

Consultation Paper No.15/2011-12



Airports Economic Regulatory Authority of India

**Multi Year Tariff Proposal submitted by
Delhi Cargo Service Centre Private Limited
for Providing Cargo Handling Services at
Greenfield Cargo Terminal, IGI Airport, New Delhi**

New Delhi: 27th August, 2011

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi – 110 003**

M/s Delhi Cargo Service Center Pvt. Ltd. (DCSC) have submitted their Multi Year Tariff Proposal (MYTP), for the first control period of 5 years, for providing Cargo Handling Services at the Green field Cargo Terminal, IGI Airport, New Delhi vide their proposal dated 29.06.2011. Subsequently DCSC have also submitted their Annual Tariff Proposal (ATP) vide letter no. Nil dated 05.07.2011.

2. Cargo Service Centre India Private Limited, registered under the Companies Act, 1956, have been awarded a concession by Delhi International Airport Ltd. (DIAL) to design, build, develop, finance, operate and manage the Greenfield Cargo Terminal at IGI Airport, New Delhi. DCSC have been formed as a Special Purpose Company under this concession wherein CSC holds 74% stake and DIAL holds 26%. The concession has been executed on 19.11.2009 for a period of 25 years.

3. DCSC have submitted that the Greenfield Cargo Terminal is being developed in multiple phases and the first phase of the Terminal was expected to be ready for commercial operations by 01.08.2011 wherein cargo handling and warehousing services for all types of international cargo will be provided to customers.

4. In terms of Clause 3.5 and Clause 7.1 of the Guidelines [The Airports Economic Regulatory Authority of India (Terms and Conditions for Determination of Tariff for Services provided for Cargo Facility, Ground Handling and Supply of Fuel to Aircraft) Guidelines, 2011] issued by the Authority, a new Service Provider who has been granted permission for providing the regulated service(s) at a major airport shall, within two months of the date of grant of such permission, submit to the Authority for its consideration, a MYTP in accordance with the Guidelines.

5. In respect of the regulated services provided for Cargo Facility at the Airport, the 'materiality' is assessed based on cargo volume in MT at the major airport as a percentage of cargo volume in MT at all major airports in terms of clause 4.3 of the Guidelines. The percentage share of the cargo volume for Delhi Airport, as per April, 2010 to March, 2011, AAI statistics, is 26.36% which is greater than 2.5%. Hence the services being rendered by DCSC at the Greenfield Cargo Terminal at IGI Airport, New Delhi is deemed 'material'.

6.1 As per clause 5 of the Guidelines where regulated service is being provided at a major airport by 2 or more service providers, it shall be deemed 'competitive' at that airport. It is observed that DCSC, presently, have been providing domestic cargo handling services at IGIA and now intend to commence international cargo handling services at IGI Airport, New Delhi. Further as on date, only Celebi Cargo is providing international cargo handling services at IGI Airport, New Delhi. Hence the service provided appears to be 'material but not competitive' as on date. However, with the commencement of operations by DCSC, the issue which arises for consideration is whether the regulated services may be considered as 'material but competitive' as claimed by DCSC.

6.2 As per Clause 3.3 of the Guidelines, the Authority shall assess materiality, competition, and reasonableness of the User Agreement(s) prior to the commencement of a Control Period.

6.3 However, clause 3.4 of the Guidelines also provide that notwithstanding anything contained in Clause 3.3, the Authority reserves the right to review the materiality assessments, competition assessments and reasonableness of the users agreement within the Control Period and issue such directions or make such orders as may it may consider necessary.

6.4 Further Clause 3.5 of the Guidelines provides that in the event that a new Service Provider(s) starts providing Regulated Service(s) at a major airport, the Authority shall determine the Tariff(s) for such Service Provider(s) subject to Clause 7.1 of the Guidelines, in accordance with its approach to the regulation of Regulated Service(s) at that major airport and, the Control Period for such Service Provider(s) shall commence from the date as determined by the Authority.”

7. Based on the review of the ‘materiality’ and ‘competition’, wherever the regulated services is “material but competitive”, the Authority shall determine tariff for the service providers based on a “light touch approach” for the duration of the control period.

8. DCSC in their proposal have sought confidentiality of the tariff proposed to be charged from the airlines and confidentiality of the information proposed to be redacted while uploading the proposal for stakeholders consultations. DCSC was requested to furnish the requisite information/ clarification to the Authority vide letter dated 20.07.2011. DCSC, vide letter no. nil dated 27.07.2011, have resubmitted the airside tariff proposal to be posted for stakeholder consultation and have specified the following list of documents, which can be put into public domain for stakeholder consultation:

- (i) Form 1(a) - Aggregate Revenue Requirement
- (ii) Form 1(b) - Competition Assessment
- (iii) Form F2 - Historical and Projected Five years Balance Sheet
- (iv) Form F9 - Forecast and Actual Roll forwarded RAB
- (v) From 10(e) - Additional Capital Project Summary

ATP

- a) Form 14a - Yield calculation
- b) Form14b 1- Schedule of charges for City side services
- c) Form14b 2- Schedule of charges of air side services

DCSC have marked the agreements as strictly confidential and not to be displayed for stakeholders consultation.

9. DCSC have submitted that they have initiated user consultation process with all stakeholders (airlines, agents, shippers, forwarders and customs officials) in order to address all concerns and issues regarding the process to be adopted for

- (i) cargo handling;
- (ii) tariff to be levied; and
- (iii) the quality of services.

DCSC have also submitted a summary of the consultation that has taken place with the stakeholders. As regards user agreements, DCSC have adopted the Standard Ground Handling Agreement (SGHA) as per IATA guidelines and submitted that agreements with each airline are modified to fit the individual requirements based on feedback from the legal department of the concerned airlines, and different levels of

service quality requirements; and that in the cargo industry. The agreements are formalized only after start of commercial activities.

10. DCSC have submitted details of their capex plan, depreciation, basis of arriving at the operation and maintenance expenditure in the proposal. As regards assessment of O&M expenditure, it has been submitted that since international terminal has not commenced operation, O&M expenditure is based on their experience in handling cargo, asset base created and the required service level as defined in the SLAs. However, for domestic terminal, which is already in operation, the projection of the O&M costs are based on the past figures and projection for the cost and revenue for remaining 4 years of the control period is based on inflation (weighted average of CPI Industrial worker and WPI. 50% weight has been allocated to both the indices).

11. The Greenfield Cargo Terminal shall cater to perishable cargo, general cargo (export & import) and domestic cargo. DCSC have submitted that they have determined aggregate revenue requirement in line with requirement in the guidelines and have submitted the details of all computation to various regulatory building blocks along with the proposal.

12.1 As indicated hereinabove, DCSC, vide letter no. nil dated 05.07.2011, have submitted their ATP for the international cargo handling services at Greenfield Cargo Terminal at IGIA, New Delhi, subsequent to filing of MYTP. Tariff proposal consists of:

- a. City Side Charges
- b. Air Side Charges

12.2 DCSC have stated that City Side charges have been discussed with various stakeholders and tariff is fixed for a period of one year as per Form 14(b). Regarding Air Side Charges, it has been stated that these rates are subject to final negotiations with prospective airlines customers and further requested not to disclose the Airside Charges on public domain as the same are confidential. However, vide letter dated 27.07.2011, DCSC have submitted a revised Air Side Proposal form [14(b)-2] to be used for stakeholders consultation. DCSC have also submitted revised form 14(b)-1 i.e. City Side Tariff (**Annexure-I**).

13. Details provided by DCSC in their proposal have been examined and it is observed that:

- (i) The Guidelines provide that the Authority shall assess the materiality, competition and reasonableness of the User Agreement(s) prior to the commencement of a control period (clause 3.3 refers). Further, clause 3.4 of the Guidelines provide that notwithstanding anything contained in clause 3.3, the Authority reserves the right to review the materiality assessments, competition assessments and reasonableness of the User Agreement(s) within the control period and issue such directions or make such orders as it any consider necessary.

- (ii) The Guidelines (clause 3.5) also provide that in the event a new Service Provider(s) starts providing regulated service(s) at a major airport, the Authority shall determine tariff(s) for such service provider(s) subject to clause 7.1 of the Guidelines, in accordance with its approach to the regulation of regulated service(s) at the major airport and, the control period for such service provider(s) shall commence from the date as determined by the Authority.
- (iii) As on 01.04.2011, i.e., date of commencement of the subject control period, only Celebi Cargo was providing International Cargo Services at IGI Airport, New Delhi. This position continues as on date. Hence, the service is “material but not competitive” as on date. However, since this is the first Control Period and the second facility is to become operational within first few months of the commencement of the Control Period, it is for consideration whether Authority may consider the regulated services as ‘material but competitive” and consider the tariff application under “Light Touch Approach” as requested by DCSC.
- (iv) From the submission of DCSC, it is apparent that DCSC is seeking approval of the charges in respect of the operations at the international terminal only and they are not ready with the new facility for domestic cargo handling and would be seeking an extension of interim domestic cargo facility for which Authority had approved the tariff for 18 months starting from 02.05.2010 to 30.11.2011.
- (v) DCSC had stated that the first phase of the new Terminal was expected to be ready for commencement of its commercial operations by 01.08.2011. It has, now, been ascertained that the commercial operations have not yet commenced. DCSC have, vide letter no. nil dated 24.08.2011, informed that the expected date is 12.09.2011 subject to receiving approval of MYTP and ATP by the Authority. As per clause 7.4 of the Guidelines, the ATP for the first tariff year of the first Control Period, shall be submitted within 75 days of the issue of the MYTO. In the present case, it is for consideration whether ATP may also be considered at this stage itself so that the new Terminal could be operationalised with an approved tariff in place.
- (vi) DCSC have also submitted Annual Tariff proposal and Form B, Form 14(b)-1 and Form 14(b)-2 which are as hereunder:
Form 14(b)-1 : City Side Tariff- chargeable to the Sippers, forwarders and the custom house agents.
Form 14(b)-2 : Air Side Tariff- Chargeable to the airlines.
However DCSC have to add the conditions of free period for export/import cargo as per MoCA Order No. 16026/006/2006-AAI dated 23.02.2009.

14. The Authority has considered the proposal submitted by DCSC, in its 48th meeting held on 26.08.2011. Shri Tushar Jani and Shri Radharaman Panicker who were present to assist the Authority submitted as under:

- (i) They are awaiting the approval of the other regulatory authorities to commence the international cargo facilities at their new terminal. If all approvals are in place, including the Authority's approval for tariff, the operations are likely to commence from 12.9.2011.
 - (ii) Since after commencement of operations by DCSC, there will be two operators providing the same service namely, Celebi Cargo Terminal Management Services Pvt. Ltd. and Delhi Cargo Service Centre, the Authority may consider their tariff proposals under the light touch approach as the material but competitive situation.
 - (iii) Upon being asked, they clarified that they undertake to comply with the government orders for free period for charging of demurrage and submitted that their tariff proposals may be taken as qualified to this extent.
15. The Authority has, upon careful consideration, observed that:
- (i) This is the first control period for which the tariff determination is being undertaken. DCSC's facilities are likely to become operational very soon. Therefore, in terms of clause 3.4 of the Guidelines, a view could be taken that the service provided by DCSC would be "material but competitive", even though at the commencement of control period only one service provider i.e., Celebi was providing the subject service.
 - (ii) Since DCSC is likely to commence the operations at its new terminal shortly it would be appropriate that the tariff for the new facility is also approved at this stage itself.
 - (iii) The request regarding confidentiality of the documents other than those stated in para 13(vii) above appears to be acceptable.
16. Keeping in view the above, the Authority has decided to propose the following for stakeholder consultation:
- (i) The service for international cargo handling by DCSC at IGI Airport, New Delhi may be considered to be "material but competitive". Therefore, the Authority may adopt a "Light Touch Approach" for determination of tariff for the 1st control period from the date of operationalisation of the Terminal.
 - (ii) ATP submitted by DCSC, as at Annexure I, may also be approved at this stage itself with effect from the date of commencement of operations by DCSC.
17. In accordance with the provisions of Section 13(4) of the AERA Act 2008, the proposal contained in para 16 above is hereby put forth for stakeholder consultation. To assist the stakeholders in making their submissions in a meaningful and constructive manner, necessary documents are enclosed **(Annexure-II)**. For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of this Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in

response hereto and by making such decision fully documented and explained in terms of the provisions of the Act.

18. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 16 above, latest by 10.09.2011 at the following address:

Shri Sandeep Prakash
Secretary
Airports Economic Regulatory Authority of India
AERA Building,
Administrative Complex,
Safdarjung Airport,
New Delhi- 110003
Email: sandeep.prakash@aera.gov.in, sandeep.moca@nic.in
Tel: 011-24695040
Fax: 011-24695039

Yashwant S. Bhave
Chairperson

Form F14(a) : Annual Tariff Proposal for Tariff Year 1 - Format for Providing in formation on EMAY (Ref: section A18 of Appendix I)		
S. N	Particulars	For Tariff Year 1
1	Yield per Unit	5.712
2	Error Correction term (from year 1-2)	0
3	Estimated Maximum Allowed yield (emay)	5.712

Parth

TARIFF FOR TERMINAL STORAGE AND PROCESSING CHARGES (TSP), DEMURRAGES AND OTHER CHARGES AT NEW CARGO TERMINAL BUILT, MANAGED AND OPERATED BY
DELHI CARGO SERVICE CENTER PVT LTD AT DELHI AIRPORT
EFFECTIVE FROM 1ST APRIL, 2011 AND VALID FOR ONE YEAR

S.No.	Charges		Rate	Remarks
1. TSP Charges				
1.1.	Export	General Cargo	Rs 1.00 / Kg subject to minimum of Rs.100 per AWB	Charges include unloading from trucks at truck docks
		Special Cargo*	Rs 2.00 / Kg subject to minimum of Rs.200 per AWB	
1.2.	Import	General Cargo	Rs 4.50 / Kg subject to minimum of Rs.225 per AWB	Charges include loading into trucks at truck docks
		Special Cargo*	Rs 9.00 / Kg subject to minimum of Rs.450 per AWB	
2. Demurrage Charges beyond 24 hrs free period				
2.1.	Export Cargo beyond 24 hours	General Cargo	RS 1.25 / Kg / Day	Demurrage free period shall be as per government order issued from time to time
		Special Cargo*	Rs 2.50 / Kg / Day	
2.2.	Import - General Cargo	Beyond free period & upto 5 days	Rs 1.50 / Kg / Day	Demurrage free period shall be as per government order issued from time to time
		Between 5 - 30 days	Rs 3.00 / Kg / Day	
		Beyond 30 days	Rs 4.50 / Kg / Day	
2.3.	Import - Special Cargo*	Beyond free period & upto 5 days	Rs 3.00 / Kg / Day	
		Between 5 - 30 days	Rs 6.00 / Kg / Day	
		Beyond 30 days	Rs 9.00 / Kg / Day	
2.4.	Import - Valuable Cargo*	Beyond free period & upto 5 days	Rs 6.00 / Kg / Day	
		Between 5 - 30 days	Rs 12.00 / Kg / Day	
		Beyond 30 days	Rs 18.00 / Kg / Day	
3. Security Charges				
3.1.	Export	- If inclusive of X-ray / Physical examination	Rs 2.00 / Kg subject to minimum of Rs.200 per AWB	If Chargable to shipper
		- If exclusive of X-ray / Physical examination	Rs 1.15 / Kg subject to minimum of Rs. 115 per AWB	

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4. 512B Charges				
4.1.	Export	DGR Acceptance fee	Rs 2000 / AWB	
		Live Animal export acceptance	Rs 2000 / AWB	
4.2	Import	Delivery Order Fees - MAWB	Rs 1000 / AWB	
		Delivery Order Fees - HAWB	Rs 500 / AWB	
5. Other Charges				
5.1.	Export	Special Handling (Pharmaceutical, to maintain product temperature on request)	Rs 2000 / Pallet	Only applicable if special packaging of ULD is required
		Back to Town	50 % of applicable TSP charges	If not cleared within 24 hrs of intimation, demurrage charges will be applicable
5.2.	Export/Import	Handling of Shipper Built ULD or handling of full ULD for delivery to Consignee	50 % of applicable TSP charges	

Note

- 1 Consignment of human remains, coffins including baggage of deceased & Human eyes will be exempted from the perview of TSP charge.
- 2 TSP charges is inclusive of forklift use inside the terminal. No additional forklift charges will be levied.
- 3 Charges will be on the "gross weight" or the "chargeable weight" of consignment, whichever is higher. Wherever the "gross weight" and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the "actual gross weight" or the "actual volumetric weight" whichever is higher.
- 4 Minimum charge for TSP will be for 100 kgs for export and 50 kgs for import - gross or chargeable weight of consignment, whichever is higher.
- 5 Special cargo consists of perishable and temperature sensitive products, live animals, hazardous goods, valuables and/or any other such cargo which requires/have special handling/storage instructions
- 6 Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelor's cheque, diamonds (including diamonds of industrial use), diamond jewelry & watches made of silver, gold, platinum and items valued at USD 1000 per kg & above.
- 7 Demurrage free period shall as per government order issued from time to time
- 8 For misdeclaration of weight above 2% and upto 5% of declared weight penal charges double the applicable TSP charges will be levied. For variation above 5%, the penal charges will be five times the applicable TSP charges of the differential weight. No penal charges will be there for variation upto and inclusive of 2%. This will not apply to Valuable Cargo.
- 9 While it is our intention not to allow any other agencies to operate inside the facility, in case for special reason exporters wants to engage their own labour, discount of 5% will be granted in TSP charges for offloading the cargo from truck and putting oncustom examination area, and on pallets.
- 10 Packing / Repacking charges will also be applicable in case required.
- 11 All invoices will be rounded off to nearest Rs.5. As per IATA Tact Rule book Clause-5.7.2, rounding off procedure, when rounding off Unit is 5.

For Example:

When the results of calculations are between/and	Rounded off amount will be
102.5 - 107.4	105
107.5 - 112.4	110

- 12 In case of premium service request, such service shall be provided at a premium of 25% over normal handling rates.



**GENERAL TARIFF FOR VARIOUS ELEMENTS OF CARGO HANDLING FOR THE AIRLINES CUSTOMERS AT CARGO TERMINAL
BUILT, MANAGED AND OPERATED BY DELHI CARGO SERVICE CENTER PVT LTD AT DELHI AIRPORT
EFFECTIVE 1ST APRIL 2011 AND VALID FOR ONE YEAR**

S.No.	Charges	Price	Currency	Price Driver	Remarks
1	Export Handling General Cargo Special Cargo	2.10 2.50	INR INR	Per KG Per KG	subject to minimum charge of INR1000 per flight
2	Import Handling General Cargo Special Cargo	1.75 2.25	INR INR	Per KG Per KG	subject to minimum charge of INR1000 per flight
3	Cargo handling for Transfer Cargo	2.20	INR	Per KG	
4	Security Handling - If inclusive of X-ray / Physical examination - If exclusive of X-ray / Physical examination	2.00 1.15	INR INR	Per KG Per KG	subject to minimum charge of INR1000 per flight
5	Demurrage charges a) Export Cargo - General cargo - Special cargo - Valuable cargo b) Import Cargo - General cargo - Special cargo - Valuable cargo	1.50 2.50 6.00 1.50 3.00 6.00	INR INR INR INR INR INR	Per KG Per KG Per KG Per KG Per KG Per KG	
6	Handling of Shipper Built ULD or handling of full ULD for delivery to Consignee	50% of Applicable Handling Charges	INR	Per KG	
7	DRY Ice Checklist charges	1000	INR	Per AWB	
8	DGR Acceptance fee	2000	INR	Per AWB	
9	Live Animal export acceptance charges	2000	INR	Per AWB	
10	Export Perishable Temperature Check as per CHM	150	INR	Per AWB	
11	Valuable escort service to & fro to the aircraft	1100	INR	Per AWB	
12	Full HAWB data capture charges	50	INR	Per AWB	
13	ULD cleaning charges	5000	INR	Per Unit	

S.No.	Charges	Price	Currency	Price Driver	Remarks
14	DGR-fee, in case shipment above 20 pieces	50	INR	Per Additional Unit	
15	Special Handling	2000	INR	Per Unit	Pharmaceutical, to maintain product temperature on request by shipper/airline
16	Charges Collect Fees	500	INR	per AWB	

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Note:

- 1 Demurrage will be applicable to airlines if custom cleared cargo is stored in the warehouse beyond the free period in case of export cargo
- 2 In case of import cargo, demurrage will be applicable in case the segregation of import cargo is not completed due to airline fault.
- 3 Handling rates provided above are inclusive of scope of handling services including physical handling, document handling and IT handling.
- 4 Handling rates will vary depending on whether the document handling fees are collected by the airline or DCSC.
- 5 Charges will be on the "gross weight" or the "chargeable weight" of consignment, whichever is higher. Wherever the "gross weight" and (or) volume weight is wrongly indicated on the AWB and is actually found more, charges will be levied on the
- 6 In case of premium service request, such service shall be provided at a premium of 25% over normal handling rates.
- 5 Special cargo consists of perishable and temperature sensitive products, live animals, hazardous goods, valuables and/or any other such cargo which requires/have special handling/storage instructions
- 6 Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelor's cheque, diamonds (including diamonds of industrial use), diamond jewelry & watches made of silver, gold, platinum and items valued at USD 1000 per kg & above.
- 7 Demurrage free period shall as per government order issued from time to time

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CARGO SERVICE CENTER

Delhi

Received
29/7/11
Dated: 27th July 2011

To,
Mr. C.V. Deepak
Airport Economic Regulatory Authority of India,
AERA Building
Safdurjung,
New Delhi

AGM (MYS)

(w)

29/7/11

Sub: Your email/letter F.No. AERA/20011/MYTP/DCSC/2011-12, dated 20th July 2011 regarding Multi Year Tariff Proposal on Greenfield Cargo Terminal at IGI Airport, New Delhi

Sir,

This has reference to your aforesaid letter on the submission of our Multi Year Tariff Proposal for the Greenfield Cargo terminal at Delhi airport.

Our reply is given against each specific issue raised in your aforesaid letter.

- i. DCSC have sought confidentiality of the tariff proposed to be charged from the airlines. However, any tariff to be determined by the Authority cannot be kept confidential from the stakeholders.

The customer for air side handling service is only the airline. Disclosure of such tariff to general public/stakeholder doesn't serve any purpose for they are not involved anywhere in the buying of such service by the airlines. Disclosure of tariff to airlines is also not advisable. Each airline contract are negotiated over period of time and pricing is function of various elements- volume of cargo to be handled, service elements to be included in the contract, degree of involvement in the whole cargo transportation and handling process, and other related factors. A rate with one airline customer therefore cannot be compared with rate for another airline.

I therefore strongly recommend that the guideline may be amended to take this view into consideration for future regulatory requirement.

However since I don't want to delay the process of tariff approval, I am resubmitting the air side tariff proposal, which maybe posted for stakeholder consultation.

- ii. DCSC have requested confidentiality of the financial information sensitive to their business. However, no meaningful stakeholder consultation is possible without disclosing relevant information for the consultation. You are therefore, requested to clearly specify with justification the specific details, Forms, clauses/ portions in the agreements that are proposed to be redacted while uploading the subject proposal for stakeholder consultation.

For any service industry, the competitive advantage is the costing of its services. Disclosure of such information therefore impinges on my right to have competitive advantage over my competitor. Secondly each handling company has different operating model for its service offering. No meaningful comparison can be drawn by comparing our costing with another handling service provider, which is what will happen when such information are put in public domain. This will lead to wrong conclusion being drawn by stakeholder. For example our



CARGO SERVICE CENTER

Delhi

business model for this project envisage use of own manpower and high degree of mechanization and automation, which may not be the case with our competitor.

Nonetheless having relooked at the issue, I have attached the set of information documents, which can be put into public domain for stakeholder consultations. This includes the following:-

1. Form 1 (a)- Aggregate Revenue Requirement
2. Form 1 (b)- Competition Assessment
3. Form F2 – Historical and Projected Five years Balance Sheet
4. Form F9- Forecast and Actual Roll forwarded RAB
5. Form 10 (e) – Additional Capital Project Summary
6. ATP
 - a. Form 14a – Yield calculation
 - b. Form 14b 1 - Schedule of charges for City side services
 - c. Form 14b 2 – Schedule of charges of air side services

Yours sincerely,

Radharaman Panicker
Managing Director & CEO
Delhi Cargo Service Center Pvt Ltd

S No	Aggregate Revenue Requirement	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
1	Return on RAB	21.33	37.81	45.93	48.2	51.53
	Regulatory Asset Base (RAB)	137.22	249.74	296.54	313.25	327.03
	Fair Rate of Return (FRoR)	15.50%	15.10%	15.50%	15.40%	15.80%
2	Depreciation	9.33	16.78	19.06	24.48	26.96
3	Expenses	79.88	121.5	142.82	164.44	181.43
	Concession Fees	27.53	43.36	52.01	59.09	64.91
	Operation, Maintenance & Administrative costs	52.35	78.14	90.81	105.34	116.51
4	Tax	4.18	4.58	8.89	9.11	10.55
6	Aggregate Revenue Requirement	114.73	180.68	216.7	246.23	270.47

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form 1(b) - Competition Assessment (Ref: Sec AI.3 of Appendix 1)

SI No	Details of competitive facilities
1	Çelebi Delhi Cargo Management India Private Limited
2	Delhi Cargo Service Center Private Limited

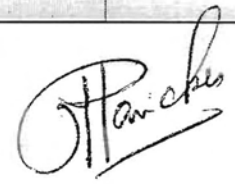
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Form F2: Historical and Projected Balance Sheet(Ref: Section AI 4 of Appendix I)

	Financial Year before the tariff year	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
SOURCE OF FUNDS						
a) Share Holders Funds	42.62	43.42	55.67	67.46	71.94	82.48
Share Capital	34.81	42.00	42.00	42.00	42.00	42.00
Share Application Money						
Reserves and Surplus	7.81	1.42	13.67	25.46	29.94	40.48
b) Loan Funds	41.00	177.00	263.46	280.48	310.42	312.58
Secured Loans	41.00	177.00	263.46	280.48	310.42	312.58
Unsecured Loans						
c) Current Liability	20.55	22.06	30.95	18.47	18.95	21.91
Accounts Payables	20.55	11.72	6.61	7.79	8.50	9.49
Provisions	0.00	10.33	24.34	10.69	10.46	12.42
d) Deferred Tax Liability						
TOTAL SOURCE OF FUNDS	104.17	242.47	350.08	366.42	401.31	416.96
APPLICATION OF FUNDS						
a) Fixed Assets	64.93	200.05	289.97	293.65	323.40	321.22
b) Investments						
c) Deferred Tax Assets						
d) Current Assets, Loans and Advances	39.24	42.42	60.11	72.76	77.91	95.75
Cash	6.55	7.58	10.13	12.18	9.01	19.95
Accounts Receivable	12.18	6.15	4.69	6.26	7.18	8.01
Inventory	-	0.01	0.12	0.15	0.16	0.17
Other Current Assets	20.51	28.68	45.17	54.17	61.56	67.62
TOTAL APPLICATION OF FUNDS	104.17	242.47	350.08	366.42	401.31	416.96

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Form F9 : Formats for Forecast and Actual Roll - forwarded RAB (Ref: Section AI 5 of Appendix I)

	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
A Opening RAB	69.66	204.78	294.70	298.38	328.13
Building	68.54	168.01	206.71	200.15	193.60
Plant & Machinery	1.12	36.77	87.99	98.22	134.53
Electrical Installation	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-
B Additions- WIP Capitalization	144.40	106.71	22.74	54.23	24.77
Building	104.67	45.25	-	-	-
Plant & Machinery	39.73	61.46	22.74	54.23	24.77
Electrical Installation	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-
C Disposals / Transfers					
Building					
Plant & Machinery					
Electrical Installation					
Furniture & Fittings					
D Depreciation Charges	9.28	16.78	19.06	24.48	26.96
Building	5.20	6.55	6.55	6.55	6.55
Plant & Machinery	4.09	10.23	12.50	17.93	20.41
Electrical Installation					
Furniture & Fittings	-	-	-	-	-
E Closing RAB (A+B-C-D)	204.78	294.70	298.38	328.13	325.94
Building	168.01	206.71	200.15	193.60	187.04
Plant & Machinery	36.77	87.99	98.22	134.53	138.90
Electrical Installation	-	-	-	-	-



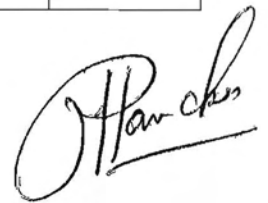
25-

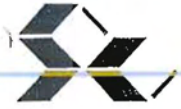
Form F9 : Formats for Forecast and Actual Roll - forwarded RAB (Ref: Section AI 5 of Appendix I)

	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Furniture & Fittings	-	-	-	-	-
F Average RAB	137.22	249.74	296.54	313.25	327.03



Form F10 (e) : Additional Capital Projects Summary (Ref: Section AI 5 of Appendix I)						
		Forecast WIP Assets				
		Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
E	<i>Opening WIP Assets</i>	0.00	0.00	0.00	0.00	0.00
	<i>Building</i>	0.00	0.00	0.00	0.00	0.00
	<i>Plant & Machinery</i>	0.00	0.00	0.00	0.00	0.00
F	<i>Additions- New WIP</i>	144.40	106.71	22.74	54.23	24.77
	<i>Building</i>	104.67	45.25	-	-	-
	<i>Plant & Machinery</i>	39.73	61.46	22.74	54.23	24.77
G	<i>WIP Capitalization</i>	144.40	106.71	22.74	54.23	24.77
	<i>Building</i>	104.67	45.25	-	-	-
	<i>Plant & Machinery</i>	39.73	61.46	22.74	54.23	24.77
H	<i>Closing WIP Assets</i>	0	0	0	0	0
	<i>Building</i>	0	0	0	0	0
	<i>Plant & Machinery</i>	0	0	0	0	0





CARGO SERVICE CENTER

Delhi

August 24, 2011

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

Subject: Approval for MYTP and ATP

Dear Sir,

This has reference to our applications dated 29th June, 2011 for Multi Year Tariff Plan approval and dated 1st July, 2011 for Annual Tariff Plan approval for our new Greenfield Cargo Terminal at Delhi.

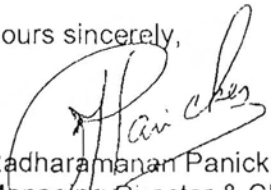
This is to inform you that while phase-I of our facility is ready for commencing international cargo handling operations, we are awaiting approval from Customs and Bureau of Civil Aviation Security (BCAS).

Applications for Customs and BCAS approval have long been forwarded to these authorities. I expect these approvals to be received in next 10 days time.

As such, we shall be able to commence cargo handling operation at the Greenfield Cargo Terminal by 12th September 2011 subject to receiving your approval of our MYTP and ATP.

I hereby request you to expedite the approval at the earliest.

Yours sincerely,



Radharamanan Panicker
Managing Director & CEO