



KERALA STATE INDUSTRIAL ENTREPRISES LIMITED

**DETERMINATION OF TARIFF FOR
CARGO HANDLING SERVICES
AT
CALICUT INTERNATIONAL AIRPORT,
CALICUT
FOR THE THIRD CONTROL PERIOD
(FY 2021-22 TO FY 2025-26)**

August 2023

REVISED APPLICATION

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EXECUTIVE SUMMARY

This is a revised application based on the discussions with the AERA authorities.

In terms of revenue, growth in business is assumed annually. Some stagnation is expected in the volume of perishable export as well as US import in the near future.

CAPEX of Rs.197 lakhs is proposed during the year 2023-24 and another Rs.39 lakhs during 2024-25 (Refer form f10 (a)).

Addition to man power is envisaged Refer form f11(a), regular increments and wage revision is considered in the financial projections. Annual increase in expenditure is assumed based on past trend. No exceptional items are considered.

Past years performance has been affected by the COVID and hence may not provide a basis for comparisons in all cases. Tariff revision is proposed with effect from 2023-24.

INTRODUCTION

Kerala State Industrial Enterprises is a State PSU fully owned by the Kerala Government and has been operating the Air Cargo Complex at Calicut since 1995. KSIE is also operating another cargo complex attached with Calicut Airport. This application for MYTP for the third control period 2022-2026 is based on the past performance of the Company and the projections made on that basis. These are estimates and actual performance may depend on the volume of business and other economic parameters.

LOCATION

The Calicut Air cargo complex managed by KSIE is located at the Calicut International Airport. Kozhikode, also known as Calicut, is one of the main cities in the northern Kerala, India.

KERALA STATE INDUSTRIAL ENTERPRISES LTD

Kerala State Industrial Enterprises Ltd (KSIE), Government of Kerala Undertaking, was incorporated on 25th January 1973. The main activities of KSIE at present are:

- Management of Air Cargo Complexes at Trivandrum and Calicut Airports
- Marketing / Trading and E-Commerce
- Functioning as the Virtual Office of APEDA in Kerala.
- Managing Kerala Soaps Unit at Calicut.
- Setting up of a Container Freight Station at Kalamassery, Cochin.

Management of Air Cargo Complexes

In 1979, Government of India took a decision that Air Cargo Complexes should be set up at suitable locations by the concerned State Governments. These Complexes were intended to bring Export and Import activities under one roof. CACC is one of the major profit centres of KSIE. Accordingly, KSIE had established three Air Cargo Complexes, one each at Thiruvananthapuram, Kochi and Calicut. It is worth mentioning that KSIE has managed these Cargo Complexes efficiently and succeeded in operating them profitably. However, the cargo operations at Kochi were terminated when the Cochin International Airport Ltd was commissioned.

Marketing / Trading

Besides the above activities, KSIE has Showroom-cum-Sales Outlets with the objective of assisting Government owned companies to market their products. KSIE is also successful in establishing, managing and efficiently operating the three sales emporia located at:

- Thiruvananthapuram
- Kochi and
- Calicut

Kerala Soap Unit: Kerala Soaps & Oils Ltd, Kozhikode was a prestigious PSU owned by the Government of Kerala, well known for its brand products like Kerala Sandal, Thrill, Vep, Wash Well, Coaltar etc. This Company was defunct for many years and its winding up proceedings are in progress. As desired by Government of Kerala,

KSIE has restarted a new Unit “Kerala Soaps” at Kozhikode and re-launched many branded products of erstwhile Kerala Soaps & Oils Ltd. KSIE has invested around Rs.800 lakhs in this venture.

Container Freight Station at Kalamassery, Cochin:

In order to tap the potential of sea cargo business after commissioning of the Vallarpadam International Container Transshipment Terminal, the Company has started setting up of a Container Freight Station at Kalamassery, Cochin at a total project cost of `32.23 crores. The project has been functioning successfully since 2013 with an aggregate cargo handling of over 7500 Containers per annum.

Organizational Set-up

KSIE is a Government owned Company and the management of KSIE vests with the Board of Directors appointed by the Government. The Managing Director is responsible for carrying out all the activities of the Company. He is assisted by General Manager (Air Cargo Complexes), General Manager (Marketing), General Manager (Development), Secretary & General Manager (Finance), and General Manager (HR). The organization has the capability to undertake and manage projects of any size and operational flexibility. The Air cargo complex at Calicut is staffed by experienced and capable persons.

Financial performance of the Company

	2016-17	2017-18	2018-19	2019-20	2020-21
DIVISION	Amount in Lakhs				
SOAPS	933.49	993.64	1019.28	1029.33	1152.94
TACT	447.69	375.17	421.63	352.31	289.39
CACC	294.66	420.83	733.09	788.38	272.81
CFS	236.24	210.64	361.99	301.04	312.05
Marketing	5935.75	5924.48	5111.81	5661.36	6660.36
Infra	9.75	84.02	412.12	259.06	443.8
Others	251.1	554.26	143.99	304.22	197.55
TOTAL TURNOVER	8108.68	8563.04	8203.91	8695.7	9328.9
PBDIT	(112.27)	377.73	337.12	337.85	(140.7)
PBT	(421.26)	153.7	113.07	110.76	(321.97)
NET WORTH	Rs.28Crores				

CALICUT AIR CARGO TERMINAL

KSIE was appointed as the Custodian of Calicut Air Cargo Complex (CACC) for both Imports and Exports by the Commissioner of Customs, Kochi (vide Customs notification No.1/95 dtd.17/04/1995).

KSIE started its cargo operations at the Kozhikode U B Centre during May 1995. KSIE acquired 4.18 acres of land adjacent to Calicut Airport, Karipur and constructed a State-of the-Art Air Cargo Complex at a total cost of Rs.500 lakhs. Full-fledged cargo operations (both import and export) started from here in September 2000. Bulk of export cargo handled at CACC is perishables like fresh vegetables, fruits, fish, meat, etc. Nonperishables such as Textile items, Industrial/Engineering products, Electronic components, etc are also exported occasionally. An expansion project of Rs. 477 lakhs was completed during last year with 50% assistance under ASIDE scheme. At present CACC has a total built-up area of 7130 Sq.M.

Presently 1500 MT of fresh vegetables/ fruits/general cargo are exported by different Exporters through Calicut Airport, per month.

The Air cargo operations had shown some improvements in the recent past. However, numerous bottlenecks to trade persist. There has been a drastic drop in the imports of personal effects now, compared to a couple of years back. The exports of perishable and import of commercial cargo is stable. The warehousing charges and the other service charges are were the main chunk of revenue from the Cargo Complexes. The revenue earned through other services balances with the day to day expenditure.

The main expenditure of Cargo Complexes other than the salary of the employees of the company are the salary of the CISF personnel who look after the security of the Complex, revenue share to AAI, the lease rent for the land taken from Airport Authority of India where the warehouses and cold rooms are built etc.,

The Machinery/Equipment and Material Handling system include:

- X-ray screening machines
- Weigh Bridges & Platform Scales
- Cold storage

- Strong room for precious cargo
- Computer network
- Material handling equipments viz. Fork-lift, Trolleys etc.

Export Cargo handled:

The cargo exported through CACC is of two types:

- Perishables
- Non-perishables

Perishables

This includes fresh vegetables, fruits, fish and meat, flowers, etc. However, the quantum of fish, meat and flowers at present is not very significant. Vegetables form the major share of exports from Calicut. The export of vegetables and fruits are from the small-scale sector and the destinations are mainly to the Middle East. It is to meet the requirement of NRK/NRI population working in such places. They prefer only the fresh vegetables and fruits and hence any further processing is not required, particularly for Middle East destinations.

Major vegetables moving from Calicut Airport are Banana of which Kerala Nentran is in bulk quantities, bitter gourd, long beans, curry leaves, etc. These items also come direct from the farms as the buyers want only very fresh items.

Non-Perishables

Non-perishables (also referred as General Cargo) include mainly commercial cargo viz. engineering products, textile items such as ready-made garments, etc. Besides this, small quantities of spices like Cardamom, etc. are also exported. Around 5% of the total export cargo constitutes Non-perishables.

The total tonnage of export cargo through CACC from 2016-17 onwards is given in table below:

Quantity of Export Cargo Handled at Calicut Air Cargo Complex

Year	Tonnage
2016-17	13265
2017-18	17782
2018-19	15514
2019-20	24539
2020-21	10006
2021-22	16438
2022-23	17311

Import Cargo handled:

The import cargo handled through CACC can be mainly categorised into two:

- Unaccompanied Baggage (UB) or Personal effects
- Commercial Cargo

Almost 98% of the import cargo at CACC consists of Personal Effects. The balance 2% constitutes garments and other items of commercial value and also negligible quantity of valuable cargo.

Quantity of import cargo handled at CACC from 2016-17 onwards is given in table below:

Year	Tonnage
2016-17	1123
2017-18	1682
2018-19	3749
2019-20	4114
2020-21	705
2021-22	2554
2022-23	2138

Growth Trends of Air Cargo

The total tonnage of import and export cargo through CACC during 2018-19 to 2022-23 and the revenue earned are given below. The trend exhibited and the market conditions have been taken into consideration while preparing the projections for the business plan.

Past performance

Year	Tonnage	Revenue (Rs lakhs)
2018-19	19263	611
2019-20	28653	829
2020-21	10711	295
2021-22	18922	548
2022-23	19499	527

Future projections

Year	Tonnage	Revenue (Rs lakhs)
2023-24	17252	874
2024-25	17700	1031
2025-26	18200	1165

Principles for Determining Aeronautical Tariff

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. Accordingly, the Authority 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").

SUBMISSION OF DOCUMENTS

The Authority notes that as of now, apart from KSIE-CACC, there is no other Cargo Handling Service provider at Calicut International Airport.

As per clause 11.2 of the AERA (CGF) Guidelines 2011, the Annual Tariff Proposal (ATP) is required to be submitted in the manner and form provided in AI 8.2 of Appendix-I to the Guidelines.

Accordingly the following documents are submitted:

1. Documents as stated in para 2.5 above.
3. Form B and Form 14 (b) (Proposed Tariff Card);
4. Evidence of Consultation with Stakeholders;

MATERIALITY

Based on the available data and its analysis, KSIE proposes to submit the Tariff determination exercise of KSIE-CACC, for providing Cargo Handling Services at Calicut International Airport under the “**Light Touch Approach**” for the Third Control Period, as the regulated service is deemed ‘**Not Material**’, as being followed in the previous two control periods.

In accordance with the above Guidelines and Directions, the following procedure is adopted for the determination of the Materiality Index of Regulated Service:

Materiality Index (MIG) = Cargo Volume at Calicut Airport / Total Cargo Volume at all Major Airports *100

The Materiality Index for Calicut Airport = 15575/ 2131202*100 = >1 %

(Based on Data for the period April to Nov 2022 published by AAI –<https://www.aai.aero/en/bus-iness-opportunities/aaj-traffic-news>)

The percentage share of Calicut International Airport for FY 2019-20 in respect of Cargo Handling is less than 1%, which is less than 2.5% Materiality Index (MIG) for the subject service. Hence, the Regulated Service is deemed to be ‘**Not Material**’ for the Third Control Period.

TRAFFIC VOLUME

The Actual cargo volume handled by CACC and the projected volumes of Cargo for the third control period are as follows.

Actual

Particulars	16-17	17-18	18-19	19-20	20-21
Tonnage(MT)	14388	19464	19724	28669	10744
Revenue ₹	4,36,61,238	4,24,67,597	6,11,36,719	8,29,18,822	2,95,43,911
Av revenue/Ton ₹	3035	2182	3100	2892	2750

Projected

Particulars	21-22	22-23	23-24	24-25	25-26
Tonnage(MT)	18,923	19,453	17,250	17,700	18,200
Revenue ₹	5,48,81,119	5,27,07,197	8,74,02,160	10,31,19,000	11,65,24,250
Av revenue/Ton ₹	2,900	2,709	5,067	5,826	6,402

KSIE submits that COVID-19 had severely impacted the business in Civil Aviation Sector, including Cargo Handling Service Providers. However, it may be noted that after decline in Covid cases, the Aircraft Traffic has started improving.

KSIE envisages the Cargo to be handled for the Third Control Period has been proposed by KSIE-CACC considering gradual recovery from Covid-19 pandemic

CAPITAL EXPENDITURE

KSIE-CACC propose to provide capital expenditure toward augmentation of its facilities amounting to Rs. 236 lakhs during the third control period as follows:

Form 10(a)

Form f10(a)Capital Projects				
Sl.No.	Project Type	2023-24	2024-25	2025-26
1	Civil Construction	70,00,000	30,00,000	
2	X ray Machine Big Tunnel Size	1,00,00,000	0	
3	Hydraulic Pallet Truck	1,20,000	0	
4	Plastic pallets 50 nos	2,00,000	0	
5	Electrical Works	6,00,000	0	
6	Fire Fighting	5,00,000	0	
7	Furniture /Fittings	1,00,000	0	
8	Office Automation items	5,00,000	0	
9	Computer/Networking	1,80,000	400000	
10	Security System	2,00,000	200000	
11	Miscellaneous	3,00,000	300000	
	TOTAL	1,97,00,000	39,00,000	

Form F11 (a)**Form F11(a): Details of Employees Staff Strength**

Financial Year	2021-22	2022-23	2023-24	2024-25	2025-26
Department wise full time employees					
Cargo	11	9	65	65	66
Kudumbasree	4	4	4	4	4
Other					
Other 2					
Department wise part time/contractual employees					
Total Full Time Employees (A)	15	13	69	69	70
Cargo	24	24	28	28	29
Security	16	16	16	16	16
Total Department Wise Parttime	40	40	44	44	45
Total Particulars (A+B)	55	53	113	113	115

Operating results and Projected Financials

As provided in Clause 9.4 of the Guidelines mentioned in Direction No. 04/2010-11, the Operation and Maintenance (O&M) Expenditure shall include all expenditures incurred by the Service Provider(s) including expenditure incurred on security operating costs, other mandated operating costs and statutory operating costs.

Operation and Maintenance Expenditure has been segregated into the following categories:

- a) Payroll Costs;
- b) Admin and General Expenses
- c) Concession Fees;
- d) Repair and Maintenance.

The Revenue, Operating Expenditures (OPEX) and Profitability projected for the Third Control Period (FY 2021-22 to FY 2025-26) are as under:

Revenue

Actual revenue details from regulated business are as follows:

Financial Year	2016-17	2017-18	2018-19	2019-20	2020-21
INCOME FROM CACC	4,36,61,238	4,24,67,597	6,11,36,719	8,29,18,822	2,95,43,911

Based on the business trend and overall cargo movement after the COVID, it is envisaged that the revenue will grow on an year to year basis. The projected revenue for the third control period is envisaged as follows.

Financial Year	2021-22	2022-23	2023-24	2024-25	2025-26
INCOME FROM CACC	5,48,81,119	5,27,07,197	8,74,02,160	10,31,19,000	11,65,24,250

Since Regulated agent (RA) status have been granted to Calicut Air Cargo Complex (CACC) there have been few additional regulated services that is to be provided by CACC from the year 2023-24. The additional regulated services are as follows:

- X-ray Machine Usage Charge
- Screening and certification Charge
- Export Documentation Charge
- Handling charges

While projecting revenue for the year 2023-24, 2024-25 and 2025-26 we have considered revenue that would generate out of X-ray machine usage service and Screening and certification services which has increased the revenue of CACC in comparison to 2022-23.

Actual revenue details from other than regulated business are as follows:

Financial Year	2016-17	2017-18	2018-19	2019-20	2020-21
RENT RECEIVED	50,89,315	22,23,033	26,98,100	34,60,157	33,57,010

The projected revenue for the third control period is envisaged to grow.

Financial Year	2021-22	2022-23	2023-24	2024-25	2025-26
RENT RECEIVED	27,67,678	27,73,626	29,12,307	30,57,923	32,10,819

Expenditure

Payroll Cost: The Pay roll costs is projected on YoY basis, which is based on the overall HR policies followed by the Company and Government guidelines. Increase in manpower has been envisaged. KSIE has taken into consideration the projected increase in Traffic Volume and impact of annual salary increments etc.

Since few additional regulated services are to be provided by CACC from 2023-24, there would be an increase in the payroll cost from the year 2023-24 as new employees are to be appointed. Number of new employees that is to be appointed by CACC and their respective costs are as follows:

Additional salary expense

Particulars	No of workers	Salary per month	Salary per year
X-ray screeners	8	35000	33,60,000.00
	10	25000	30,00,000.00
Warehouse helpers for Loading Unloading Export cargo	30	18000	64,80,000.00
Total			1,28,40,000.00

Financial Year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Payroll Cost	75.58	82.61	116.83	258.77	284.65	313.11
% increase		9%	41%	121%	10%	10%

Administrative & General Expenditure: We have projected a nominal increase of 10%-20% YoY basis from FY 2023-24 onwards.

Financial Year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Administration And General Expenses	117.12	153.14	162.16	192.49	215.40	238.85
% increase		31%	6%	19%	12%	11%

Allocation of HO expenses: There are common expenses which are incurred by the head office for the company as a whole. These expenses are allocated to each business divisions on the basis of the revenue generated.

Particulars	21-22	22-23	23-24	24-25	25-26
TOTAL HO EXPENSE	3,59,32,207.00	3,78,36,233.00	3,97,28,044.65	4,17,14,446.88	4,38,00,169.23
TOTAL KSIE INCOME	82,31,37,369.00	80,87,29,000.00	84,91,65,450.00	89,16,23,722.50	93,62,04,908.63
CACC INCOME	5,76,48,797.00	5,54,80,823.00	9,03,14,467.30	10,61,76,922.67	11,97,35,068.80
HO SHARE TO CACC	25,16,528.33	25,95,659.79	42,25,345.24	49,67,467.20	56,01,782.50

Concession Fee/ Royalty: KSIE have to share 33.33% of their export revenue with Airport Operator in accordance with the Concession Agreement executed between the ISP and the Airport Operator. No change is anticipated.

Repairs and Maintenance Expenses: The projected increase is YoY basis on Repairs and Maintenance Expenses from FY 2023-24 onwards. Considering that the ISP is required to undertake day to day maintenance of the assets and keep the equipment in operational state so as to provide better services to the Users, the expenditure projected under the Repairs and Maintenance is reasonable and consistent with past experience.

Depreciation:

	₹ in lakhs				
ASSETS	21-22	22-23	23-24	24-25	25-26
Buildings	12.65	12.69	13.86	15.52	16.02
Office Equipment	16.10	16.11	17.23	11.58	0.00
ELECTRICAL FITTINGS	0.39	0.64	0.94	1.24	1.24
COMPUTER	0.10	0.00	1.70	2.67	1.43
FORKLIFT	0.02	0.02	0.02	0.02	0.02
FURNITURE & FITTINGS	0.79	0.79	0.86	0.33	0.00
DG SET	0.04	0.04	0.04	0.04	0.04
ELECTRICAL INSTALLS	2.96	2.99	3.34	3.79	3.89
WATER SUPPLY	0.08	0.08	0.08	0.08	0.08
MPEDA COOL ROOMS	0.00	0.00	0.00	0.00	0.00
WEIGH BRIDGE	0.25	0.25	0.25	0.25	0.25
X-RAY MACHINE	0.08	0.08	3.41	6.75	6.75
TOTAL	33.45	33.68	41.73	42.26	29.71

Taxation:

Tax has been considered at the rate of 33.33% on the projected profits. Projected Tax Expenditure is as follows:

Financial Year	21-22	22-23	23-24	24-25	25-26
Income Tax	59,66,239	33,17,829	86,33,657	1,19,71,848	1,48,51,733

Projected Operating Results

The summarised projected operating results are given below:

₹ in lakhs

Financial Year	2021-22	2022-23	2023-24	2024-25	2025-26
Revenue From Regulated Services	548.81	527.07	874.02	1031.19	1165.24
Revenue From Other Than Regulated Services	27.68	27.74	29.12	30.58	32.11
Total Revenue	576.49	554.81	903.14	1061.77	1197.35
Pay Roll Costs	82.61	116.83	258.77	284.65	313.11
Repair And Maintenance	3.37	7.46	8.58	9.86	11.34
Con. Of Stores And Spares					
Seminar and Training	0.63	0.00	0.00	0.00	0.00
Electricity And Water Charges	9.78	13.32	14.65	16.12	17.73
Admin And Other Expenses	153.14	162.16	192.49	215.40	238.85
Other Outflows	114.50	121.80	127.89	134.29	141.00
Total Operating Expenditure	364.03	421.58	602.38	660.32	722.04
Profit Before Depreciation	212.45	133.23	300.76	401.45	475.31
Depreciation And Amortisation	33.45	33.68	41.73	42.26	29.71
Earning Before Interest And Taxation	179.01	99.54	259.04	359.19	445.60
Total Interest And Finance Charges	0.00	0.00	0.00	0.00	0.00
Profit/loss Before Tax	179.01	99.54	259.04	359.19	445.60
Tax	59.66	33.18	86.34	119.72	148.52
Profit/loss After Taxation	119.34	66.37	172.70	239.47	297.08
Balance Carried To Balance Sheet	119.34	66.37	172.70	239.47	297.08
Adjustment To Reconcile As Per Statutory Accounts	0	0	0	0	0
Operating Profit As Per Statutory Accounts	119.34	66.37	172.70	239.47	297.08

Aggregate Revenue Requirement (ARR)

The ARR as per the MYTP guidelines have been worked out and the same is as follows:

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
RAB for calculating ARR	560.53	529.85	592.68	668.69	652.20
Fair rate of Return	10.14%	10.14%	10.14%	10.14%	10.14%
RAB* FRoR	56.83	53.72	60.09	67.79	66.12
Depreciation	33.45	33.68	41.73	42.26	29.71
Operation and Maintenance expenditure	364.03	421.58	602.38	660.32	722.04
Interest	0.00	0.00	0.00	0.00	0.00
Tax	59.66	33.18	86.34	119.72	148.52
Other revenues	27.68	27.74	29.12	30.58	32.11
Aggregate revenue requirement	486	514	761	860	934
Prj as per P&L	549	527	874	1,031	1,165
Surplus	63	13	113	172	231
In percentage	12.86%	2.46%	14.79%	19.97%	24.72%

Form F11(c): Admin & General Expenses

₹ in lakhs

Financial Year	2021-22	2022-23	2023-24	2024-25	2025-26
Administration Charges					
Rent Rate Taxes	1.27	1.38	1.51	1.66	1.83
General Expenses	8.04	8.13	9.35	10.76	12.37
Telephone and postage Charges	0.14	0.14	0.16	0.17	0.19
Printing And Stationery	0.68	0.96	1.06	1.16	1.28
Watch And Ward Expenses _ Security contract	60.14	65.49	72.04	79.24	87.17
Travelling Expenses	4.93	5.02	5.52	6.07	6.68
Books and Periodicals	0.06	0.06	0.06	0.07	0.08
Other Administrative Charges	52.71	55.03	60.53	66.58	73.24
Grand Total					
Grand Total	127.98	136.21	150.23	165.72	182.83
Apportionment of Admn. expenses (Overhead Expenses other than employees related)					
Apportionment Of Admn. Expenses (Overhead Expenses	25.17	25.96	42.25	49.67	56.02
Administration And General Expenses Capitalized					
Net Administration & General Expenses	153.14	162.16	192.49	215.40	238.85

Form F9: Formats for Forecast and Actual Roll-forward Regulatory Asset Base (RAB)

₹ in lakhs

Financial Year	2021-22	2022-23	2023-24	2024-25	2025-26
Opening Regulatory Asset Base (RAB)					
Land	190.00	190.00	190.00	190.00	190.00
Other Buildings	317.06	304.41	292.92	349.07	363.55
Computers	0.10	-	-	0.10	1.43
Machinery	0.25	0.23	0.21	0.19	0.17
Tools & Plant	3.78	3.42	3.05	2.69	2.33
Furniture Office	1.77	0.98	0.19	0.33	0.00
Elect Installation	17.13	14.26	13.42	22.14	19.11
Office Equipment	45.52	30.65	14.61	8.58	0.00
Xray	0.79	0.71	0.63	97.22	90.47
Total Opening Rab	576.40	544.66	515.05	670.32	667.06
Additions - WIP Capitalisation					
Land					
Other Buildings		1.20	70.00	30.00	
Computers		-	1.80	4.00	
Furniture Office			1.00		
Elect Installation	0.48	2.79	13.00	2.00	
Office Equipment	1.23	0.08	11.20	3.00	
Xray		-	100.00		
Total Wip Capitalisation	1.71	4.07	197.00	39.00	-
Depreciation Charge					
Land					
Other Buildings	12.65	12.65	12.69	15.02	16.02
Computers	0.10	-	1.10	1.33	1.43
Machinery	0.02	0.02	0.02	0.02	0.02
Tools & Plant	0.36	0.36	0.36	0.28	0.36
Furniture Office	0.79	0.79	0.75	0.26	-
Elect Installation	3.30	3.35	2.98	4.83	5.13
Office Equipment	15.85	16.10	14.99	10.98	-
Xray	0.08	0.08	0.08	6.75	6.75
Total Depreciation Charges	33.15	33.35	32.98	39.48	29.71
Depreciation on Additions during the Year					
Land					
Other Buildings		0.04	1.17	0.50	
Computers		-	0.60	1.33	
Furniture Office		-	0.11	0.07	
Elect Installation	0.25	0.28	1.30	0.20	
Office Equipment	0.05	0.02	2.24	0.60	
Xray		-	6.67		
Total Depreciation On Additions	0.29	0.33	12.09	2.70	-
Total Depreciations	33.45	33.68	45.06	42.18	29.71
Closing Regulatory Asset Base (RAB)					
Land	190.00	190.00	190.00	190.00	190.00
Other Buildings	304.41	292.92	349.07	363.55	347.53
Computers	0.00	0.00	0.10	1.43	0.00
Machinery	0.23	0.21	0.19	0.17	0.15
Tools & Plant	3.42	3.05	2.69	2.33	1.97
Furniture Office	0.98	0.19	0.33	0.00	0.00
Elect Installation	14.06	13.42	22.14	19.11	13.98
Office Equipment	30.85	14.61	8.58	0.00	0.00
Xray	0.71	0.63	97.22	90.47	83.72
Total Closing Rab	544.66	515.05	670.32	667.06	637.35
Average Rab	560.53	529.85	592.68	668.69	652.20

Annual Tariff Proposals

The existing Tariffs were introduced by KSIE on 06.02.2018 and approved by AERA vide their order dated 10.01.2018 and the last revision was in 2018. Further, the low traffic volumes during the COVID have substantially eroded the revenue and profit during the years 2020-21 and 2021-22.

KSIE did not revise the tariffs during the first two years of the 3rd control period.

An increase of 25% to the existing tariff is proposed for the year 2023-24, then 15% during 2024-25 and 10% for 2025-26.

In view of this and based on the financial projections and the ARR, KSIE proposes to increase the overall tariff accordingly.