



# KERALA STATE INDUSTRIAL ENTREPRISES LIMITED

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

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August 2023

**REVISED APPLICATION**

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## EXECUTIVE SUMMARY

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.100 lakhs is proposed during the year 2023-24 and another Rs.202.20 lakhs during 2024-25(Refer [form F10 \(a\)](#)) in connection with relocation of Cargo Complex.

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 at 10% 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 Ltd is a fully owned Company of Kerala Government and has been operating an Air Cargo Complex at Trivandrum, since 1979. KSIE is also operating another Air Cargo Complex at 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 Trivandrum Air Cargo Terminal managed by KSIE is located at the Trivandrum International Airport.

## 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. To begin with, Thiruvananthapuram was identified as a suitable location and the Government of Kerala appointed Kerala State Industrial Enterprises Ltd. (KSIE) as the Operating Agency for setting up and running Air Cargo Complexes in the State. 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
- 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 Trivandrum is staffed by experienced and capable persons.

**Financial performance of the Company**

	2016-17	2017-18	2018-19	2019-20	2020-21
<b>DIVISION</b>	<b>Amount in Lakhs</b>				
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
<b>TOTAL TURNOVER</b>	<b>8108.68</b>	<b>8563.04</b>	<b>8203.91</b>	<b>8695.7</b>	<b>9328.9</b>
<b>PBDIT</b>	<b>-112.27</b>	<b>377.73</b>	<b>337.12</b>	<b>337.85</b>	<b>-140.7</b>
<b>PBT</b>	<b>-421.26</b>	<b>153.7</b>	<b>113.07</b>	<b>110.76</b>	<b>-321.97</b>
<b>NET WORTH</b>		<b>Rs.28Crore</b>			

## TRIVANDRUM AIR CARGO TERMINAL

During the period 1978-79, Government of India took a policy decision that Air Cargo Complexes should be set up at suitable locations in the country, other than metro airports, by the concerned State Governments. These complexes were intended to bring all Export/Import activities under one roof. In Kerala, Thiruvananthapuram was identified as a suitable location and the Government of Kerala nominated Kerala State Industrial Enterprises Ltd as the Operating Agency for setting up Air Cargo Complex attached with Trivandrum Airport.

Export operations from Trivandrum commenced in 1979. A full-fledged Trivandrum Air Cargo Terminal (TACT) was established by KSIE at Shangumugham from where full-fledged Import/Export activities commenced from July 1984 onwards. The Commissioner of Customs had appointed KSIE as the Custodian of all Import/ Export goods landed at Trivandrum Airport in accordance with the provisions of chapter viii of the Customs Act, 1962.

In the year 1991 Trivandrum Airport was declared as an International Airport and the Air Cargo Operation was with the Airports Authority of India for nearly 2 years. In 1993 the custodianship of the cargo complex was again entrusted with KSIE.

KSIE had carried out two major expansion projects at TACT. It has also obtained quality certification from the Bureau of Indian Standards as per IS:ISO 9001-2000 standards, as early in the year 2003. TACT is the major center for export of perishables from South India. Nearly 75 MT per day of vegetables, fruits and other perishables like meat, fish, flowers etc. are exported from TACT. Spices, handicrafts, textiles etc. are also uplifted. As regards Import, TACT has now capacity to handle upto 75MT of Import cargo per day on an average.

International flights from Trivandrum Airport stands shifted to new Airport Terminal commissioned by the AAI with effect from 01.03.2011. Along with this, KSIE has created necessary infrastructural facilities near the new Airport terminal at Chackai to carry out export operations smoothly. AAI had leased out around 4000 sqm. land to KSIE for this purpose. This arrangement will continue for the time being until the dream project of KSIE to construct a new cargo terminal of international standard in 10 to 15 acres of land to be allotted to KSIE by the Government of Kerala.

The Machinery/Equipment and Material Handling system include:

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

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

### **Export Cargo handled:**

The cargo exported through TACT 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 Trivandrum. 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 Trivandrum 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 TACT from 2016-17 onwards is given in table below:

### Quantity of Export Cargo Handled at Trivandrum Air Cargo Complex

Year	MT
2016-17	26932
2017-18	25402
2018-19	22349
2019-20	22989
2020-21	14692
2021-22	14909
2022-23	14686

### Import Cargo handled:

The import cargo handled through TACT can be mainly categorized into two:

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

### **Unaccompanied Baggage:**

Almost 95% of the import consignments at TACT are personal effects (UB) of NRIs based in Gulf countries. UB also include electronic equipments like computers, TV etc and items like washing machines, fridge, air conditioners etc brought by majority of the Gulf returnees.

### **Commercial Cargo:**

This forms electronic spares and other equipments imported by BPL and other IT Companies based in Kerala, especially at the Techno Park, Trivandrum, and also machineries and spares imported by ISRO, major Hospitals and other industrial units. This also includes some quantity of valuable cargo.

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

Year	MT
2016-17	940.00
2017-18	767.00
2018-19	668.00
2019-20	495.70
2020-21	291.90
2021-22	261.00
2022-23	155.60



## Growth Trends of Air Cargo

The total tonnage of import and export cargo through Trivandrum during 2018 to 2023 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 ( ₹ in lakhs)
2018-19	23017	422.08
2019-20	23484.70	378.87
2020-21	14983.90	286.17
2021-22	15170	273.84
2022-23	14841	278.33

### Future projections

Year	Tonnage	Revenue ( ₹ in lakhs)
2023-24	15200	782.16
2024-25	15960	944.53
2025-26	16753	1092.18

## 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\_TACT, there is no other Cargo Handling Service provider at Thiruvananthapuram 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.

### **MATERIALITY**

Based on the available data and its analysis, KSIE proposes to submit the Tariff determination exercise of KSIE\_TACT, for providing Cargo Handling Services at Thiruvananthapuram 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 Trivandrum Airport / Total Cargo Volume at all Major Airports \*100

**The Materiality Index for Thiruvananthapuram Airport = 15874/ 2131202\*100 = >1 %**

*(Based on Data for the period April to Nov 2022 published by AAI – [https://www.aai.aero/en/business-opportunity in~ /aai-traffic-news](https://www.aai.aero/en/business-opportunity-in/~ /aai-traffic-news))*

The percentage share of Thiruvananthapuram 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 volume of cargo handled, the historical data, as well as the projections for the third control period are the fundamentals and most critical input to be provided. The historical data for the third control period is as follows:

Particulars	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
<b>Tonnage (MT)</b>	27872.00	26169.00	23017.00	23484.70	14983.90
<b>Revenue (₹)</b>	5,20,57,518.30	3,85,52,971.00	4,22,08,171.00	3,78,87,219.00	2,86,16,765.00
<b>Average revenue/Ton(₹)</b>	1,867.74	1,473.23	1,833.78	1,613.27	1,909.83

The above data shows a steady decline in the volume and falling down to almost 42% over the highest during 2017-18. The impact could be attributed to COVID.

### **Cargo Volume Projections**

The projected volume and revenue for the third control period has to be estimated on certain logical assumptions and also understanding the trend based on the above and the overall growth potentials.

Particulars	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
<b>Tonnage (MT)</b>	15170.00	14841.60	15200.00	15960.00	16753.00
<b>Revenue (₹)</b>	2,73,83,772.00	2,78,32,603.00	7,82,16,000.00	9,44,53,300.00	10,92,18,440.00
<b>Average revenue/Ton(₹)</b>	1,805.13	1,875.31	5,145.79	5,918.13	6,519.34

It is projected that the volume will reach the pre COVID levels of 2019-20, by the year 2023-24. This is based on the assumption that the new Airport operators will bring in additional cargo flights and also the overall business trajectory will be very bright.

### **CAPITAL EXPENDITURE**

KSIE\_TACT propose to provide capital expenditure toward augmentation of its facilities amounting to Rs. 302.20 lakhs during the third control period as follows:

#### **Form F10 (a)**

##### **Form F10(a) - Capital projects**

S.No	Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
1	Weighbridge				10,00,000	
2	Civil Work				1,50,00,000	
3	X ray Machine Big Tunnel Size			1,00,00,000		
4	ULD Weighbridge				500000	
5	Electrical Works				900000	
6	office Equipment + networking				950000	
7	Industrial pallet				250000	
8	Hydraulic hand pallet truck				120000	
9	Cold Storage				1000000	
10	Computer/Networking					
11	Security System				500000	
12	Miscellaneous					
	<b>TOTAL</b>			<b>1,00,00,000</b>	<b>2,02,20,000</b>	

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

Financial Year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Department wise full time employees</b>						
Cargo	11	11	16	84	84	84
Other 1						
Other 2						
Other 3						
Other 4						
Total Full Time Employees (A)	11	11	16	84	84	84
<b>Department wise part time/contractual employees</b>						
Cargo			3	3	3	4
Security	25	24	24	24	24	24
Total Department Wise Parttime Contractual Employees (B)	25	24	27	27	27	28
Total Particulars (A+B)	36	35	43	111	111	112

## 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:

₹ in lakhs					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
INCOME FROM TACT	520.58	385.53	422.08	378.87	286.17

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.

₹ in lakhs					
Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
INCOME FROM TACT	273.84	278.33	782.16	944.53	1092.18

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

- 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 the Screening and certification services which has increased the revenue of TACT in comparison to 2022-23.

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

₹ in lakhs					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
RENT RECEIVED	38.80	36.19	31.52	34.90	32.87

The projected revenue of non-regulated business for the third control period is envisaged to grow.

₹ in lakhs					
Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
RENT RECEIVED	34.98	36.96	40.65	44.72	49.19

**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 TACT 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 TACT 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 Unlaoding Export cargo	44	18000	95,04,000.00
DG Supervisors / Staff for Acceptance of Cargo	6	30000	21,60,000.00
<b>TOTAL</b>	<b>68</b>		<b>1,80,24,000.00</b>

₹ in Lakhs

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Payroll Cost	103.83	172.09	376.89	415.98	458.78
% increase	21%	66%	119%	10%	10%

**Administrative & General Expenditure:** We have projected that administrative and general expense would increase at a rate of 2%-13% YoY basis from FY 2023-24 onwards.

₹ in Lakhs

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Administration & General Expenses	250.14	151.81	154.65	172.07	194.74
% increase	2%	-39%	2%	11%	13%

**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
TACT INCOME	3,08,81,576.00	3,15,28,411.00	8,22,81,388.80	9,89,25,227.68	11,41,37,560.45
HO SHARE TO TACT	13,48,065.61	14,75,050.73	38,49,519.18	46,28,198.03	53,39,904.13

**Concession Fee/ Royalty/ Lease Rent:** KSIE have to share percentage of their Gross Revenue with Airport Operator in accordance with the Concession Agreement executed between the ISP and the Airport Operator. In case of TACT royalty/lease rent will be applicable as per MoU with M/s. TIAL. The previous MoU has expired and the lease rent paid to TIAL as per the renewed MOU is Rs 19,82,315 from the year 2023-24 onwards.

**Repairs and Maintenance Expenses:** The projected increase is 10% 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:** The depreciation projection for the third control period is as follows:

Particulars	21-22	22-23	23-24	24-25	25-26
LAND					
BUILDING	10.33	10.33	10.33	12.83	10.33
OFFICE EQUIPMENT	1.67	0.05	0.00	2.62	0.00
ELECTRICAL FITTINGS	3.28	3.28	3.28	3.73	3.28
COMPUTER	0.00	0.00	0.0081	0.008	0.008
FORKLIFT	0.14	0.14	0.14	0.14	0.14
FURNITURE & FITTINGS	1.23	1.09	0.00	0.00	0.00
DG SET	0.35	0.35	0.35	0.35	0.35
ELECTRICAL INSTALLS	2.58	2.58	2.58	3.02	1.07
WATER SUPPLY	0.08	0.08	0.08	0.08	0.08
MPEDA COOL ROOMS	0.04	0.04	0.04	0.54	0.04
WEIGH BRIDGE	0.34	0.34	0.34	0.84	0.34
X-RAY MACHINE	4.69	4.69	8.02	11.36	11.36
<b>TOTAL</b>	<b>24.73</b>	<b>22.98</b>	<b>25.18</b>	<b>35.52</b>	<b>27.00</b>

**Taxation:** Tax has been considered at the rate of 33.33% on the projected profits of TACT for the third control period. Projected Tax Expenditure is as follows:

Particulars	21-22	22-23	23-24	24-25	25-26
INCOME TAX	-	-	77,46,719.84	1,09,53,742.70	1,40,02,455.29



**Projected Operating Results**

The summarized projected operating results are given below:

₹ in Lakhs

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
Revenue From Regulated Services	273.84	278.33	782.16	944.53	1092.18
Revenue From Other Than Regulated Services	34.98	36.96	40.65	44.72	49.19
Total Revenue	308.82	315.28	822.81	989.25	1141.38
Pay Roll Costs	103.83	172.09	376.89	415.98	458.78
Repair And Maintenance	13.38	11.23	12.36	13.59	14.95
Con. Of Stores And Spares					
Electricity And Water Charges	13.38	19.37	21.31	23.44	25.79
Admin And Other Expenses	250.14	151.81	154.65	172.07	194.74
Other Outflows					
Total Operating Expenditure	380.73	354.51	565.21	625.09	694.26
Profit Before Depreciation	-71.91	-39.23	257.60	364.17	447.12
Depreciation And Amortisation	24.73	22.98	25.18	35.52	27.00
Earning Before Interest And Taxation	-96.65	-62.20	232.42	328.65	420.12
Total Interest And Finance Charges	0.00	0.00	0.00	0.00	0.00
Profit/loss Before Tax	-96.65	-62.20	232.42	328.65	420.12
Tax	0.00	0.00	77.47	109.54	140.02
Profit/loss After Taxation	-96.65	-62.20	154.96	219.11	280.09
Balance Carried To Balance Sheet	-96.65	-62.20	154.96	219.11	280.09
Adjustment To Reconcile As Per Statutory Accounts	0.00	0.00	0.00	0.00	0.00
Operating Profit As Per Statutory Accounts	-96.65	-62.20	154.96	219.11	280.09

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

₹ in Lakhs

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Opening Regulatory Asset Base (RAB)</b>					
Land	9.08	9.08	9.08	9.08	9.08
Buildings	248.97	238.64	228.31	217.98	355.16
Computers	0.00	0.00	0.02	0.02	0.01
Machinery	0.83	0.69	0.54	0.40	0.26
Tools and Plant	6.54	5.77	4.99	4.22	17.95
Furniture and fittings	2.32	1.09	0.00	0.00	0.00
Electrical Installations	33.85	27.95	22.09	16.19	36.60
Office equipments	1.54	0.05	0.03	0.03	6.90
X Ray machines	0.58	64.87	60.18	152.15	140.79
<b>Total</b>	<b>303.71</b>	<b>348.13</b>	<b>325.24</b>	<b>400.07</b>	<b>566.75</b>
<b>Additions - WIP Capitalisation</b>					
Land	0.00	0.00	0.00	0.00	0.00
Buildings	0.00	0.00	0.00	150.00	0.00
Computers	0.00	0.03	0.00	0.00	0.00
Machinery	0.00	0.00	0.00	0.00	0.00
Tools and Plant	0.00	0.00	0.00	15.00	0.00
Furniture and fittings	0.00	0.00	0.00	0.00	0.00
Electrical Installations	0.00	0.03	0.00	27.70	0.00
Office equipments	0.18	0.03	0.00	9.50	0.00
X Ray machines	68.97	0.00	100.00	0.00	0.00
<b>Total additions</b>	<b>69.15</b>	<b>0.09</b>	<b>100.00</b>	<b>202.20</b>	<b>0.00</b>
<b>Depreciation Charge</b>					
Land	0.00	0.00	0.00	0.00	0.00
Buildings	10.33	10.33	10.33	10.33	10.33
Computers	0.00	-0.01	0.01	0.01	0.01
Machinery	0.14	0.14	0.14	0.14	0.14
Tools and Plant	0.77	0.77	0.77	0.77	0.77
Furniture and fittings	1.23	1.09	0.00	0.00	0.00
Electrical Installations	5.90	5.90	5.90	5.90	4.39
Office equipments	1.63	0.04	0.00	0.72	0.00
X Ray machines	0.09	4.69	4.69	11.36	11.36
<b>Total depreciation charges</b>	<b>20.10</b>	<b>22.96</b>	<b>21.84</b>	<b>29.24</b>	<b>27.00</b>
<b>Depreication on Additions during the Year</b>					
Land	0.00	0.00	0.00	0.00	0.00
Buildings	0.00	0.00	0.00	2.50	0.00
Computers	0.00	0.01	0.00	0.00	0.00
Machinery	0.00	0.00	0.00	0.00	0.00
Tools and Plant	0.00	0.00	0.00	0.50	0.00
Furniture and fittings	0.00	0.00	0.00	0.00	0.00
Electrical Installations	0.00	0.00	0.00	1.39	0.00
Office equipments	0.04	0.01	0.00	1.90	0.00
X Ray machines	4.60	0.00	3.34	0.00	0.00
<b>Total depreciation on additions</b>	<b>4.64</b>	<b>0.02</b>	<b>3.34</b>	<b>6.28</b>	<b>0.00</b>
<b>Total depreciation on</b>	<b>24.73</b>	<b>22.98</b>	<b>25.18</b>	<b>35.52</b>	<b>27.00</b>
<b>Closing Regulatory Asset Base (RAB)</b>					
Land	9.08	9.08	9.08	9.08	9.08
Buildings	238.64	228.31	217.98	355.16	344.83
Computers	0.00	0.02	0.02	0.01	0.00
Machinery	0.69	0.54	0.40	0.26	0.11
Tools and Plant	5.77	4.99	4.22	17.95	17.17
Furniture and fittings	1.09	0.00	0.00	0.00	0.00
Electrical Installations	27.95	22.09	16.19	36.60	32.21
Office equipments	0.05	0.03	0.03	6.90	6.90
X Ray machines	64.87	60.18	152.15	140.79	129.44
<b>Total Closing Rab</b>	<b>348.13</b>	<b>325.24</b>	<b>400.07</b>	<b>566.75</b>	<b>539.74</b>
<b>Average Rab</b>	<b>325.92</b>	<b>336.69</b>	<b>362.66</b>	<b>483.41</b>	<b>553.24</b>

**Aggregate Revenue Requirement**

₹ in Lakhs

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
RAB for calculating ARR	325.92	336.69	362.66	483.41	553.24
Fair rate of Return	11.11%	11.11%	11.11%	11.11%	11.11%
RAB* FRoR	36.20	37.39	40.28	53.69	61.45
Depreciation	24.73	22.98	25.18	35.52	27.00
Operation and Maintenance expenditure	380.73	354.51	565.21	625.09	694.26
Interest					
Tax	0.00	0.00	77.47	109.54	140.02
Other revenues	34.98	36.96	40.65	44.72	49.19
<b>Aggregate revenue requirement</b>	<b>406.68</b>	<b>377.92</b>	<b>667.48</b>	<b>779.11</b>	<b>873.54</b>
Prj P&L	273.84	278.33	782.16	944.53	1092.18
Surplus	-132.84	-99.60	114.68	165.42	218.65
In percentage	-32.67%	-26.35%	17.18%	21.23%	25.03%

**Form F11(c): Administration & General Expenses**

₹ in lakhs

Particulars	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Administration Charges</b>					
Director Sitting Fees					
Rent Rate Taxes	1.10	2.73	3.01	3.31	3.64
Municipal Taxes					
Insurance	0.51	0.15	0.17	0.19	0.21
Advertising Publicity					
Office Expenses	7.17	6.46	7.11	7.82	8.60
Telephone Charges	1.78	0.92	1.01	1.11	1.22
Printing And Stationery	0.60	0.85	0.94	1.03	1.13
Watch And Ward Expenses	123.80	35.52	39.07	42.97	47.27
Security stickers			36.00	39.60	43.56
Travelling Expenses	5.57	6.96	7.65	8.42	9.26
Books and periodicals	0.06	0.06	0.07	0.08	0.08
Other Administrative Charges 2	0.69	0.48	0.52	0.58	0.63
<b>Other Exp.</b>					
Lease rent to AAI	94.10	82.22	19.82	19.82	24.78
DO charges	1.28	0.13	0.14	0.16	0.17
<b>Grand Total</b>					
Grand Total	236.65855	137.06356	116.15131	125.78412	141.33601
<b>Apportionment of Admn. expenses (Overhead Expenses other than employees related)</b>					
Apportionment Of Admn. Expenses (Overhead Expenses Other Than Employees Related)	13.48	14.75	38.50	46.28	53.40
Administration And General Expenses Capitalized					
Net Administration & General Expenses	250.14	151.81	154.65	172.07	194.74

## Annual Tariff Proposals

The existing Tariffs was approved by AERA vide their Order dated 19.02.2020. However, due to Covid Outbreak all over and the resultant Business stagnation all across the globe especially in the Aviation sector , being a Government of Kerala Undertaking, we froze the tariff for a few months and made the same effective from September 2020 only. 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.