



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, 2320208 (MD direct), Fax : 2334590, Website : www.ksie.net, E-mail : info@ksie.net

ANNEXURE-I

No. ACC/60(2) 1523

31st December, 2012

The Secretary
Airports Economic Regulatory Authority of India
AERA Building, Administrative Complex
Safdarjung Airport
New Delhi-110 003.

Sir,

Sub:- Airports Economic Regulatory Authority of India – In the matter of Annual Tariff Proposal for the Third Tariff Year 2013-14 submitted by KSIE Ltd in respect of Cargo Services being provided at Calicut Air Cargo Complex, International Airport, Kozhikode – reg.

Ref:- Order No.14/2012-13 dated 24/7/2012, issued on 13/8/2012.

Kind attention is invited to the above Order wherein the Authority had permitted the Company to continue the tariff approved for the first tariff year 2011-12 during the 2nd tariff year 2012-13 also. While implementing the revised tariff the Company had to allow some discount in respect of import cargo and the rate for import cargo warehousing / demurrage charge during the 2nd tariff year is as under:

<u>Maximum ceiling approved by AERA</u>	<u>Actual tariff in force during 2012-13</u>
1 st week (1 to 7 days) – Minimum Rs.145/- per Package upto 50 kg and Rs.55/- for every additional 50 Kg or part thereof.	Minimum Rs.133/- per package upto 50 kg and Rs.50/- for every additional 50 kg or part thereof.
2 nd week (8 to 14 days)- 65 paise per kg per day from the date of arrival subject to minimum charges.	60 paise per kg per day from the date of arrival Subject to minimum charges.

It is informed that all other tariff /rates for 2012-13 are the same as per conditions of tariff approved by AERA.

2. Now, in compliance with Chapter V read with clause A1.8.2 of Appendix I of the Guidelines dated 10/1/2011 issued by the Authority, we are submitting herewith the Annual Tariff Proposal for the Third Tariff Year 2013-14 along with the following documents:

- Form B, duly filled in and signed.
- Minutes of the meeting held on 14/11/2012 with the stakeholders of Trivandrum and Calicut (Annexure I)
- Summary of concerns expressed by the stakeholders during the meeting and other discussions (Annexure II)

- iv. Remedial measures undertaken by KSIE (Annexure III)
- v. Reasons for not addressing the concerns (Annexure IV)
- vi. ATP for 2013-14 in Form No.14(b) (Annexure V)

3. We have not entered into any written agreement with the users other than the MOU with AAI for sharing the income from Export Operations at the ratio of 30:70. It is further clarified that the tariff proposal is on non-discriminating basis with reference to conditions of tariff and there are no discounts other than volume based tariffs.

4. It is requested that the Authority may kindly approve the Annual Tariff Proposal for 2013-14 for implementation with effect from 1st April, 2013.

5. A CD in which the details in form 14(b) are recorded is also attached.

Thanking you,

Yours faithfully,

For KERALA STATE INDUSTRIAL ENTERPRISES LTD.


MANAGING DIRECTOR

Encl: As above.

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Form B (Ref Section A1.8 of Appendix I)

BEFORE THE AIRPORTS ECONOMIC REGULATORY AUTHORITY OF INDIA AT NEW DELHI

SUBMISSION OF PROPOSAL FOR DETERMINATION OF ANNUAL TARIFF FOR AND ON BEHALF OF :

M/S. KERALA STATE INDUSTRIAL ENTERPRISES LTD in respect of CALICUT AIR CARGO COMPLEX, CALICUT AIRPORT.

I, Febi Varghese, aged 45 years, resident of Thiruvananthapuram, acting in my official capacity as Managing Director in M/s Kerala State Industrial Enterprises Ltd. Having its registered office at St. Joseph's Press Buildings, Cotton Hill, Thiruvananthapuram 695014 do hereby state and affirm as under that:

- I. I am duly authorized to act for and on behalf of M/s Kerala State Industrial Enterprises Ltd in the matter of making this submission before the Airports Economic Regulatory Authority of India, New Delhi ('the Authority').
- II. I am competent to make this submission before the Authority.
- III. I am making this submission in my official capacity and the facts stated herein are based on official records.
- IV. The contents of the Annual Tariff Proposal submission which include inter alia –

(i) ~~Estimated Maximum Allowed Yield per Unit and the proposed detailed break-up of Tariff(s) (in context to estimated maximum allowed yield per unit were determined by the Authority) where the authority has specified a price cap approach for the determination of the Control period pursuant to Clause 3.2~~

OR

Proposed detailed break-up of Tariff(s) based on Clause 11.2 where the Authority has specified a light touch approach for the duration of the Control period pursuant to Clause 3.2 (strikeout whichever is not applicable); and

(ii) Justifications are correct and true to my knowledge and belief and nothing material has been concealed there-from.

Place: Thiruvananthapuram

Date: 31/12/2012


 (FEBI MARGHESE)
 MANAGING DIRECTOR

(8)

Annexure I

Minutes of the Stakeholder Consultation Meeting held on 14/11/2012 at 3.30 pm at TACT Conference Hall, Shanghumughom, Thiruvananthapuram in the matter of submission of Annual Tariff Proposal for the third Tariff year 2013-14 to be submitted by KSIE Ltd to Airports Economic Regulatory Authority of India (AERA) for the services provided for Cargo Facility at the Air Cargo Complexes at Thiruvananthapuram and Kozhikode International Airports under KSIE Ltd.

Attendance – As per statement attached.

Shri A. Abdul Rehiman, General Manager (Air Cargo Complexes), KSIE chaired the meeting.

General Manager (Air Cargo Complexes), KSIE explained the necessity for convening the stakeholders consultation meeting. The finalization of the Annual Tariff Proposals (ATP) for the Trivandrum and Calicut Air Cargo Complexes to be submitted to AERA is due, since the Company has to revise the Tariff with effect from 1/4/2013 for ensuring a continuous viable operation. It was explained in the meeting that as per directions of AERA, the Company had submitted its Annual Tariff Proposal for the first tariff year under the first control period of 5 years from 1/4/2011. However, after approval by AERA the Company could revise the Tariff only with effect from 30/3/2012. The same Tariff was continued for the second Tariff year from 1/4/2012 as there was not much scope for revision of tariff for the second year. There was also request from the stakeholders not to revise the Tariff for the second year. This was also approved by AERA vide the order No.13/2012-2013 and Order No.14/2012-13 for Thiruvananthapuram and Kozhikode Airports respectively. Infact, while implementing the revised tariffs, the Company has fixed lower rates than the ceiling approved by AERA in respect of import demurrage charges and export terminal charges. The Company is now required to submit the Annual Tariff proposal for the third year with effect from 1/4/2013.

General Manager (Air Cargo Complexes), KSIE informed in the meeting that the company has made continual improvements of the infrastructural facilities provided both at Trivandrum and Calicut Air Cargo Complexes. The Company has to honour the obligations under the Customs Cargo Service Providers Regulations 2009 and bear additional cost to increase the deployment of CISF personnel at Trivandrum and Calicut Air Cargo Complexes. Further, Company has to meet the increased land lease amount to AAI and pay GTO Charges etc. The



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Company's business has to be financially viable for sustenance for which revision of tariff is imperative.

Shri. M. Viswanathan, AGM(Fin), Shri. M. Basi Kumar AGM(Fin), Shri. P. Prabhakar DGM(F&A), represented Airports Authority of India and informed in the meeting that the MOU signed between KSIE and AAI for using the Export facility at Kozhikode Airport is due for revision and at present 30% of the income generated from Export Operations is shared with AAI. They opined that the AAI should get 40% of the Export income, lease amount as they decide from time to time for the space and 13% of GTO on total import income generated at Calicut and a provision may be provided in the Annual Tariff Proposal to be submitted before AERA for renewal since 1/4/2013. They also argued that whatever arrangements are finally accepted for Kozhikode Airport, the same may be extended to Thiruvananthapuram also for safeguarding the interests of the AAI. In reply to this, General Manager (ACC), KSIE reiterated in the meeting that if we accommodate any increase either as revenue share or GTO, it will jeopardize the operations of KSIE. This will compel the Company to seek approval for a substantial revision of tariff, which will not be in the interest of the stakeholders. Hence it was requested not to raise any further increase by AAI for safeguarding the interests of all stakeholders. Shri. R. Raghaven representing ACCAI-KR has expressed his concern over the demand of AAI that if they insist on any increase in the present arrangements, it will be a burden for the exporters and importers and other stakeholders. He requested in the meeting that AAI should desist from demanding such claims considering the interest of trade and will retard the development of the Thiruvananthapuram and Kozhikode Airports. This has been also supported by the Airline representatives present in the meeting. Shri. Sureshkumar, Vice President, ACHAT also expressed his concern over this demand by AAI.

General Manager (ACC), KSIE informed in the meeting that the Company is hopeful of getting approval from AERA to increase the Annual Tariff by around 15%.

Shri. R.Raghaven, ACCAI-KR, opined in the meeting that any increase in the Tariff must be in proportion to the quality of service and facility provided in the Export Terminal and the parameters of service should be specified by the Custodian and stated that KSIE is doing a monopoly business and there is no competition for the Company. GM (ACC), KSIE clarified that it is not a monopoly business and the Company is facing competition from CIAL, and other Air Cargo Complexes in the neighboring States. The Exporters and Importers can



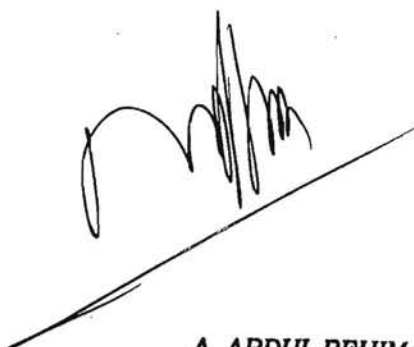
choose the port of their own choice and hence no monopoly of business in the Air Cargo operations. KSIE's charges are still considered to be low among other services providers. Therefore a revision of Tariff is unavoidable.

Shri. Suresh Kumar, Vice President, ACHAT and CEO, Classic Cargo Carriers informed in the meeting that if the Company goes on increasing the Tariff on every year it will be difficult to retain the Exporters and Importers at these Airports. He also demanded that more facility to be provided in the Export Complex like provision for Agents and Airlines Office. They will not favour to any increase in the tariff. GM(ACC) has clarified in the meeting that the export facility created near to the NITB is only a temporary measure till the Company constructs a Cargo Complex as per the master plan of AAI. Sizable profit of the Company has been reinvested to provide more facility for Exporters and Importers. Therefore it is very essential to revise the existing charges.

Shri N Radhakrishna Pillai, ACAAI, Kerala Region has also opined that KSIE should improve quality service provided to Stakeholders. GM ACC replied that both of our Cargo Complexes are ISO Certified and KSIE is providing better services when compared to the services provided by other Cargo Complexes. Wherever there is scope for further improvement, the Company shall definitely do so and continues improvement in the quality of service is Company's motto as per quality standards adopted by the Company.

While summing up the meeting GM (ACC) KSIE ensured that the views, concerns, apprehensions raised in the meeting by the stakeholders will definitely be conveyed to AERA along with the Annual Tariff Proposal (ATP). The meeting was wound up at 5.00 PM .

(True Copy)



A. ABDUL REHIMAN
General Manager (Air Cargo Complexes)
Trivandrum
Trivandrum-095 014



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Annexure II

Summary of concerns expressed by stakeholders of Trivandrum and Calicut Air Cargo Complexes in the meeting held on 14/11/2012.

1. Representatives of AAI raised the demand to share the income from both import and export operations, to be made applicable at both the Airports instead of only export income shared at Calicut Airport.
2. No need for an immediate revision of tariff since KSIE is a profit making Company.
3. Value added services to be provided.



A handwritten signature in black ink is written above a horizontal line. Below the line is a circular stamp. The stamp contains the text "KERALA STATE INDUSTRIAL ENTERPRISES LTD." around the perimeter and "TRIVANDRUM" in the center.

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Annexure III

Details of remedial action taken by KSIE on the concerns raised by the stakeholders:

1. Representatives of AAI raised the demand to share the income from both import and export operations, to be made applicable at both the Airports instead of only export income shared at Calicut Airport.

Remedial measures:

This demand was raised by the AAI Officials at the Unit level in the past also. At Calicut, 30% of the export income is given to AAI based on an MOU for using the facilities provided by them at the Airport. There is no such agreement with AAI for using their facilities for handling import cargo either at Calicut or at Trivandrum. Import cargo is handled in KSIE's complexes duly approved by the Customs. At Trivandrum after commissioning the new International Passenger Terminal, KSIE has been allotted 4000 sq meter land by the AAI for export cargo handling on the basis of higher level decisions for which land lease amount is given to AAI. All these are temporary arrangements pending relocation of Cargo Complexes. These arrangements have the approval of competent authority of AAI as well as the State Government and at present there is no scope to review these arrangements which will be detrimental not only to KSIE but also to other stakeholders as expressed by them in the stakeholder meeting.

2. No need for an immediate revision of tariff since KSIE is a profit making Company.

Remedial measures:

Various charges fixed by KSIE are low compared to the rates prevailing in other Airports. Revision as proposed is essential to maintain minimum profit level especially in the wake of manifold increase in the recurring expenses like CISF security cost, Customs cost etc apart from other infrastructural costs. Apart from these, there is significant fall in the arrival of import cargo (unaccompanied baggage) due to unforeseen customs clearance related issues, affecting the income of the Company.

3. Value added services to be provided.

Remedial measures:

This is being seriously considered by KSIE and the stakeholders will be taken into confidence before venturing into new services.

A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "KSIE INDUSTRIAL ENTERPRISES LTD. TRIVANDRUM" around the perimeter and a small star at the bottom.

Annexure IV

Reasons for not addressing balance concerns

There are no other concerns expressed by the stakeholders.



A handwritten signature in black ink is written above a diagonal line. Below the line is a circular stamp. The stamp contains the text "KERALA STATE INDUSTRIAL ENTERPRISES LTD." around the perimeter and "TRIVANDRUM" in the center, with a small star symbol on either side of the word "TRIVANDRUM".

Form 14(b)

Air Cargo Complex_Karipur KSIE Limited

Annual Tariff Proposal for the Tariff Year 2013-14 - Format for providing information on tariffs (Ref Section AI.8 of Appendix I)

Effective from 1.01.2012

Sl. No	Tariff heading	Conditions of Tariff	Discount/Surcharge	Units (MT)	Revenues (Rs. lakhs)
A	EXPORT CARGO				
I	Terminal charges				
1	Terminal charges -Perishable Cargo	Rs. 0.50 per Kg subject to minimum Rs. 125/- per consignment	Nil	20000	100.00
2	Terminal charges - General Cargo	Rs. 0.80 per Kg subject to minimum Rs. 150/- per consignment	Nil	150	1.20
3	Terminal charges - Valuable cargo	Rs. 5 /-per kg per day, subject to a minimum of Rs.1000/- per consignment	Nil	1	0.05
II	Demurrage charges	Rs.0.50 per kg per day beyond 36 hours subject to a minimum of Rs 100/- per consignment	Nil	Nil	Nil
III	Export Transshipment Cargo	Rs.0.50 kg for perishable and general cargo and Rs.1/- per kg for valuable cargo, in addition to TC/Demurrage charges	Nil	100	0.50
IV	X-ray Screening charges	a) Rs.1/- per kg for perishable cargo and Rs.1.50 per kg for general cargo wherever screening and security certification is done by the concerned Airline	Nil	20000	200.00
V	Forklift / Cooling chamber charges	As per rates fixed for import cargo	Nil	Nil	Nil

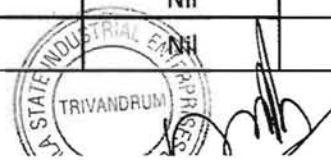


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Sl. No	Tariff heading	Conditions of Tariff	Discount/ Surcharge	Units (MT)	Revenues (Rs. lakhs)
B	IMPORT CARGO				
I	Warehousing /Demurrage charges				
i	Unaccompanied Baggage/ Commercial Cargo				
	1st week (1 to 7 days)	Minimum Rs. 145/- per package upto 50 Kg and Rs 55/- for every additional 50 Kg or part thereof.	Nil	11000	363.00
	IInd week (8 to 14 days)	2nd week - 65 paise per Kg per day from the date of arrival subject to minimum charges.	Nil	200	14.00
	IIIrd week (15 to 21 days)	3rd week - 90 paise per Kg per day from the date of arrival subject to minimum charges	Nil	Nil	Nil
	Ivth week onwards (from 22nd day onwards)	4th week onwards - Rs 1.15 per Kg per day from the date of arrival subject to minimum charges	Nil	Nil	Nil
ii	Valuable Cargo				
	(Gold,Silver,Currency,Jawellery etc requiring locker facility				
	1st week (1 to 7 days)	Rs.5/- per day subject to minimum of Rs.1000/-per consignment	Nil	2	0.35
	8th day onwards	8th day onwards - Rs 10/-per Kg per day from the date of arrival subject to Rs 1500/- per consignment	Nil	Nil	Nil
II	Transportation Charges				
	Upto 50kg	Rs.40/-	Nil		
	51-75kg	Rs.65/-	Nil		
	76-100kg	Rs.90/-	Nil		
	101-150kg	Rs.140/-	Nil		
	For every additional 50kg or part thereof	Rs.50/-	Nil		90.00

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Sl. No	Tariff heading	Conditions of Tariff	Discount/ Surcharge	Units (MT)	Revenues (Rs. lakhs)
III	Handling charges				
	Upto 25kg	Rs.15/-	Nil		
	26 - 50 kg	Rs.25/-	Nil		
	51 - 75 kg	Rs.35/-	Nil		
	76 - 100 kg.	Rs.45/-	Nil		
	101 - 150 kg	Rs.65/-	Nil		
	For every additional 50 kg or part thereof	Rs.20/-	Nil		50
IV	Charges for handling Transshipment Cargo				
1	Handling charges for out-bound TP cargo destined to TACT	Rs.2.50 per kg	Nil		
2	Charges for out-bound TP Cargo destined to other places		Nil		
i	Handling charges at CACC	Rs.2.50 per kg	Nil		
ii	Storage charges per kg for maximum 3 days	Rs.2.00 per kg	Nil		
iii	Total	Rs.4.50 per kg	Nil		
iv	Charges beyond 3 days	Rs.0.50/Kg/day in addition to Rs. 4.50 as per item(iii)above	Nil	2	0.05
3	Handling charges for in-bound TP Cargo	Rs.2.00/Kg	Nil	25	0.50
V	Cooling Chamber charges	Rs.1.40 per kg per day subject to minimum Rs. 250/- per day per consignment, in addition to demurrage charges as applicable.	Nil	Nil	2.00
VI	Refrigerator/Deep Freezer charges	Rs. 100/- upto one week and Rs.150/- per week or part thereof above one week per consignment, in addition to demurrage charges.	Nil	Nil	Nil
VII	Forklift charges Upto 250kg	Rs.100/-	Nil		
	(per piece) 251-500kg	Rs.150/-	Nil		



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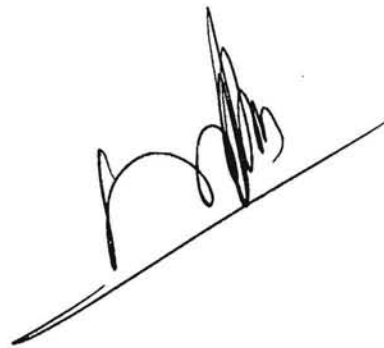
Sl. No	Tariff heading	Conditions of Tariff	Discount/Surcharge	Units (MT)	Revenues (Rs. lakhs)
	501-750kg	Rs.200/-	Nil		
	751-1000kg	Rs.250/-	Nil		
	Above 1000Kg	Rs.250/- + Rs.100 for every 250kg or part thereof	Nil	250	3.00
VIII	Admission Ticket charges	Rs.10/- per ticket	Nil	Nil	3.00
IX	Photo Identity Card charges	Rs.100 per ID card	Nil	Nil	0.50
			Total Revenue		828.15



A. ABDUL REHIMAN
General Manager (Air Cargo Complexes)
Kerala State Industrial Enterprises Ltd.
Thiruvananthapuram-695 014

PROPOSED TARIFF FOR THE FINANCIAL YEAR 2013-14

Sl. No	Tariff Heading	Conditions of Tariff	Remarks
A	EXPORT CARGO		
I	Terminal Charges		
1	Terminal charges -Perishable Cargo	Rs. 0.50 per Kg subject to minimum Rs. 125/- per consignment	5 paise increase from AERA apprvd. Tariff
2	Terminal charges - General Cargo	Rs. 0.80 per Kg subject to minimum Rs. 150/- per consignment	10 paise increase from AERA apprvd. Tariff
3	Newspaper	Rs. 0.50 per Kg subject to minimum Rs. 125/- per consignment	5 paise increase from AERA apprvd. Tariff
4	Terminal charges - Valuable cargo	Rs. 5 /-per kg per day, subject to a minimum of Rs.1000/- per consignment	No change from AERA apprvd. Tariff
II	Demurrage charges	Rs.0.50 per kg per day beyond 36 hours subject to a minimum of Rs 100/- per consignment	No change
III	Export Transshipment Cargo	Rs.0.50 per kg for perishable and general cargo and Rs.1/- per kg for valuable cargo, in addition to TC/Demurrage charges	No change
IV	X-ray Screening charges	a) Rs.1/- per kg for perishable cargo and Rs.1.50 per kg for general cargo wherever screening and security certification is done by the concerned Airline	No change
V	Forklift / Cooling chamber charges	As per rates fixed for import cargo	No change



A. ABDUL REHMAN
 General Manager (Air Cargo Complexes)
 Kerala State Industrial Enterprises Ltd.
 Thiruvananthapuram-695 014

PROPOSED TARIFF FOR THE FINANCIAL YEAR 2013-14


Sl. No	Tariff Heading	Conditions of Tariff	Remarks
B	IMPORT CARGO		
I	Warehousing /Demurrage charges		
	i Unaccompanied Baggage/ Commercial Cargo		
	I st week (1 to 7 days)	Minimum Rs. 145/- per package upto 50 Kg and Rs 55/- for every additional 50 Kg or part thereof.	No change
	II nd week (8 to 14 days)	2nd week - 65 paise per Kg per day from the date of arrival subject to minimum charges.	No change
	III rd week (15 to 21 days)	3rd week - 90 paise per Kg per day from the date of arrival subject to minimum charges	10 paise increase from AERA apprvd. Tariff
	IV th week onwards (from 22 nd day onwards)	4th week onwards - Rs 1.15 per Kg per day from the date of arrival subject to minimum charges	15 paise increase from AERA apprvd. Tariff
	ii Valuable Cargo (Gold, silver, currency, jewellery etc requiring locker facility)		
	I st week (1 to 7 days)	Rs.5/- per day subject to minimum of Rs.1000/-per consignment	No change
	8 th day onwards	8th day onwards - Rs 10/-per Kg per day from the date of arrival subject to Rs 1500/- per consignment	No change
II	Transportation Charges		
	Upto 50kg	Rs.40/-	No change
	51-75kg	Rs.65/-	No change
	76-100kg	Rs.90/-	No change
	101-150kg	Rs.140/-	No change
	For every additional 50kg or part thereof	Rs.50/-	No change


A. ABDUL REHIMAN
 General Manager (Air Cargo Complexes)
 Kerala State Industrial Enterprises Ltd.
 Thiruvananthapuram-695 014

PROPOSED TARIFF FOR THE FINANCIAL YEAR 2013-14

Sl. No	Tariff Heading	Conditions of Tariff	Remarks
III	Handling charges		
	Upto 25kg	Rs.15/-	No change
	26 - 50 kg	Rs.25/-	No change
	51 - 75 kg	Rs.35/-	No change
	76 - 100 kg.	Rs.45/-	No change
	101 - 150 kg	Rs.65/-	No change
	For every additional 50 kg or part thereof	Rs.20/-	No change
IV	Charges for handling Transshipment Cargo		
1	Handling charges for out-bound TP cargo destined to TACT	Rs.2.50 per kg	No change
2	Charges for out-bound TP Cargo destined to other places		
i	Handling charges at CACC	Rs.2.50 per kg	No change
ii	Storage charges per kg for maximum 3 days	Rs.2.00 per kg	No change
iii	Total	Rs.4.50 per kg	No change
iv	Charges beyond 3 days	Rs.0.50/Kg per day in addition to Rs.4.50 as per item (iii) above	No change
3	Handling charges for in-bound TP Cargo	Rs.2.00/Kg	No change
V	Forklift charges (per pieces)		
	Upto 250kg	Rs.100/-	No change
	251-500kg	Rs.150/-	No change
	501-750kg	Rs.200/-	No change
	751-1000kg	Rs.250/-	No change
	Above 1000Kg	Rs.250/- + Rs.100 for every 250kg or part thereof	No change
VI	Cooling Chamber charges	Rs.1.40 per kg per day subject to minimum Rs. 250/- per day per consignment, in addition to demurrage charges as applicable.	No change
VII	Refrigerator/Deep Freezer charges	Rs. 100/- upto one week and Rs.150/- per week or part thereof above one week per consignment, in addition to demurrage charges.	No change
VIII	Admission Ticket charges	Rs.10/- per ticket	
IX	Photo Identity Card charges	Rs.100 per ID card	

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A. ABDUL REHIMAN
 General Manager (Air Cargo Complexes)
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