

**Order No. 25/2021-22**

**AERA Building,  
Administrative Complex,  
Safdarjung Airport,  
New Delhi – 110003**

**Date of Issue: 25<sup>th</sup> October, 2021**

**In the matter of economic regulation of aeronautical services relating to CTO operations by the M/s AAI Cargo Logistics & Allied Services Company Ltd. (AAICLAS) at Chennai International Airport, Chennai – Interim Order for the period 25.10.2021 to 31.03.2022.**

**1. Background**

- 1.1. AAI Cargo Logistics and Allied Services Company Limited (AAICLAS) is a 100% subsidiary promoted by Airport Authority of India (AAI) performing Aviation Cargo Business in India. AAI demerged and corporatized its cargo department into a functionally and administratively independent organization named as "AAICLAS," incorporated on 11<sup>th</sup> August, 2016.
- 1.2. Having taken over the commercial operations of the cargo services from AAI, M/s AAICLAS is currently the service provider for Cargo Services (General & Courier Cargo) at Chennai International Airport, Chennai, w.e.f. the 11th August 2016, under a Concession Agreement (dated 14.02.2020) with AAI valid for a period of 30 years.
- 1.3. As per the terms of the Concession Agreement M/s AAICLAS must pay 30% of the revenues to AAI in consideration for the 'right to operate' the cargo business at the AAI airports across India.
- 1.4. Initially, M/s AAICLAS was allowed to levy the same cargo tariff as approved by the Authority in Order No. 38/2012-13 dated 4<sup>th</sup> Feb, 2013 applicable for the Airport Operator AAI for 1<sup>st</sup> Control Period (01.04.2011 to 31.03.2016). The same tariff were extended / continued for M/s AAICLAS vide various interim Orders issued by AERA from time to time.
- 1.5. M/s AAICLAS submitted their Multi Year Tariff Proposal (MYTP) i.r.o. Chennai International Airport to AERA for the first time in November 2019. The Authority, after due consultation on the MYTP/ATP submissions of AAICLAS, issued Order no. 16/2020-21 dated 29.06.2020 deciding that the 1<sup>st</sup> Control Period of M/s AAICLAS will be from 01.04.2019 to 31.03.2024, and, based on its assessment of the cargo service being "material & competitive" also decided that the Authority shall determine tariff on "Light Touch Approach" for the 1<sup>st</sup> Control Period.
- 1.6. The Authority, based on its observations that M/s AAICLAS was earning reasonable profits with the prevailing tariff also assessed that the same would be



- 1.6. The Authority, based on its observations that M/s AAICLAS was earning reasonable profits with the prevailing tariff also assessed that the same would be good enough to compensate the inflation in future tariff years and at the same time reasonable for the Users.
- 1.7. Accordingly, AERA vide Order no. 16/2020-21 approved continuation of rates existing as on 31.03.2020 till the period ending 31.03.2022 for the 1<sup>st</sup> Control Period. The Authority also stated in the same Order that in case there is any significant drop in volumes due to the prevailing economic scenario, M/s AAICLAS may approach the Authority with due justification for any increase in tariff to make up for any shortfall in future tariff years.
- 1.8. Now, M/s AAICLAS vide letter no. AAICLAS/AERA/2021-22/01 dated 06.09.2021 has approached the Authority for **additional tariff** for their new services namely Cargo Terminal Operations (Domestic & International), chargeable to Airlines, at Chennai International Airport, Chennai, for which they have proposed the rates as per Table-I below:

**Table-I**

Rates for Cargo Terminal Operations (Domestic & International)

Sr. No.	Particulars	Rates (INR)	Minimum (INR)
1.0	Scheduled Airlines Charges for Export Cargo unitization		
1.1	General	2.55 per kg	200.00 per AWB
1.2	Special	2.81 per kg	300.00 per AWB
2.0	Scheduled Airlines Import Charges for De-stuffing		
2.1	General	2.30 per kg	150.00 per AWB
2.2	Special	2.53 per kg	200.00 per AWB
3.0	Non-Scheduled Airlines Charges for Export Cargo unitization		
3.1	General	2.81 per kg	300.00 per AWB
3.2	Special	2.81 per kg	300.00 per AWB
4.0	Non-Scheduled Airlines Import Charges for De-stuffing		
4.1	General	2.53 per kg	200.00 per AWB
4.2	Special	2.53 per kg	200.00 per AWB
5.0	Scheduled Airlines and Non- Scheduled Domestic Charges		
5.1	Domestic- General (Inbound & Outbound)	1.93 per kg	150.00 per AWB
5.2	Domestic- Special (Inbound & Outbound)	2.12 per kg	200.00 per AWB

- 1.9. The Authority having examined the request for additional CTO charges, and, considering that these are new services by M/s AAICLAS at Chennai International Airport for the benefit of the Users, has decided to allow the proposed additional tariff purely on ad hoc basis for the period from the date of issue of this Order till 31.03.2022. M/s AAICLAS shall submit the MYTP/ATP for FY 2022-23 and FY 2023-24 for regular determination of tariff for CTO along with General & Courier cargo services, after undertaking User Consultation as per AERA guidelines. The Authority also decides that the revenue earned from the ad hoc additional charges during the interim period will be considered for



ARR purposes at the time of determination of cargo tariff for remaining two tariff years i.e. FY 2022-23 & FY 2023-24 of the 1st Control Period.

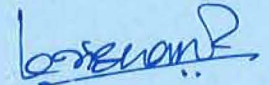
- 1.10. The additional CTO charges as above shall cease to exist on 01.04.2022. Further, AAICLAS shall submit the MYTP/ATP for FY 2022-23 and FY 2023-24 well in advance, and, as stipulated under AERA guidelines.

**2. ORDER**

The Authority, in exercise of powers conferred by Section 13(1)(a) of the Airports Economic Regulatory Authority of India Act, 2008, and, the facts and clarifications placed on record before the Authority, decides and orders that:

- (i) M/s AAI Cargo Logistics & Allied Services Company Ltd. (AAICLAS) is allowed to levy additional tariff for Cargo Terminal Operations (Domestic & International) at Chennai International Airport, Chennai, purely on ad hoc basis, as per tariff card attached at **Annexure-I**, for the period **from 25.10.2021 to 31.03.2022**. The additional CTO charges as approved above shall cease to exist on 01.04.2022.
- (ii) The revenue earned from interim/ad hoc arrangement will be considered for ARR purposes at the time of determination of cargo tariff for remaining two tariff years i.e. FY 2022-23 and FY 2023-24 of the 1st Control Period.
- (iii) Tariff approved as above will be the maximum tariff to be charged from the users of the CTO services. No other charges to be levied over and above the approved tariff.
- (iv) The tariff approved for AAICLAS, Chennai vide Order No.16/2020-21 dated 29.06.2020 and its terms and conditions shall remain in force till validity.
- (v) The Airport Operator shall ensure compliance of the Order.

By the Order of and in the Name of the Authority

  
(Ram Krishan)  
Director (P&S)

To,

Shri Keku Bomi Gazdar, CEO  
Aai Cargo Logistics & Allied Services Company Ltd. (AAICLAS)  
Belmen Hangar – 1, Hangar Building,  
Safdarjung Airport, New Delhi – 110003.

**Copy to:**

**Secretary**, Ministry of Civil Aviation, Rajiv Gandhi Bhawan, Safdarjung Airport New Delhi-110003.



**Annexure-I**

**Maximum approved rates by AERA for AAICLAS at Chennai International Airport, Chennai  
for Cargo Terminal Operations (Domestic & International) for the 1<sup>st</sup> Control Period**

**Applicable w.e.f. 25.10.2021 to 31.03.2022**

(Rates inclusive of Royalty charges and excluding Govt. Taxes)

Sr. No.	Particulars	Rates (INR)	Minimum (INR)
1.0	Scheduled Airlines Charges for Export Cargo unitization		
1.1	General	2.55 per kg	200.00 per AWB
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**Notes**

1. The above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.
2. All bills preferred by the handling company shall be round up to the nearest higher rupee.

