

F. No. AERA/20010/MYTP/KSIE/C/TVM/CP-II/2016-17/

Consultation Paper No. 12/2019-20



Airports Economic Regulatory Authority of India

To Consider the Annual Tariff Proposal for Tariff Year 4 and Tariff Year 5 (01.04.2019 to 31.03.2020 & 01.04.2020 to 31.03.2021) of the second control period (01.04.2016-31.03.2021) of M/s Kerala State Industrial Enterprises Ltd. (KSIEL) for providing Cargo Handling services at Trivandrum International Airport.

New Delhi: 23rd December, 2019

**AERA Building
Administrative Complex
Safdarjung Airport
New Delhi - 110003**

The Authority had issued Multi Year Tariff Order (MYTO) No. 36/2017-18 dated 23.01.2018, ordering that the cargo handling service rendered by KSIE at Trivandrum International Airport, is “not material” and hence the Authority will adopt “light touch approach” for determination of tariff for the second control period w.e.f. 01.04.2016-31.03.2021. The Authority also determined the tariff for 1st, 2nd & 3rd tariff year of the 2nd control period accordingly. Further the tariffs prevailing as on 31.03.2019 is extended up to 31.03.2020 vide various orders issued by AERA from time to time.

2. As per clause 7.4 of the Authority’s Guidelines [Airports Economic Regulatory Authority of India (Terms and Condition for determination of tariff for services provided for Cargo Facility, Ground Handling and Supply of Fuel to the Aircraft) Guidelines, 2011], after issuance of the MYTO, the service provider shall submit to the Authority its ATP (s), provided that an ATP shall be submitted at least 75 days prior to the start of the Tariff Year. As per the clause 11.2 of the Guidelines, the ATP is required to be submitted in the form and manner as provided in Appendix AI 8.2 wherein it is mentioned that the ATP should be supported by:

- Form B and Form F14 (b),
- Detail of consultation with stakeholders
- Evidence of User Agreements clearly indicating the Tariff(s) proposed by the service provider.

3. M/s Kerala State Industrial Enterprises Limited (KSIEL) has submitted its ATP for Tariff year 4 (2019-2020) and Tariff year 5 (2020-21) vide submission dated 19.10.2019. M/s KSIEL has also submitted the Annual Compliance Statement (ACS) for the FY 2016-17 to 2017-18 along with a Chartered Accountant’s Certificate stating that the financial statements submitted are based on the data compiled by the management from the unaudited financials approved by the Board of Directors of the company. M/s KSIEL has also submitted a copy of the customs approval for Cargo operations up to 31.12.2023 vide letter dated 21.12.2018.

4. On a review of the existing approved tariff rates of M/s KSIEL, Trivandrum with the proposed tariff rates for Tariff year 4 and Tariff year 5, it has been observed that M/s KSIEL has proposed 19% increase in TSP charges of export general cargo and 14% increase for perishable cargo, however no increase is proposed for valuable cargo and X-ray charges. 50% increase is proposed for import general cargo.

5. In support of the proposed increase in tariff, KSIEL has submitted that:

- Rs. 180 Lakhs is proposed to invest in FY 2020-21
- Increase in lease rent from Rs.243 to Rs.1575 per sq. mtr. by Airports Authority of India
- Increase in administrative and other running cost
- Decrease in cargo volume.

6. The Authority has observed that, as per the submission, the volume of cargo handled by KSIEL at Trivandrum airport is reduced from 27872 MT in 2016-17 to 26169 in 2017-18. As per the submissions, M/s KSIEL incurred a loss of Rs. 0.97 lakhs in 2016-17 and Rs. 133.25 lakhs in 2017-18. The Authority also observed that M/s KSIEL has conducted the User Consultation meeting on 19.07.2019 but the stakeholders are unwilling to increase the tariff for the time being but agreed for a

bilateral dialogue, if required. However the users highlighted the requirement of improved infrastructure facilities in cargo terminal before effecting revision in tariff. In this regard KSIEL has stated that proportionate tariff hike quintessential to stay in the line meeting all expenditure. Further they have decided to purchase new equipments also to improve the infrastructure facility in cargo terminal. In view of justifications submitted by KSIEL viz. loss for the last two years, decrease in the volume, the Authority proposed to consider the revised proposal submitted by KSIEL and seek the comments of the stakeholders on the proposed increase in tariffs by KSIEL.

7. M/s KSIEL further informed that the lease agreement with AAI for the land taken on lease is not renewed and the same is under litigation due to enhanced licence fee imposed by AAI. However, the Authority noted that M/s KSIEL is operating the Cargo Handling Service at Trivandrum International Airport since 1979.

8. The Authority has carefully considered the ATP for fourth and fifth tariff years submitted by M/s KSIEL and decided to make the following proposal for stakeholder consultation.

- (i) The Authority proposes to allow KSIEL to continue the levy of tariffs existing as on 31.03.2019 till implementation of revised tariff for FY 2019-20.
- (ii) The Authority proposes the revised tariff as proposed by M/s KSIEL for FY 2019-20 and F Y 2020-21 as per “**Annexure I**”.
- (iii) Tariff proposed as above will be maximum and demurrage free period shall be as per Government orders issued from time to time.

9. In accordance with the provisions of section 13(4) of the AERA Act, the proposal contained in para 8 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 at **Annexure – II**. For removal of doubts, it is clarified that the contents of this Consultation Paper may not be construed as any Order or Direction of the Authority. The Authority shall pass an Order, in the matter, only after considering the submissions of the stakeholders in response hereto and making such decision fully documented and explained in terms of the provisions of the Act.

10. The Authority welcomes written evidence-based feedback, comments and suggestions from stakeholders on the proposal made in para 8 above, latest by **13.01.2020** at the following address:

**Director (P & S),
Airports Economic Regulatory Authority of India,
AERA Building,
Administrative Complex,
Safdarjung Airport, New Delhi- 110003
Email: chairperson@aera.gov.in
Gita.sahu@aera.gov.in
Tel: 011-24695042
Fax: 011-24695039**

(Chairperson)

Annexure - I			
KSIE - Trivandrum			
International Cargo			
Type of Cargo		Proposed Rate (in Rs) FY 2019-20 & FY 2020-21	
		per kg	Rate
A.	Export Cargo		
a	Terminal, Storage and Processing Charges		
	General Cargo	0.95	150.00
	Valuable Cargo	6.00	1000.00
	Perishable	0.80	150.00
	News Paper and TV reel consignment	0.70	125.00
b	Demurrage charges		
	General Cargo	0.95	150.00
	Valuable Cargo	10.00	1500.00
	Perishable	0.80	150.00
	News Paper and TV reel consignment	0.70	125.00
c	X-ray Screening charges	1.50	0.00
B	Import Cargo		
a	TSP		
	General Cargo	4.50	200.00
	Valuable Cargo	6.00	1000.00
	Perishable	3.00	150.00
	News Paper and TV reel consignment	0.70	125.00
b	Demurrage charges		
b1	General Cargo		
	up to 7 days	0.00	0.00
	IIInd week (8 to 14 days)	1.20	250.00
	IIIrd week (15 to 21 days)	1.50	250.00
	IVth week onwards (from 22nd day onwards)	1.65	250.00
b2	Valuable Cargo		
	8th day onwards	10.00	1500.00
b3	Perishable	0.70	150.00
b4	News Paper and TV reel consignment	0.70	125.00
C	Charges for handling Transshipment Cargo		
c1	Tansshipment charges- International to International	3.00	250.00
c2	Tansshipment charges- International to Domestic	3.00	250.00



KERALA STATE INDUSTRIAL ENTERPRISES LTD.

(A Government of Kerala Undertaking)

St. Joseph's Press Buildings, Cotton Hill, Thiruvananthapuram-695 014, Kerala, India

Telephone : 0471-2326913, 2326947, 2324159, 2331157, Fax : 2334590, Website : www.ksie.net, E-mail : ksiettd@gmail.com

No.ACC/60(5)/ 581

19.10.2019

The Secretary

Airport Economic Authority of India

Government of India

AERA Building, Administrative Complex

Safdurjung Airport , New Delhi-110003.

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

प्राप्त

डायरी नं० 14383
तारीख 25/10/19

Sir,

Sub: Submission of Annual Tariff Proposal for the year 2020-21 in respect of KSIE Ltd for providing Cargo Services at Thiruvananthapuram and Calicut Airports- reg.

Ref: Letter No.AERA/20010/MYTP-KSIE/C/TVM/CP-II/2016-17/13093 dated 15/10/2019.

With reference to the above, we hereby submit our Tariff proposal for the year 2020-21 pertaining to Trivandrum Air Cargo Terminal (TACT) and Calicut Air Cargo operated by us. As per clause A1.8.2 of the terms and conditions for determination of Tariff, we are furnishing herewith the following:

- 1 Annual Compliance Statement (Form 16) duly certified by Independent Auditor for FY 2016-17 to 2017-18. Since the Auditing for FY 2018-19 is not yet completed, the same could not be submitted herewith. However once the same is completed, it will be submitted accordingly.
- 2 Minutes of the meeting held on 19/7/2019 with the stake holders of Thiruvananthapuram and Calicut (Annexure I & 2).
- 3 Summary of the concerns expressed by the stakeholders during the meeting and remedial action taken on the comments (Annexure 3).
- 4 ATP for 2020-21 for Trivandrum and Calicut Airports (Annexure-4 & 5)
- 5 Justification for increase in tariff
- 6 Form B duly filled and signed
- 7 Capex Proposed



- 8 Copy of Government Order for doing the Cargo Operation in Trivandrum and Agreement with AAICLAS at Calicut & Copy of the Custodianship given by Customs for cargo Operation in both Trivandrum and Calicut International Airports

We request the Authority to kindly approve the Annual Tariff Proposal for our Thiruvananthapuram and Calicut Airports for the year 2020-21.

Thanking you,

Yours faithfully,

For **KERALA STATE INDUSTRIAL ENTERPRISES LTD**



(JAYARAJ P.V)

GENERAL MANAGER (ACC)

CHARTERED ACCOUNTANT CERTIFICATE

We, Mohan & Mohan Associates, Chartered Accountants, Trivandrum, Kerala, have performed agreed upon procedures agreed with respect to certification of Annual compliance report for Tariff Year 2017-18 as per formats prescribed by Airport Economic Regulatory Authority (the Authority) through their guidelines issued on 10th January, 2011 under the category "Not Material – Light Touch Approach" of M/s. Kerala State Industrial Enterprises Ltd, Trivandrum, Kerala for their Trivandrum Air Cargo Complex.. Our engagements was undertaken in accordance with the standard of related services(SRS) 4400 on "Engagements to perform Agreed upon procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

In connection with certification of the Annual Performance Report for Tariff Year 2017-18 of the Trivandrum Air cargo Complex, vide formats F 16 to F 19 prescribed by the Authority we have reviewed the un audited financial statements of the company provided to us and the Multi Year Tariff Proposal(MYTP) submitted by the Company before the Authority and certify that the figures as disclosed in Annexure 1 to Annexure 4 (From F16 to F19) are based on the data compiled by the Management from the unaudited Financials approved by the Board of Directors of the company and MYTP submitted by the Company. Since the procedures performed in connection with the above Certification do not constitute an audit or a review made in accordance with the generally accepted auditing standards in India, Accordingly we do not express any opinion.

This report should not be used, circulated, quoted or otherwise referred to for any other purposes or any other document, except that reference may be made to it in any documents to be submitted to the Airport Economic Regulatory Authority.

For Mohan & Mohan Associates
Chartered Accountants

R.Suresh Mohan
Partner(M.No.013398)

Date: 18.10.2019
Ref: TACC/2017-18



Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2017-18
Trivandrum Aircargo Complex

Form F16: Performance Report for the Tariff Year (Only for ISP)

Annexure 1

Financial Year 2017-18_Trivandrum	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Total Revenue From Regulated Services (1)	38552040.00	52058000.00
Total Revenue From Services Other Than Regulated Services (2)	3619037.00	3880000.00
Operating Expenditure (3)	53144814.00	50346000.00
Depreciation (4)	2367000.00	2639000.00
Total Expenditure (3) + (4) = (5)	55511814.00	52985000.00
Regulatory Operating Profit (1) + (2) - (5) = (6)	-13340737.00	2953000.00
Capital Expenditure (7)	0.00	0.00
Opening Regulatory Asset Base (RAB) (8) ***	36197000.00	38836000.00
Disposals/ Transfers (9)	0.00	0.00
Closing Regulatory Asset Base (RAB) (7) + (8) - (4) - (9) = (10) ***	33830000.00	36197000.00
Average Regulatory Asset Base (RAB) [(8) + (10)] / 2 = (11) ***	35013500.00	37516500.00
WACC %	11.27%	11.27%
Return On Average Regulatory Asset Base Based On WACC% (RAB) (12) ***	3946021.45	4228109.55
Return On Average RAB **	-38.10%	7.87%
Corporate Tax On Return On Regulatory Asset Base (RAB) (13)		0.00
ARR [(3)+(4)+(12)+(13)-(2)]=14 *	55838798.45	53333109.55
Total Cargo Volume	26169.00	27880.00
Present Yield Cargo	1473.20	1867.22

Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2017-18
Trivandrum Aircargo Complex

Form F17 Revenue from Regulated Services recovered during the Tariff year (Only for ISP)

Financial Year 2017-18_Trivandrum

Annexure 2

2016-17	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Throughput Charges		
Ground Handling Charges		
Cargo Revenue Charges	3,85,52,040	5,20,58,000
Into Plain Services		
Total Revenue From Tariff	3,85,52,040	5,20,58,000

Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2017-18
Trivandrum Aircargo Complex

Form F18 Revenue from Services other than Regulated Services recovered during the Tariff year (Only for ISP)

Annexure 3

Financial Year 2017-18_Trivandrum	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Revenue From Services Other Than Regulated Services 1	3619037.00	3880000.00
Total Revenue From Services Other	3619037.00	3880000.00

Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2017-18
Trivandrum Aircargo Complex

Form F19 Operating Expenditure incurred during the Tariff Year (Only for ISP)
Financial Year 2017-18 Trivandrum

Annexure 4

2016-17	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Payroll Related Expenditure And Provision	7582903.00	11084000.00
Admin & General Expenses	41696404.00	34572000.00
Repair & Maintenance Expenditure	2132093.00	2205000.00
Utilities & Outsourcing Expenses	1733414.00	2485000.00
Total Operating And Maintenance Expenditure	53144814.00	50346000.00

Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2017-18
Trivandrum Aircargo Complex

Form F20 Reconciliation Statement for the Tariff Year (Only for ISP)
Financial Year 2017-18 Trivandrum

Annexure 5

2016-17	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Revenue From Regulated Services	3,85,52,040	5,20,58,000
Revenue From Other Than Regulated Services	36,19,037	38,80,000
Total Revenue	4,21,71,077	5,59,38,000
Pay Roll Costs	75,82,903	1,10,84,000
Repair And Maintenance	21,32,093	22,05,000
Con. Of Stores And Spares		
Electricity And Water Charges	17,33,414	24,85,000
Admin And Other Expenses	4,16,96,404	3,45,72,000
Other Outflows		-
Total Operating Expenditure	5,31,44,814	5,03,46,000
Profit Before Depreciation	(1,09,73,737)	55,92,000
Depreciation And Amortisation	23,67,000	26,39,000
Earning Before Interest And Taxation	(1,33,40,737)	29,53,000
Total Interest And Finance Charges	-	-
Profit/loss Before Tax	(1,33,40,737)	29,53,000
Tax	-	-
Profit/loss After Taxation	(1,33,40,737)	29,53,000
Balance Carried To Balance Sheet	(1,33,40,737)	29,53,000
Adjustment To Reconcile As Per Statutory Accounts	-	-
Operating Profit As Per Statutory Accounts	(1,33,40,737)	29,53,000

Notes:

- a) The above statements are prepared from the unaudited financial statements of the company duly authenticated by the Management, which is prepared as a consolidated statement for the entire operations of the Company.

- b) All direct expense for the Cargo operations are enumerated separately in the statement and unallocated HO Overheads are included under General Administrative Expenses

KERALA STATE INDUSTRIAL ENTERPRISES LTD
PROFIT AND LOSS ACCOUNT TRIVANDRUM AIR CARGO COMPLEX
Statement of Profit and Loss for the year ended 31st March, 2018

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
I. Income	1	3,85,52,040	4,48,20,380
II. Other Income	2	36,19,037	33,60,420
III. Total Revenue (I +II)		4,21,71,077	4,81,80,800
<u>IV. Expenses:</u>			
Employee Benefit Expense	3	75,66,903	86,29,986
Depreciation and Amortisation	4	23,67,000	26,39,000
Other Expenses	5	4,55,61,911	4,66,26,392
IV.Total Expenses		5,54,95,814	5,78,95,378
V. Profit Before Exceptional and Extraordinary items and Tax (III-IV)		(1,33,24,737)	(97,14,578)
VI. Exceptional Items - Provision for Bad Debts		-	-
VII. Profit Before Extraordinary items and Tax (V - VI)		(1,33,24,737)	(97,14,578)
VIII. Extra Ordinary Items		-	-
IX. Profit Before Tax (VII - VIII)		(1,33,24,737)	(97,14,578)
X. Tax Expense:			
(1) Current Tax		-	-
(2) Deferred tax		-	-
XI. Profit(Loss) from the period from Continuing Operations		(1,33,24,737)	(97,14,578)
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations (XII - XIII)		-	-
XV. Profit / (Loss) for the period (XI + XIV)		(1,33,24,737)	(97,14,578)
XVI. Earning per Equity Share:			
(1) Basic			
(2) Diluted			
Notes Forming part of the Financial Statement			

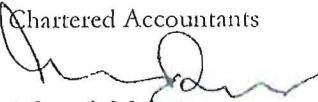
CHARTERED ACCOUNTANT CERTIFICATE

We, Mohan & Mohan Associates, Chartered Accountants, Trivandrum, Kerala, have performed agreed upon procedures agreed with respect to certification of Annual compliance report for Tariff Year 2016-17 as per formats prescribed by Airport Economic Regulatory Authority (the Authority) through their guidelines issued on 10th January, 2011 under the category "Not Material – Light Touch Approach" of M/s. Kerala State Industrial Enterprises Ltd, Trivandrum, Kerala for their Trivandrum Air Cargo Complex.. Our engagements was undertaken in accordance with the standard of related services(SRS) 4400 on "Engagements to perform Agreed upon procedures regarding Financial Information" issued by Institute of Chartered Accountants of India.

In connection with certification of the Annual Performance Report for Tariff Year 2016-17 of the Trivandrum Air cargo Complex, vide formats F 16 to F 19 prescribed by the Authority we have reviewed the un audited financial statements of the company provided to us and the Multi Year Tariff Proposal(MYTP) submitted by the Company before the Authority and certify that the figures as disclosed in Annexure 1 to Annexure 4 (From F16 to F19)are based on the data compiled by the Management from the unaudited Financials approved by the Board of Directors of the company and MYTP submitted by the Company. Since the procedures performed in connection with the above Certification do not constitute an audit or a review made in accordance with the generally accepted auditing standards in India, Accordingly we do not express any opinion.

This report should not be used, circulated, quoted or otherwise referred to for any other purposes or any other document, except that reference may be made to it in any documents to be submitted to the Airport Economic Regulatory Authority.

For Mohan & Mohan Associates
Chartered Accountants


R.Suresh Mohan
Partner(013398)

Date: 18.10.2019
Ref: TACC/2016-17



Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2016-17
Trivandrum Aircargo Complex

Form F16: Performance Report for the Tariff Year (Only for ISP)

Annexure 1

Financial Year 2016-17 _Trivandrum	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Total Revenue From Regulated Services (1)	44820380.00	52058000.00
Total Revenue From Services Other Than Regulated Services (2)	3360420.00	3880000.00
Operating Expenditure (3)	55256378.00	50346000.00
Depreciation (4)	2639000.00	2639000.00
Total Expenditure (3) + (4) = (5)	57895378.00	52985000.00
Regulatory Operating Profit (1) + (2) - (5) = (6)	-9714578.00	2953000.00
Capital Expenditure (7)	0.00	0.00
Opening Regulatory Asset Base (RAB) (8) ***	36197000.00	38836000.00
Disposals/ Transfers (9)	0.00	0.00
Closing Regulatory Asset Base (RAB) (7) + (8) - (4) - (9) = (10) ***	33558000.00	36197000.00
Average Regulatory Asset Base (RAB) [(8) + (10)] / 2 = (11) ***	34877500.00	37516500.00
WACC %	11.27%	11.27%
Return On Average Regulatory Asset Base Based On WACC% (RAB) (12) ***	3930694.25	4228109.55
Return On Average RAB **	-27.85%	7.87%
Corporate Tax On Return On Regulatory Asset Base (RAB) (13)		0.00
ARR [(3)+(4)+(12)+(13)-(2)]=14 *	58465652.25	53333109.55
Total Cargo Volume	27872.00	27880.00
Present Yield Cargo	1608.08	1867.22

Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2016-17
Trivandrum Aircargo Complex

Form F17 Revenue from Regulated Services recovered during the Tariff year (Only for ISP)

Financial Year 2016-17 _Trivandrum

Annexure 2

2016-17	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Throughput Charges		
Ground Handling Charges		
Cargo Revenue Charges	4,48,20,380	5,20,58,000
Into Plain Services		
Total Revenue From Tariff	4,48,20,380	5,20,58,000

Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2016-17
Trivandrum Aircargo Complex

Form F18 Revenue from Services other than Regulated Services recovered during the Tariff year (Only for ISP)

Annexure 3

Financial Year 2016-17 _Trivandrum	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Revenue From Services Other Than Regulated Services 1	3360420.00	3880000.00
Total Revenue From Services Other	3360420.00	3880000.00

Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2016-17
Trivandrum Aircargo Complex

Form F19 Operating Expenditure incurred during the Tariff Year (Only for ISP)
Financial Year 2016-17 Trivandrum

Annexure 4

2016-17	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Payroll Related Expenditure And Provision	8629986.00	11084000.00
Admin & General Expenses	42236952.00	34572000.00
Repair & Maintenance Expenditure	2159861.00	2205000.00
Utilities & Outsourcing Expenses	2229579.00	2485000.00
Other Outflows	0.00	
Total Operating And Maintenance Expenditure	55256378.00	50346000.00

Kerala State Industrial Enterprises Limited, Trivandrum
Annual Compliance Status 2016-17
Trivandrum Aircargo Complex

Form F20 Reconciliation Statement for the Tariff Year (Only for ISP)
Financial Year 2016-17 Trivandrum

Annexure 5

2016-17	Actual for the Tariff year under consideration	Forecast as per the Multi Year Tariff Order
Revenue From Regulated Services	4,48,20,380	5,20,58,000
Revenue From Other Than Regulated Services	33,60,420	38,80,000
Total Revenue	4,81,80,800	5,59,38,000
Pay Roll Costs	86,29,986	1,10,84,000
Repair And Maintenance	21,59,861	22,05,000
Con. Of Stores And Spares		
Electricity And Water Charges	22,29,579	24,85,000
Admin And Other Expenses	4,22,36,952	3,45,72,000
Other Outflows		
Total Operating Expenditure	5,52,56,378	5,03,46,000
Profit Before Depreciation	(70,75,578)	55,92,000
Depreciation And Amortisation	26,39,000	26,39,000
Earning Before Interest And Taxation	(97,14,578)	29,53,000
Total Interest And Finance Charges		
Profit/loss Before Tax	(97,14,578)	29,53,000
Tax		
Profit/loss After Taxation	(97,14,578)	29,53,000
Balance Carried To Balance Sheet	(97,14,578)	29,53,000
Adjustment To Reconcile As Per Statutory Accounts		
Operating Profit As Per Statutory Accounts	(97,14,578)	29,53,000


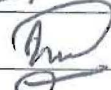
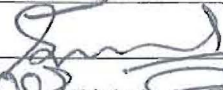
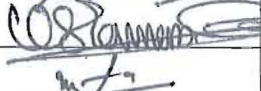

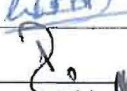

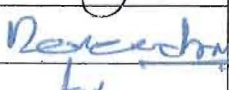
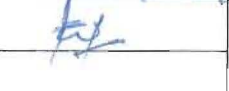

Notes:

- The above statements are prepared from the Unaudited financial statements of the company duly authenticated by the Management, which is prepared as a consolidated statement for the entire operations of the Company.
- All direct expense for the Cargo operations are enumerated separately in the statement and unallocated HO Overheads are included under General Administrative Expenses

KERALA STATE INDUSTRIAL ENTERPRISES LTD
PROFIT AND LOSS ACCOUNT TRIVANDRUM AIR CARGO COMPLEX
Statement of Profit and Loss for the year ended 31st March, 2017

Particulars	Note No.	For the year ended 31 March 2017	For the year ended 31 March 2016
I. Income	1	4,48,20,380	4,66,95,552
II. Other Income	2	33,60,420	31,03,847
III. Total Revenue (I +II)		4,81,80,800	4,97,99,399
<u>IV. Expenses:</u>			
Employee Benefit Expense	3	86,29,986	1,00,71,116
Depreciation and Amortisation	4	26,39,000	29,35,700
Other Expenses	5	4,66,26,392	3,86,77,930
IV.Total Expenses		5,78,95,378	5,16,84,746
V. Profit Before Exceptional and Extraordinary items and Tax (III-IV)		(97,14,578)	(18,85,347)
VI. Exceptional Items - Provision for Bad Debts		-	-
VII. Profit Before Extraordinary items and Tax (V - VI)		(97,14,578)	(18,85,347)
VIII. Extra Ordinary Items		-	-
IX. Profit Before Tax (VII - VIII)		(97,14,578)	(18,85,347)
X. Tax Expense:			
(1) Current Tax		-	0
(2) Deferred tax		-	-
XI. Profit(Loss) from the period from Continuing Operations		(97,14,578)	(18,85,347)
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) from Discontinuing Operations (XII - XIII)		-	-
XV. Profit / (Loss) for the period (XI + XIV)		(97,14,578)	(18,85,347)
XVI. Earning per Equity Share:			
(1) Basic			
(2) Diluted			
Notes Forming part of the Financial Statement			

**MEETING HELD AT CONFERENCE HALL OF TRIVANDRUM AIR CARGO TERMINAL ON 19/07/2019 AT
11.00 AM ON REVISION OF TARIFF OF TRIVANDRUM AIR CARGO TRMINAL**

SI No.	Name & Initials	CONTACT NO.	Designation	Signature
1	DIL KOSHY	9847180090	Secretary APPEPA	
2	Ajesham Sainy	9447063625	President APPEPA	
3	S. RAJAN	9846046229	Rajesh	
4	Iskannan.V	9447069500	Kumbadi food	
5	JAYARAJ P.V	984959072578619	GM-ACC	
6	Prakasam.K.P	9447583670	CS.GMCP, KSIE	
7	Reena.C.P	9447586894	AGM	
8	Swathi K.V	9497746667	Prasanna	
9	Reuben	9656920789	Executive	
10	J.J.SANTHOSH KUMAR	9846992210	SPI General Agent	
11				
12				
13				
14				
15				
16				
17				
18				



JAYARAJ P.V
General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014

MINUTES OF THE MEETING WITH EXPORTERS HELD AT
TRIVANDRUM AIR CARGO TERMINAL (TACT) ON 19/7/2019 AT 1100
AM ON REVISION OF TARIFF OF AIRCARGO AT TACT.

Present:

1. Mr. Prakasan K.P, CS&GMF, KSIE
2. Mr. Jayaraj P.V, GM ACC i/c
3. Mrs. Reena CP, AGM i/c, TACT
4. Mr.Suresh K.V, F&SO, TACT
5. Mr. Raveendran. R, Executive, TACT
6. Mr. I.J Santhosh Kumar, Export in Charge, TACT
7. Mr Abraham Thomas, President, APPEXA, TVM
8. Mr Dil Koshy , Secretary, APPEXA, TVM
9. Mr S Rajan, Proprietor, Rajeeb Enterprises
- 10.Mr Kannan B, Proprietor, Ambadi Foods

The meeting started at 11am as scheduled. At the outset, GM ACC welcomed all the participants.

GM(ACC) intimated that this is a consultation meeting in connection with the Annual Tariff Proposal sent to AERA. He also explained that no revision of tariff has been made for a long period ie from 2013 to 2018 and only a small hike was made last year on arriving at a consensus with the Trade. He also urged the necessity of enhancing the tariff on account of the hike in all related charges including that of lease rent. Details of the proposed tariff revision were also circulated among the Exporters present.

Mr. Dil Koshy observed that AERA is no more involved in the tariff revision of Airports like Trivandrum as a result of the recent Resolution passed by the Parliamentary Committee and hence no need to send the proposal to AERA for rate revision. He also requested us to get the clarification on the matter before working on it.

During discussion, GM(ACC) also informed the Forum that KSIE has agreed to shift the present Export Cargo Operation from Chakai to Shangumughom as requested by AAI for their developmental activities, as per Government decision. On a reply , Mr.Abraham Thomas contented that it was also with the support of the Exporters , KSIE obtained the land for cargo operation at Chakai.

Mr. Kannan intimated that they carry out the export operations in TVM with much difficulty within the limited infrastructure facilities provided. He further suggested that the export operations can be expanded to an International Standard only on shifting to a newly constructed Export Terminal in accordance with the earlier proposal to construct a state of the art Cargo Complex in the land acquired by Government of Kerala. GM(ACC) replied that proposal for a State-of- the-art Cargo Terminal is already submitted to Government.

During discussion Mr. Abraham Thomas mentioned the facilities provided by us in the Export Terminal and requested us to improve the same as far as possible. He also expressed the probability of entry of Airports Authority of India to Trivandrum Airport as Custodian of Air Cargo Operations. He also indicated the present scenario of Tendering for Trivandrum Airport Operation and uncertainty on the matter.

Considering all the above, the Exporters made it clear that they are unwilling to enhance the tariff for the time and but agreed for a bilateral dialogue on the matter if found required, after two months.

With vote of thanks, the meeting came to an end by 12.30 pm.



JAYARAJ. P.V


General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014



Summary of concerns expressed by Stake Holders of Trivandrum and Calicut Air Cargo Complexes during the meeting of 19th July 2019 and through discussions.

1. No need to increase the tariff as the same was increased in 2018-19.
2. Requirement of improved infrastructure facilities in the cargo Terminal before effecting the revision in tariff
3. Revision of tariff can be discussed later taking into account the present business scenario




JAYARAJ. P.V
General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014

Annexure 3

Details of remedial action taken by KSIE on the concerns raised by the Stake Holders

Concerns raised by the Stake Holders	Remedial measures
No need to increase the tariff for the time	Since all the related expenses have been increased, proportionate hike in the tariff quintessential to stay in the line meeting all expenditure.
Requirement of Improved Infrastructure at Terminal	Company has decided to purchase equipments like x-ray machine, ETD machine, Trolleys etc
The matter of Revision of tariff can be discussed later	Taking into account the increase in outlay , Company is forced to enhance the tariff



JAYARAJ. P.V
General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014

The Secretary

Airports Economic Regulatory Authority of India

AERA Building, Admn Building

Safdarjung Airport, New Delhi

**ANNUAL TARIFF PROPOSAL FOR 2020-2021
OF TRIVANDRUM AIR CARGO TERMINAL FOR THE CARGO SERVICES PROVIDED BY
KERALA STATE INDUSTRIAL ENTERPRISES LTD (KSIE)**

Particulars		Existing Rate	Proposed rate
I EXPORT CARGO			
a Terminal Storage & Processing Charges (TSP)			
	Perishable Cargo	Rs.0.60 per Kg sub to Min.125/- per AWB	Rs.0.80 per Kg sub to Min.150/- per AWB
	General Cargo	Rs.0.80 per Kg sub to Min.150/- per AWB	Rs.0.95 per Kg sub to Min.150/- per AWB
	News paper & TV reel	Rs.0.70 per Kg sub to Min 125/-AWB	Rs.0.70 per Kg sub to Min 125/-AWB
	Valuable Cargo	Rs.6.00 per Kg sub to Min1000/- per AWB	Rs.6.00 per Kg sub to Min1000/- per AWB
b Demurrage			
	Perishable Cargo	Rs.0.70 per Kg per day above 36 hours sub to Min.125/-per AWB	Rs.0.80 per Kg per day above 36 hours sub to Min.150/-per AWB
	General Cargo	Rs.0.80 per Kg per day above 36 hours sub to Min.150/-per AWB	Rs.0.95 per Kg per day above 36 hours sub to Min.150/-per AWB
	News paper & TV reel	Rs.0.70 per Kg per day above 36 hours sub to Min.125/-per AWB	Rs.0.70 per Kg per day above 36 hours sub to Min.125/-per AWB
	Valuable Cargo	Rs.10/- per Kg per day above 36 hours sub to Min.1500/- per AWB	Rs.10/- per Kg per day above 36 hours sub to Min.1500/-per AWB
c	X-ray Screening Charges	Rs.1.50 / Kg for Perishable/ General Cargo	Rs.1.50 / Kg for Perishable/ General Cargo

II <u>IMPORT CARGO</u>			
a <u>Terminal Storage & Processing Charges (TSP)</u>			
	General Cargo/Unaccompanied Baggage/Commercial Cargo (1-7 days)	Rs.3/- per Kg sub to Min.150/- per AWB	Rs.4.50 per Kg sub to Min.200/-per AWB (1-7 days)
b <u>Demurrage- General Cargo/UB/CC</u>			
	8-14 days	Rs.0.90/Kg/Day sub to Min 225/- AWB	Rs.1.20/Kg/day sub to Min 250/- AWB (8 to 14 days)
	15-21 days	Rs.1.10/Kg/Day sub to Min 225/- AWB	Rs.1.50/Kg/day sub to Min 250/- AWB (15 to 21 days)
	22nd day onwards	Rs.1.25/Kg/Day sub to Min 225/- AWB	Rs.1.65/Kg/day sub to Min 250/- AWB (22nd day onwards)
c <u>Valuable Cargo-TSP/Demurrage</u>			
	TSP 1-7 days	Rs.6/- per Kg sub to Min.1000/-per AWB	Rs.6/- per Kg sub to Min.1000/-per AWB
	Demurrage - 8th day onwards	Rs.10/- per Kg per day sub to Min.1500/-per AWB	Rs.10/- per Kg per day sub to Min.1500/-per AWB
d <u>Perishable Cargo-TSP</u>			
	Demurrage	Rs.3.00/Kg sub to Min 150/- per AWB	Rs.3.00/Kg sub to Min 150/-per AWB
	Demurrage	Rs.0.70 per Kg per day above 36 hours sub to Min.150/-per AWB	Rs.0.70 per Kg per day above 36 hours sub to Min.150/-per AWB
e <u>News paper & TV reel -TSP</u>			
	Demurrage	Rs.0.70 per Kg sub to Min.125/-per AWB	Rs.0.70 per Kg sub to Min.125/-per AWB
	Demurrage	Rs.0.70 per Kg per day above 36 hours sub to Min.125/-per AWB	Rs.0.70 per Kg per day above 36 hours sub to Min.125/-per AWB
III <u>Transshipment Cargo</u>			
	Transshipment Charges- International to International	Rs.3/- per Kg sub to Min.250/- per AWB	Rs.3/- per Kg sub to Min.250/-per AWB
	Transshipment Charges- International to Domestic	Rs.3/- per Kg sub to Min.250/- per AWB	Rs.3/- per Kg sub to Min.250/-per AWB

for KERALA STATE INDUSTRIAL ENTERPRISES LIMITED



MANAGING DIRECTOR

ANIL KUMAR. P.N
Managing Director
Kerala State Industrial Enterprises Ltd.
Joint Director of Industries & Commerce Dept.

Justification for increase in tariff

Authority may kindly note that no increase in the tariff was made during the year 2007-11. Later, a nominal increase was made only in the year 2012 & 2013 and no increase was made during 14-15, 15-16, 16-17, 17-18. Later in the year 2018-19 a substantial increase was made as approved by AERA and in consultation with the Stakeholders. Though we applied for a revision in tariff for 2019-20, it could not be effected due to technical reasons.

Now we are submitting ATP for 2020-21 with a view to compensate the regular, recurrent and capital expenditure for the said period especially on the ground of hike in price and other allied expenditure.

It is hereby informed that KSIE has added additional infrastructure in Trivandrum as well as Calicut Cargo Complexes. A new x-ray Machine has already been installed recently at Calicut and necessary supporting facilities like trolleys, Office automation items, maintenance of the Building etc have been done at Calicut recently. Moreover, yet another x-ray machine is going to be purchased for Calicut. Regarding Manpower, new joinees have come in various posts of Cargo Operations and more contract staff is appointed in addition to the trainees/apprentices.

Likewise, a new x-ray Unit and ETD machine will be purchased for Trivandrum and the approval for the same has been given by the Board. Regarding ETD Machine, the tender formalities have been completed for the purchase. Regarding maintenance of Warehouse, the flooring of examination area of Import warehouse was completed recently using costly stones. More Office of automation items, Trolleys, etc are recurrent items of purchase. Regarding Manpower, new joinees have come in various posts of Cargo Operations and more contract staff is appointed in addition to the trainees/apprentices.

Moreover, in the case of Trivandrum, the Lease rent of AAI has been increased exorbitantly over 400% to the then existing rate since 2014 and the same is now a big figure. In the case of Calicut, Export operation is done on revenue



JAYARAJ, P.V
General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014

sharing basis with AAICLAS. Due to several reasons the volume is getting affected and so the revenue.

Additionally, expenses towards purchase of Diesel, Electricity, Water, Transportation, other consumables have increased substantially and so the outlay too.

Since all the above said expenditures are to be met from the income through Air Cargo Operations, substantial increase in the tariff is quintessential especially for making the operation feasible.


JAYARAJ. P.V
General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014



**KERALA STATE INDUSTRIAL ENTERPRISES LTD.***(A Government of Kerala Undertaking)*

St. Joseph's Press Buildings, Cotton Hill, Thiruvananthapuram-695 014, Kerala, India

Telephone : 0471-2326913, 2326947, 2324159, 2331157, Fax : 2334590, Website : www.ksie.net, E-mail : ksietd@gmail.com

Form B

**BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA
AT NEW DELHI**SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON
BEHALF OF:**TRIVANDRUM AIR CARGO TERMINAL
M/S. KERALA STATE INDUSTRIAL ENTERPRISES LTD**

I, Mr. Anilkumar P.N, aged 49 years, resident of Puthoor acting in my official capacity as Managing Director in M/s. KERALA STATE INDUSTRIAL ENTERPRISES LTD, having its registered office at 1st Floor, St. Josephs Press Buildings, Cotton Hill, Trivandrum-695 014 do hereby state and affirm as under that:

- 1 That I am duly authorized to act for and on behalf of Trivandrum Air Cargo Terminal, Trivandrum in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('the Authority').
- 2 I am competent to make this submission before the Authority.
- 3 I am making this submission in my Official capacity and the facts stated herein are based on official records.
- 4 The contents of the Annual Compliance Statement submission are correct and true to my knowledge and belief and nothing material has been concealed there from.

For **KERALA STATE INDUSTRIAL ENTERPRISES LTD****ANILKUMAR P.N
MANAGING DIRECTOR**

Place : Trivandrum.

Date : 19/10/2019



Details of Capex proposed (2020-21)

Trivandrum Air Cargo Terminal

Purchase of X-ray machine for Export	Rs.50 Lakhs
Purchase of X-ray machine for proposed Courier Terminal Export	Rs.50 Lakhs
Purchase of ETD Machine for Export	Rs.50 Lakhs
Trolleys	Rs.2 lakhs
Maintenance of Building	Rs. 20 lakhs
Furniture and Fixtures	Rs. 8 lakhs

Calicut Air Cargo Complex

Purchase of X-ray machine	Rs.50 Lakhs
Hydraulic Trolleys	Rs.2 lakhs
Maintenance of Building	Rs. 20 lakhs
Furniture and Fixtures	Rs. 8 lakhs




JAYARAJ. P.V
General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014



भारत सरकार GOVERNMENT OF INDIA
वित्त मंत्रालय MINISTRY OF FINANCE
राजस्व विभाग DEPARTMENT OF REVENUE

सीमा शुल्क (निवारक) आयुक्त का कार्यालय
OFFICE OF THE COMMISSIONER OF CUSTOMS (PREV)

पाँचवी मंज़िल, कैथोलिक सेंटर, ब्रॉडवे, कोच्ची - 682031
5TH FLOOR, CATHOLIC CENTRE, BROADWAY, KOCHI - 682031

E-mail: cusprevhq.ker@nic.in

Phone: 0484-2870400/2355067

Fax : 0484-2355065

C. No. VIII/48/40/2018-CCP-Tech

Date : 21.12.2018

Sub:-Customs Air Cargo Complex,Trivandrum-Handling of Cargo in
Customs Area Regulations,2009-Renewal_reg.

Attention is invited to letter C.No.VIII/48/01/2010-Cus(T) dated:
26-12-2016 issued by the Joint Commissioner of Central Excise,Customs
and Service Tax,I.C.E Bhavan,Press Club Road,Trivandrum-01.

In continuation to the above ,Commissioner has extended the
approval granted to M/s Kerala State Industrial Enterprises
Ltd,Trivandram (Custodian of Air Cargo Complex,Trivandrum) to
function as Customs Cargo Service Provider (CCSP) under the provisions
of " Handling of Cargo in Customs Areas Regulations,2009" issued vide
Notification No.26/2009-Cus(NT) dated: 17-3-2009, as amended, for a
further period of five years, up to 31-12-2023.

The CCSP shall take urgent remedial measures to rectify the
deficiencies as pointed out by the Assistant Commissioner of Customs,
ACC,Trivandrum issued vide letter C.No.VIII/48/31/2018ACC (I &E)
dated: 25-10-2018 in the light of the relevant provisions prescribed under
HCCAR, 2009.

Further, a Bond as stipulated under Regulation 5(3), ibid, may be
executed by M/s KSIE to cover the extended period of approval to
function as the CCSP ,with a clause of insurance renewal every year.

(अनिश पी राजन / ANEISH P RAJAN)

संयुक्त आयुक्त / JOINT COMMISSIONER

To,

M/s Kerala State Industrial Enterprises Ltd,
(Custodian/CCSP),ST.Joseph's Press Building,
Cotton Hill,Trivandrum-14

Copy to:

The Assistant Commissioner of Customs,
Air Cargo Complex,Trivandrum -for information and necessary
follow up action.

JAYARAJ. P.V

General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014



GOVERNMENT OF KERALA

Abstract

Air Cargo Complex in Kerala - Establishment of - Orders issued

INDUSTRIES (E) DEPARTMENT

G.O.MS No. 215/79/ID

Dated, Trivandrum, 30-4-1979

Read: Letter No. 11-15/77/Air(T) dated 31-3-1979 from
Government of India, Ministry of Commerce, Civil
Supplies and Co-operation, Dept. of Commerce, New Delhi

ORDER

The Government of India have taken a policy decision to set up "Integrated Air Cargo Complexes" one in each State. In pursuance of this decision, the Govt. of Kerala ordered to conduct a traffic survey to assess the potentialities of goods that can be diverted as air cargo, as a preliminary to the setting up of an air cargo complex in the State.

Accordingly the Director, Bureau of Economics & Statistics conducted a traffic survey and the finding of the survey is that the Air Cargo Potential of the State is quite promising and justifies the setting up of the Air Cargo Complex in the State.

In the circumstances Government agrees to the setting up of an Air Cargo Complex in this State and order that the Air Cargo Complex be established at Trivandrum.

Government are also pleased to declare the Kerala State Industrial Enterprises Ltd. as the agency for running the Complex.

(By Order of the Governor)
M. Vijayan Unni Nambiar
Additional Secretary to Govt.

To

MD, KSIE

Copy to GAD(SC) vide item No. 557

Forwarded/By Order

Sd/
Section Officer

JAYARAJ. P.V

General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014



All communications should be addressed to the Secretary to the Government of India, Ministry of Commerce by title, NOT by name.

3223

No. 11/37/79-AIR(T)

भारत सरकार

वाणिज्य मन्त्रालय

12

S.F.S. W.P.L.R. D.M. M.M. O.A. PRA			
GOVERNMENT OF INDIA			
MINISTRY OF COMMERCE CIVIL			
SUPPLIES & COOPERATION (DEPT. OF COMMERCE)			
TRIVANDRUM			

New Delhi, the... May,1979

To

ANNEXURE - II

Managing Director,
Kerala State Industrial Enterprises Ltd.,
Basant P.B.No.806, Kaudiar -
Trivandrum - 695003

Subject: - Functioning of integrated air cargo complex at Trivandrum airport -
Nomination of agency.

.....

Sir,

In pursuance of the decision taken in the highlevel meeting held at Trivandrum on 26th April, 1979, it has been agreed in consultation with the Government of Kerala and the Central Board of Excise and Customs to set up an integrated air cargo complex at Trivandrum airport. While the Government of Kerala are arranging construction of a building to house the proposed air-cargo complex, the CBEC have agreed that, to begin with, customs clearance facilities for certain selected items of export would be made available in a temporary premises situated near the Kerala Flying Club. It has also been decided that the Kerala State Industrial Enterprises Ltd., would be the State Government's nominated agency to run the proposed Trivandrum Air cargo complex. The Department of Commerce may please be kept informed from time to time about the functioning of the complex including movement of export traffic and other related matters. We are endorsing copies of this communication to Director General Civil Aviation, Collector of Customs and Central Excise, Cochin, Air India and Indian Airlines.

Yours faithfully,

S. R. Shah
(S. R. Shah)
Director



JAYARAJ P.V.
General Manager (Air Cargo Complexes) i/c
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram -695 014