

KANNUR INTERNATIONAL AIRPORT LIMITED (KIAL)

Status Report – July 2015

- Total land planned for the project - 2061 acres
- Already acquired & available with KIAL - 1277.93 acres
- Balance land under acquisition - 785.45 acres
- The land presently available is adequate to commence the project.

1. ENVIRONMENTAL CLEARANCE

- Ministry of Environment & Forest granted necessary Environmental clearance for the project, vide MoEF letter no. nil dated 19th July 2013. **Completed**

2. STATUS OF CLEARANCES FROM MINISTRY OF DEFENCE (MoD), MINISTRY OF HOME AFFAIRS (MHA) AND DGCA

- Ministry of Defence, GOI renewed its NOC on 28th September, 2012 for a period of 5 years.
- Ministry of Home Affairs accorded security clearance for the proposed airport vide letter dated 12th October 2012.
- DGCA accorded site clearance of the proposed airport vide its letter dated 17th August 2012.
- Master plan submitted to DGCA and other concerned authorities.
- Security vetting first inspection carried out by Regional Deputy Commissioner of Security, BCAS along with IB, Customs, CISF, Local Police & KIAL Officials on 19th November 2013.
- Keezhallur Gramapanchayat accorded clearance vide its letter no. A5-3860/13 dated 19 October 2013.
- Mattannur Municipality accorded clearance vide its letter no. E2-11681/13 dated 4 November 2013.
- The consent to establish Airport has been accorded by Kerala State Pollution Control Board to commence the work.
- Preliminary inspection of the site was carried out by DGCA Officials on 28 August 2014.

- Security vetting second inspection carried out by Regional Deputy Commissioner of Security, BCAS along with IB, Customs, CISF, Local Police & KIAL Officials on 29th May 2015.
- Memorandum of Understanding (MoU) between Airports Authority India (AAI) and KIAL has been signed on 24 June 2015 for investing Rs 100 crores in the equity capital of KIAL. Balance funds committed is yet to be confirmed by AAI.

3. PROJECT CONSULTANCY

- M/s. AECOM Asia Company Limited has been appointed as integrated project consultant for handholding the company from development phase till commissioning of the Airport.
- The consultant has finalized DPR and Master Plan as their first task and master plan has been brought out by them, after the review. The Master Plan & RFP were finalized based on the observations/ comments of KIAL and DGCA and the KIAL Board of Directors had already approved the Master Plan on 20th March 2013. Some minor changes in the approved Master plan has been sanctioned by the KIAL Board of Directors.
- KIAL Board has decided to go in for item rate tender instead of EPC mode. Accordingly KIAL has awarded Engineering & Design Consultancy to M/s KITCO ,Cochin for preparing the Detailed design for city side facilities ,Passenger terminal Building ,connecting flyover, ATC & Technical Block.
- The salient features of the Project are detailed below:

| | |
|------------------------------------------------|-------------------|
| Airport Capacity | FY 2026 |
| No. of Passengers | 4.67 million p.a. |
| Aircraft Movements | 39,638 p.a. |
| Cargo Capacity | 60,758 tons p.a. |
| Peak Hour Aircraft movement | 18 |
| Facilities | |
| Runway length | 3050M |
| Terminal Building Area | 80,000 sq.m. |
| Apron | 14 parking stands |
| Car/Bus Park | 22,000 sq.m. |
| ATC/Technical Building | 1200 sq.m. |
| Ground Service Equipments Building and Parking | 750 + 7,750 sq.m. |
| Fuel farm | 25,000 sq.m. |

4. CONSTRUCTION CONTRACT – EPC I

- Board of Directors of KIAL had approved RFQ for EPC-1 on 21st January 2013. The RFQ was published on 22nd January 2013 covering entire Airfields works like runway, taxiway, apron Ancillary Buildings required for housing CNS facilities, sub-stations, CCR Buildings, fire station, operational and other boundary wall, drain, retaining structure main approach road to airport from existing state road, car park etc.
- The financial bids were opened on 5th November 2013 and the Board of Directors have approved the lowest offer of M/s. L&T to whom the work has been awarded on 5th November 2013.
- M/s. L&T has almost completed the tree cutting and development of land and the work is in fast progress. The men and machinery has been arranged at site. The soil cutting and filling activity has commenced at the site. The up to date progress of earth filling is 112 lakhs Cu Mt earthwork completed.
- An afforestation plan including development of a greenbelt around the Airport has been taken up by KIAL and approximately 2.51 lakhs saplings have been planted in Mattannur/Keezhallur Panchayat area. In second phase approximately 1.8 Lakhs of sapling will be planted for the current year during June to August 2014.
- Agreement for the provision of CNS/ATM facilities executed with Airports Authority of India at Delhi on 17 November 2014.
- Memorandum of Understanding (MoU) between Indian Meteorological Department (IMD) and KIAL has been signed at Delhi on 17 September 2014 for provision of aviation meteorological services.
- Total manpower deployed at site per day is about 1084 including Engineers/Officials totaling 111 nos.
- There were certain agitations by local community on the blasting activities, which were handled by local administration & KIAL jointly and solved on 03 December 2014.
- 57% of airside works has been completed.

FUEL FARM BUSINESS AT KANNUR AIRPORT

Bharath Petroleum Corporation Ltd(BPCL) will run the fuel farm business at Kannur airport in joint venture with KIAL. The company has already allotted equity shares worth Rs 170 crore to BPCL. Further BPCL has agreed to make an additional investment of Rs 46.80 crores in the equity capital of KIAL. A separate joint venture company is formed with equity participation of both KIAL & BPCL to run the fuel farm business.

CONSTRUCTION CONTRACT –Package A (Cityside facilities)-

The Engineering & Design Consultant has prepared the Conceptual Drawings and Facility Planning for bidding process. The Board of Directors of KIAL has approved the RFQ for Package-A on 3rd February 2014. The RFQ was published on 5th February 2014 covering entire city side works. The scope of work in this package covers Integrated Terminal Building, ATC Control Tower, Technical Building and other E&M Equipment and Utility services. The Board of Directors have decided to adopt item rate tender for Phase-II works.

Accordingly the RFQ and RFP process were completed and the work was awarded to lowest bidder M/s Larsen & Toubro Ltd who has quoted an amount of Rs 498 crores. The work was awarded on 25 June 2014. The foundation stone laying ceremony for the new terminal was held on 5 July 2014 by Hon'ble Chief Minister, Government of Kerala.

A project review meeting was held on 24 November 2014 and the Contractor has commenced foundation works and site mobilization completed.

38 % of city side works has been completed.

Total manpower deployed at site per day is 906 including Engineers/Officials totaling 517 nos.

The Project Management Consultancy work for the Integrated Terminal Building, ATC Tower, Technical Building, and associated works has been awarded to M/s KITCO Ltd for an amount of Rs 10.67 crores (including service tax) on nomination basis.

FINANCIAL CLOSURE

The Detailed Project Report has been already prepared by the consultant and the Project Information Memorandum (PIM) has been prepared by SBI CAPS for submission to financial institutions for arranging debt component. A meeting under the Chairmanship of the Hon'ble Union Minister of State for Civil Aviation was convened during December 2013 and in the meeting it was decided that Airports Authority of India (AAI) will participate in KIAL's equity capital. As per AAI decisions the investment is capped at 100 crores which again results in shortfall of 160 crores in KIAL equity capital. KIAL had taken up the matter with MoCA on 18 March 2015 for which MoCA has assumed to consider the possibility for additional investment of 160 crores.

The total debt component required for the project amounting to Rs 892 crores has been tied up with a consortium of three banks namely Canara Bank (Rs 692 crores), South Indian Bank (110 crores) and Federal bank (90 crores). The joint term loan agreement has been signed with the consortium banks on 20 May 2015.