



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



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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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-22-

form 1(b) - Competition Assessment (Ref: Sec A1.3 of Appendix 1)

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

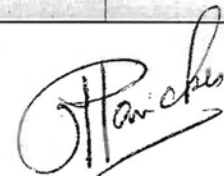


-28-

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

-29-



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)

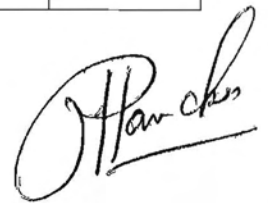
	Tariff Year 1	Tariff Year 2	Tariff Year 3	Tariff Year 4	Tariff Year 5
Furniture & Fittings	-	-	-	-	-
F Average RAB	137.22	249.74	296.54	313.25	327.03



Form 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

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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



Form - 14(b) - 1
City Side Tariff

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	

-29-

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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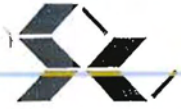
-31-

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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-32-



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.

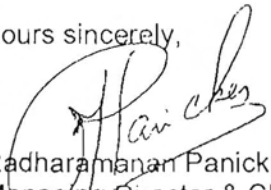
This is to inform you that while phase-I of our facility is ready for commencing international cargo handling operations, we are awaiting approval from Customs and Bureau of Civil Aviation Security (BCAS).

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