

3242/अविवा (प२१)
31/7/18

Ref No:- CELEBI/DEL/CEO/2018/07/169

Dated: 25th July, 2018

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

भारतीय विमानपत्तन आर्थिक विनिमायक प्राधिकरण
साफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त

डायरी नं: 12665

तारीख: 25/07/18

379/अविवा (प२१)
25/7/2018

Subject: Submission of ATP for FY 2018-19, FY 2019-20 and FY 2020-21 of Celebi Delhi Cargo Terminal Management India Private Limited and request for early approval of the same.

Reference: (i) Our Submission of ATP for FY 2017-18 and FY 2018-19 of Celebi Delhi Cargo Terminal Management India Private Limited dated 17th Oct, 2017 (ii) Consultation Paper No. 08/2018-19 dated 29th June, 2018 published by AERA and representations thereof.

Dear Sir,

We would like to thank your good office once again for taking up our proposal and publishing the Consultation Paper.

We have received the representations made by The Air Cargo Agents Association of India (ACAAI) and Apparel Export Promotion Council (AEPIC).

Our submissions regarding the representation made by ACCI are as follows:

ACCAI has mentioned that proposed increase of first year (FY 18-19) is acceptable to them but they have requested to consult them before increase of the second (FY 19-20) and the third year (FY 20-21). In this regard we would like to submit that the proposed increase during 2nd & 3rd year is very nominal and justified considering our ARR requirements and kind of developments that we have done and committed. However we always work closely with trade bodies and will provide prior intimation before application of the same.

Approval of the 2nd Year and 3rd year tariff now, will also help in realising the increased tariff on time (i.e., with effect from 1st Apr of 2019 and 2020 respectively), as any delay in approval may impact the rate of tariff increase adversely.

M. Jaisan 31/7

M. Jaisan

CELEBI DELHI CARGO TERMINAL MANAGEMENT INDIA PVT. LTD.

E-Mail : info@celebiaviation.in

- 2) Express Delivery is already an existing product and charges are already in our AERA approved price list. Further we wish to state that there is clear cut faster delivery timelines for this product which has been used by multiple customers and has clearly been benefitted by the same. We can, if required, discuss with ACCAI and clarify the same.
- 3) Methodology regarding repacking charges is as per the laid down process and we have been following the same. However we are already discussing the same with trade body and will reach to an amicable solution mutually.
- 4) HAWB Deconsolidation - We agree to keep the same at current level and any upward revision will be jointly discussed with trade bodies before implementation.
- 5) Regarding new charges -We agree to discuss the same with trade bodies before implementation.
- 6) Regarding AFS shipments - These shipments go through the same processing activities when brought in the terminal and our efforts are the same while processing. Hence regular charges are being applied as per the process and applicable tariff list approved by AERA.

You will appreciate that we require support from the trade bodies to improve upon the processes and to provide better facilities, resulting in enhancement of customer satisfaction, which is the ultimate target of the Company as well as the trade.

Our submissions regarding the representation made by AEPC is that our proposal should be considered on merit basis and on the ARR requirement.

Our costs as % of the total air freight supply chain cost, for exporters and shippers, are extremely insignificant, which as per our estimate are about 1% - 2% of the total air freight supply chain cost in terms of cost per kg. Therefore, the proposed increase does not, as we strongly believe, lead to any significant transactional cost to the industry. The proposed cost increase is justified and legitimate increase being requested by Celebi to compensate inflation and fair return on investment.

We would also like to draw attention to few important points, which are as under :

1. Celebi has invested approx. Rs. 420 Crores upto Dec'17. By Mar'19 this investment will be approx. Rs. 500 Crores
2. Celebi has declared only 5% dividend since its operation from Nov'09.
3. Celebi has a shortfall of Rs. 94 Crores (as on 1st Apr'18) during its first control period.

4. Celebi has a shortfall of Rs. 349 Crores in the first two years of second control period (as compared to MYTP).
5. Celebi had average net profit of 3.4% in last six years (ending March 2017).
6. Minimum wages was increased by 46% in Jan'17. Apart from the same inflationary impact also needs to be considered.

Hence, considering our submissions, as above, we would request AERA to kindly process our request for Annual Tariff order of FY 18-19, FY 19-20 and FY 20-21. However, at the same time we would earnestly request AERA to consider the following aspects while arriving at ARR and determining tariff therefrom:

- Return on Security Deposit Paid to DIAL

The Security Deposit as on date is Rs. 169.23 Crores with Weighted Average Cost of Capital at 11.83% based on the prevailing borrowing rate at the respective time of payment of security deposit.

Realising the impact and our justifiable claim no one has raised any concern, even though the same was specifically highlighted in the Consultation Paper no. 08/2018-19 dated 29th Jun, 2018.

- Proportionate increase in tariff rate for balance period of FY 2018-19

Since, the tariff order of FY 18-19 has got substantially delayed and as of now the order cannot be implemented before August'18, we would request AERA to consider proportionate hike in tariff of FY 18-19 to meet the Annualised ARR.

We sincerely, would request AERA to consider and approve our tariffs proposed in the Annual Tariff Proposal for FY 2018-19, FY 2019-20 and FY 2020-21 at the earliest, to enable us to implement the same from 1st August, 2018.

Thanking you for your consideration.

Yours Sincerely,


Ramesh Mamidala
(Chief Executive Officer)