



सत्यमेव जयते

## **Airports Economic Regulatory Authority of India**

**In the matter of Determination of tariffs for AAI Cargo Logistics & Allied Services Company Ltd.(AAICLAS) in respect of Chennai International Airport, Chennai for the First Control Period (01.04.2019 to 31.03.2024).**

**Date of Consultation Paper: 22<sup>nd</sup> May, 2020.**

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

## STAKEHOLDER COMMENTS

In accordance with the provisions of Section 13(4) of the AERA Act, the written comments on Consultation Paper No. xx dated xx/xx/xxxx are invited from the Stakeholders, preferably in electronic form to the following address:

Director (P&S, Tariff)

Airports Economic Regulatory Authority of India (AERA),

AERA Administrative Complex,

Safdarjung Airports, New Delhi - 110002, India

Email: gita.sahu@aera.gov.in and copy to director-ps@aera.gov.in

**Last Date for submission of comments: 12/06/2020**

**Last Date for submission of counter comments: 30/05/2020**

**Comments and counter comments will be posted on AERA website [www.aera.gov.in](http://www.aera.gov.in)**

For any clarification/information, AGM (Tariff) may be contacted at

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## 1. Overview of AAICLAS and Tariff Determination Process

### 1. Background

- 1.1 AAI Cargo Logistics and Allied Services Company Limited (hereinafter referred to as “AAICLAS” or “the Company”) is the company performing Aviation Cargo Business in India. AAICLAS is a 100% subsidiary promoted by Airport Authority of India (AAI). AAI demerged and corporatized the cargo department into functionally and administratively independent organization as “AAICLAS”. AAICLAS was incorporated on 11<sup>th</sup> August 2016.
- 1.2 AAICLAS vide its MYTP/ATP submission stated that “AAICLAS will work as multi modal interface linking air, surface & water transport, thus, becoming the largest networked and fastest logistic solution provider company of India. AAICLAS will promote, represent, organize, undertake, establish, conduct, handle, arrange, own, operate, participate, facilitate, sponsor, encourage, and provide the business as Cargo Terminal Operator, Free Trade Zone, Air Freight Station and Inland container depot for cargo and passengers”.

### 2. AERA Tariff Orders for AAICLAS:

- 2.1 The Authority vide its Order No. 38/2012-13 dated 4<sup>th</sup> Feb, 2013 determined Cargo tariff for AAI, Chennai International Airport for the First Control Period (01.04.2011 to 31.03.2016). The same tariff is extended/continued till date by M/s AAICLAS which is 100% subsidiary of AAI, vide various AERA orders issued from time to time.

### 3. AERA Principles for Determination of Tariff:

- 3.1 The Authority vide its Order No. 12/2010-11 dated 10.01.2011 and Direction No. 04/2010-11 issued on 10.01.2011 finalized its approach in the matter of Regulatory Philosophy and Approach in Economic Regulation of the Services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft at the major airports and issued 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 the Aircraft) Guidelines, 2011 (“ the Guidelines”).
- 3.2 **As per clause 3 of the CGF Guidelines, the Authority shall follow a three stage procedure for determining its approach to the regulation of Regulated Service(s) as under:**
- Stage 1: The Authority shall first assess ‘Materiality’ according to provisions of Clause 4;
  - Stage 2: The Authority shall then assess ‘Competition’ according to provisions of Clause 5; and;
  - Stage 3: The Authority shall assess the reasonableness of existing User Agreement(s), according to provisions of Clause 6.

- 3.3 As per clause 4.3 of the Guidelines in respect of cargo handling services, the materiality shall be assessed as a percentage of the cargo volume in MT handled at major airport A to total cargo volume in MT handled at all major airports.

$$\text{Materiality Index (MIc)} = \frac{\text{Cargo Volume at major airport A}}{\text{Total Cargo Volume at Major Airports}} \times 100$$

The materiality index at Chennai Airport for FY2018-19= 411613/3464431  
= 12%

As per AAI Statistics the percentage share of cargo volume for Chennai International. Airport, Chennai for the FY2018-19 is 12% which is more than 2.5% Materiality Index (MI<sub>c</sub>) for the above subject service. Hence the regulated service is deemed as 'material' for the First Control Period.

- 3.4 As per clause 5 of the CGF Guidelines, where a regulated service is being provided at a major airport by two or more Service Provider(s), it shall be deemed 'competitive' at that airport. If a Regulated Service is provided by less than two Service Provider(s), it shall be deemed 'non-competitive'. Provided that the Authority may in its discretion consider such other additional evidence regarding reasonableness of competition, as it may deem fit.
- 3.5 As per the information available with AERA, M/s Air India renders similar cargo service other than M/s AAICLAS at Chennai International Airport. Hence in the instance case, as there are two cargo operators, the Cargo service of M/s AAICLAS is deemed '**Material and Competitive**'. Since the Cargo Services of M/s AAICLAS is competitive, as per AERA Guidelines, the tariff determination shall be done under "**Light Touch Approach**".

The Authority decided not to consider the reasonableness of existing User Agreement(s) since, M/s AAICLAS is a new ISP and M/s AAICLAS has yet to establish new agreements with users.

- 3.6 The Authority decided that the First Control Period of M/s AAICLAS will begin from FY2019-20 to FY2023-24 and actuals of FY2017-18 & FY2018-19 will be treated as tariff years of pre-control period. Since the Cargo service provided by M/s AAICLAS is determined as '**Material and Competitive**', in accordance to AERA Guidelines, the Authority shall determine Tariff based on "**Light Touch Approach**" for the First Control Period (01.04.2019 to 31.03.2024).

#### 4. Agreement with the Airport Operator:

- 4.1 As per the term sheet between AAI and AAICLAS, 30% of the revenues from AAICLAS must be paid to AAI in consideration for the right to operate cargo business in AAI Airports across India. The concession period stands as 30 years from the date of execution of concession agreement dated 1<sup>st</sup> April, 2017.



## 5. MYTP/ATP Submission by AAICLAS:

- 5.1 M/s AAICLAS vide their letter dated 19.11.2019 submitted the MYTP/ATP for Chennai International Airport (Annexure I). M/s AAICLAS had subsequently provided additional information and clarifications from time to time as sought by the Authority on various issues.

## 6. Traffic Projections:

- 6.1 M/s AAICLAS has submitted the historical data of volume handled by M/s AAICLAS for past Ten Years at Chennai International Airport, Chennai. The details are as follows:

Ten Year CAGR of volume handled by Chennai airport from FY2009-10 to FY2018-19 is 2.53%. Based on this M/s AAICLAS has projected the revenue for First Control Period:

**Table No. 1: Cargo Volumes Handled by NSCB Intl. Airport.**

Particulars	FY2009-10	FY2010-11	FY2011-12	FY2012-13	FY2013-14
Qty in MT	320768	388833	357191	315879	292080
Particulars	FY2014-15	FY2015-16	FY2016-17	FY2017-18	FY2018-19
Qty in MT	303904	315625	359217	417787	411613

The Authority noted that M/s AAICLAS has projected their Cargo Growth rate of only 2.53% at Chennai Airport. Since M/s AAICLAS is a new Cargo Service provider and the Authority presumes that to establish/capitalize the market with new cargo services (expansion) will take time, projection of cargo volume has been accepted. In view of the above, M/s AAICLAS projection of revenue based on 10 year CAGR is agreed upon. The CAGR verified by the Authority is as follows:

**Table No. 2: Traffic Projection (CAGR) verified/considered by the Authority.**

CAGR OF PAST 10 YEARS(2009-10 TO 2018-19)	
Historical Cargo Volumes (In MT)	
FY 2009-10	320768
FY2018-19	411613
YEARS	10
CAGR	2.53%

## 7. Regulatory Asset Base for First Control Period (FY2019-20 to FY2023-24):

- 7.1 Additions to the RAB as submitted by M/s AAICLAS:

**Table No. 3: Additions to RAB as submitted by M/s AAICLAS as per MYTP.**

(In Lakhs)

Assets	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	Total
Building	890.00	2,988.00	4,220.00	5,800.00	4,000.00	17,898.00
Computers S/W freehold	7.50	2,040.00	-	-	-	2047.50
Computers	12.00	11.00	17.00	30.00	39.00	109.00
Electrical Installation	50.00	-	-	-	-	50.00

Office Equipment.	250.00	65.00	122.00	155.00	265.00	857.00
Plant & Machinery	1,347.00	2,555.20	498.00	1,297.00	1,059.00	6,756.20
<b>Total</b>	<b>2,556.50</b>	<b>7,659.20</b>	<b>4,857.00</b>	<b>7,282.00</b>	<b>5,363.00</b>	<b>27,717.70</b>

## 8. Depreciation:

The Authority noted that Airports Authority of India (AAI), transferred an asset of Rs. 10131.91 lacs of Net Block to AAICLAS for Chennai Airport. M/s AAICLAS has applied the following depreciation rates in accordance with Companies Act, 2013.

**Table No. 04:** Depreciation submitted by AAICLAS for 1st Control Period as per MYTP.

Category of Assets	No. of Years	Salvage Value	Rate of Depreciation
Building	30	5.00%	3.17%
Plant and Machinery	15	5.00%	6.33%
Furniture and Fixtures	10	5.00%	9.50%
Office Equipment	5	5.00%	19.00%
Road	5	5.00%	19.00%
Computers	3	5.00%	31.67%
Electrical Installation	5	5.00%	19.00%
Software	3	0.00%	33.33%

**Table No.05:** Depreciation considered by the Authority.

(In Lakhs)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	885.15	1801.04	1951.57	2242.52	1779.53

## 9. Revenue:

M/s AAICLAS has submitted revenue details (actuals) for FY2017-18 and FY2018-19. The details are as follows:

**Table No. 06:** Revenue (Actual) submitted by AAICLAS.

(In Lakhs)

	FY2017-18.	FY2018-19.
Revenue from regulated services	21715.95	21839.53
Revenue from other than regulated Services.	1291.29	2674.18
Total Revenue (1)+(2)	23007.24	24513.71



## Authority's Examination on Revenue:

The Authority noted that M/s AAICLAS has projected their Cargo Growth rate of only 2.53% at Kolkata Airport. Since M/s AAICLAS is a new Cargo Service provider and the Authority presumes that to establish/capitalize the market with new cargo services (expansion) will take time. In view of the above, M/s AAICLAS projection of revenue based on 10 year CAGR is agreed on (ref. table 2 above).

- 9.1 The Authority observes that the Revenue from other than Regulated Services has increased by 107% in FY 2018-19. On scrutiny of the same, it was observed that M/s AAICLAS has accounted Rent/space and Royalty revenue in the Non-Regulated Revenue (NRR). On enquiring the same, M/s AAICLAS submitted that the royalty/space rental increase is 10% year on year but the royalty increase is levied on alternate years. The Authority consider/allow all the expenditure pertaining to the space allotted to the ISP for the determination of Aggregate Revenue Required (ARR) and the ISP generating revenue from such leased out space by entering into agreement with third party is the regulated revenue and lease revenue is constant to the ISP, till the termination/expiration of the agreement. The details of Royalty/Space revenue generated and accounted in Non Regulated Revenue is as follows:

**Table No.7:** Revenue from Royalty/Space/Rent accounted in ARR by AAICLAS (in Lakhs).

Particulars	FY2017-18.	FY2018-19.
Revenue from Royalty/Space/Rent accounted in Non-Regulated services.	1291.29	2674.18

- 9.2 The re-calculated Revenue component for FY2017-18 and FY2018-19(actuals) as per the Authority is as follows:

**Table No.8:** Revenue as calculated/derived by Authority. (In Lakhs)

	FY2017-18.	FY2018-19.
Revenue from regulated services	22358.23	22823.25
Revenue from other than regulated Services.	649.01	1690.46
<b>Total Revenue (1)+(2)</b>	<b>23007.24</b>	<b>24513.71</b>

## 10. Operating and Maintenance Expenditure (OPEX):

The Authority observed that M/s AAICLAS has projected the OPEX on Price Quantum multiplier mechanism. The Authority considered the Price-Quantum Multiplier Mechanism of M/s AAICLAS and the percentage applied for projecting the expenditure. The percentage projections used by M/s AAICLAS is as follows:

**Authority's Examination on Revenue:**

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**Table No. 9:** Price quantum multiplier calculation.

Particulars	Ref.	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
10-year CAGR	A	2.53%	2.53%	2.53%	2.53%	2.53%
Inflation rate, average consumer prices (Annual % change)	B	3.58%	4.10%	4.08%	4.00%	4.00%
Price-Quantum Multiplier	C=A*B	6.20%	6.73%	6.71%	6.63%	6.63%

M/s AAICLAS has stated that they have arrived at price quantum multiplier by multiplying the CAGR and inflation rates as mentioned above.

Operating and Maintenance Expenses as submitted by M/s AAICLAS for FY2017-18 & FY2018-19:

**Table No. 10:** OPEX (Actuals) as submitted by M/s AAICLAS. (in lakhs).

Particulars	UoM	2017-18	2018-19
Employee benefit expenses	Rs. Lacs	1548.62	1746.72
Operating Expenses	Rs. Lacs	3771.15	2818.66
Administrative and other Expenses	Rs. Lacs	240.96	205.77
Concession Fees	Rs. Lacs	6813.36	6970.68
Chq Expenditure allocated	Rs. Lacs	465.23	747.56
Depreciation	Rs. Lacs	1051.71	680.78
<b>Total Operating Expenses</b>	<b>Rs. Lacs</b>	<b>13891.03</b>	<b>13170.17</b>

**Table No. 11:** Projected OPEX submitted by M/s AAICLAS as per MYTP (in lakhs)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Employee benefit expenses	2189.84	2337.19	2493.85	2659.09	2835.28
Operating Expenses	3961.94	4583.52	5000.75	5332.10	5685.41
Administrative and other Expenses	218.51	233.21	248.85	265.33	282.92
Concession Fees	7539.81	7993.82	8441.53	8914.32	9413.59
Chq Expenditure allocated	1253.53	1337.88	1427.55	1522.14	1623.00
Depreciation	885.15	1801.04	1951.57	2242.52	1779.53
<b>Total Operating Expenses</b>	<b>16048.78</b>	<b>18286.66</b>	<b>19564.10</b>	<b>20935.51</b>	<b>21619.73</b>

## II. Employee Benefit Cost:

- II.1 The Authority observed that M/s AAICLAS has projected an increase percentage of 25.37% in FY2019-20. M/s AAICLAS has submitted that the employee cost for FY2020 increases by Rs. 443 lacs approx. Out of Rs. 225.30 lacs of increase, Rs. 108 lacs are on account of the price-quantum

multiplier which translates to 6.20% increase in costs. Balance of Rs. 335 lacs(Rs. 443lacs-Rs 108 lacs) is one-time cost that has been considered to maintain the quality of services provided by the cargo station. To improve the quality of services, M/s AAICLAS is recruiting new employees.

- 11.2 The Authority is of the view that M/s AAICLAS is a new cargo service provider and to set up the organization, the induction of new employees are required and hence the below mentioned expenditure is accepted.

**Table No. 12:** Employee Benefit cost submitted by M/s AAICLAS as per MYTP.

Particulars	UoM	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Employee benefit expenses	Rs. Lacs	2,189.84	2,337.19	2,493.85	2659.09	2,835.28
% Increase	%	25.37%	6.73%	6.71%	6.63%	6.63%

## 12. Operating Expenses:

- 12.1 The Authority noted that M/s AAICLAS has projected 40.56% on the operating expenditure for FY2019-20 and 15.69% for FY2021-22. M/s AAICLAS has incurred 37% of expenditure in FY2017-18 and FY2018-19 for repair and maintenance, upkeep expenses and power and fuel.

Further, M/s AAICLAS has provided details of additional cost projected for FY2019-20 and FY2020-21(ref. table no. 13-page no. 13 of Annexure I).

**Table No. 13:** Operating expenses submitted by AAICLAS for 1st Control Period as per MYTP.

Particulars	UoM	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Operating Expenses	Rs Lacs	3,961.94	4,583.52	5,000.75	5,332.10	5,685.41
% Increase	%	40.56%	15.69%	9.10%	6.63%	6.63%

## 13. Administrative Expenses:

- 13.1 The Authority proposes to consider the administrative expenses as projected by M/s AAICLAS based on the Price Quantum Multiplier.

**Table No.14:** Administrative Expenses submitted by M/s AAICLAS as per MYTP.

Particulars	UoM	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Administrative and other Expenses	Rs.Lacs	218.51	233.21	248.85	265.33	282.92
% Increase	%	6.20%	6.73%	6.71%	6.62%	6.63%

**14. Concession Fees:**

14.1 The concession fees calculated by M/s AAICLAS on the basis of forecast revenue is as follows.

**Table No. 15:** Concession Fees submitted by AAICLAS as per MYTP.

Particulars	UoM	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Income from Cargo Operations	Rs.Lacs	25,133	26,646	28,138	29,714	31,379
Concession Fee	Rs.Lacs	7,539.81	7,993.82	8,441.53	8,914.32	9,413.59
<b>Ratio</b>	<b>%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>

**15. Allocation of Central Headquarters (CHQ) expenses:**

15.1 The Authority noted that M/s AAICLAS Central Headquarters (CHQ) is located in New-Delhi and the CHQ expenses are proportionately divided among all the stations/airports, based on the revenue generated by that airport. The Authority noted that M/s AAICLAS has projected proportionated 65.62% additional cost on CHQ expenses which is based on the revenue generated by that Airport. Since the major expenditure in CHQ Expenditure head is the salary paid to employees and would be constant expenditure with the annual increment, incurred year on year, only the projected CHQ expenditure is based on price quantum multiplier. The major expenditure is observed as Employee cost on new vacancy created and impact of salary.

**Table no. 16:** Allocation of Central Headquarters expenses as per MYTP.

Particulars	UoM	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
Share of Expenditure to Kolkata on basis of the revenue generated by Kolkata Airport.	%	65.62%	65.62%	65.62%	65.62%	65.62%
Chq Expenditure towards Kolkata Airports.	Rs. Lacs	1253.53	1337.88	1427.55	1522.14	1623.00

**16. Authority's Examination on the MYTP proposal and derivative of ARR:**

16.1 M/s AAICLAS has requested for an increase of 3.41% for FY2020-21 and further 3% increase for FY2021-22, FY2022-23, & FY2023-24 in the tariff proposal.



16.2 Based on the financials submitted by M/s AAICLAS a comparative scenario of revenue, Cost and return on average RAB for the FY2017-18 and FY2018-19 is prepared and annexed as **Annexure-II**. The Authority observed the following parameters in the financials as submitted by AAICLAS:

- a) Return on Average RAB for FY2017-18 and FY2018-19 stands at 88% and 104% respectively.
- b) The turnover/profit margin (%) earned in FY2017-18 and FY2018-19 is 37% and 39% respectively.
- c) The Authority observed that M/s AAICLAS is earning reasonable profit of Rs. 8035.08 lakhs in FY2017-18 and Rs. 8644.86 lakhs post/after Tax for FY2018-19 respectively.

16.3 The Authority observed that M/s AAICLAS has conducted the stakeholder consultation on Cargo Handling Charges(**Annexure III**) and Courier Cargo Charges(**Annexure IV**) on 20.12.2019 in accordance to AERA guidelines on the proposed tariff and submitted the minutes of the stakeholder consultation meeting and attendance sheet of the said meeting as evidence to the Authority.

16.4 The Authority observed that M/s AAICLAS has added new tariff components for Courier Cargo Operations in the proposed tariff card and put forth for stakeholder comments.

16.5 The Authority observed that M/s AAICLAS has submitted the details of projections made to arrive at ARR. The brief on the projections assumed is as follows:

**Table No. 17: Profitability statement submitted by M/s AAICLAS of as per MYTP for 1<sup>st</sup> CP (In Lakhs)**

Particulars	FY2017-18	FY2018-19	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24
	Actuals	Actuals	Projections	Projections	Projections	Projections	Projections
Total Revenue including other income	22727.97	22845.41	24446.70	27187.40	28962.79	30859.97	32101.13
<b>Expenditure</b>							
Employee benefit expenses	1548.62	1746.72	2189.84	2337.19	2493.85	2659.09	2835.28
Operating Expenses	3771.15	2818.66	3961.94	4583.52	5000.75	5332.10	5685.41
Administrative and other Expenses	240.96	205.77	218.51	233.21	248.85	265.33	282.92
Concession Fees	6813.36	6970.68	7539.81	7993.82	8441.53	8914.32	9413.59
Chq Expenditure allocated	465.23	747.56	1253.53	1337.88	1427.55	1522.14	1623.00
Depreciation	1051.71	680.78	885.15	1801.04	1951.57	2242.52	1779.53
<b>Total Cost</b>	<b>13891.03</b>	<b>13170.17</b>	<b>16048.78</b>	<b>18286.66</b>	<b>19564.10</b>	<b>20935.51</b>	<b>21619.73</b>



Profit Before Tax	8836.93	9675.24	8397.91	8900.75	9398.69	9924.47	10481.41
Tax	3154.94	3963.89	2286.24	2103.90	2157.99	2209.47	2456.12
Net Profit	5681.99	5711.35	6111.67	6796.85	7240.70	7714.99	8025.28
Profit % to Revenue	25%	25%	25%	25%	25%	25%	25%

- 16.6 The Authority observed that M/s AAICLAS has requested for 3% increase in tariff on the basis of generating 25% profitability after PAT for Chennai Airport.(ref table above and Annexure I enclosed).
- 16.7 The Authority observed that M/s AAICLAS has even accounted the shortfall of FY2017-18, FY2018-19 and the lapsed period of FY2019-20 generated to maintain 25% profitability for increase in tariff. Further, for projection of revenue M/s AAICLAS has assumed a CAGR at the rate of 2.53% calculated for past 10 years (ref. table 9 of Annexure I enclosed). The Authority is of the view that, M/s AAICLAS has earned reasonable profit in FY2017-18 and FY2018-19 as discussed above (ref. to para 16.2.). The Authority has even observed that M/s AAICLAS has accounted revenue from Rent/Space and Royalty in Non-Regulated Revenue thereby decreasing the Regulatory Operating Profit (ref. table 7above). In view of the above, the Authority decides not to consider the shortfall as quoted by M/s AAICLAS for determination of tariff.
- 16.8 The Authority Considered the inflation rate @ 3.58% as suggested by M/s AAICLAS for the projection of expenditure.

## 17. Proposal:

- 17.1 The Authority, after careful consideration of the MYTP and ATP for First Control Period, makes the following proposal for Stakeholder consultation:
- 17.2 The Authority in accordance with the provisions of Chapter-V of the AERA Guidelines, decided that the tariff for M/s AAICLAS would be determined under “**Light Touch Approach**” as discussed above at para no. 3.5.
- 17.3 As discussed at para no. 16.2 above and since M/s AAICLAS is earning reasonable profit at Chennai International Airport, it is proposed that M/s AAICLAS should continue with the existing tariff for FY2019-20, FY2020-21 and FY2021-22(Annexure –V) of 1<sup>st</sup> Control Period (FY2019-20 to FY2023-24). Further, M/s AAICLAS may approach AERA with audited financials and due justifications for any tariff increase in remaining years of 1<sup>st</sup> Control Period. The Authority will assess/evaluate the profitability of M/s AAICLAS at Chennai International Airport based on the audited financials submitted before approving any tariff increase in future tariff years of 1<sup>st</sup> Control

- Period. M/s AAICLAS should conduct Stakeholder/User consultation with the proposed increase in tariff before approaching AERA for the required tariff increase.
- 17.4 The Tariff determined as above will be maximum tariff to be charged. No other charge is to be levied over and above the approved tariff. Cost or any other Taxes to be paid over and above the determined tariff.
- 17.5 The Authority will issue the final order only after considering the written comments/observations of the stakeholders.
- 17.6 In accordance with the provisions of Section 13(4) of the AERA Act, the proposal contained 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 as annexures to the consultation paper.
- 17.7 For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of the Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in response here to and by making such decision fully documented and explained in terms of the provisions of the Act.
- 17.8 The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 2 above, latest by **12<sup>th</sup> June, 2020** at the following address.

**Director (P&S),  
Airports Economic Regulatory Authority of India,  
AERA Building  
Administrative Complex,  
Safdarjung Airport,  
New Delhi- 110003.**

**Tel: 011-24695040  
Fax: 011-24695039**

**[Email- chairperson@era.gov.in](mailto:chairperson@era.gov.in)  
[gita.sahu@era.gov.in](mailto:gita.sahu@era.gov.in), [director-ps@era.gov.in](mailto:director-ps@era.gov.in)**

**Chairperson**



# एएआइ कार्गो लोजिस्टिक्स एण्ड एलाइड सर्विसेस कंपनी लिमिटेड AAI CARGO LOGISTICS & ALLIED SERVICES COMPANY LTD

(An AAI Subsidiary)

CIN: U74990DL2016GO130434

Date: 19.11.2019

To  
The Chairperson,  
Airports Economic Regulatory Authority of India  
AERA Building  
Safdarjung Building  
New Delhi

भारतीय विमानपत्तन आर्थिक विनिर्मायक प्राधिकरण  
सफदरजंग एयरपोर्ट, नई दिल्ली-110003

प्राप्त

डाकरी नं० 14476  
तारीख 20/11/19

447/अ एय अर  
20.11.19

Dear Sir,

Subject: Submission of Multi Year Tariff Proposal (MYTP) for Cargo facilities offered by AAICLAS at Chennai

Reference is invited to letter No. AAICLAS/AERA/2019-20/01 dated 30-Aug-19 on the aforementioned subject.

A meeting was held in Chennai on 27<sup>th</sup> September wherein it was decided to file tariff airport wise.

We request the Authority to review our submissions and approve the tariff, considering the justifications elaborated in the enclosed proposal.

We remain at your disposal, to clarify any queries on the same.

Thank you,

For AAI Cargo Logistics and Allied Services Company Limited

Keku Bora Gazder  
Chief Executive Officer

Encl: MYTP Chennai proposal

AGM(T)

20/11/19

Sri Karri-N

20/11/19

115/AGM  
20/11/19

AGM(TamPA)





# **AAI Cargo Logistics and Allied Services Company Limited**

**Submission to Airports Economic Regulatory Authority of  
India (AERA) for Determination of Tariff for Cargo  
Services for Chennai Airport for the First Control Period –  
FY 2017-18 to FY 2023-24**

**Date of Submission: 19<sup>th</sup> November 2019**



2013 (13)

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## 1. Overview of AAI Cargo Logistics and Allied Services Company Limited (AAICLAS)

1.1.1 AAI Cargo Logistics and Allied Services Company Limited (hereinafter referred to as "AAICLAS" or "the Company") is company setup exclusively to focus on the growth in aviation cargo business in India. AAICLAS is a 100% subsidiary promoted by Airport Authority of India (AAI).

1.1.2 AAI demerged and corporatized the cargo department into a functionally and administratively independent organization. This was done in the background of current economic boom, the importance of air cargo and its impact on the overall economy of India. With a vision to become the foremost integrated logistics network in India, AAICLAS was incorporated on 11th August 2016.

1.1.3 AAICLAS will work as multi modal interface linking air, surface & water transport, thus, becoming the largest networked and fastest logistic solution provider company of India. AAICLAS will promote, represent, organize, undertake, establish, conduct, handle, arrange, own, operate, participate, facilitate, sponsor, encourage, and provide the business as Cargo Terminal Operator, Free Trade Zone, Air Freight Station and Inland container depot for cargo and passengers.

1.1.4 Currently, AAICLAS operates in the following Major airports as notified by AERA.

- |                |                    |
|----------------|--------------------|
| 1. Ahmedabad*  | 11. Kolkata        |
| 2. Amritsar    | 12. Lucknow        |
| 3. Bhubaneswar | 13. Mangalore      |
| 4. Calicut*    | 14. Patna          |
| 5. Chennai     | 15. Pune           |
| 6. Coimbatore  | 16. Srinagar       |
| 7. Goa         | 17. Trivandrum     |
| 8. Guwahati    | 18. Varanasi       |
| 9. Indore      | 19. Visakhapatnam* |
| 10. Jaipur     |                    |

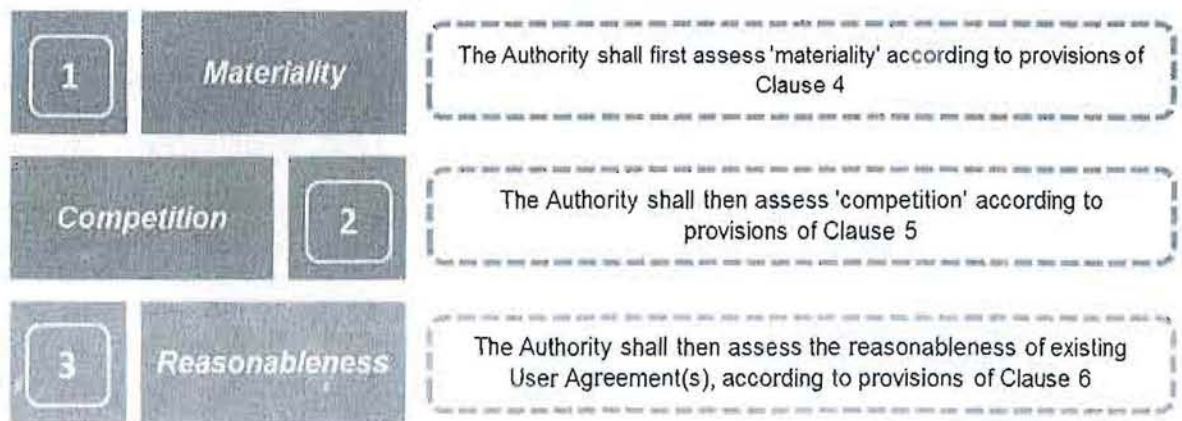
\* Operated under outsourced model

## 2. MYTP submission for First Control Period

- 2.1.1 AAICLAS hereby re-submits the proposal for determination of tariff for cargo and allied services offered at Chennai airport on a standalone basis, considering updated estimates of various costs and Capital Expenditure.
- 2.1.2 AAICLAS hereby resubmits the Business Plan for Chennai airport together with the relevant forms as prescribed by AERA.
- 2.1.3 AAICLAS submits that the tariff determination for Chennai airport may be done under “light touch” approach as detailed below.

## 3. Analysis of Cargo Guidelines issued by the Authority

- 3.1.1 Adherence to the guidelines issued by the Authority in this regard - 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 the Aircraft) Guidelines, 2011 (hereinafter referred to as “guidelines”) – dated 10th January 2011 has to be ensured in the course of assessment of the approach to be followed for determination of tariff for cargo operations.
- 3.1.2 The “guidelines” has prescribed the following three stage procedure for determining the approach for determination of tariff:





3.1.3 Based on the results of the Authority's review at stage 1, stage 2 and stage 3, the approach for determination of Cargo operations would be as follows:

Table 1 - Determination of Cargo operations

Stage	Conditions	Case 1	Case 2	Case 3	Case 4
1	Is the volume of cargo handled considered "material"?	×	✓	✓	✓
2	Is the cargo service considered competitive?	○	✓	×	×
3	Are the terms in the existing user agreement for cargo services considered reasonable?	○	○	✓	×
Final Result		Light Touch Approach	Light Touch Approach	Light Touch Approach	Price Cap Approach
Applicable Chapter of the Guidelines		Chapter V	Chapter V	Chapter V	Chapter III & IV

Key:

Legends	✓	×	○
Meaning	Yes	No	Not Applicable

### 3.2 Stage 1: Materiality Assessment

3.2.1 Extract of the Guidelines:

3.2.2 The materiality index for service provided for cargo facility at a major airport "A" is defined as:

$$\text{Materiality Index (MI}_c\text{)} = \frac{\text{Cargo Volume at Major Airport A}}{\text{Total Cargo Volume at all Major Airports}} \times 100$$

- Where 'Cargo Volume' represents the total cargo volume in MT per annum handled at major airport A.
- Where 'Total Cargo Volume' at Major Airports' represents the sum total cargo volume in MT per annum, handled at all major airports.



- 3.2.3 Where the  $MI_c$ , as calculated above is 2.5% or more at a major airport, the service provided for cargo facility at major airport A shall be deemed 'material'.
- 3.2.4 If  $MI_c$  is below 2.5%, then service provided for cargo facility at major airport A shall be deemed 'not material'.
- 3.2.5 Testing the applicability of guidelines to AAICLAS:
- 3.2.5.1 The period considered for evaluating applicability of the guidelines to AAICLAS is Apr-18 to Mar-19.
- 3.2.5.2 Source of the data relating to Cargo: <https://www.aai.aero/en/business-opportunities/aai-traffic-news>
- 3.2.5.3 To determine the materiality index of Chennai airport, % of cargo handled by Chennai in comparison to volume of cargo handled in all the notified major airports is calculated.
- 3.2.5.4 Calculation of materiality index is as follows:

Table 2- Computation of Materiality Index

Sr. No.	Major Airport	AAICLAS or Non-AAICLAS	Total Freight in MT for 18-19	Materiality %	Materiality
1	Chennai	AAICLAS	4,11,613	12%	Material
2	Ahmedabad	AAICLAS	1,01,731	3%	Material
3	Amritsar	AAICLAS	1,378	0%	Not Material
4	Bengaluru	Non AAICLAS	3,86,849	11%	Material
5	Bhubaneswar	AAICLAS	9,670	0%	Not Material
6	Calicut	AAICLAS	17,283	0%	Not Material
7	Chandigarh	Non AAICLAS	5,051	0%	Not Material
8	Cochin	Non AAICLAS	70,199	2%	Not Material
9	Coimbatore	AAICLAS	12,865	0%	Not Material
10	Delhi	Non AAICLAS	10,42,948	30%	Material
11	Goa	AAICLAS	4,536	0%	Not Material
12	Guwahati	AAICLAS	23,840	1%	Not Material
13	Hyderabad	Non AAICLAS	1,44,126	4%	Material
14	Indore	AAICLAS	11,729	0%	Not Material
15	Jaipur	AAICLAS	18,513	1%	Not Material
16	Kannur	Non AAICLAS	0	0%	Not Material
17	Kolkata	AAICLAS	1,55,232	4%	Material
18	Lucknow	AAICLAS	6,111	0%	Not Material
19	Mangalore	AAICLAS	3,287	0%	Not Material
20	Mumbai	Non AAICLAS	9,63,460	28%	Material
21	Nagpur	Non AAICLAS	9,416	0%	Not Material
22	Patna	AAICLAS	11,435	0%	Not Material
23	Pune	AAICLAS	47,392	1%	Not Material
24	Srinagar	AAICLAS	7,990	0%	Not Material
25	Thiruvananthapuram	AAICLAS	25,167	1%	Not Material
26	Varanasi	AAICLAS	2,657	0%	Not Material
27	Visakhapatnam	AAICLAS	3,513	0%	Not Material
Total			34,97,991	100%	

3.2.6 Conclusion of Materiality Assessment:

3.2.6.1 Materiality Index for Chennai Airport is above the threshold % of 2.5%. Hence, the cargo operations in Chennai Airport is considered material.

3.3 Stage 2: Competition Assessment

3.3.1 Chennai Airport is tested for competition assessment (Stage 2).

3.3.2 Apart from AAICLAS, Air India is also a cargo service provider in Chennai Airport.

3.3.3 Proportion of volume of cargo handled by AAICLAS and Air India for FY 2018-19 is provided below:

Table 3 - Proportion of volume of cargo handled by AAICLAS and Air India for FY 2018-19

Tonnage In MT

done

Month	Export		Import	Domestic	Courier	Total
	AAICLAS	Air India				
Apr-18	8,614	4,437	12,576	6,224	283	32,134
May-18	9,119	5,027	12,888	6,464	429	33,927
Jun-18	9,406	5,363	12,421	6,313	332	33,835
Jul-18	9,467	5,904	13,437	6,184	271	35,263
Aug-18	9,186	6,442	13,350	6,018	298	35,294
Sep-18	9,510	5,581	12,530	5,931	384	33,936
Oct-18	9,734	5,507	12,544	6,372	321	34,478
Nov-18	8,254	4,683	10,893	5,388	414	29,632
Dec-18	8,533	4,639	10,864	5,330	430	29,796
Jan-19	8,581	4,031	10,043	4,995	489	28,139
Feb-19	9,666	4,546	8,226	5,147	448	28,033
Mar-19	10,600	5,066	12,489	6,365	543	35,063
Total	1,10,670	61,226	1,42,261	70,731	4,642	3,89,530
% to total	28%	16%	37%	18%	1%	100%

3.3.4 Air India handles about 16% of the entire volume of cargo handled in Chennai airport. Hence, Air India is to be considered as a competitor to AAICLAS in Chennai.



### 3.4 Stage 3: Assessment of Reasonableness of user agreements

- 3.4.1 Since the services are considered 'material and competitive' as per discussions above, according to table in para 3, stage 3 testing is not considered relevant.
- 3.4.2 Summary of results of assessment of adherence to "Guidelines"
- 3.4.3 The results of the assessment of adherence to guidelines is summarized below:

*Table 4 -Results of the assessment*

Airport	Stage 1	Stage 2	Stage 3	Case	Final Approach
Chennai	✓	✓	○	Case 2	Light Touch

Key:

<b>Legends</b>	✓	×	○
<b>Meaning</b>	Yes	No	Not Applicable

- 3.4.4 Services are material and competitive, hence light touch approach as per Chapter V may be adopted.

#### 4. Light Touch Methodology

4.1.1 Light touch approach involves submission of projections and expected profitability for the control period. This proposal is to be submitted in the forms prescribed by AERA.

4.1.2 Para 11.2 of the "Guidelines" stipulate as under:

*"Service Provider(s), providing Regulated Service(s) deemed either (i) 'not material'; or (ii) 'material but competitive'; or (iii) 'material and not competitive' but where the Authority is assured of the reasonableness of the existing User Agreement(s), shall submit their Annual Tariff Proposals for approval of the Authority, in the manner and form provided in AI.8.1 of Appendix 1. The said proposals shall be supported by the following:*

4.1.3 Details of consultation with stakeholders along with:

4.1.3.1 Documented evidence that consultations with stakeholders have been undertaken;

4.1.3.2 Summary of concerns raised by the stakeholders;

4.1.3.3 Details of remedial action, if any, undertaken by the Service Provider, with reasons, in respect of the concerns so raised;

4.1.3.4 Reasons for not addressing the balance concerns.

4.1.4 AAICLAS is in the process of carrying out the user consultation and shall submit the necessary documents on completion of the process.

4.1.5 Under the light touch approach, a profit after tax (PAT) based approach is formulated to determine the revenue requirement for Chennai Airport.

4.1.6 Under this method, costs are first projected for the control period. Next, revenues are computed after applying a profit after tax margin on the costs. The revenue so computed is compared with the revenues expected to be earned during the control period based on the expected growth in the traffic. This comparison results in "excess revenues" or "shortfall in revenues" during the control period.

4.1.7 For the years in the control period where the actual figures are available, the difference between the revenue to be and the revenue earned is calculated as the net excess or surplus. This amount is added to the revenue requirement of the first year when projections are used.

4.1.8 The cumulative excess or shortfall during the control period is computed. The tariff is increased/decreased such that the present value of cumulative excess or shortfall is neutralized.



## 5. Overview of Building Blocks

5.1.1 For the purpose of determining the tariff based on profit after tax approach, the company has projected the figures for the following building blocks. Based on these projections for each individual regulatory block, the excess/shortfall in revenues is computed.

- 5.1.1.1 Revenue from Operations
- 5.1.1.2 Operating and Maintenance Expenses
- 5.1.1.3 Depreciation
- 5.1.1.4 Taxation
- 5.1.1.5 Reasonable profit after tax %

5.1.2 Basis of projections for each of the above building blocks is given in the ensuing paragraphs.

### 5.2 Control Period

5.2.1 As per the AERA Act, a period of 5 years constitutes one control period. AAICLAS came into existence in the year 2016-17 and 2 years have already elapsed.

5.2.2 Accordingly, in case of AAICLAS, the company submits that the control period may be considered as 7 years including the previously elapsed 2 years. During the period of 2 years that has elapsed, the same tariff that was fixed at different points in time was in force.

### 5.3 Traffic

5.3.1 Historical tonnage for 10 years handled by the Chennai Airport is as follows:

Table 5- Historical tonnage Handled by Chennai Airport

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Qty in MT	320,768	388,833	357,191	315,879	292,080
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Qty in MT	303,904	315,625	359,217	417,787	411,613

Source: Annual Traffic Report-2018-19, Chennai Airport

5.3.2 The 10-year CAGR of traffic handled by Chennai airport from FY 2009-10 to FY 2018-19 is around 2.53%. AAICLAS submits that the 10-year CAGR of the volume of traffic handled by Chennai airport reflects the future volume of business in this airport.

5.3.3 Based on the above metric, the tonnage projected for the balance years in the current control period for Chennai airport is as follows, considering a growth rate of 2.53%:

Table 6 - Tonnage projection for Chennai Airport

Airports	2019-20	2020-21	2021-22	2022-23	2023-24
Chennai (in MT)	422,006	432,662	443,587	454,787	466,271

### 5.4 Operating and Maintenance Expenses

5.4.1 Component wise historical operating and maintenance costs of Chennai airport for the past 2 years is as follows:

*Handwritten signature/initials*

Table 7 - Component wise historical operating and maintenance costs

Particulars	UoM	2017-18	2018-19
Employee benefit expenses	Rs. Lacs	1,548.62	1,746.72
Operating Expenses	Rs. Lacs	3,771.15	2,818.66
Administrative and Other Expenses	Rs. Lacs	240.96	205.77
Concession Fees	Rs. Lacs	6,813.36	6,970.68
Chq Expenditure allocated	Rs. Lacs	465.23	747.56
Depreciation	Rs. Lacs	1,051.71	680.78
<b>Total Operating Expenses</b>	<b>Rs. Lacs</b>	<b>13,891.03</b>	<b>13,170.17</b>

5.4.2 Basis of projecting expenses for the future years in the control period is provided below.

#### 5.4.3 Price-Quantum Multiplier:

5.4.3.1 The metric used for forecasting operating and maintenance expenses is a combination of CAGR growth rate to reflect the increase in the quantum of business and CPI index to factor in the inflation. Hence, this metric may be called the "price-quantum multiplier".

5.4.3.2 Projected CAGR rate is provided in Para 5.3.2 above. The projected CPI index for the first control period is as follows:

Table 8 - The projected CPI for ICP

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Inflation rate, average consumer prices (Annual % change) **	3.58%	4.10%	4.08%	4.00%	4.00%

Source: - IMF data



5.4.3.3 Following is the price-quantum multiplier for the first control period which is worked out by multiplying the CAGR and inflation rates:

Table 9 - Price-Quantum Multiplier Calculation

Particulars	Ref.	2019-20	2020-21	2021-22	2022-23	2023-24
10-year CAGR	A	2.53%	2.53%	2.53%	2.53%	2.53%
Inflation rate, average consumer prices (Annual % change)	B	3.58%	4.10%	4.08%	4.00%	4.00%
Price-Quantum Multiplier	C = A*B	6.20%	6.73%	6.71%	6.63%	6.63%

## 5.5 Employee Benefit Cost:

5.5.1 The projected employee cost based on the price-quantum multiplier plus additional incremental cost is as follows:

Table 10 - Projected employee cost

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Employee benefit expense	Rs. Lacs	2,189.84	2,337.19	2,493.85	2,659.09	2,835.28
% increase	%	25.37%	6.73%	6.71%	6.63%	6.63%

5.5.2 As per the projections above, employee cost for FY 2020 increases by Rs. 443 lacs approx. (25.37%). Out of Rs. 443 lacs of increase, Rs. 108 lacs is on account of the price-quantum multiplier which translates to 6.20% increase in costs. Balance of Rs 335 lacs (Rs 443 lacs – Rs 108 lacs) is one-time cost that has been considered to maintain the quality of services provided by the cargo station. In order to improve the quality of services, AAICLAS is in the process of filling in the vacant postings with suitable personnel. An e-portal team is also being set up to ensure that the right persons are recruited for the right jobs. Such accurate staffing would ensure the allocates tasks are carried out in an efficient and effective manner, thereby leading to fewer delays in execution and increase in the quality of services rendered by each individual in the organization. Cost details are summarized below:-

Table 11 - Employee cost

Particulars	UoM	Cost for FY 2019-20
11 Employees proposed to be added (Including consultants)	Rs. Lacs	119.00
Contract employee through Government e-Marketplace Portal	Rs. Lacs	216.00
<b>Total Cost</b>	<b>Rs. Lacs</b>	<b>335.00</b>



## 5.6 Operating Expenses:

5.6.1 Projected operating expenses based on the price-quantum multiplier plus additional incremental cost is as follows:

Table 12 - Projected operating expenses

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Operating Expenses	Rs. Lacs	3,961.94	4,583.52	5,000.75	5,332.10	5,685.41
% increase	%	40.56%	15.69%	9.10%	6.63%	6.63%

5.6.2 The major costs which are incurred by AAICLAS under the head of operating expenses include repair and maintenance, upkeep expenses and power and fuel. This constitutes about 37% on average of the total operating expenses for FY 2017-18 & 2018-19.

5.6.3 In order to maintain and continuously improve the quality of services rendered by AAICLAS, it is imperative to incur required expenditure for the continuous upkeep of machinery and equipment. Considering the age of the assets, the amount required to be incurred in maintaining assets increases every year. Further, with the addition of new and upgraded assets, fresh Annual Maintenance Contracts have to be entered into for these. All these events lead to additional expenses which is explained below. Hence, the increase in costs in the operating expenses segment is not restricted to the increase as per the price quantum multiplier for the initial period. AAICLAS submits that comparative quotations have been obtained at the time of estimating these expenses.

5.6.4 Details of Additional cost project for FY 2019-20 and next 2 years is as follows: -

Table 13 - Details of Additional cost project for 2019-20 to 2021-22

Particulars	UoM	2019-20	2020-21	2021-22
Towards ETV AMC	Rs. Lacs			65.00
Towards Dual View X-Ray Machine - 5 Nos.	Rs. Lacs		25.00	
Towards ETD - 6 Nos.	Rs. Lacs		20.00	
Towards ICMS AMC	Rs. Lacs		100.00	
Opex cost on Capex: Refrigeration works of Cold Storage in ULD Warehouse	Rs. Lacs	10.00		
Printing (Advertising) & Telephone	Rs. Lacs	12.80		
CISF Cost	Rs. Lacs	758.00		
Maintenance cost for Machines	Rs. Lacs	68.00		
Maintenance of Forklift	Rs. Lacs	120.00		
Electricity- Providing de-stuffing arrangement in NS-06 with operation for 2 years and CMC for 5 years after DLP	Rs. Lacs		100.00	
R&M - Water proofing works	Rs. Lacs		35.00	
R&M towards Anti-insecticide painting of Integrated Cargo complex	Rs. Lacs		65.00	

Particulars	UoM	2019-20	2020-21	2021-22
Tech. AMC for 5 Nos. lazy bed weighting scale and Battery-operated power truck	Rs. Lacs		10.00	
Elx-CAMC of SCCTV System	Rs. Lacs			45.00
<b>Total</b>	<b>Rs. Lacs</b>	<b>968.80</b>	<b>355.00</b>	<b>110.00</b>

## 5.7 Administrative Expenses:

5.7.1 Projected administrative expenses based on the price-quantum multiplier is as follows:

Table 14 - Projected administrative expenses

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Administrative and Other Expenses	Rs. Lacs	218.51	233.21	248.85	265.33	282.92
% increase	%	6.20%	6.73%	6.71%	6.62%	6.63%

5.7.2 Administrative and other expenses are incurred to meet day to day running and administrative of the cargo facility at Chennai Airport.

## 5.8 Concession Fees:

5.8.1 As per term sheet between AAI and AAICLAS, 30% of the revenues from AAICLAS must be paid to AAI in consideration for right to operate cargo business in AAI Airports across India.

5.8.2 As per the royalty capping order of AERA – Order No. 01/2018-19, this expense is a pass through for the purpose of determination of tariff to the extent of 30% of revenues.

5.8.3 Based on the forecast revenues as mentioned in Para 5.1.1.2 below, the concession fees is calculated at 30% of the revenues, which works out as follows:

Table 15 - Projected concession fees

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Income from Cargo Operations	Rs. Lacs	25,133	26,646	28,138	29,714	31,379
Concession Fee	Rs. Lacs	7,539.81	7,993.82	8,441.53	8,914.32	9,413.59
<b>Ratio</b>	<b>%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>	<b>30%</b>



## 5.9 Allocation of Central Headquarters (CHQ) expenses:

5.9.1 There are identified common expenses which are incurred by the central head-quarters. This is incurred for the company as a whole. These expenses are allocated to each airport on the basis of the revenues generated from each of these airports. Total estimated cost and share of cost towards Chennai is summarized as follows:

Table 16 - Allocation of Expenses of Central Headquarters

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Total Chq Expenditure	Rs. Lacs	1,209.70	2,038.72	2,175.38	2,319.52	2,473.21
Additional Chq Cost	Rs. Lacs	700.50				
Total Cost	Rs. Lacs	1,910.20	2,038.72	2,175.38	2,319.52	2,473.21
Share of Expenditure to Chennai basis of the revenues	%	65.62%	65.62%	65.62%	65.62%	65.62%
Chq Expenditure towards Chennai	Rs. Lacs	1,253.53	1,337.88	1,427.55	1,522.14	1,623.00

5.9.2 Details of additional of additional cost proposed at Chq are detailed as follows: -

Particulars	UoM	2019-20
<b>Additional Chq Cost</b>		
Employee Cost - New Vacancy and impact of salary increase	Rs. Lacs	218.50
Administrative Cost-Maintenance	Rs. Lacs	30.00
Administrative Cost-Electricity	Rs. Lacs	40.00
Administrative Cost-Printing & Advertisement	Rs. Lacs	20.00
Administrative Cost-security	Rs. Lacs	12.00
Administrative Cost-Telephone & expenses & other misc.	Rs. Lacs	20.00
Opex- Misc. purchases	Rs. Lacs	10.00
Opex-Sap & Infra- development	Rs. Lacs	150.00
Opex-Server / Lease Line - Hire charges	Rs. Lacs	50.00
Opex-ICMS and MPLS connectivity	Rs. Lacs	150.00



## 5.10 Depreciation

5.10.1 During the demerger of the cargo business from Airports Authority of India (AAI), assets of Rs. 10,131.91 lacs of Net block were transferred by AAI to AAICLAS.

5.10.2 The company has projected the following additions to fixed asset for the period 2019-20 to 2023-24 for Chennai Airport:

Table 17 - Projections in Additions to Fixed Assets

Rs. in lacs

Assets	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Building	890.00	2,988.00	4,220.00	5,800.00	4,000.00	17,898.00
Comp. S/w-Freehold	7.50	2,040.00	-	-	-	2,047.50
Computers	12.00	11.00	17.00	30.00	39.00	109.00
Electrical installation	50.00	-	-	-	-	50.00
Office equipment	250.00	65.00	122.00	155.00	265.00	857.00
Plant and machinery	1,347.00	2,555.20	498.00	1,297.00	1,059.00	6,756.20
<b>Total</b>	<b>2,556.50</b>	<b>7,659.20</b>	<b>4,857.00</b>	<b>7,282.00</b>	<b>5,363.00</b>	<b>27,717.70</b>

5.10.3 AAICLAS submits that in order to manage the projected growth in the demand for cargo services, the investment in capex is required to be done in order to enhance capacity.

5.10.4 Useful lives which have been used by the company for computing depreciation on the opening RAB and the additions thereafter is as follows:

Table 18 - Useful lives of the assets

Category of Assets	No. of Years	Salvage Value	Rate of Depreciation
Building	30	5.00%	3.17%
Plant and Machinery	15	5.00%	6.33%
Furniture and Fixtures	10	5.00%	9.50%
Office Equipment	5	5.00%	19.00%
Road	5	5.00%	19.00%
Computers	3	5.00%	31.67%
Electrical Installation	5	5.00%	19.00%
Software	3	0.00%	33.33%

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5.10.5 The above useful lives considered in the projections are in line with the ones adopted by the company in its financial statements.

5.10.6 Based on the RAB and application of useful lives, depreciation projection for the control period for the Chennai Airport is as under:

Table 19 - Depreciation projection for the control period

Depreciation

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Building	Rs. Lacs	202.94	297.56	431.19	614.86	741.53
Plant and Machinery	Rs. Lacs	423.37	547.96	579.50	661.65	728.72
Furniture & Fixtures	Rs. Lacs	1.59	1.59	1.59	1.59	1.59
Office Equipment	Rs. Lacs	138.06	150.41	173.59	203.04	253.39
Road	Rs. Lacs	4.12	4.12	4.12	3.43	0.00
Computers	Rs. Lacs	49.06	51.64	12.90	21.12	32.85
Electrical Installation	Rs. Lacs	62.75	62.75	62.75	62.75	21.46
Software	Rs. Lacs	3.25	685.00	685.92	674.08	0.00
Total	Rs. Lacs	885.15	1,801.04	1,951.57	2,242.52	1,779.53

### 5.11 Revenue from Operations

5.11.1 Revenue from operations for the past 2 years at Chennai airport is as follows:

Table 20 - Revenue from operations for the period 2017-18 and 2018-19

done

Particulars	UoM	2017-18	2018-19
Revenue	Rs. Lacs	22,784.10	23,314.55
Other Misc. Income	Rs. Lacs	223.15	1,199.17
Total		23,007.25	24,513.72

5.11.2 Forecasted revenues for Chennai cargo operations for the first control period based on the traffic projections and the existing revenues without considering increase in rates, is as follows:

Table 21 - Forecast revenues for Chennai cargo operations for the first control period

done

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue including other income	Rs. Lacs	25,132.69	26,646.06	28,138.44	29,714.41	31,378.64

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## 5.12 Taxation

5.12.1 Tax has been considered at the rate of 25.17% on the projected profits of Chennai airports for the first control period. Projected Tax Expenditure (at revised revenues as detailed in Para 5.4.2) is as follows:

Table 22 - Projected Tax Expenditure

Particulars	UoM	2019-20	2020-21	2021-22	2022-23	2023-24
Tax Exp	Rs. Lacs	1,955.47	2,365.42	2,556.11	2,762.62	2,805.12



### 5.13 Determining Reasonable Profit after Tax % for Chennai Airport

5.13.1 Profitability of the following peers of Chennai airport were compared to determine a reasonable profit after tax.

5.13.2 Peers were chosen considering the following criteria:

5.13.2.1 Size of operations

5.13.2.2 Geographical proximity

5.13.2.3 Availability of reliable information.

5.13.3 Based on these criteria, following two airports were fair competitors to AAICLAS, Chennai:

5.13.3.1 Bangalore

5.13.3.2 Hyderabad

5.13.4 Comparison of profitability is provided below:

Table 23 - Profit Comparison

Rs. In lacs

Particulars	Chennai FY 2017-18	Chennai FY 2018-19	Bangalore FY 2017-18	Hyderabad FY 2015-16
Regulated Revenue	22,784.10	23,314.55	11,601.57	8,381.00
Other Miscellaneous Income	223.15	1,199.17	1,471.39	338.00
<b>Total Revenue</b>	<b>23,007.25</b>	<b>24,513.72</b>	<b>13,072.96</b>	<b>8,719.00</b>
Employee benefit expense	1,548.62	1,746.72	-	1,042.00
Operating Expenses	3,771.15	2,818.66	7,479.97	4,362.00
Administrative and Other Expenses	240.96	205.77	-	16.00
Concession Fee	6,813.36	6,970.68	-	-
Chq Expenditure allocated	465.23	747.56	-	-
Depreciation	1,051.71	680.78	782.76	200.00
<b>Total Expenditure</b>	<b>13,891.03</b>	<b>13,170.17</b>	<b>8,262.73</b>	<b>5,620.00</b>
<b>Profit Before Tax</b>	<b>9,116.22</b>	<b>11,343.55</b>	<b>4,810.23</b>	<b>3,099.00</b>
Corporate Tax	3,154.94	3,963.89	1,030.49	669.00
<b>Profit After Tax</b>	<b>5,961.28</b>	<b>7,379.66</b>	<b>3,779.74</b>	<b>2,430.00</b>
<b>Profit After Tax %</b>	<b>26%</b>	<b>30%</b>	<b>29%</b>	<b>28%</b>

Source –

1. Menzies aviation bobba Bangalore Pvt Ltd:

<http://aera.gov.in/upload/cp/5c4ah73156f7ccp281819251819.pdf>

2. Menzies Air Cargo Pvt. Ltd. Hyderabad:

<http://aera.gov.in/upload/cp/5996de9d93e57HMACPLC:PFinal201718.pdf>

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5.13.5 Considering the profitability of the peers, PAT of 25% on Revenues is considered reasonable for Chennai airport.

### 5.14 Profit & Loss Account and Proposal for Tariff Increase

5.14.1 Based on the projections as mentioned above, summary of cost projected for the first control period for Chennai Airport is as follows:

Table 24 - Summary of cost projected for the first control period

(Amount in Rs. Lacs)

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Actuals	Actuals	Projections	Projections	Projections	Projections	Projections
<b>Expenditure</b>							
Employee benefit expense	1,548.62	1,746.72	2,189.84	2,337.19	2,493.85	2,659.09	2,835.28
Operating Expenses	3,771.15	2,818.66	3,961.94	4,583.52	5,000.75	5,332.10	5,685.41
Administrative and Other Expenses	240.96	205.77	218.51	233.21	248.85	265.33	282.92
Concession Fee	6,813.36	6,970.68	7,539.81	7,993.82	8,441.53	8,914.32	9,413.59
Chq Expenditure allocated	465.23	747.56	1,253.53	1,337.88	1,427.55	1,522.14	1,623.00
Depreciation	1,051.71	680.78	885.15	1,801.04	1,951.57	2,242.52	1,779.53
<b>Total Costs</b>	<b>13,891.03</b>	<b>13,170.17</b>	<b>16,048.78</b>	<b>18,286.66</b>	<b>19,564.10</b>	<b>20,935.51</b>	<b>21,619.73</b>

5.14.2 If PAT of 25% on revenues is required to be earned from Chennai in line with its competitors in the region, following are the revenues to be earned when reworked considering costs projected as base:

Table 25 - Revenues to be earned if PAT of 25% is required

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Actuals	Actuals	Projection	Projection	Projection	Projection	Projection
<b>Total Costs</b>	13,891.03	13,170.17	16,048.78	18,286.66	19,564.10	20,935.51	21,619.73
<b>Revenues to be earned **</b>	22,727.97	22,845.41	24,446.70	27,187.40	28,962.79	30,859.97	32,101.13

\*\* ARR required is arrived considering cost incurred/projected for each FY plus concession fees of 30% on revenue Tax reimbursement



5.14.3 Considering the revenues and costs as detailed above, the PAT of Chennai airport is tabulated below:

*done*

Table 26 - Profitability statement considering costs and estimated revenues

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
	Actuals	Actuals	Projection	Projection	Projection	Projection	Projection
Total Revenue including other income	22,727.97	22,845.41	24,446.70	27,187.40	28,962.79	30,859.97	32,101.13
<b>Expenditure</b>							
Employee benefit expense	1,548.62	1,746.72	2,189.84	2,337.19	2,493.85	2,659.09	2,835.28
Operating Expenses	3,771.15	2,818.66	3,961.94	4,583.52	5,000.75	5,332.10	5,685.41
Administrative and Other Expenses	240.96	205.77	218.51	233.21	248.85	265.33	282.92
Concession Fee	6,813.36	6,970.68	7,539.81	7,993.82	8,441.53	8,914.32	9,413.59
Chq Expenditure allocated	465.23	747.56	1,253.53	1,337.88	1,427.55	1,522.14	1,623.00
Depreciation	1,051.71	680.78	885.15	1,801.04	1,951.57	2,242.52	1,779.53
<b>Total Opex Cost</b>	<b>13,891.03</b>	<b>13,170.17</b>	<b>16,048.78</b>	<b>18,286.66</b>	<b>19,564.10</b>	<b>20,935.51</b>	<b>21,619.73</b>
<b>PBT</b>	<b>8,836.93</b>	<b>9,675.24</b>	<b>8,397.91</b>	<b>8,900.75</b>	<b>9,398.69</b>	<b>9,924.47</b>	<b>10,481.41</b>
Tax	3,154.94	3,963.89	2,286.24	2,103.90	2,157.99	2,209.47	2,456.12
<b>PAT</b>	<b>5,681.99</b>	<b>5,711.35</b>	<b>6,111.67</b>	<b>6,796.85</b>	<b>7,240.70</b>	<b>7,714.99</b>	<b>8,025.28</b>
<b>PAT to Revenue %</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>

5.14.4 For the years which have already elapsed i.e for FY 2017-18 and FY 2018-19, following is the comparison between the revenues earned and the revenues that ought to have been earned, considering the costs incurred and PAT of 25%. The same exercise has also been done for 2019-20 as the tariff increase is proposed only from FY 2020-21.

Table 27 - Computation of excess/shortfall in earnings for the elapsed period and for FY 2019-20

Particulars	2017-18	2018-19	2019-20
	Actuals	Actuals	Projections
Revenue that ought to be earned considering a 25% PAT based on costs incurred (Target Revenue)	22,727.97	22,845.41	24,446.70
Revenue earned /estimated for 2019-20 including other income	23,007.25	24,513.72	25,132.69
(Excess) earnings/Shortfall in earnings	-279.28	-1,668.31	-685.99
<b>Cumulative (Excess) earnings/Shortfall in earnings</b>			<b>-2,633.58</b>



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5.14.5 This excess amount of Rs. 2,633.58 lacs have been adjusted in the total ARR of Chennai airport for the period starting from FY 2020-21. After considering this excess amount, the net shortfall/excess is projected for the balance years in the control period. The workings of the same is provided below:

Table 28 - Computation of ARR of Chennai airport for the first control period

Particulars	Ref.	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
		Actuals	Actuals	Projection	Projection	Projection	Projection	Projection
Revenue that ought to be earned considering a 2.5% PAT based on costs incurred (Target Revenue)	A	22,727.97	22,845.41	24,446.70	27,187.40	28,962.79	30,859.97	32,101.13
Expected revenues including other income with just traffic increase	B	23,007.25	24,513.72	24,165.74	24,572.43	25,191.23	25,825.65	26,476.09
Shortfall/(Excess)	C = A-B	-279.28	-1,668.31	280.96	2,614.98	3,771.56	5,034.33	5,625.04
Shortfall/(Excess) of First 3 years	D				-1,666.63			
Adjusted Target Revenue	E = A+D	22,727.97	22,845.41	24,446.70	25,520.77	28,962.79	30,859.97	32,101.13
Discounting factor at 14%	F	1	1	1	1	0.88	0.77	0.67
Discounted Adjusted Target Revenue	G = E*F	22,727.97	22,845.41	24,446.70	25,520.77	25,487.25	23,762.18	21,507.76

5.14.6 The discounted target revenue from year 2020-21 to 2023-24 totaling to Rs. 96,277.96 lakhs has to be recovered from approx. 15.49 lacs MT over the same period. If a 3% increase in the yield per MT (discounted revenues in a year/ discounted MT) is allowed from year 2021-22 onwards, then the expected increase in the yield for year 2020-21 ought to be 3.41%. The calculations are explained below:

Table 29 - Determination of yield

Particulars	Ref.	2019-20*	2020-21	2021-22	2022-23	2023-24
		Projections	Projections	Projections	Projections	Projections
Discounted Adjusted Target Revenue	A	24,446.70	24,553.82	25,405.95	23,745.75	21,667.35
Discounted Adjusted MT	B	4.22	4.33	4.01	3.71	3.44
Yield	C = A/B	5,953	6,156	6,340	6,531	6,727
% increase in yield	D		3.41%	3.00%	3.00%	3.00%

\* Given only for comparison for determining the increase in 2020-21

5.14.7 Revised revenues for the balance years in the control period are as follows:

Table 30 - Revised revenues after price increase

Particulars	Ref.	2020-21	2021-22	2022-23	2023-24
		Projections	Projections	Projections	Projections
Yield	A	6,156	6,340	6,531	6,727
Traffic	B	4.33	4.44	4.55	4.66
Revised expected revenues (lacs)	C = A*B	26,646.06	28,138.44	29,714.41	31,378.64
Discount Factor	D	1.00	0.88	0.77	0.67
Discounted Revised expected revenues (lacs)	E = C*D	26,646	24,683	22,864	21,180

5.14.8 From the above tables, the increase in the tariff/yield is computed in such a way that the discounted target revenue for the balance years in the control period is matched with the revised revenues based on revised tariff yield, which is explained in the table below:

Table 31 - Equalizing the Revenues

Particulars	Ref. No.	2020-21	2021-22	2022-23	2023-24	Total
		Projections	Projections	Projections	Projections	
Discounted Adjusted Target Revenue (lacs)	A (from G of table 28 above)	24,553.82	25,405.95	23,745.75	21,667.35	95,372.87
Discounted Revised expected revenues (lacs)	B (from E of table 30 above)	26,646	24,683	22,864	21,180	95,372.87



5.14.9 This matching ensures an equated increase in the tariff over the balance years in the control period.

5.14.10 In view of the above, following tariff increase is proposed for cargo operations in Chennai airport.

5.14.10.1 3.41% increase in tariff for year 2020-21

5.14.10.2 3% increase in tariff thereafter from 2021-22 till 2023-24.

### 5.15 Justification for proposed tariff increase

5.15.1 Cargo operations rate card was last revised in the year 2013 and the prices have continued while the cost have increased significantly.

5.15.2 Since the last tariff increase was given in 2016 for Chennai, AAICLAS requests for minimum increase to compensate for inflation and to meet the capital investments.

5.15.3 Further, the tariff in Chennai airport for cargo services, is competitive when compared with its peers in the region. A comparative analysis of similar service provided at other major airports are summarized below:

Table 32 - Comparative analysis of similar service provided at other Major airports in the region

Particulars/ Type of Cargo	Per Kg Rates			Comparison in %	
	Chn	Hyd	B'lore	Hyd Vs. Chn	B'lore Vs. Chn
Terminal Storage and Processing charges (AWB)					
<b>International-Exports</b>					
General Cargo	0.74	1.00	1.10	35%	49%
DGR / Valuable goods	1.47	2.43	2.87	65%	95%
Perishable goods	0.74	2.43	2.87	228%	288%
<b>International Cargo - Imports</b>					
General Cargo / Unaccompanied Baggage	4.96	4.75	5.40	-4%	9%
Special Cargo (AVI)	9.89	8.89	10.80	-10%	9%



- 5.15.4 As seen from above table, in majority of services, rates charged by AAICLAS-Chennai is the most competitive.
- 5.15.5 The company faces heavy competition from its peers operating at neighboring Airports in terms of quality of service and it is utmost important for the company to invest in maintenance of assets, human resources and upgrade its infrastructure.
- 5.15.6 A nominal increase of 3.41% for FY 2020-21 and a 3% increase for the next year 3 years is proposed considering CPI index, to manage its cash flows and fund Capex such as ICMS software implementation, construction of elevated car park, replacement of existing ETV, Construction of shed, X-ray machines, forklifts, etc., so as to maintain the quality of service to meet the customers' expectations and be at par with international standards.

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## 7. Airport - Form F14(b) - Annual Tariff Proposal for tariff year for FY – 2019-20

Cargo Charges at Chennai International Airport, Chennai

### 7.1 Export Cargo

Sr. No.	Type of Cargo	Terminal, Storage & Processing charges		Demurrages charges (leviable from shippers)	
		Rs. Per Kg	Minimum Rate per Consignment	Rs. Per Kg	Minimum Rate per Consignment
1.	General	0.74	125.00	0.76	125.00
2.	Special & Valuable	1.47	245.00	1.50	245.00
3.	Perishable	0.74	125.00	0.76	125.00

**NOTES: [Export Cargo]**

- a) The free period for export cargo shall be 12 hours, or as applicable based on the government regulations, for examination/processing by the Shippers.
- b) 10% discount in the Terminal, Storage and Processing charges will be granted to Exporters, who opt for engaging their own manpower for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area and handing over to Airlines/Terminal Operator, wherever it is applicable.
- c) Consignments of human remains coffin including unaccompanied baggage of deceased and human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
- d) Terminal, Storage and processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
- e) Special cargo consists of live animals, hazardous goods and valuable cargo.
- f) Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- g) For mis-declaration of weight above 2% and up to 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal, Storage and Processing charges. No penal charges will be leviable for variation up to and inclusive of 2%. (For any variation, all the documents/ records to be invariably amended). No weight variation acceptable in the case of VAL consignments.
- h) All Bills shall be rounded off to the nearest of Rupee 1/-.
- i) Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. & above.
- j) Terminal Operator shall levy packing/repacking charges @ 2% of packages per shipping bill with a minimum of Rs.20/= per Airway Bill. Packing / Repacking charges will be at Rs.10/= per packet.
- k) XBIS usage charges is Re.1/= per kg subject to minimum of Rs. 150/= per shipment. The same is applicable for ODC shipment where physical check with the help of ETDs are facilitated.
- l) Charges shall be leviable separately for installation/ commissioning/ maintenance of air cargo inspection system (ACIS) as stipulated by CBIC, as & when implemented.



- m) All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

## 7.2 Import Cargo

### a. Terminal, storage and processing charges:

Sr. No.	Type of Cargo	Rs. Per Kg	Minimum Rate per Consignment
1.	General	4.96	135.00
2.	Special & Valuable	9.89	265.00

### b. Demurrage Charges: -

Free storage period for import cargo shall be 48 hrs. (02 working days) from the date and time of segregation reflected in the ICEGATE. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg. per day" non-cumulative basis, provided the consignment is cleared within 96 hrs. (04 working days), from the date and time of segregation reflected in the ICEGATE. If clearance is affected after 96 hrs. (04 working days), demurrage will accrue for the entire period from the date/time of segregation reflected in the ICEGATE as follows:-

Sr. No.	Type of Cargo	Period	Rs. Per Kg	Minimum Rate per Consignment (Rs./P)
1.	General	Up to 96 hrs. (4 working days) including free period	1.44	325.00
		Between 96 hrs. and 720 hrs. (5 and 30 days)	2.87	
		Beyond 720 hrs. (beyond 30 days)	4.31	
2.	Special	Up to 96 hrs. (4 working days) including free period	2.87	640.00
		Between 96 hrs. and 720 hrs. (5 and 30 days)	5.73	
		Beyond 720 hrs. (beyond 30 days)	8.60	
3.	Valuable	Up to 96 hrs. (4 working days) including free period	5.73	1280.00
		Between 96 hrs. and 720 hrs. (5 and 30 days)	11.47	
		Beyond 720 hrs. (beyond 30 days)	17.20	

(c) Opening / Repacking Charges: -Rs.10/= per pkg. subject to minimum of Rs.20/= per consignment.

### NOTES: [Import Cargo]

- Consignments of human remains, coffin including baggage of deceased & human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
- Terminal, Storage and processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
- Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment whichever is higher. Wherever the 'gross weight' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- Special Import Cargo consists of cargo stored in cold storage, live animals and hazardous goods.
- Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. & above.
- All Bills shall be rounded off to the nearest of Rupee 1/-.

- g) Any product/ commodity having inbuilt/ mounted with Lithium batteries will be continued to be treated as Hazardous Cargo for storage / handling purpose but attract only general cargo TSP rate during the clearance within the free period. However Special charges leviable beyond the free period.
- h) Wherever 24 hours operations are NOT implemented due to lack of presence of all related/ regulatory agencies, Rs. 500/- per consignment will be levied as overtime charges in addition to next working day demurrage charges.
- i) Import consignment meant for Air Freight Station (AFS) only in ULD forms will attract 50% of TSP charges (presently it is Rs 2.50 per kg) subject to clearance from Air Cargo Terminal within the period stipulated by Customs at the Station in order to achieve reduced dwelling time at Air Cargo Terminal.
- j) XBIS usage charges Re. 1/= per kg subject to minimum of Rs. 150/= per consignment (as per the requirement of Customs for speedy clearance of import cargo).
- k) Charges shall be leviable on airlines separately for installation/ commissioning/ maintenance of Air cargo Inspection System (ACIS) as stipulated by CBIC, as and when implemented.
- l) All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

2. Schedule of Charges/ Discounts/ Incentives leviable/ payable on/ to Airlines for various Cargo Handling Services rendered by AAICLAS at the Cargo Terminal:

1.

Sr. No.	Particulars of Services	Charges
1.	Storage charges for General export uplifted beyond free period	1.81/Kg./day
2.	Storages charges for valuable Export Cargo Perishable/ Live Animals and Hazardous Cargo uplifted beyond free period shall be two times of normal	3.62/Kg./day
3.	Penal/storage charges on Airlines for not handing over of general import cargo to the customs appointed custodian within 04 hours of flight landing (i/c courier cargo)	
	i. General Bulk Cargo	Rs. 1.81 (Kg/day)
	ii. Loaded ULD	Rs. 723 (ULD/day)
	Penal / storage charges on Airlines for not handing over of 'Val'/Haz/Perishable/Live Animal import cargo to the customs appointed custodian within 04 hours of flight landing (i/c courier cargo)	
	i. Valuable	Rs. 4.57 (Kg/day)
	ii. Haz./PER/Live Animals	Rs. 3.00 (Kg/day)
	iii. Minimum per consignment / AWB	Rs. 252.00

5. NOTES:

- a) Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by AAICLAS where the TP cargo handed over to the airlines on airside designated area on the airport. 50% discount will be applicable on TSP/ handling charges where the import transshipment cargo moved in ULD form to the other Airports of AAI by road in the free period.
- b) Demurrage charges on transshipment cargo from Domestic to International and from International to International shall be treated as same as applicable for export cargo, after allowing the normal free period
- c) The free period for export cargo for the carrier from the time of entry in bonded area till upliftment shall be 36 hrs. as per Government Directives as of now.
- d) All Bills preferred by the Handling Company shall be rounded off to the nearest Rupee. 1/-



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- 31
- e) No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.
  - f) In case of Transit ULDs brought by the Airlines handed over to AAICLAS for Storage in the Bonded Area/ETV stacker for any reasons, the storage charges as per para 3.1 & 3.2 above) shall be levied.
  - g) The free period for export cargo for the NSOs in the bonded area, would be same as applicable for scheduled carrier as per the government regulations issued from time to time, from the time of physical acceptance at bonded area.
  - h) XBIS usage charges Re. 1 per kg subject to minimum of Rs. 150 per consignment. The same is applicable for ODC consignment where physical check with the help of ETDs are facilitated.
  - i) Charges shall be leviable separately for installation/ commissioning/ maintenance of Air Cargo Inspection System (ACIS) as stipulated by CBIC as & when implemented.
  - j) Addl. Packing services required by Airlines for any shipment shall be additionally chargeable.
  - k) The above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.
  - l) All the Scheduled Airlines shall maintain Security deposit for adequate amount as prescribed by AAICLAS for the cargo operations apart from the security deposit for License fee and enter into an agreement for availing credit facility as per the policy prescribed from time to time.



### 7.3 Domestic Outbound Cargo Charges leviable on Shippers/ Consignor(s) etc.

Sr. No.	Type of Cargo	Rs. Per Kg	Minimum Charges
1.	Standard Charges for processing & Handling at Air Cargo Terminal		
	a) General Cargo	0.75	110
	b) Special (AVI) #/ PER/ HAZARDOUS/ VAL	1.50	220
2.	Demurrage Charges / Storage (per day)		
	a) General Cargo	0.75	110
	b) Special (AVI) #/ PER/ HAZARDOUS/ VAL	1.50	220
3.	Amendment of Airway Bill	100.00 per AWB	
4.	Return Cargo Charges	100.00 per AWB	
5.	Strapping /Re-packing Charges	10.00 per package subject to minimum of Rs.20/= per AWB	

#### Notes:

- The free period for outbound domestic cargo shall be 12 hours for examination/processing by the shipper/consignor/authorized representative etc. and 12 hours for Airlines at SHA.
- 10% discount in the domestic cargo handling charges will be granted to the shippers/consignors who opt for engaging their own manpower for offloading cargo from their vehicles at Truck Dock and shifting to the examination/storage area before handing over to the airlines concerned, wherever it is applicable.
- Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.
- The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
- #As per IATA definition, Special cargo consists of cold storage, live animals, hazardous goods & valuable cargo.
- Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- For mis-declaration of weight above 2% and up to 5% of declared weight, penal charges @ double the applicable domestic cargo handling charges and for variation above 5%, the penal charges % 5 times the applicable domestic cargo handling charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum domestic cargo handling Charges. No penal charges will be leviable for variation up to and inclusive of 2%. No weight deviation permissible in VAL cargo.
- All the Bills shall be rounded off to the nearest of Rupee 1/-.
- All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

## 7.3.1 Domestic Inbound Cargo Charges leviable on Consignee(s) etc.

Sr. No.	Type of Cargo	Rs. Per Kg	Minimum Charges
1.	Standard Charges for processing & Handling at Air Cargo Terminal		
	a) General Cargo	0.75	110
	b) Special (AVI) # / PER/ HAZARDOUS/ VAL	1.50	220
2.	2. Demurrage Charges / Storage (per day)		
	a) General Cargo	0.75	110
	b) Special (AVI) # / PER/ HAZARDOUS/ VAL	1.50	220

**Note:**

- a) The free period for inbound domestic cargo shall be one working day for processing/delivery by the consignee/authorized representative etc.
- b) 10% discount in the domestic cargo handling charges will be granted to the consignee/authorized representative who opts for engaging their own manpower for loading cargo into their vehicles for delivery at designated areas from the airlines concerned, wherever it is applicable.
- c) Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the purview of domestic cargo handling & demurrage charges.
- d) The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
- e) Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- f) #As per IATA definition, Special cargo consists of cargo stored in cold storage, live animals, valuable & hazardous goods.
- g) \*Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum & items valued at US\$ 1000 and above.
- j) All the Bills shall be rounded off to the nearest of Rupee 1/-.
- k) All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.



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7.3.2 Schedule of Charges leviable on Non-Scheduled Operators

Sr. No.	Particulars of Services	Charges
1.	Storage charges for export cargo uplifted beyond free period	2.99 / Kg. / day
2.	Storage charges for export valuable perishable cargo, live animals and hazardous cargo uplifted beyond free period	6.02/ Kg. / day
3.	Penal / Storage charges on Airlines for not handing over of general import cargo to the customs appointed custodian within 04 hours of flight landing (i/c courier cargo)	
	i. General Bulk Cargo	Rs. 2.99 Kg. / day
	ii. Loaded ULD	Rs. 1194/ULD/day
	Penal / Storage charges on Airlines for not handing over of 'Val'/Haz/Perishable/Live Animal import cargo to the customs appointed custodian within 04 hours of flight landing (i/c courier cargo)	
	i. Valuable	7.52 Kg. / day
	ii. Haz./PER/Live Animal	4.98 Kg. / day
	iii. Minimum charges per consignment (AWB)	Rs. 414.81

Note:

- a) Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by AAICLAS where the TP cargo handed over to the airlines on airside designated area on the airport. 50% discount will be applicable on TSP/ handling charges where the import transshipment cargo moved in ULD form to the other Airports of AAI by road in the free period.
- b) Demurrage charges on transshipment cargo from domestic to international and from international to international shall be treated as same as applicable for export cargo, after allowing the prescribed free period.
- c) The free period for export cargo for the NSOs in the bonded area, would be same as applicable for scheduled carrier as per the government regulations issued from time to time, from the time of physical acceptance at bonded area.
- d) All bills preferred by the handling company shall be rounded off to the nearest higher of Rupee 1/-.
- e) NSO operators/their authorized agencies shall register with Terminal operator alongwith all required permission/documents from Customs & DGCA and various other regulatory agencies and are required to maintain security deposit with AAICLAS equivalent to two month's transactions. In addition to security deposit, NSO operators may maintain running account with AAICLAS with adequate balance to avoid Cash & carry model.
- f) No free period may be allowed on second time handling / upliftment of export cargo from cargo terminal. Applicable charges (storage) shall be levied.
- g) In case of transit ULDs brought by the Airlines handed over to AAICLAS for storage in the bonded area / ETV stacker for any reasons, the storage charges as per para 1 & 2 shall be levied.
- h) XBIS usage charges Re. 1 per kg subject to minimum of Rs. 150 per consignment. The same is applicable for ODC consignment where physical check with the help of ETDs are facilitated.
- i) Charges shall be leviable separately for installation/ commissioning/ maintenance of air cargo inspection system (ACIS) as stipulated by CBIC, as & when implemented.
- j) All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.



## 7.4 International Courier Cargo Tariff / Rates

S. No.	Tariff Heading	Rates with minimum charges
a)	<b>Import:</b>	
	Facilitation Charges (segregation, handling, XBIS usage, Customs facilitation etc.)	Rs.16 per Kg, minimum of Rs.160 per flight
b)	<b>Export:</b>	
	Facilitation Charges	Rs. 12/- per bag subject to minimum of Rs. 120/- per shipment
c)	X-Ray machine usage charges-Export	Re. 1/- per kg subject to minimum of Rs. 150 per shipment
d)	<b>Import Demurrage Charges:</b>	
	Minimum demurrage charges	Minimum Rs. 100/- per consignment
	During the free period as per government regulations (currently it is 48 Hours from segregation)	No demurrage charges
	Beyond 48 hrs.-upto 96 hours	Rs. 3 per kg per day (non-cumulative)
	Beyond 96 hrs.-upto 720 hrs	Rs. 4 per kg per day (cumulative with no free period)
	Beyond 720 hrs. (beyond 30 days)	Rs. 5 per kg per day
e)	Amendment Charges*	Rs. 100 per amendment
f)	Opening / Re-Packing charges	Rs.10 per pkt. subject to Rs.20 per consignment/shipment at Import/Export

### Note:

- 10% discount allowable on Export facilitation charges for the courier agencies using their own manpower in off-loading their courier cargo from Trucks, shifting to Customs examination area before handling over to respective Airlines with Customs LEO, wherever applicable.
- Amendment Charges\* would be applicable, if only there are any changes that are required to be carried out on the Airway Bill, Way bill and/ or marking of the package at the request of the user or Customs, at any stage of handling of consignment, whether for export or import or Transshipment.
- On introduction of Express Cargo Clearance System (ECCS), the charges stipulated by CBIC & for maintenance of ECCS by AAICLAS, separate charges shall be leviable on Courier Agencies.
- Charges shall be leviable separately for installation/ commissioning/ maintenance of Air Cargo Inspection System (ACIS) as stipulated by CBIC, as & when implemented.
- All Bills shall be rounded off to the nearest of Rupee 1/-.
- All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

**7.5 Regulated Agent Facilitation (for Export & Domestic Outbound):**

a)	X-ray machine usage charges	Re.1 per kg, subject to minimum of Rs.150 per shipment
b)	Screening & Certification charges	
	i)Export	Rs.1.50 per kg, subject to minimum of Rs.150 per shipment
	ii) Domestic outbound	Rs.1.32 per kg, subject to minimum of Rs.120 per shipment
c)	Escorting Charges From export cargo terminal to aircraft or vice versa	Rs.1.50 per kg, subject to minimum of Rs.1,500 per flight

**Note:**

- a) All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.



CHENNAI					
I Cargo Logistics and Allied Services Company Limited				[In Lakhs]	
		As submitted by AAICLAS		As per Authority	
Annual Compliance Statement (ACS)		2017-18	2018-19	2017-18	2018-19
Sl. No.	Particulars	CHENNAI	CHENNAI	CHENNAI	CHENNAI
*	<b>Revenue</b>				
1	Revenue from Regulated Service	21715.95	21839.53	22358.23	22823.25
2	Other than Regulated Services	1291.29	2674.18	649.01	1690.46
3	<b>Total Revenue{(1)+(2)}</b>	23007.24	24513.71	23007.24	24513.71
*	<b>EXPENSE</b>				
1	Employee Benefit Expenses	1548.62	1746.71	1548.62	1746.71
2	Operating Expenses	3771.15	2818.65	3771.15	2818.65
3	administrative & Other Expenses	240.95	205.77	240.95	205.77
4	Depreciation and Amortisation Expenses	1051.7	680.78	1051.7	680.78
5	Concession Fees	6813.35	6970.67	6813.35	6970.67
6	CHQ Expenditure Allocated	465.23	747.56	465.23	747.56
7	Provision of Bad & Doubtful Debts				
8	<b>Total Expenses</b>	13891.03	13170.16	13891.00	13170.14
*	<b>REGUATED PROFIT</b>				
1	Regulated Profit	6533.62	5995.18	8467.23	9653.11
2	Tax Expenses	432.15	1008.25	432.15	1008.25
3	<b>Regulated Profit after Tax</b>	6101.47	4986.93	8035.08	8644.86
*	<b>REGULATED ASSET BASE</b>				
1	Opening RAB (Gross Block)	1013.19	9080.20	1013.19	9080.20
2	Capex Expenditure (Addition)		1085.09		1085.09
3	Disposal/Transfer				
4	Depreciation	1051.7	680.78	1051.7	680.78
5	Closing RAB (Net Block)	9080.2	9484.51	9080.2	9484.51
6	Average RAB	9606.05	9282.36	9606.05	9282.36
7	Return on Average RAB	68%	65%	88%	104%
*	<b>YIELD PER UNIT</b>				
1	Total Tonnage in MT	4,17,787	4,11,613	4,17,787	4,11,613
2	Profit Margin	28%	24%	37%	39%
3	Profit Margin post Tax	27%	20%	35%	35%

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ANNEXURE-III  
ए.ए.आई. कार्गो लोजिस्टिक्स एंड अलाइड सर्विसेस कम्पनी लिमिटेड

चेन्नई विमानपत्तन :: चेन्नई - ६०० ०२७

AAI CARGO LOGISTICS AND ALLIED SERVICES CO. LTD.  
CHENNAI AIRPORT :: CHENNAI – 600 027

No.AAICLAS/CHN/ 3201/2019/

Dated: 25.02.2020

**Summary record of discussions held during the AERA Tariff Consultative Meeting for Cargo Handling Charges at Chennai Air Cargo Complex, held on 20.12.2019 at 1600 hours in the Trident Hotel, Chennai**

The following were present:

<u>AAICLAS:</u>	<u>ACAAI:</u>
1. Sh. Keku Bomi Gazder, CEO	1. Sh. Dinesh Krishnan, Secretary
2. Sh. D. Muralidharan, RM-SR	2. Sh. N. Sivasubramanian, Member
3. Sh. K. Selvakumar, COO	3. Sh. Asad Cassim, Member
4. Sh. Ranjit K. Das, CFO	4. Sh. Santosh Sundaram, Member
5. Sh. V. Shanthamurthy, Jt. GM (Cargo)	
6. Sh. K. P. Saseendran, SM (Cargo)	<u>CCBA:</u>
7. Sh. N. Devendran, Mgr. (Sec)	5. Sh. S. Nataraja, President
8. Sh. R. Venkataramanan, Engr-Civil	6. Sh. R. N. Sekar, Secretary
9. Sh. A. P. Narayanan, Engr-Elect	7. Sh. G. Tamizhvanan, Member
10. Sh. Shantanu Saha, Manager-Fin	
11. Sh. R. Kannan, AM (PA)	<u>BAR-CS/ Airlines:</u>
12. Smt. S. Sivakami, AM (PA)	8. Sh. Prasant Nair, Chairman
13. Smt. Gladsy Denson, JE (Cargo)	9. Sh. Lionel Stany Pereira, Member
	10. Sh. S. Arun, Member
<u>FIEO:</u>	11. Sh. Raviraj Shetty, Member
14. Sh. K. Unnikrishnan, Dy. Director General	12. Sh. A. R. Manoj, Member
<u>AFS / ICD:</u>	13. Sh. Md. Riaz, Air India
15. Sh. L. M. Sundaram, Kerry Indev	14. Sh. D. S. Narayanan, Air India

At the outset Regional Manager-SR, AAICLAS welcomed all the stakeholders for making it possible to attend the programme for deliberating the proposed AERA tariff for cargo handling services at Chennai Air Cargo Complex which was last revised during 2010.

Regional Manager-SR, AAICLAS formally presented the details of the infrastructure developmental works undertaken by AAICLAS, in progress and the future plans through the CAPEX. He further informed the Capital Expenditure is the base for the proposed tariff by AAICLAS and requested CFO, AAICLAS to share his views and present the proposed tariff from the financial perspective.



CFO AAICLAS has explained the basic methodology/ fundamental on which Tariff determination takes place. Further explained detailed PPT on how the AERA Tariff proposal submitted & consultation papers proposed at AERA. CFO described the procedure to arrive at the proposed cargo tariff hike of 3.41% for the current year and subsequently 3% escalation per year for the next 3 years. He informed that the tariff was determined based on the present cargo growth and the proposed cargo growth for the upcoming five years period. He further briefed that even after the proposed hike, Chennai Cargo tariff will be reasonable than other competitive airports in the Southern Region and requested the trade to extend their support for the proposed nominal tariff hike at Chennai Cargo Terminal.

Thereafter, COO-AAICLAS shared the existing AERA tariff and the proposed increase and charges leviable in the current control period. COO-AAICLAS informed that based on the Capital Expenditure and other utility expenses the proposed AERA charges have been derived with a nominal increase of 3.41% for FY 2020-21 and a 3% yoy increase during the next 3 years. Further COO has explained the modification proposed/rationale adopted to streamline the tariff in accordance with the experiences gained over the previous year and suggestions brought out by users in different forum.

**Deliberations on major points and suggestions for decisions:**

**7.1 Export:**

Notes

b)	10% discount in the Terminal, Storage and processing charges will be granted to Exporters, who opt for engaging their own manpower for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area and handing over to Airlines/terminal Operator, wherever it is applicable.	<ul style="list-style-type: none"> <li>• ACAAI representatives insisted for providing comprehensive Services by Terminal Operator as 10% Discount does not serve the purpose and recently lot of regulations introduced to obtain Airport Entry Passes.</li> <li>• COO explained them that as new Ground handling Agency is going to be appointed by AAI, Cargo Terminal functions will be excluded from the scope of functions of GHA. The said issue will be addressed by AAICLAS, while appointing Service provider for Cargo Terminal Operations.</li> <li>• Trade / Airlines further demanded that 10% Discount in TSP Charges shall be extended for handling of Heavy and Odd Size consignment for which special arrangements are being made by Shipper / Airlines on Cost basis.</li> </ul>
h)	All Bills shall be rounded off to the nearest of Rupee 1/-.	Agreed by all and earlier Concept of round off to nearest 5 rupees stand withdrawn.
j)	Terminal Operator shall levy packing/repacking charges @2% of packages per shipping bill with a minimum of Rs. 20/- per Airway Bill. Packing/ Repacking charges will be at Rs. 10/- per packet.	This being the existing Services and Charges, no change proposed.
k)	XBIS usage charges is Rs. 1/-	<ul style="list-style-type: none"> <li>• COO has explained that since almost all</li> </ul>



	per kg subject to minimum of Rs. 150/- per shipment. The same is applicable for ODC shipment where physical check with the help of ETDs are facilitated.	<p>XBIS are replaced with Dual Image machine as prescribed by BCAS, the Cost Component in providing these XBIS and ETDs, the new XBIS usage charges at Rs. 1/- per Kg subject to Min. of Rs.150/- per shipment proposed.</p> <ul style="list-style-type: none"> <li>While accepting the new rate, Trade and Airlines suggested that the equal rate should not be charged for ODC where ETDs help are taken and even in normal X-Ray concept, random checks in ETDs are also done for which Airlines should not be charged twice.</li> </ul>
i)	Charges shall be leviable separately for installation/ commissioning/ maintenance of air cargo inspection system (ACIS) as stipulated by CBIC, as & when implemented.	COO has explained that the ACIS Concept mandated by Customs on Air Cargo Terminal Operators in India for "Anti – Smuggling" concept. Though Pvt. Air Cargo Terminal operators have reservations to provide such expensive machines, AAICLAS has proposed to procure Two machines, one for Chennai and another for Kolkata for which In-principle approval of AAICLAS Management and Technical Specifications shared by Customs are readily available. Once the System Introduced a separate charge shall be levied on Airlines / Agencies.
	-	

## 7.2 Import:

c)	<b>Opening/ Repacking Charges:</b> - Rs. 10/- per pkg. subject to minimum of Rs. 20/- per consignment.	Trade accepted to bring the rate at par. However, quality should be ensured by AAICLAS as they insisted.
f)	All Bills shall be rounded off to the nearest of Rupee 1/-	Agreed by all.
g)	Any product/ commodity having inbuilt/mounted with Lithium batteries will be continued to be treated as Hazardous Cargo for storage/ handling purpose but attract only general cargo TSP rate during the clearance within the free period. However Special charges leviable beyond the free period.	COO explained the background to propose these changes and long pending Demand of major importers of Laptop, Computers, mobile phones etc however the relaxation is only for the Cargo cleared during the free period only. This facilities may be extended to AFS, SEZ, ICD, MEPZ Cargo etc...
h)	Wherever 24 hours operations are NOT implemented due to lack of presence of all related/ regulatory agencies, Rs. 500/- per consignment will be levied as overtime charges in addition to next working day demurrage charges.	COO explained that at present Rs.200/- per consignment is being levied as over time charges in addition to next working day demurrage charges and this is only the local arrangement going on for three decades without escalation. To rationalize in AERA tariff, the levy is proposed. However, CCBA demanded that reasonable increase say Rs.50/- may be proposed. The importance of cut off time to



		pass on the benefit of holiday/non-working hours to the trade was explained although Chennai is 24x7 working airport.
i)	Import consignment meant for Air Freight Station (AFS) only in ULD forms will attract 50% of TSP charges (presently it is Rs. 2.50 per kg) subject to clearance from Air Cargo Terminal within the period stipulated by Customs at the Station in order to achieve reduced dwelling time at Air Cargo Terminal.	Representatives from AFS requested to consider further discount as this is not going viable and ACAA representative also shared his view that both Air Cargo Terminal operator and AFS jointly decide the share for complementing each other without further increase in TSP rate.
j)	XBIS usage charges Rs. 1/- per kg subject to minimum of Rs. 150/- consignment (a per the requirement of Customs for speedy clearance of import cargo).	Though at Import no XBIS provided by AAICLAS, the rate structure is proposed in anticipation of demand to position XBIS at Import also to simplify the examination process like the one happening in Import Courier clearance. Currently Mobile Phone consignments are screened in unaccompanied baggage screening machine owned by Customs.
k)	Charges shall be leviable on airlines separately for installation/ commissioning/ maintenance of Air cargo Inspection System (ACIS) as stipulated by CBIC, as and when implemented.	As remarked earlier.
	-	

## 2. Schedule of charges / discounts/Incentives leviable on scheduled airlines

### Notes:

a.	Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by AAICLAS where the TP cargo handed over to the airlines on airside designated area on the airport. 50%	COO has explained that in order to speed up the movement of TP Cargo it is proposed to extend 50% Discount in TSP/Handling charges where the Bonded Cargo in ULD forms shifted to the other Airports of AAI. It was welcomed by the Trade.
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	discount will be applicable on TSP/handling charges where the import transshipment cargo moved in ULD form to the other Airports of AAI by road in the free period.	
h..	XBIS usage charges Re. 1 per kg subject to minimum of Rs. 150 per consignment. The same is applicable for ODC consignment where physical check with the help of ETDs are facilitated.	<ul style="list-style-type: none"> <li>• The charges for using ETDs for ODC to be brought down by 50% at least.</li> <li>• Airlines representatives wanted 10% discount / facilitation for handling odd size cargo in case of handling by the agencies or AAICLAS should provide the facility as a value addition.</li> </ul>
i.	Charges shall be leviable separately for installation/ commissioning/ maintenance of Air Cargo Inspection System (ACIS) as stipulated by CBIC as & when implemented.	Agreed as per earlier discussion.
d.	Addl. Packing services required by Airlines for any shipment shall be additionally chargeable.	Agreed by all.
e.	All the Scheduled Airlines shall maintain Security deposit for adequate amount as prescribed by AAICLAS for the cargo operations apart from the security deposit for License fee and enter into an agreement for availing credit facility as per the policy prescribed from time to time.	Agreed by all.



**7.3 and 7.3.1 Domestic Cargo**

a.	10% discount in the domestic cargo handling charges will be granted to the shippers/ consignors who opt for engaging their own manpower for offloading cargo from their vehicles at Truck Dock and shifting to the examination/storage area before handing over to the airlines concerned, wherever it is applicable.	Welcomed the move.
b.	10% discount in the domestic cargo handling charges will be granted to the consignee / authorized representative who opts for engaging their own manpower for loading cargo into their vehicles for delivery at designated areas from the airlines concerned, wherever it is applicable.	Welcomed the move.

- No forklift available in the CUDCT and Domestic Carriers demanded for providing one Forklift.

**7.3.2 Schedule of Charges leviable on Non-Scheduled Operators**

3.	Penal/Storage charges on Airlines for not handing over of general import cargo to the Customs appointed custodian within 04 hours of flight landing (i/c courier cargo)	<ul style="list-style-type: none"> <li>• BAR-CS reps informed that this point to be removed as GHA place a vital role. Otherwise, to be part of CTO responsibility once the CTO concept gets implemented.</li> <li>• It was well explained to them that AAICLAS will be responsible for only Cargo Terminal Operations and within their approved RA area (pending for approval).</li> <li>• <b>AAI to be informed to add the clause in GHA contract for bringing the cargo to the terminal (Action has been taken already through Operations Dte of AAI at CHQ)</b></li> </ul>
a	Demurrage charges on	Same as discussed and agreed by all.

	<p>Import Transshipment cargo will be as applicable to import cargo except that no handling charges shall be levied on the airlines handled by AAICLAS where the TP cargo handed over to the airlines on airside designated area on the airport. 50% discount will be applicable on TSP/handling charges where the import transshipment cargo moved in ULD form to the other Airports of AAI by road in the free period.</p>	
e	<p>NSO operations/their authorized agencies shall register with Terminal operator along with all required permission/documents from Customs &amp; DGCA and various other regulatory agencies and are required to maintain security deposit with AAICLAS equivalent to two month's transactions. In addition to security deposit, NSO operators may maintain running account with AAICLAS with adequate balance to avoid Cash &amp; carry model.</p>	Agreed by all.
e.	<p>XBIS usage charges Re. 1 per kg subject to minimum of Rs. 150 per consignment. The same is applicable for ODC consignment where physical check with the help of ETDs are facilitated.</p>	<ul style="list-style-type: none"> <li>• The charges for using ETDs for ODC to be brought down by 50% at least.</li> <li>• Airlines representatives wanted 10% discount / facilitation for handling odd size cargo in case of handling by the agencies or AAICLAS should provide the facility as a value addition.</li> </ul>
f.	<p>Charges shall be leviable separately for installation/ commissioning/ maintenance of air cargo inspection system (ACIS) as stipulated by CBIC, as &amp; when implemented.</p>	As discussed and agreed earlier.



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### 7.5 Regulated Agent facilitation (for export and Domestic outbound)

c.	Escorting Charges From export cargo terminal to aircraft or vice versa.  Rs. 1.50 per kg, subject to minimum of Rs. 1,500 per flight.	<ul style="list-style-type: none"><li>• BAR-CS reps pointed out that the per kg rate proposed is too high.</li><li>• Instead it is to be proposed per flight/flight category wise as currently security escort services are obtained in a comprehensive manner for Cargo, Aircraft and catering services.</li><li>• Security escorting charges to be reviewed.</li></ul>
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While all stakeholders not against the proposed nominal increase of 3.41% for FY2020-21 and a 3% YOY increase for next three years, Dy. Director General, FIEO requested to review the proposed charges as the revision of charges is directly related to the value of the product, as most of the importers / exporters are struggling to cut their cost. Further, he has requested to increase the efficiency of system so as to reduce the logistics cost.

COO has requested all to consider the nominal increase proposed after a gap of almost a decade for Chennai Air Cargo Terminal.

The meeting ended with vote of thanks to the Chair.

**(R. Kannan)**  
**Asst. Manager (PA),**  
**o/o Regional Manager-SR**  
**AAICLAS, Chennai Airport**

**Distribution: All participants**

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AAI CARGO LOGISTICS AND ALLIED SERVICES CO. LTD.  
CHENNAI AIRPORT :: CHENNAI - 600 027

No.AAICLAS/CHN/3201/2019/424

Dated: 25.02.2020

**Summary record of discussions held during the AERA Tariff Consultative Meeting for Courier Charges at Chennai Air Cargo Complex, held on 20.12.2019 at 1430 hours in the Trident Hotel, Chennai**

The following were present:

<b><u>AAICLAS:</u></b>	<b><u>Courier Agencies:</u></b>
1. Sh. Keku Bomi Gazder, CEO	1. Sh. G. Prem Kumar, DHL Express
2. Sh. D. Muralidharan, RM-SR	2. Sh. MuneshPrabhakaran, Linex
3. Sh. K. Selvakumar, COO	3. Sh. N. Satheesh, Skyline
4. Sh. Ranjit K. Das, CFO	4. Sh. T. Manivannan, Esquire Express
5. Sh. V. Shanthamurthy, Jt. GM (Cargo)	5. Sh. R. Kesavan, ST Cargo
6. Sh. K. P. Saseendran, SM (Cargo)	6. Sh. R. Annamalai, Fast Forward Exp.
7. Sh. N. Devendran, Mgr. (Sec)	7. Sh. S. Ismailkhan, Sar Worldwide
8. Sh. R. Venkataramanan, Engr-Civil	8. Sh. P. S. Logeshwaran, Budget
9. Sh. A. P. Narayanan, Engr-Elect	9. Sh. M. Sulthan, Hazztr
10. Sh. Shantanu Saha, Manager-Fin	10. Sh. D. Kannan, All Port Logistics
11. Sh. R. Kannan, AM (PA)	11. Sh. K. Sethuraman, UBX
12. Smt. S. Sivakami, AM (PA)	12. Sh. M. Kamalanathan, Aramex
13. Smt. Gladys Densen, JE (Cargo)	13. Sh. Kassim, GP Express
	14. Sh. V. Mariappan, Altaf Courier
	15. Sh. Mohamed Ishfaq, Afrin Courier
	16. Sh. A. V. Muralidhar, IMAX Courier
	17. Sh. G. C. Naresh, Aviation Star Exp.
	18. Sh. A. R. Manoj, Blue Dart

Regional Manager-SR, AAICLAS welcomed the members from Courier fraternity and introduced the CEO, COO, CFO and other officials of AAICLAS who have come for the stakeholders meet. He has briefed that from the beginning, after courier activities have been taken over by AAICLAS from EICI, AAICLAS is levying the AERA approved charges levied by erstwhile courier terminal operator. He then requested COO-AAICLAS to brief the proposed charges and take forward deliberations further.

COO-AAICLAS briefed the members that since August 2016 onwards the courier activities have been taken over by AAICLAS from EICI when the monthly tonnage was around 125 MT. After shifting of courier operations from old terminal to the operational area inside the Integrated Air Cargo terminal both export and import, courier operations have been stabilized in respective International Cargo Handling Area. The Administrative Offices including Assistant Commissioner offices have



been established at the first floor of Phase-III and required number of rooms with Furniture, Telephones, Internet and Air conditioning facilities in the first floor and ground floor of import courier as well as export courier operational area have been ensured by AAICLAS. All documentation formalities have been duly completed with Customs Commissionerate-I & waiver of Customs Cost Recovery Charges were requested.

X-Ray machines also commissioned at both import and export cargo area. For the time being instead of applying X-Ray charges levied by M/s EICI, the rate prevailing in AAI/AAICLAS i.e. 0.75 per kg subject to minimum of Rs. 100 per bag instead of per export shipment were levied and the charges were collected from courier agencies since Airlines were reluctant to absorb the X-Ray machine uses charges quoting that the volume of export courier is negligible. Now the X-ray machine usage charges revised to Rs. 1 per kg subject to minimum of Rs. 150 per shipment, instead of per bag.

The then approved AERA charges levied by M/s EICI were continued since then and now as AAICLAS Courier Operations have been well established and the tonnage has also increased substantially above 400 MT per month, AAICLAS is in the process of revision of the Charges keeping in view the demand of the courier fraternity to bring the rates at par with other airports. Based on the above, AAICLAS has proposed the rates to AERA and the suggestions from of the courier fraternity are invited on the same.

#### Deliberations:

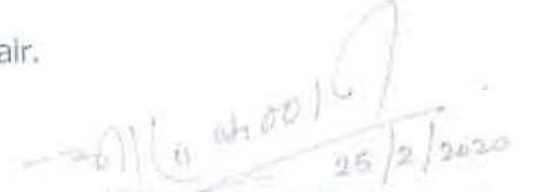
1. Regarding the **Import Facilitation Charges proposed at Rs. 16 per kg minimum of Rs. 160 per flight**, the major courier agencies like DHL have accepted the rates proposed, however, other courier agencies have suggested that import facilitation charges to be kept as Rs. 12 per kg and minimum of Rs. 150 per flight with the expectation of total tonnage in a month for an estimated figure of 750 MT.
2. Regarding the Export Facilitation Charges proposed at **Rs. 12 per bag subject to minimum of Rs. 120/- per shipment**. COO, AAICLAS apologized for the mistake as it should be Rs. 12 per kg instead of per bag. The courier fraternity expressed their apprehensions that it should not be minimum of Rs. 120 per shipment & it was suggested by major courier agencies and other agencies unanimously that Rs. 120 should be **minimum per master or simply minimum of Rs. 120** only to be quoted in the Tariff and export facilitation charges may be considered to be Rs. 8 per kg.
3. On the point of proposed minimum of Rs. 100 per shipment as import demurrage charges were agreed by agencies subject to review after implementation of ECCS by Customs as demurrage cases occurring only due to Customs processes delay.

4. Further, the courier agencies raised the issue of applicability of free period on hourly basis instead of day basis and the Effective Holidays / National Holidays should also be taken into consideration for extending free period. COO AAICLAS has expressed that the initial segregation time at Import area shall be reckoned for extending 48 hrs free period to the users as per MoCA order. ICMS team and courier officials of AAICLAS will modify the system and program. However, only the Customs declared holidays will be considered as holiday, otherwise courier clearance is 24x7 facility as per regulations.
5. Regarding opening and re-packing charges proposed at Rs. 10 per packet subject to Rs. 20 per consignment/shipment at both Import/Export area, it was categorically informed by the courier agencies that it is their duty to unpack and pack for the Customs examination and put the packing tape with "Customs Examined Package" / "Respective Agency Logo/Seal" & hence, they have to perform these activities by themselves. Therefore, they requested to do away with levy of packing / repacking charges as the work is performed by them only. COO-AAICLAS has agreed to consider & withdraw the same for both on Export and Import Courier activities.
6. On the point of 10% discount allowable on Export facilitation charges for the courier agencies using their own manpower in off-loading their courier cargo from Trucks, shifting to Customs examination area before handing over to respective Airlines with Customs LEO, wherever applicable if was welcomed by courier agencies as they only carry out the processes before X-Ray screening the export Courier.
7. Regarding the Transshipment facilities, the courier agencies wanted the transshipment activities to be done by AAICLAS with applicable charges. COO-AAICLAS assured to explore the possibilities.
8. **Apart from the above, the courier agencies requested AAICLAS:**
  - To provide adequate space for movement of courier shipment and provide the necessary handling equipments to move them freely.
  - Since, they are performing their day to day work in the Cargo Complex who may be provided with proper sitting arrangements for completion of their documentation at import area as the previous custodian extended exclusive area for their documentation/public utility area with canteen facility.
  - Further, agencies pointed out that import courier handling area is much congested and number of pot holes observed & obstruct free moment of cargo in import area which may be addressed at the earliest.
  - Manpower shortages observed in loaders category whereas supervisory level are more.
  - Loading positions in Truck Dock of Import area can be assigned for Import Courier loads.



9. Regional Manager–SR, AAICLAS advised SM (Cargo-Admin/Courier) to arrange for meeting with the courier agencies to discuss upon the operational issues and address them at the earliest.

The meeting ended with vote of thanks to the Chair.

  
25/2/2020

(आर. कण्णन / R. Kannan)

सहायक प्रबंधक (वै.स.) (Asstt. Manager (PA)

कृते क्षेत्रीय प्रबंधक / for Regional Manager

चेन्नई विमानपत्तन / Chennai Airport

Distribution: All participants

# ATP FOR AAICLAS, CHENNAI.

PERIOD - FY 2019-20, FY2020-21 & FY2021-22.



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# 1. Airport - Form F14(b) - Annual Tariff Proposal for tariff year for FY – 2019-20, FY2020-21 & FY2021-22.

Cargo Charges at Chennai International Airport, Chennai

## 1.1 Export Cargo

Sr. No.	Type of Cargo	Terminal, Storage & Processing charges		Demurrages charges (leviable from shippers)	
		Rs. Per Kg	Minimum Rate per Consignment	Rs. Per Kg	Minimum Rate per Consignment
1.	General	0.74	125.00	0.76	125.00
2.	Special & Valuable	1.47	245.00	1.50	245.00
3.	Perishable	0.74	125.00	0.76	125.00

### NOTES: [Export Cargo]

- a) The free period for export cargo shall be 12 hours, or as applicable based on the government regulations, for examination/processing by the Shippers.
- b) 10% discount in the Terminal, Storage and Processing charges will be granted to Exporters, who opt for engaging their own manpower for offloading cargo from their vehicles at Truck Dock and shifting to Custom Examination Area and handing over to Airlines/Terminal Operator, wherever it is applicable.
- c) Consignments of human remains coffin including unaccompanied baggage of deceased and human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
- d) Terminal, Storage and processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
- e) Special cargo consists of live animals, hazardous goods and valuable cargo.
- f) Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- g) For mis-declaration of weight above 2% and up to 5% of declared weight, penal charges @ double the applicable Terminal, Storage and Processing charges and for variation above 5%, the penal charges @ 5 times the applicable Terminal, Storage and Processing charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum Terminal, Storage and Processing charges. No penal charges will be leviable for variation up to and inclusive of 2%. (For any variation, all the documents/ records to be invariably amended). No weight variation acceptable in the case of VAL consignments.
- h) All Bills shall be rounded off to the nearest of Rupee 1/-.
- i) Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. & above.
- j) Terminal Operator shall levy packing/repacking charges @ 2% of packages per shipping bill with a minimum of Rs.20/= per Airway Bill. Packing / Repacking charges will be at Rs.10/= per packet.
- k) XBIS usage charges is Re.1/= per kg subject to minimum of Rs. 150/= per shipment. The same is applicable for ODC shipment where physical check with the help of ETDs are facilitated.
- l) Charges shall be leviable separately for installation/ commissioning/ maintenance of air cargo inspection system (ACIS) as stipulated by CBIC, as & when implemented.



- m) All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.

## 1.2 Import Cargo

### a. Terminal, storage and processing charges:

Sr. No.	Type of Cargo	Rs. Per Kg	Minimum Rate per Consignment
1.	General	4.96	135.00
2.	Special & Valuable	9.89	265.00

### b. Demurrage Charges: -

Free storage period for import cargo shall be 48 hrs. (02 working days) from the date and time of segregation reflected in the ICEGATE. For the next 48 hrs. (02 working days), demurrage will be charged at "per kg. per day" non-cumulative basis, provided the consignment is cleared within 96 hrs. (04 working days), from the date and time of segregation reflected in the ICEGATE. If clearance is affected after 96 hrs. (04 working days), demurrage will accrue for the entire period from the date/time of segregation reflected in the ICEGATE as follows: -

Sr. No.	Type of Cargo	Period	Rs. Per Kg	Minimum Rate per Consignment (Rs./P)
1.	General	Up to 96 hrs. (4 working days) including free period	1.44	325.00
		Between 96 hrs. and 720 hrs. (5 and 30 days)	2.87	
		Beyond 720 hrs. (beyond 30 days)	4.31	
2.	Special	Up to 96 hrs. (4 working days) including free period	2.87	640.00
		Between 96 hrs. and 720 hrs. (5 and 30 days)	5.73	
		Beyond 720 hrs. (beyond 30 days)	8.60	
3.	Valuable	Up to 96 hrs. (4 working days) including free period	5.73	1280.00
		Between 96 hrs. and 720 hrs. (5 and 30 days)	11.47	
		Beyond 720 hrs. (beyond 30 days)	17.20	

(c) Opening / Repacking Charges: -Rs.10/= per pkg, subject to minimum of Rs.20/= per consignment.

### NOTES: [Import Cargo]

- Consignments of human remains, coffin including baggage of deceased & human eyes will be exempted from the purview of Terminal, Storage and Processing charges & Demurrage charges.
- Terminal, Storage and processing charges are inclusive of Forklift charges wherever Forklift usage is involved. No separate Forklift charges will be levied.
- Charges will be levied on the 'gross weight' or the 'chargeable weight' of the consignment whichever is higher. Wherever the 'gross weight' and (or) volume weight is wrongly indicated on the Airway Bill and is actually found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight' or 'chargeable weight' whichever is higher.
- Special Import Cargo consists of cargo stored in cold storage, live animals and hazardous goods.

- e) Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum and items valued at USD 1000 per Kg. & above.
- f) All Bills shall be rounded off to the nearest of Rupee 1/-.
- g) Any product/ commodity having inbuilt/ mounted with Lithium batteries will be continued to be treated as Hazardous Cargo for storage / handling purpose but attract only general cargo TSP rate during the clearance within the free period. However Special charges leviable beyond the free period.
- h) Wherever 24 hours operations are NOT implemented due to lack of presence of all related/ regulatory agencies, Rs. 500/- per consignment will be levied as overtime charges in addition to next working day demurrage charges.
- i) Import consignment meant for Air Freight Station (AFS) only in ULD forms will attract 50% of TSP charges (presently it is Rs 2.50 per kg) subject to clearance from Air Cargo Terminal within the period stipulated by Customs at the Station in order to achieve reduced dwelling time at Air Cargo Terminal.
- j) XBIS usage charges Re. 1/= per kg subject to minimum of Rs. 150/= per consignment (as per the requirement of Customs for speedy clearance of import cargo).
- k) Charges shall be leviable on airlines separately for installation/ commissioning/ maintenance of Air cargo Inspection System (ACIS) as stipulated by CBIC, as and when implemented.
- l) All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

**2. Schedule of Charges/ Discounts/ Incentives leviable/ payable on/ to Airlines for various Cargo Handling Services rendered by AAICLAS at the Cargo Terminal:**

Sr. No.	Particulars of Services	Charges
1.	Storage charges for General export uplifted beyond free period	1.81/Kg./day
2.	Storages charges for valuable Export Cargo Perishable/ Live Animals and Hazardous Cargo uplifted beyond free period shall be two times of normal	3.62/Kg./day
3.	Penal/storage charges on Airlines for not handing over of general import cargo to the customs appointed custodian within 04 hours of flight landing (i/c courier cargo)	
	i. General Bulk Cargo	Rs. 1.81 (Kg/day)
	ii. Loaded ULD	Rs. 723 (ULD/day)
	Penal / storage charges on Airlines for not handing over of 'Val'/Haz/Perishable/Live Animal import cargo to the customs appointed custodian within 04 hours of flight landing (i/c courier cargo)	
	i. Valuable	Rs. 4.57 (Kg/day)
	ii. Haz./PER/Live Animals	Rs. 3.00 (Kg/day)
	iii. Minimum per consignment / AWB	Rs. 252.00

**4. NOTES:**

- a) Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by AAICLAS where the TP cargo handed over to the airlines on airside designated area on the airport. 50% discount will be applicable on TSP/ handling charges where the import transshipment cargo moved in ULD form to the other Airports of AAJ by road.
- b) Demurrage charges on transshipment cargo from Domestic to International and from International to International shall be treated as same as applicable for export cargo, after allowing the normal free period



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- c) The free period for export cargo for the carrier from the time of entry in bonded area till upliftment shall be 36 hrs. as per Government Directives as of now.
  - d) All Bills preferred by the Handling Company shall be rounded off to the nearest Rupee.1/-
  - e) No free period may be allowed on second time handling/upliftment of export cargo from cargo terminal. Applicable charges (Demurrage/Storage) shall be levied.
  - f) In case of Transit ULDs brought by the Airlines handed over to AAICLAS for Storage in the Bonded Area/ETV stacker for any reasons, the storage charges as per para 3.1 & 3.2 above) shall be levied.
  - g) The free period for export cargo for the NSOs in the bonded area, would be same as applicable for scheduled carrier as per the government regulations issued from time to time, from the time of physical acceptance at bonded area.
  - h) XBIS usage charges Re. 1 per kg subject to minimum of Rs. 150 per consignment. The same is applicable for ODC consignment where physical check with the help of ETDs are facilitated.
  - i) Charges shall be leviable separately for installation/ commissioning/ maintenance of Air Cargo Inspection System (ACIS) as stipulated by CBIC as & when implemented.
  - j) Addl. Packing services required by Airlines for any shipment shall be additionally chargeable.
  - k) The above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.
  - l) All the Scheduled Airlines shall maintain Security deposit for adequate amount as prescribed by AAICLAS for the cargo operations apart from the security deposit for License fee and enter into an agreement for availing credit facility as per the policy prescribed from time to time.

### 1.3 Domestic Outbound Cargo Charges leviable on Shippers/ Consignor(s) etc.

Sr. No.	Type of Cargo	Rs. Per Kg	Minimum Charges
1.	Standard Charges for processing & Handling at Air Cargo Terminal		
	a) General Cargo	0.75	110
	b) Special (AVI) #/ PER/ HAZARDOUS/ VAL	1.50	220
2.	Demurrage Charges / Storage (per day)		
	a) General Cargo	0.75	110
	b) Special (AVI) #/ PER/ HAZARDOUS/ VAL	1.50	220
3.	Amendment of Airway Bill	100.00 per AWB	
4.	Return Cargo Charges	100.00 per AWB	
5.	Strapping /Re-packing Charges	10.00 per package subject to minimum of Rs.20/= per AWB	

#### Notes:

- a) The free period for outbound domestic cargo shall be 12 hours for examination/processing by the shipper/consignor/authorized representative etc. and 12 hours for Airlines at SHA.
- b) 10% discount in the domestic cargo handling charges will be granted to the shippers/consignors who opt for engaging their own manpower for offloading cargo from their vehicles at Truck Dock and shifting to the examination/storage area before handing over to the airlines concerned, wherever it is applicable.
- c) Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the preview of domestic cargo handling & demurrage charges.

- d) The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
- e) #As per IATA definition, Special cargo consists of cold storage, live animals, hazardous goods & valuable cargo.
- f) Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- g) For mis-declaration of weight above 2% and up to 5% of declared weight, penal charges @ double the applicable domestic cargo handling charges and for variation above 5%, the penal charges % 5 times the applicable domestic cargo handling charges will be leviable on the differential weight, subject to minimum amount equivalent to the applicable minimum domestic cargo handling Charges. No penal charges will be leviable for variation up to and inclusive of 2%. No weight deviation permissible in VAL cargo.
- h) All the Bills shall be rounded off to the nearest of Rupee 1/-.
- i) All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.

**1.3.1 Domestic Inbound Cargo Charges leviable on Consignee(s) etc.**

Sr. No.	Type of Cargo	Rs. Per Kg	Minimum Charges
1.	Standard Charges for processing & Handling at Air Cargo Terminal		
	a) General Cargo	0.75	110
	b) Special (AVI) # / PER/ HAZARDOUS/ VAL	1.50	220
2.	2. Demurrage Charges / Storage (per day)		
	a) General Cargo	0.75	110
	b) Special (AVI) # / PER/ HAZARDOUS/ VAL	1.50	220

**Note:**

- a) The free period for inbound domestic cargo shall be one working day for processing/delivery by the consignee/authorized representative etc.
- b) 10% discount in the domestic cargo handling charges will be granted to the consignee/authorized representative who opts for engaging their own manpower for loading cargo into their vehicles for delivery at designated areas from the airlines concerned, wherever it is applicable.
- c) Consignment of human remains, coffin including unaccompanied baggage of deceased and human eyes will be exempted from the purview of domestic cargo handling & demurrage charges.
- d) The domestic cargo handling charges are inclusive of forklift charges wherever forklift usage is involved. No separate forklift charges will be levied.
- e) Charges will be levied on the 'gross weight' or the chargeable weight' of the consignment, whichever is higher. Wherever the 'gross weight' and (or) 'volume weight' is wrongly indicated on the Airway Bill and is found more, charges will be levied on the 'actual gross weight' or 'actual volumetric weight', whichever is higher.
- f) #As per IATA definition, Special cargo consists of cargo stored in cold storage, live animals, valuable & hazardous goods.
- g) \*Valuable cargo consists of gold, bullion, currency notes, securities, shares, share coupons, travelers' cheques, diamonds (including diamonds for industrial use), diamond jewelry, jewelry & watches made of silver, gold platinum & items valued at US\$ 1000 and above.
- j) All the Bills shall be rounded off to the nearest of Rupee 1/-.



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- k) All the above charges are excluding GST, which will be levied at applicable rates announced by Gol from time to time.

### 1.3.2 Schedule of Charges leviable on Non-Scheduled Operators

Sr. No.	Particulars of Services	Charges
1.	Storage charges for export cargo uplifted beyond free period	2.99 / Kg. / day
2.	Storage charges for export valuable perishable cargo, live animals and hazardous cargo uplifted beyond free period	6.02/ Kg. / day
3.	Penal / Storage charges on Airlines for not handing over of general import cargo to the customs appointed custodian within 04 hours of flight landing (i/c courier cargo)	
	i. General Bulk Cargo	Rs. 2.99 Kg. / day
	ii. Loaded ULD	Rs. 1194/ULD/day
	Penal / Storage charges on Airlines for not handing over of 'Val'/Haz/Perishable/Live Animal import cargo to the customs appointed custodian within 04 hours of flight landing (i/c courier cargo)	
	i. Valuable	7.52Kg. / day
	ii. Haz./PER/Live Animal	4.98Kg. / day
	iii. Minimum charges per consignment (AWB)	Rs. 414.81

**Note:**

- Demurrage charges on Import Transshipment cargo will be as applicable to Import cargo except that no handling charges shall be levied on the airlines handled by AAICLAS where the TP cargo handed over to the airlines on airside designated area on the airport. 50% discount will be applicable on TSP/ handling charges where the import transshipment cargo moved in ULD form to the other Airports of AAI by road.
- Demurrage charges on transshipment cargo from domestic to international and from international to international shall be treated as same as applicable for export cargo, after allowing the prescribed free period.
- The free period for export cargo for the NSOs in the bonded area, would be same as applicable for scheduled carrier as per the government regulations issued from time to time, from the time of physical acceptance at bonded area.
- All bills preferred by the handling company shall be rounded off to the nearest higher of Rupee 1/-.
- NSO operators/their authorized agencies shall register with Terminal operator along with all required permission/documents from Customs & DGCA and various other regulatory agencies and are required maintain security deposit with AAICLAS equivalent to two month's transactions. In addition to security deposit, NSO operators may maintain running account with AAICLAS with adequate balance to avoid Cash & carry model.
- No free period may be allowed on second time handling / upliftment of export cargo from cargo terminal. Applicable charges (storage) shall be levied.
- In case of transit ULDs brought by the Airlines handed over to AAICLAS for storage in the bonded area / ETV stacker for any reasons, the storage charges as per para 3 shall be levied.
- XBIS usage charges Re. 1 per kg subject to minimum of Rs. 150 per consignment. The same is applicable for ODC consignment where physical check with the help of ETDs are facilitated.
- Charges shall be leviable separately for installation/ commissioning/ maintenance of air cargo inspection system (ACIS) as stipulated by CBIC, as & when implemented.

- j) All the above charges are excluding GST, which will be levied at applicable rates announced by Govt from time to time.

#### 1.4 International Courier Cargo Tariff / Rates

S. No.	Tariff Heading	Rates with minimum charges
a)	<b>Import:</b>	
	Facilitation Charges (segregation, handling, XBIS usage, Customs facilitation etc.)	Rs.16 per Kg, minimum of Rs.160 per flight
b)	<b>Export:</b>	
	Facilitation Charges	Rs. 12/- per bag subject to minimum of Rs. 120/- per shipment
c)	X-Ray machine usage charges-Export	Re. 1/- per kg subject to minimum of Rs. 150 per shipment
d)	<b>Import Demurrage Charges:</b>	
	Minimum demurrage charges	Minimum Rs. 100/- per consignment
	During the free period as per government regulations (currently it is 48 Hours from segregation)	No demurrage charges
	Beyond 48 hrs.-upto 96 hours	Rs. 3 per kg per day (non-cumulative)
	Beyond 96 hrs.-upto 720 hrs	Rs. 4 per kg per day (cumulative with no free period)
	Beyond 720 hrs. (beyond 30 days)	Rs. 5 per kg per day
e)	Amendment Charges*	Rs. 100 per amendment
f)	Opening / Re-Packing charges	Rs.10 per pkt. subject to Rs.20 per consignment/shipment at Import/Export

Note:

- 10% discount allowable on Export facilitation charges for the courier agencies using their own manpower in off-loading their courier cargo from Trucks, shifting to Customs examination area before handling over to respective Airlines with Customs LEO, wherever applicable.
- Amendment Charges\* would be applicable, if only there are any changes that are required to be carried out on the Airway Bill, Way bill and/ or marking of the package at the request of the user or Customs, at any stage of handling of consignment, whether for export or import or Transshipment.
- On introduction of Express Cargo Clearance System (ECCS), the charges stipulated by CBIC & for maintenance of ECCS by AAICLAS, separate charges shall be leviable on Courier Agencies.



4. Charges shall be leviable separately for installation/ commissioning/ maintenance of Air Cargo Inspection System (ACIS) as stipulated by CBIC, as & when implemented.
5. All Bills shall be rounded off to the nearest of Rupee 1/-.
6. All the above charges are excluding GST, which will be levied at applicable rates announced by GoI from time to time.

**1.5 Regulated Agent Facilitation (for Export & Domestic Outbound):**

a)	X-ray machine usage charges	Re.1 per kg, subject to minimum of Rs.150 per shipment
b)	Screening & Certification charges	
	i)Export	Rs.1.50 per kg, subject to minimum of Rs.150 per shipment
	ii) Domestic outbound	Rs.1.32 per kg, subject to minimum of Rs.120 per shipment
c)	Escorting Charges From export cargo terminal to aircraft or vice versa	Rs.1.50 per kg, subject to minimum of Rs.1,500 per flight

**Note:**

- a) All the above charges are excluding GST, which will be levied at applicable rates announced by Govt from time to time.