



ए.ए.आई. AAI/टीके TK/Comml/Advt. Rights/

दिनांक/Date: 25.02.2022

सेवा में/To

M/s. GK Ads

O-F4, Dhanya, Vasudhara Enclave

TPK Road, Andalpuram

Madurai – 625003

विषय/Sub: Letter of Intent to Award (LOIA) – Licence for Advertisement Rights Concession to Design, Develop, Operate and Market the Advertising Opportunity in the Entire Airport Estate at Tuticorin Airport for the period of five years - Reg

संदर्भ/Ref: Your tender document submitted through etenders.gov.in for Tender ID: 2021_AAI_87663_1.

Dear Sir,

Please refer your tender document submitted through etenders.gov.in for tender ID No. 2021_AAI_87663_1 regarding Licence for Advertisement Rights Concession to Design, Develop, Operate and Market the Advertising Opportunity in the Entire Airport Estate at Tuticorin Airport.

2. The competent authority is pleased to accord the approval for award of contract for Advertisement Rights Concession to Design, Develop, Operate and Market the Advertising Opportunity in the Entire Airport Estate at Tuticorin Airport to M/s. GK Ads, Madurai subject to compliance of all the terms & conditions stipulated in the 'RFP'.

The broad terms & conditions of the license are also indicated below: -

3. Name of the Concession:

"Exclusive Advertisement Rights" Which will cover all types of indoor and outdoor advertising / brand promotion media in the existing wall/columns as designated location (such as Bill Boards, Gantries, Back Lit Static Displays, Stunners, Display Windows, Flag Posts, Traffic Signage's, Digital/Laser Floor/ Ceiling graphics, Product/ Services Showcasing with or Without Human Interface, Vehicle & Refitted Vehicle Displays with or without Human Interface, Multiple Imaging, Electronic & Digital Displays (e.g. Video Wall & Close Circuit Flight Information Television), LCD / LED TV Displays Time & Temperature Displays, Ball Balloons, Shoe Shining Machines, Multi Screen Moving Displays, Conveyor Belt Advertisements, Pillar Wraps, Special Brand Promotion Drop Downs / Banners / Decorations on special events, Mobile / Laptop Chargers / Sponsorship / Advertising on Security Trays, Queue Managers, Planters and any future advertising innovations etc. In brief all direct and surrogate activities concerning brand promotion of any company / organization / person or persons/ product / service would encompass Advertising Rights).

However special exclusions notified by Authority in the RFP (Clause 5.2.5 of RFP - Negative List) would not form part of this "Advertisement Rights".

Note: Advertisement like Mobile / Laptop chargers / Queue Managers / Security tray etc. will be as per Clause 1.2.8 of RFP.

...2



..2..

4. Allocation of Space:

1000 Sqft earmarked as per the RFP (existing Terminal Building, City Side traffic circulation areas, city side and approach roads) within the airport premises. The scope of concession shall be as per the provisions of the RFP.

5. Period of Licence:

Five (05 Years) from the date of commencement of contract.

6. Conditions of Award:

6.1 The concessionaire is permitted a Business Incubation Period of Sixty (60) days from the date of issue of the Letter of Intent to Award/Award letter. The concessionaire shall fulfil all the conditions specified in the Letter of Intent to Award to the satisfaction of Authority (unless any of the conditions are waived in writing by Authority) in this Business Incubation Period of Sixty (60) days including the following:

(i) The concessionaire shall submit the Security Deposit in the form and manner as specified in Clause 5.7 of Chapter 5 of RFP hereof;

(ii) The concessionaire shall procure all Applicable Permits under Applicable Laws which are required to execute and perform the Agreement and submit copies thereof to Authority.

(iii) The concessionaire shall be under obligation to obtain the final approval of the detailed Location Layout Plan of the Advertisement Displays after incorporation of observations of Authority within the limitations of Location Layout Plan Approval Protocol under any circumstances before the Access date.

(iv) The concessionaire shall provide Authority with the updated shareholding pattern of the concessionaire, as on the date of execution of the Concession Agreement;

(v) The concessionaire shall certify to Authority that apart from the authorizations and approvals provided to Authority there are no further approvals or consents (whether statutory or contractual) required by the concessionaire to execute the Concession Agreement.

(vi) The concessionaire shall execute the Concession Agreement as per the Draft Concession Agreement forming part of this RFP as Appendix III.

6.2 Without prejudice and in addition to the rights of Authority to invoke the Earnest Money Deposit (EMD) as provided elsewhere in the RFP, the Earnest Money Deposit (EMD) shall be liable to be forfeited and appropriated by Authority in case of failure of a Selected Bidder to fulfil any of the Conditions of Award within the stipulated time and in accordance with the manner prescribed therefore in this RFP and/or the Letter of Intent to Award.

...3



..3..

6.3 Upon forfeiture by Authority of the Earnest Money Deposit (EMD) as above, Authority shall have the right to cancel/ revoke the Letter of Intent to Award and immediately upon issuance of notice intimating such cancellation/ revocation, to select such other Bidder(s) as may be deemed fit by Authority and /or deal with the Concession as it may deem fit in its sole and absolute discretion.

6.4 Authority, in its sole discretion, reserves its right to extend the timelines referred to in this Section 4 of Chapter 4 of RFP.

7. Concessionaire:

7.1 The obligations and duties of the Concessionaire are as prescribed in the RFP and the Concession Agreement.

7.2 The concessionaire within seven (07) days after accepting the LOIA shall submit a detailed Draft Location Layout Plan indicating specific locations, sizes, type of medium, fixing and hoisting arrangements, material specifications, illumination requirements etc. for consideration of Authority. It is further provided that the Revised Location Layout Plan after incorporating the observations of Authority which would be communicated within seven days of submission of Draft Location Layout Plan would need to be submitted back within seven (07) days of receipt of observations of Authority for final approval within the limitations of the Location Layout Plan Approval Protocol. On receipt of the Revised Location Layout Plan the Authority would approve the same at its earliest but in any case, not later than the sixty (60) days from the date of LOIA within the business incubation period/access date.

7.3 To ensure equitable distribution of advertising through the airport, the APD (Airport Director) may provide minimum advertisement area distribution guidance at their respective airports. (for eg. SHA, Arrival, Departure etc.).

8. Scope of the Concession:

8.1 The Concessionaire shall use the Advertising Locations within the Scope of Advertising Rights Concession defined in this RFP during the Concession Term. The Concessionaire shall ensure that the concept of execution of the Advertisement Rights Concession is in line with the international standards and the image envisaged for the Airport by Authority.

8.2 The approved Advertisement Locations as per approved Location Layout Plan would be physically handed over to the Concessionaire on "as is where is" basis and Authority shall not be responsible for its renovation, maintenance and up-keep from the Access Date.

8.3 Notwithstanding anything to the contrary contained in this RFP, the detailed terms specified in the Concession Agreement shall have overriding effect; provided, however, that any conditions or obligations imposed on the Bidder hereunder shall continue to have effect in addition to its obligations under the Concession Agreement.

...4



..4..

8.4 In order to clearly define the scope of Advertising Rights Concession an indicative list of the advertising media to be given under this RFP are set-out as follows :

The scope of advertisement shall be as per clause 1.1.1 of RFP which is at best an indicative guideline and is neither intended to suggest nor restrain the use of any form of Advertising Medium while formulating the business model/ Location Layout Plans by the Potential bidders.

8.5 The Negative List of Advertisement Media not covered under this RFP are Setout as follows:

- Advertisement on Passenger Baggage Trolleys.
- Sponsored development of Horticulture and Outdoor Landscaping indicating name & logo of sponsoring agency within the limitation of Authority's Policy in the matter.
- Sponsored Pay & Use Toilets and Advertisements there on (as per area specified by Authority).
- Government sponsored Social Advertisement (**Swatch Bharat Mission, Azadi Ka Amrut Mahotsav etc.**) with no commercial motives on the Advertisement Display Locations under Airport Branding Area.
- Welcome desk/Reception counter.
- Mobile/Wi-fi as a medium for any kind of advertisement/ interactivity with Airport boarding Pass, Self-Check-in Kiosk, Complaint Kiosk.
- Any advertisement sites/media which is not possible to be permitted due to mandatory / statutory / operational constraints.
- Duly authorized display of the Bonafede licensees of the Airport.
- Advertisement for medical check-up facility present in airport premises.

9. Term of Concession:

9.1 The Concession is proposed to be granted for 05 (Five) years. The Concessionaire will have to operate the Concession for a minimum Lock in Period which is two years. In the event of Concessionaire deciding to exit the Concession Agreement at the end of the Minimum Lock in period it would need to issue the Notice of Dissatisfaction and Notice of Termination in such a manner so that the expiry of the Notice Period synchronizes with the expiry date of the Minimum Lock in Period. The option of moving out of the Concession Agreement prior to expiry of the Minimum Lock in Period is not available to the Concessionaire. However, in the event of Concessionaire leaving on any date before the expiry of the Minimum Lock in Period it would have to face forfeiture of 6 months Security Deposit equivalent to current month license fee and a ban/debarring of three years on future participation in Tenders/RFP's floated by Authority.

9.2 The Concession Term shall be reckoned from the Concession Fee Commencement Date as already defined in the RFP. For the sake of clarity, the Concession Term of Advertisement Sites obtained by a Concessionaire at subsequent stages shall be co terminus with the expiry date of the original Concession Term, unless terminated earlier in accordance with the terms and conditions of the Concession Agreement.

...5



..5..

10. Concession Fee:

10.1 Concession Fee for the tender period shall be payable at the quoted license fee of Rs.225.50/- per sqft per month plus applicable charges and taxes, for a total area as per clause 1.1.1 of Chapter 01 of RFP as described below:

(a) Initially, Licensee has to pay for 400 sqft advertisement area (Rs. 90,200/- per month excluding applicable taxes and charges) or actual area occupied by the licensee, whichever is higher.

(b) On completion of **two** years of contract period, License fee shall be payable on pro-rata basis for the advertisement area whichever is higher of below three:

- (i) 400 sqft advertisement area (or)
- (ii) 50% of total area earmarked for Advertisement (or)
- (iii) Actual area occupied by the licensee

(c) On completion of **three** years of contract period, License fee shall be payable on pro-rata basis for the advertisement area whichever is higher of below two:

- (i) 75% of total area earmarked for Advertisement (or)
- (ii) Actual area occupied by the licensee.

(d) Rate of annual escalation:

Nil escalation upto three (03) years. Thereafter as per the existing formula linked with CPI and Traffic Growth w.r.t. previous year traffic data subject to a minimum of 10% and maximum of 20%".

(e) Minimum lock-in-period: Two (02) years.

10.2 The Concessionaire shall, in consideration of the Concession granted by Authority, pay to Authority the Concession Fee as define already in this RFP. The Concession Fee shall be payable on a monthly basis. The Concessionaire shall pay with respect to the Concession Fee, the Taxes including GST (at present 18%) which shall be over and above the Concession Fee as per the RFP.

10.3 Concession Fee Commencement Date shall mean the 61st day in respect of all tendered sites i.e. at the expiry of the Gestation Period of 60 days, reckoned from the Access date or a later date if notified by Authority. However, in the event of concessionaire commencing commercial exploitation of the approved advertisement locations as a sample marketing exercise, the concession fee shall be charged on Pro Rata basis. No claims for discounts / reductions / abatements in Concession Fee shall be admissible for any Location(s) lying unsold, after taking over the possession from Authority.

10.4 In respect of the additional Advertisement Locations over and above the tendered area handed over at a subsequent stage, the Concession Fee applicable will be the Concession Fee applicable for Advertisement Locations handed over at the first instance. For the sake of clarity, if additional Location is handed over in the Second Concession Year, the Concession Fee applicable for such location will be the Concession Fee for Second Concession Year.

...6



..6..

11. Other charges:

11.1 In addition to the Concession fee, the Concessionaire shall be required to pay such Utility Charges and such other charges as set out under the Concession Agreement. If required by the Concessionaire and agreed to by Authority, Authority shall provide or arrange to provide agreed utilities and facilities at the Service Area in consideration of charges as may be determined by Authority from time to time.

11.2 If required by the Concessionaire and agreed to by the Authority, Authority shall provide or arrange to provide agreed utilities and facilities at the Service Area in consideration of charges as may be determined by the Authority from time to time.

12. Taxes and other payments:

The Concessionaire shall pay all contributions, taxes and insurance premiums payable under Applicable Law, during its performance under the Concession Agreement and all applicable sales tax, service tax and other taxes, etc. as applicable, to materials and supplies furnished or work performed hereunder and shall save Authority harmless from liability for any such contributions, premiums, and taxes, and as more particularly set out under the Concession Agreement. Direct taxes on respective income shall be borne by the respective parties.

13. Security Deposit:

13.1 Total Equivalent to 08 Months License fee i.e. (a) On or before the date of execution of the concession agreement the selected bidder shall deposit Bank Guarantee equivalent to Six (06) months license fee of the first year and two (02) months license fee of first year shall be paid in DD/PO with AAI in the first phase with validity up to 04 years. (b) On or before the commencement of 4th year, BG equivalent to 06 (Six) months license fee of 4th year and 2 (Two) months license fee of 4th year in DD/PO to be deposited in second phase with validity upto 6 (six) months from the date of expiry of contract. The details of the Security Deposit is as follows:

Period	Monthly L. Fee (Rs.)	SD Amount (Rs.)	Mode of SD	Validity
On or before the date of execution of the concession agreement	90,200 (400 Sqft X Rs. 225.50)	5,41,200 (400X225.5X6)	Bank Guarantee	04 Years
		1,80,400 (400X225.5X2)	DD/PO	--
On or before the commencement of 4th year	1,69,125 (750 Sqft X Rs. 225.50X1.1)	11,16,225 (750X225.5X1.1X6)	Bank Guarantee	upto 6 (six) months from the date of expiry of contract
		3,72,075 (750X225.5X1.1X2)	DD/PO	--

...7



..7..

13.2 The Interest Free Security Deposit shall be deposited either in DD /RTGS/NEFT or in the form of a Bank Guarantee (only from a Nationalized/scheduled commercial bank. However, BG from co-operative banks (even scheduled) or in the form of FDR is not acceptable) which would need to be kept valid for a period of six (06) months beyond the expiry of the Concession Term.

13.3 The Security Deposit shall be interest free and the Concessionaire agrees and acknowledges that the Authority shall not be liable to pay any interest on the Security Deposit.

14. Service Standards and other covenants:

The Concessionaire shall at all times comply with the Service Standards and such other covenants as may be prescribed by the Authority from Time to Time.

15. Marketing and Promotional Activities:

The Concessionaire is required to participate in all sales and promotion programs, display necessary airport publicity materials, and support all airport-wide promotions, and any other marketing or promotional activities as may be organized by Authority from time to time. The Concessionaire agrees to co-operate with Authority in use of the Advertisement Site(s) in relation to such promotional activities.

16. Sub-licensing / assignment:

The Concessionaire shall not sub-contract or sub-concession or assign any of its rights, duties and obligations under the Concession Agreement, in whole or in part.

17. Authority's Brand Support and Promotional Activities:

17.1 Authority may, at any point in time, develop its brand with service, quality, respect, promise and creativity as its core elements and the Concessionaire is required to uphold these elements of Authority's brand while developing, operating and maintaining the Advertisements at the Airport.

17.2 Concessionaire is also required to participate in all loyalty and promotions to be undertaken by Authority in support of its brand including Airport wide promotions and any other incentive scheme as may be initiated by Authority from time to time. Concessionaire agrees to co-operate with Authority in use of the Advertisement Site(s) in relation to Authority's brand.

17.3 The Agency has to put in place, a specifically reserved additional Airport Branding Area as defined in this RFP at its cost, which will not exceed five percent (05%) of the Assigned Advertisement Area for Airport Brand Promotion or Social messages of Government of India etc. having no commercial valuations. The area shall be shown in the Location Layout plan and the concessionaire will not be liable to pay any concession fee for this Airport Branding Area.

...8



..8..

17.4. Updated Location Layout Plan

17.4.1 The Concessionaire shall be under obligation to submit to the Authority an updated Location Layout Plan after taking into account the Rationalization Exercises in the previous year in the first quarter of every concession year as a reference document for the balance concession term.

17.4.2 It would however be obligatory on part of the Concessionaire to assist the Authority to undertake a Joint Physical Verification after submission of the Updated Location Layout plan if called upon to do so.

18. Exit Clause:

In the event of Concessionaire causing Unsatisfactory Performance and failing to make amends even after issuance of Notice of Dissatisfaction during the Minimum Lock In Period as defined herein, the Authority will be entitled to terminate the Concession Agreement after issuing Notice of Termination. However otherwise after the expiry of the Minimum Lock In Period both the parties can opt for this route after serving the Notices of Dissatisfaction and Notice of Termination on each other. Termination Notice period and Lock-in period may be coterminous.

19. Penal Interest on Delayed Payments:

Airports Authority of India (AAI) shall raise bill by 10th of every month. The concessionaire has to make the payment of License Fees etc. by 25th of the same month, failing which interest on delayed payment at the rate of 9% per annum shall be charged from the due date for delay period of upto 30 days and if delay is for more than 30 days, then interest at the rate of 18% per annum shall be charged from the due date, for entire delay period. **In case, default persists on the 31st day counted from Due Date, AAI will issue a notice of dissatisfaction. After expiry of notice of dissatisfaction, if the default still persists, AAI shall be free to terminate the concession forthwith, in any case not exceeding 90th day from notice of termination.**

20. Gestation Period:

20.1 The Gestation Period will be that of sixty (60) days starting from the Handing over/taking over of sites. The effective date of billing from very next day of gestation period or actual date of commencement of business whichever is earlier.

20.2 The Gestation Period of sixty (60) days is a Concession Fee holiday period. However, it is expected that the Concessionaire within this period completely installs the Advertising Hardware as per approved Location Layout Plan and puts in place the required marketing team to market the Advertising Product in full swing.

20.3 The Concessionaire however would be permitted Sample Marketing during this Gestation Period and would be liable to pay the proportionate Concession Fee for the actual Advertisement Area put to use without having any effect on the Concession Fee Commencement date.

...9



..9..

20.4 The Concessionaire would be entitled to a Resurrection Period of Thirty (30) days in respect of Displaced & Withdrawn Locations which have to be resurrected at an Alternate Location from its Original Location. This resurrection period would be a Concession Fee Holiday Period on proportionate basis in respect of the affected locations only.

20.5 The Concessionaire however would not be entitled any Resurrection Period if the relocation of an Original Location to an Alternate Location has been sought under Rationalization Rights.

21. Other conditions:

21.1 The licensee shall submit the concession agreement on non-judicial stamp paper of Rs.200/- in the prescribed format as per RFP for execution by AAI within 60 days from the date of this letter as form & part of the agreement.

21.2 All payments towards concession fee, payable by the concessionaire to the Authority, shall be in Indian rupees.

21.3 This letter of Intent/ Award Letter along with the RFP / Corrigendum's/Replies to queries in the tender process will form a part of the license agreement.

Kindly acknowledge receipt of this letter.

धन्यवाद/Thanking you,

भवदीय/Yours Sincerely,

(एन. सुब्रमणियन/N. Subramanian)

विमानपत्तन निदेशक/Airport Director

प्रतिलिपि/Copy to:

The Jt. General Manager (Comml), AAI, SR, Chennai-16.

आंतरिक/Internal:

Jt. GM (Civil) / Jt. GM (Elect) / DGM (ATM) / AGM (CNS) / AGM (Elect) / AGM (Civil/Comml) / M (FS)/
JE (Tech) / JE (AO)