently. Our Airlines continuously and in a stringent manner map Celebi's performance against their contracted SLAs.</p> <p>As for the perceived congestion concerns suffice to say that one of the main reasons for the reported congestion on the cityside of the terminal is on account of the freight forwarders (FF) undertaking activities such as documentation, labelling and marking etc. of cargo at the truck docks (thus adversely impacting the truck turnaround time and congestion), activities which otherwise need to be undertaken by the FFs at their respective warehouses.</p> <p>It is also regretted that DACAAI has insinuated CELEBI for the perceived cargo shift from air to surface mode without any credible evidence and/ or data.</p>
5	Point 5 (Asset Base)	<p>Celebi commenced domestic cargo handling operations in FY 2015 from its old domestic terminal and in 2017, Celebi further invested/constructed a new domestic terminal which substantially added to the handling capacity. In addition to the new terminal, Celebi also invested, at its both terminals, in necessary installation including material handling equipment, security systems, etc. which are required for efficient handling of cargo in a safe, secure, and efficient manner. The life of assets are considered till end of concession period.</p> <p>The statement that tonnage has increased 3 times is factually incorrect as stated in above points.</p>
6	Point 6 (Domestic Terminal infrastructure)	<p>Celebi has been making Investments from time to time for handling domestic cargo.</p> <p>Dedicated Infrastructure: Celebi has two dedicated terminals to handle domestic cargo. Among other items, Celebi has provided and maintained following infrastructure on cityside of its domestic terminals:</p> <ol style="list-style-type: none"> Truck Docks: 17. X-Ray Machines: 9. HHMDs: 4 CCTV Cameras: 91 Weighing Scales: 6



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 Tel: +91-11-25601300, +91-11-25601310, +91-11-25601000 (exchange) Fax: +91-11-25601320 CIN No. U74900DL2009FTC191359

7	Point 7 (Terminal Area)	<p>Celebi has been making Investments from time to time for handling domestic cargo.</p> <p>Terminal Area: Celebi has recently refurbished and recommissioned its old domestic terminal spanning over 39,000 Sq. Ft. for handling of domestic cargo and this terminal in its full functioning, was shown to DACAAI's delegation during their visit of Nov 30, 2022. The total area available for domestic cargo operations handling thus is over 67,000 Sq. Ft. We also have a continued investment intent pertaining to additional space & infrastructure to meet future demand requirements.</p> <p>Handling Capacity: It may be noted that our domestic CUTs are currently underutilised. Both terminals together can handle over 2,00,000 MT p.a. however, as mentioned above currently the domestic cargo load at Celebi terminal is much lower.</p>
8	Point 8 (Investment on process)	<p>DACAAI assertions as mentioned are ill informed and incorrect. The correct position with respect to handling of Outbound and Inbound domestic cargo at our terminals is as under:</p> <p>Cargo Acceptance: It is to reconfirm that the domestic cargo gets accepted at the terminal on D-3 hours basis only, which is in line with the existing service level agreement (SLA) with customer airlines. Airlines continuously and in a stringent manner map Celebi's performance against their SLAs. Celebi's score in terms of fulfilment of airline's SLAs on outbound cargo has been over 99% consistently.</p> <p>Cargo Delivery: The Delivery of cargo to the terminal is dependent on airlines' delivery of cargo at the cargo terminal. Thereafter, unloading of the trucks and preparation of the segregation report is done by Celebi for customer airlines as per defined SLAs. The delivery of the inbound cargo to the agents on the city side is undertaken on receipt of the delivery order by the airlines (through the agents), an activity which gets completed by Celebi within 20-30 mins of receipt of the delivery order. Celebi's performance score in terms of fulfilment of airline's SLAs on Inbound cargo is over 99% consistently.</p>
9	Points 10 (Competition)	<p>As per industry practice, the shipper doesn't choose the terminal operator but choses the Airlines for their transportation based on commercial & operational terms. Airlines chose their terminal operators based on their commercial, infrastructure, service level, quality, safety etc. considerations and this is a universal practice. Terminal operators are awarded concessions by Airport operators based on qualification, technical & financial parameters as per approved procedures & regulations and this is similar in all airports across India. Number of players are determined considering various elements such as air cargo demand, investment, infrastructure requirement (capex), integrated operations, regulatory approvals etc. Delhi Airport Cargo operates in a similar environment as the rest of the country and doesn't have any different/unique position.</p>



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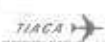
9	Points 11 (Handling charge)	<p>No billing to FFs:</p> <p>Celebi does not raise any invoice on the freight forwarders for domestic handling and Celebi collects its service charges directly from the customer airlines, as per the terms of Agreement between Celebi and customer airlines.</p> <p>Celebi's invoicing to customer airlines is limited to three pertinent heads including TSP, build-up, breakdown, and screening, which we feel is required to provide transparency on charges levied.</p> <p>This was explained during DACAAI's delegation visit of Nov 30, 2022.</p>
10	Points 12 (Freighter readiness)	<p>Readiness for freighter operations:</p> <p>Celebi confirms that it has made suitable arrangements to handle domestic freighter operations, which has also been audited and cleared by our customer airlines for commencement of their freighter Operations. The Old Domestic Terminal has been refurbished to specially cater to freighter handling operations and this has been shown in person to DACAAI delegates during their visit to Celebi on Nov 30, 2022.</p>
11	Summary	<p>Celebi constantly engages with trade on various issues and has also engaged with DACAAI representatives during stake holder consultation. Key issues are discussed in detail during in-person meetings and the latest one had covered all the critical points with factual clarity provided by us to DACAAI representatives. These have been captured in our recorded response to DACAAI vide mail from CEO's office dated 08.12.2022.</p> <p>(Responses attached as Annexure)</p> <p>We are aware of domestic cargo requirements namely fast service and reasonable cost and on both accounts are better when compared to international cargo. Our processing of domestic cargo can be differentiated while considering statutory requirements and the domestic airline SLAs. In our tariff structure we have differentiated tariff for different product types while being mindful of product handling requirements.</p> <p>Airfreight costs are part of the logistics costs and are not the whole. Further, handling costs at terminals is a fraction of the overall logistics costs.</p> <p>It must be noted here that while all other parts of the logistics costs are non-regulated and vary from time to time, terminal handling charges are the only ones that are regulated and constant during all times. Case in point is during Covid, we have incurred considerable cost in retaining and maintaining our domestic terminals with no real recovery. For the minimum domestic volumes that got handled our tariff remained the same during this challenging time when we had to pay for fixed overheads including licence fees, manpower resource costs etc. As is aware cargo terminals are invested upfront with an anticipated demand over years and when these volumes aren't achieved due to external reasons there's no flexibility for us to adjust our tariff. For example, we used to handle Jet Airways and when the airline folded in 2019, we were left with vacant unused terminal capacity, which couldn't for nearly 4 years be filled with alternate cargo loads. Also, Celebi maintained and managed domestic terminals during Covid period and always kept domestic cargo handling readiness at its highest standards in all terms</p>



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	<p>including human resources, safety gears for personals, cargo handling equipment etc. for recommissioning of cargo operations.</p> <p>Our charges in light of our cost structure and demand projections are open & transparent and we believe our tariff requested is justified to ensure safe, secure, efficient services while continuing to sustain investments.</p>
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Board of Airline Representatives (BAR)

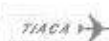
S.no.	Concerns	Remarks
1	Capex	Celebi would like to draw your attention towards major improvement that happened across Celebi's terminal both in terms of infrastructure and state of art equipment over 2nd control period. Celebi have built an entirely new domestic terminal, procured Dual View X-ray machines, Forklifts, ETD, CargoCEL implementation as further step towards digitalization, LED lighting across terminal and 3.72 KW solar power installation to reduce utility spend etc. These are some initiatives to mention in the referred period. Further, in the 2nd control period, out of Capex projection of INR 81 crores excluding ASRS (INR 115 crores less INR 34 Crores ASRS) Celebi had incurred capex of INR 70 crores that too being mindful of JET Airways (our large important customer) shutdown impact in FY 20 and Covid-19 pandemic impact in FY 21. Few capex got slightly deferred on account of Covid and were incurred in FY 22, which if considered will add up to INR 78 crores of Capex. Jet airways shutdown impacted us greatly and Covid-19 in general has impacted aviation sector badly. Like all other entities globally, aviation projects were deferred in lieu to survive the pandemic uncertainty. Therefore, ASRS project is now considered in 3rd Control period with advanced features/technology.
2	Tariff increase	Projected tariff increase submitted by Celebi is based on investment projection, business scenario and inflation. However, we would like to appreciate and thank BAR for accepting minimal increase.
3	Russia Ukraine War	<p>The handling prices of Celebi have not been revised in past 2 years. It however, continued to provide handling services and made necessary investment in manpower and machinery to ensure business continuity and support airlines' cargo operations. Likewise, other entities, Celebi has not been untouched by present world situation, which has adversely effected Celebi due to decreased tonnages and closer of operations by some of the customer airlines due to global political and economic scenario.</p> <p>Further, the terminal handling cost has a very small share in the overall operating cost of any airline. However, in order to upkeep and maintain the cargo terminal facilities, avoid compromising on quality & service standards and to compensate the increase in costs and absorb inflationary impact, the proposed increase in tariff is well justified.</p>
4	AFS	<p>The understanding that introduction of an additional link in the air cargo Supply Chain will reduce/ minimize costs is fundamentally flawed!</p> <p>The aforesaid notwithstanding the physical handling requirements for all types of cargo, on the city side (irrespective of the cargo type) remains the same viz</p>



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50. WONG, K. S. L. THE MANAGEMENT SYSTEM
FOR THE INTERMEDIATE MANAGEMENT STAFF
OF THE HONG KONG POLICE DEPARTMENT. 1993. 100 P.

	<p>offloading of cargo from trucks, the acceptance checks for build ULDs and thereafter the transfer of the accepted consignments to the airside etc.</p> <p>It is not out of place to mention here that the handling of odd sized and heavy density consignments on a regular basis entails a substantially higher investments/ costs (for procurement, Ops & maintenance of heavy material handling equipment etc) as also higher risks.</p> <p>As such any representation being made regarding fixing of a lower/ discounted TSP rates for built ULDs (OOD-odd and oversized dimensions/ HEA consignment- heavy consignments) is untenable.</p>
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VAFA Fresh Vegetables & Fruits Exporters Association

S.no.	Concerns	Remarks
1	Air Freight Charges	Reference has been made to air freight charges in our consultation paper response. We would like to clarify that terminal operators have nothing to do with Air freight charges which are governed by pricing policies of Carrier's (Airlines and truckers). It may be further noted that Celebi did not increase any tariff due to Covid impact during the Covid period.
2	Update on the project/Infrastructure	Celebi would like to draw your attention towards major improvement that happened across Celebi's terminal both in terms of infrastructure and state of art equipment over 2nd control period. Celebi have built an entirely new domestic terminal, procured Dual View X-ray machines, Forklifts, ETD, CargoCEL implementation as further step towards digitalization, LED lighting across terminal and 3.72 KW solar power installation to reduce utility spend etc. These are some initiatives to mention in the referred period. Further, in the 2nd control period, out of Capex projection of INR 81 crores excluding ASRS (INR 115 crores less INR 34 Crores ASRS) Celebi had incurred capex of INR 70 crores that too being mindful of JET Airways (our large important customer) shutdown impact in FY 20 and Covid-19 pandemic impact in FY 21. Few capex got slightly deferred on account of Covid and were incurred in FY 22, which if considered will add up to INR 78 crores of Capex. Jet airways shutdown impacted us greatly and Covid-19 in general has impacted aviation sector badly. Like all other entities globally, aviation projects were deferred in lieu to survive the pandemic uncertainty. Therefore, ASRS project is now considered in 3rd Control period with advanced features/technology.



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3	Hike in Perishable cargo	<p>The handling of perishable cargo requires a special skill set and infrastructure different from general cargo. Celebi has invested in dedicated facility and in its upkeep and maintenance to provide suitable handling for perishable cargo. Further, commodity wise handling requirement is defined by general industry practice and specifically by respective Airline who are transporting the cargo. Not only such handling requirements are different but even the infrastructure & facility required is defined, case in point is about Perishable handling, which has a dedicated temperature-controlled terminal/storage unit with its set of requirements including industry certifications liked GDP, CEIV etc.</p> <p>Mix loading of general cargo and special cargo as a standard practice isn't permitted due to different handling requirements, they must be processed separately as mentioned above and charged accordingly. This is a universal industry practice.</p>
4	Hike in X-ray Machine Charges	Celebi has been making continuous investment in high state-of-the-art X-ray machines as per the BCAS guidelines. Given the nature of security and compliance, the said X-ray machines require continuous maintenance, support and upgrading to ensure compliance with evolving guidelines of BCAS e.g. implementation of piece wise scanning of Cargo. Celebi has made considerable investment in X-ray machines across its terminals including the dedicated facility for perishable cargo.
5	Movement of Perishable TP cargo	Not in scope of Celebi.
6	Penalty/Discount in TSP/Dem charges and other type of charges for delay in delivery of cargo	<p>The Import cargo along with its accompanying documents is delivered to CELEBI Import terminal by the airline/ airline ground handling service provider. CELEBI team thereafter commences activities such as destuffing and preparation of the segregation report for customer airlines as per defined SLAs. The delivery of the Import cargo to the agents on the city side is undertaken by Celebi, upon receipt of the E-Gate Pass which is generated online by the agents (at their office). On receipt of E-Gate pass from the CHA, Celebi initiates the delivery process which gets completed within 120-180 mins subject to CHA securing final Customs clearance from the Gate Officer, availability of the CHA personnel with suitable vehicle for taking physical delivery of cargo on Cityside. Celebi Operates 24X7 and works under strict SLA compliance of customer airlines for ensuring timely delivery to CHA subject to fulfilment of compliances and processes as mentioned above.</p>


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7	Levy of single rate:	As provided above elsewhere in this response, mix loading of general cargo and perishable cargo as a standard practice isn't permitted due to different handling requirements including infrastructure, manpower, dedicated temperature-controlled terminal/storage units etc. Also, perishable handling has strict compliance requirements including industry certifications like GDP, CEIV etc. and hence the charges for handling general cargo and special cargo vary, which is a universal industry practice. Celebi has also invested in dedicated facilities for handling perishable cargo which can handle up to 17000 Mt of cargo per annum and has facilities such as temperature control set-up, X-Ray machines, dedicated resources, and special equipment such as cool dollies, skilled manpower, GDP and CEIV certification etc. for safe and efficient handling of perishable cargo.
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SpiceJet Limited

S no.	Concerns	Remarks
1	Review of tendering process	Not for us to comment, as not in our scope
2	Cargo volume projections	Our assumptions and projections are based on market perception. While the airline has mentioned that their flights have been badly affected by Covid and thereafter, they have failed to appreciate similar issues and problems faced by Cargo related operators, which is also a by-product of their flights.
3	Deferment of Capital expenditure	Our capital investment is based on our business requirement and our customer expectations of continuous upgrading in latest and operations required equipment's to meet the future demands. Capital expenditure includes spending towards building/infrastructure, material handling equipment, security equipment, information technology (automation, digitization) among other requirements. Additional technical assets are for replacement of old machineries, to adhere to statutory regulations (Dual View Ray being made mandatory) and few other equipment for process improvement. Besides some infrastructural improvements which have been deferred on account of covid is now considered as essential. Tariff working is based known by the authorities and we find no reason for the airline challenging the same or suggesting for any modification. Continuous capital expenditure is a commitment and obligation under concession agreement to the airport operator.
4	Abolishment of royalty charges/ concession fee	Not for us to comment, as not in our scope.
5	Operational Expenditure	We are aware of operational expenses required to deliver safe, secured, quality services in line with customer, stakeholders' expectations while keeping in mind employee requirements in terms of fair pay and minimal facilities. We are also aware of the inflation effect in various area of the business and have taken a realistic estimation of the same for the years ahead.
6	Aggregate Revenue Requirement	We need to be mindful that FROR considered by authority is a minimum fair return expected by any investor to invest and run the business. Also, Celebi have paid INR 205 crores as security deposit to concessioner where Celebi is proposed to be granted return @ 5% only in 3rd Control



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		Period, instead of FROR as the complete security deposit amount is funded from equity and quasi-equity (internal accruals). It may kindly be noted that Celebi got NIL return on Security Deposit in the 1st and 2nd Control Period.
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Given our detailed explanation to the points raised by various stakeholders, and our earlier submission dated December 02nd 2022, we would therefore request Authority to consider our plea and grant us a reasonable year on year tariff increase.

Thanking you,

Yours sincerely,

For Celebi Delhi Cargo Terminal Management India Pvt. Ltd



Kamesh Peri

Chief Executive Officer

Email: kamesh.peri@celebiaviation.in

Tel: +91 11 25601300

Annexure

Response to DACAAI vide mail dated 08.12.2022



DACAAI - CELEBI
Meeting 30Nov22.p



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Amitava Kundu

Subject: FW: DCAAI written response to MYTP for 3rd control period 2021-26 by Celebi Delhi Cargo Management Terminal.

Attachments: DCAAI - CELEBI Meeting 30Nov'22.pdf

From: Kamesh Peri <Kamesh.Peri@celebiaviation.in>

Sent: 08 December 2022 14:18

To: info Daccai <info@daccai.com>

Cc: Shri Arvind Nayak <arvindnayak@nayakaviation.com>; Dinesh Kumar <dineshk.aviation@gmail.com>; Ravijet Sehrawat <md@suryacargo.com>; Ananda Agarwala <anand21nov@hotmail.com>; Suraj Agarwal <surajagrawal@monopolycargo.com>; V_porwal@patel-india.com; Ismail Khan <ismailmd@indexlogistics.in>; gaurav@edscargo.com; Deepak More <deepak.more@sdcargo.com>; Amit Bajaj <amitbajaj@mituj.com>; Sajjan Sharma <carexblr@yahoo.co.in>; Ashish Kumar <Ashish.Kumar@celebiaviation.in>; Arvind Aggarwal <Arvind.Aggarwal@celebiaviation.in>; Andy Dias <Andy.Dias@celebiaviation.in>; Anuj Thapliyal <anuj.thapliyal@celebiaviation.in>; Amitava Kundu <Amitava.Kundu@celebiaviation.in>; Rahul Jain <Rahul.Jain@celebiaviation.in>

Subject: RE: DCAAI written response to MYTP for 3rd control period 2021-26 by Celebi Delhi Cargo Management Terminal.

Dear Shri Arvind Nayak,

With reference to your mail of 28Nov, we had agreed for a meeting on 30Nov to discuss the same. We thank you and your colleagues for the visit wherein we had the opportunity to go through all issues threadbare and these have been captured in attached document.

As stated during our meeting, we look forward to working with you & our customer Airlines in collectively find ways to grow our volumes, while addressing all related issues.

Assuring you of our commitment at all times.

Best Rgds,
Kamesh Peri

Kamesh Peri

CEO

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kamesh.peri@celebiaviation.in

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DACCAI concerns Ltr dated 28/11/2022	Meeting dated Nov 30, 2022 between Celebi Management and DACCAI Delegation CELEBI's Explanation and Discussion Points with DACCAI
<p>DACCAI members have experienced severe congestion at domestic Celebi CUT since inception; is grossly inadequate to handle the current quantum of cargo leave alone future cargo projections. What Celebi has planned to address this extreme situation?</p>	<p>Celebi Domestic CUT Cityside Congestion:</p> <p>The perceived congestion at the domestic Celebi CUT needs to be understood correctly in view of the following determinants:</p> <ol style="list-style-type: none"> 1. The terminal is organised in 3 distinct areas: <ol style="list-style-type: none"> a. The Cityside, b. The Warehouse, and c. The Airside. 2. DACCAI members are served by Celebi only on the cityside. As such, the points mentioned below refer only to the cityside operations. 3. For the development of cargo terminal, the land was provided by the airport and Celebi has constructed the terminal in 2017. Also, the infrastructure/access road leading to cargo terminal is within the scope of airport operator. On our part, we have taken up the issue (along with our customer airline) with the airport operator who is suitably looking into this matter. 4. While the established optimum throughput capacity of the terminal is 295 MT per day (2018) whereas the handled tonnages were just 186 MT per day in 2021 only. In 2022, the average tonnage being handled per day is only 214 MT (Jan-Nov). As such it is to confirm that there is sufficient capacity available at our subject domestic cargo terminal. 5. It is however also pertinent to mention that one of the main reasons for the reported congestion on the cityside of the terminal is on account of the freight forwarders (FF) undertaking activities such as documentation, labelling and marking etc. of cargo at the truck docks (thus adversely impacting the truck turnaround time and congestion), activities which otherwise need to be undertaken by the FFs at their respective warehouses. 6. All our efforts to mitigate the cityside/ truck dock congestion issues by engaging with the FFs to bring their cargo to the terminal in Ready for Carriage (RFC*) condition, for faster and efficient handling, have consistently been ignored by the FFs. This subject was once again discussed in detail during DACCAI's delegation visit of Nov 30, 2022. <p>* It may kindly be noted that the current non-RFC cargo accounts for more than 55% of the daily loads being handled and besides resulting in avoidable congestion, it also adversely impacts the throughput capacity of Celebi CUT.</p>



Same space has been used to handle more than 3 times increased loads i.e. 2018-124,926 mt; 2019 - 1,29,092 mt; and 100502 mt in covid year. DCAAI putting pressure on service quality, increased processing time, congestion, mishandling and shifting of cargo to surface. Please furnish the number of flights in 2015 and currently in 2022?

Cargo Tonnages and Flights:

DCAAI's contention and representation about the tonnages from the said terminal (New Domestic) needs correction and may please be reconciled for records in view of the following:

1. The tonnages at the New Domestic CUT have gone down rather than going up. Please find the table below for tonnages handled by Celebi in at domestic terminals:

DOMESTIC CARGO TONNAGES (in MT) for FYs							
Terminal	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23E
Old Dom	46,250	58,677	50,280	198	-	-	900
New Dom	-	66,249	78,812	1,00,304	59,589	66,536	81,797
Total	46,250	1,24,926	1,29,092	1,00,502	59,589	66,536	82,692

2. From above, it is further clarified that there is enough capacity at Domestic CUT to handle additional cargo provided that the cityside congestion issues is addressed satisfactorily by the freight forwarders. We are committed to work alongside our stakeholders to find joint solutions.

Celebi has stated to having made a total investment of INR 500 Crores out of which 200 crores is the Security Deposit for concession. Please provide specific details of amount of year wise investments made for creating specific facilities, expansions equipment etc done in Celebi domestic CUT exclusively?

Celebi has stated that 80,000 sq. mtr. area is for cargo handling. DCAAI requests you to provide specific details as to how much of this area pertains to Domestic cargo handling giving details of area of truck parking & manoeuvring, truck dock area, processing area, XRay area, sterile & nonsterile storage etc separately for outbound & inbound sections?

Celebi has been making Investments from time to time for handling domestic cargo.

1. **Dedicated Infrastructure:** Celebi has two dedicated terminals to handle domestic cargo. Among other items, Celebi has provided and maintained following infrastructure on cityside of its domestic terminals:

- a. Truck Docks: 17 nos.
- b. X-Ray Machines: 9 nos.
- c. CCTV Cameras: 91

2. **Terminal Area:** Celebi has recently refurbished and recommissioned its old domestic terminal spanning over 39,000 Sq.ft. for handling of domestic cargo and this terminal in its full functioning, was shown to DCAAI's delegation during their visit of Nov 30, 2022. The total area available for domestic cargo operations handling thus is over 67,000 Sq.ft. We also have a continued investment intent pertaining to additional space & infrastructure to meet future demand requirements.

3. **Handling Capacity:** It may be noted that our domestic CUTs are currently underutilised. Both terminals together can handle over 2,00,000 MT p.a. however, as mentioned above currently the domestic cargo load at Celebi terminal is much lower.



<p>Whether Celebi has made any investment in Domestic CUT for any of below reasons :- Increasing the speed & efficiency of processing of cargo? - Reducing the cut-off and delivery time of cargo? - Easing the congestion outside and inside terminal? - Increasing the throughput of domestic CUT?</p>	<p>1. Domestic Operations: Celebi commenced domestic cargo handling operations in 2014 from its old domestic terminal and in 2017, Celebi further invested/constructed a new domestic terminal which substantially added to the handling capacity. In addition to the new terminal, Celebi also invested, at its both terminals, in necessary installation including material handling equipment, security systems, etc. which are required for efficient handling of cargo in a safe, secure, and efficient manner. Celebi has incurred considerable cost in retaining (paying license fee to airport operator) and maintaining old domestic terminal after Jet Airways stopped operations in Apr'19 even though the terminal was not used since then.</p> <p>2. Highest level of readiness: Celebi maintained and managed terminal building during Covid period and always kept domestic cargo handling readiness at its highest standards in all terms including human resources, safety gears for personals, cargo handling equipment etc. for recommissioning of cargo operations.</p> <p>3. Investments in Maintaining Efficiency: Celebi has been continuously investing for ensuring operational efficiency at its warehouses. New investments have been made in X-ray machines, digitalised acceptance process, human resources etc. among others and would continue to do in future, as required.</p>
<p>DACAAI has observed that the Departure time which used to be D - 3 when the airlines were self-handling which has gone up to D-6 hours, at times stretches up to D-9 hours. Similarly, arrival cargo which was delivered in A+1 hour is gone up to A+3 hours and stretches to A+4/5 hours. As you are aware, due to this increased transit time major portion of air cargo has shifted to other modes of transport including to other airlines/other terminal</p>	<p>1. Cargo Acceptance: It is to reconfirm that the domestic cargo gets accepted at the terminal on D-3 hours basis only, which is in line with the existing service level agreement (SLA) with customer airlines. Airlines continuously and in a stringent manner map Celebi's performance against their SLAs. Celebi's score in terms of fulfilment of airline's SLAs on outbound cargo has been over 99% consistently.</p> <p>2. Cargo Delivery: The Delivery of cargo to the terminal is dependent on airlines' delivery of cargo at the cargo terminal. Thereafter, unloading of the trucks and preparation of the segregation report is done by Celebi for customer airlines as per defined SLAs. The delivery of the inbound cargo to the agents on the city side is undertaken on receipt of the delivery order by the airlines (through the agents), an activity which gets completed by Celebi within 20-30 mins of receipt of the delivery order. Celebi's score in terms of fulfilment of airline's SLAs on Inbound cargo is over 99% consistently. Above, was also explained during DACAAI's delegation visit of Nov 30, 2022.</p>



There are multiple heads of charges with each head having a minimum charge. Charging criteria is creating so much confusion for the end user. The charges are applied differently for each product and most of the time even without special services being rendered like cold storage, strong room, security escort, etc. still higher charges are being collected for no reason. DCAAI requests for a single (reasonable) terminal handling charge for ease of calculation and to spur growth.	<p>No billing to FFs: Celebi does not raise any invoice on the freight forwarders for domestic handling and Celebi collects its service charges directly from the customer airlines, as per the terms of our agreement with between Celebi and customer airlines.</p> <p>Celebi's invoicing to customer airlines is limited to three pertinent heads including TSP, build up, breakdown, and screening, which we feel is required to provide transparency on charges levied. This was explained during DCAAI's delegation visit of Nov 30, 2022.</p>
Various operating airlines are now operating Freighters, how do you plan to handle the cargo for freighter from this CUT?	<p>Readiness for freighter operations: Celebi confirms that it has made suitable arrangements to handle freighter operations, which has also been audited and cleared by airlines for commencement of their freighter Operations. The Old Domestic Terminal has been refurbished to specially cater to freighter handling operations and this has been shown in person to DCAAI delegates during their visit to Celebi on Nov 30, 2022.</p>
There is lack of basic public amenities like toilets, drinking water, sitting area, etc. for staff of shippers and agents	<p>Provision of Facilities for FFs: DCAAI statement on facilities is incorrect. All facilities including public amenities like toilets, drinking water, seating area etc. for staff of shipper and agents are already in place at both of our domestic terminals.</p> <p>This was explained during DCAAI's delegation visit of Nov 30, 2022 and actual pictures of facilities provided were shown.</p>

