

KSIE

KERALA STATE INDUSTRIAL ENTERPRISES LTD.

(A Government of Kerala Undertaking)

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BY SPEED POST / FAX

No. ACC/60(02)/433

05/07/2011

The Secretary
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport
New Delhi-110003

DGM (R)

Attn. Sri. C V Deepak (OSD – II)

Dear Sir,

Sub:- KSIE Ltd – Multi Year Tariff Proposal for first Control Period commencing 1.4.2011 for the services provided for Cargo Facility at Calicut International Airport, Calicut - reg.

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08/7/11

Ref:- D.O. No.AERA/20010/MYTP-KSIE/Calicut/C/2011-12/676 dated 22/6/2011.

We have gone through the Consultation Paper No.08/2011-12 issued by AERA, wherein a proposal has been placed for stakeholder consultation, suggesting that the Authority may adopt a 'Light Touch Approach' for determination of tariff for the 1st Control Period w.e.f. 1.4.2011 in respect of the cargo service being rendered by KSIE at Calicut Air Cargo Complex, Calicut International Airport.

2. The assessment made by the Authority is in accordance with the Guidelines issued in the matter. We may, however, be permitted to point out that the last tariff revision in respect of various cargo services at Calicut Air Cargo Complex came into force with effect from 1/4/2007 and these rates are comparatively low compared to the rates for similar services prevailing in other Air Cargo Complexes. At the same time, the Company was called upon to spend substantial amounts on infrastructural and other requirements while commissioning the new Export Bay and the Administrative Complex at Calicut Air Cargo Complex. As per 'Handling of Cargo in Customs areas Regulations 2009' we are also required to provide fully furnished office accommodation, EDI service centre along with attached facilities, residential accommodation and transport facilities etc to Customs Staff. On the strength of this there are continuous demands from the Customs resulting in unanticipated escalation in the costs to be met by us. Thus, it has become imperative to revise the tariff to continue the operation in a viable manner and, in fact, we were considering to revise it from 1/4/2010. However, in the meantime, the service being rendered by us also came under the ambit of AERA, making it mandatory to seek the approval of the Authority before implementing any revision. Though the 1st control period is effective from 1/4/2011, any revision with retrospective effect will not

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Karipur - 673 647
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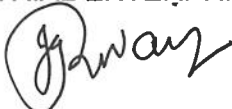
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have any financial impact pertaining to the past period as we will be in a position to collect the revised charges only with prospective effect, and, therefore only a prospective revision alone will be practically possible and helpful for us. We submit before the Authority that these aspects may kindly be considered while passing appropriate orders after considering the submissions of the stakeholders.

Thanking you,

Yours faithfully,
For KERALA STATE INDUSTRIAL ENTERPRISES LTD.


f MANAGING DIRECTOR