

**M/S. FLDEC SYSTEMS PRIVATE LIMITED (LEAD MEMBER),
LEVEL 2&4, OLYMPIA TEKNOS PARK,
NO. 28, SIDCO INDUSTRIAL ESTATE,
GUINDY, CHENNAI-600 032.**

Sub: LOIA FOR CONCESSION TO DESIGN, FIT-OUT, FINANCE, DEVELOP, MARKET, OPERATE, MAINTAIN AND MANAGE THE RETAIL OUTLETS AT CHENNAI AIRPORT -REG.

Sir/Madam,

Please refer to the subject e-tender invited vide. E-bid No. 2023_AAI_144328_1 dated 06.02.2023 by AAI, Chennai Airport for "Concession to Design, Fit-Out, Finance, Develop, Market, Operate, Maintain and Manage the Retail Outlets at Chennai Airport", wherein you have submitted the bid as a Consortium consisting of **M/s. FLDEC SYSTEMS PRIVATE LIMITED, (Lead member) and M/s. Vidvedaa Ornaterior Pvt Ltd (Member)**. The technical bid for the tender was opened on 03.03.2023 and financial bid was opened on 15.03.2023 wherein you have emerged as the Highest Bidder (H1), hereinafter referred as the "Selected Bidder/ Concessionaire". Acccoridngly your financial bid has been accepted by the Competent Authority.

In view of this, the LOIA for "Concession to Design, Fit-Out, Finance, Develop, Market, Operate, Maintain and Manage the Retail Outlets at Chennai Airport" is hereby awarded for a period of **Seven (07) Years** on the following terms & conditions.

General:

1. The selected bidder shall within 7 (seven) working days of the receipt of the LOIA, sign and return the duplicate copy of LOIA in acknowledge thereof to confirm consent to conduct and complete the contract. After acknowledgement of the LOIA as aforesaid, it shall fulfil all the conditions inter alia set forth in Chapter 4 of the RFP.

The selected bidder being a consortium shall form a SPV, prior to signing of the Concession Agreement, as per the terms and conditions of this RFP and shall cause the SPV to execute the Concession Agreement as per the provisions of the Bidding Documents not later than thirty (30) days from commencement of the Business Incubation Period. The Selected Bidder / Concessionaire shall also be responsible for all costs associated with execution of the Concession Agreement.

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Any delay shall attract damages at the rate of Rs. 5,000/- per day of delay, as provided in Clause 4.1.1 of the RFP. The Selected Bidder shall not be entitled to seek any deviation, modification or amendment in the draft Concession Agreement forming part of the RFP as Appendix-II.

2. In the event the duplicate copy of the LOIA duly signed by the Selected Bidder is not received by the stipulated date, Authority may, unless it consents to extension of time for submission thereof, appropriate the Earnest Money Deposit (EMD) of such Bidder as Damages on account of failure of the Selected Bidder to acknowledge the LOIA.
3. The Selected Bidder/ Concessionaire shall, at its own risk and cost, obtain the security clearances required to carry out commercial activities in the security restricted area from the Bureau of Civil Aviation Security (BCAS) or any other relevant Governmental Authority and submit copies thereof to the AAI, Chennai.
4. **Concession Term**: The Concession Term shall commence on the earlier of:
 - (a) 61st day from the date on which the Access Date (s) of at least fifty percent (50%) of the area designated for Concessioned Premises in the Concessionaire Managed Locations Layout Plan have occurred;
 - Or
 - (b) the date of deemed commencement of Concession Term which may be specified by the Authority by a written notice of not less than seven (7) days.

The Concession Term shall expire on the Seventh (7th) anniversary of the date of commencement of the Concession Term, unless the Agreement is terminated earlier in accordance with the terms and conditions of the RFP and draft Concession Agreement. All other factors of Concession Term will be as per Chapter 5.3 of RFP Document.

5. **Concession Fee (As per Chapter 5.4 of RFP Document)** : The Concession Fee is the Quoted Monthly Guarantee (QMG) to be paid for each month under this concession shall be **Rs. 24.48 per passenger per month or Base Revenue Share for the Month (20% of Net sales), whichever is higher**. Passenger means the total number of passengers (including embarking and disembarking passengers, who use the Airport, based on the formula given hereunder:

“Quoted Monthly Guarantee (QMG)” shall mean the monthly guaranteed amount payable by the Concessionaire for a particular Month determined by multiplying QG, which is Rs. 24.48 per PAX for the corresponding Concession Year (i.e. the Concession Year in which the Month is falling) with the actual Monthly Passenger

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Traffic for that particular Month (as available at the airport), as per formula given below:

$QMG = (QG \text{ per PAX} \times \text{Actual Domestic Passenger Traffic for that Month (as available at Chennai Airport)}) + (QG \text{ per PAX} \times 2 \times \text{Actual International Passenger Traffic for that Month (as available at Chennai Airport)})$.

At the end of each Concession Year, the Actual Total Passenger Traffic for a particular Concession Year is to be compared with the Projected Passenger Traffic for that Concession Year to determine the applicable slab of Progressive Revenue Share Percentage. Accordingly, Quoted Annual Guarantee (QAG) and Progressive Revenue Share shall be determined to arrive at Annual Concession Fees for a particular Concession Year. Higher of Quoted Annual Guarantee (QAG) or Progressive Revenue Share shall be Annual Concession Fees for a particular Concession Year. If the sum total of Monthly Concession Fee billed in each Month for a particular Concession Year is lower than the Annual Concession Fee, then the Concessionaire shall pay the differential amount within seven days of such notification by the Authority. If the sum total of Monthly Concession Fee billed in each Month for a particular Concession Year is higher than the Annual Concession Fee, then the differential amount shall be adjusted/ set-off against the next payment(s) to be made by the Concessionaire.

All other factors of Concession Fee, including escalation would be as per Chapter 5.4 of RFP Document.

6. Other Charges payable to AAI (As per Chapter 5.5 of RFP Document) :

A. The Concessionaire shall pay to the Authority, the following additional charges in relation to the Concessioned Premises comprising a part of the Concessionaire Managed Locations in accordance with the Concession Agreement.

(i). Utility Charges, as per metered actual consumption.

B. The Concessionaire shall pay to the Authority, the following amounts in relation to each of the Service Area(s) and Seating Area(s) if provided to the Concessionaire in respect of this Concession in accordance with the Concession Agreement.

(i) Space Rent at rates as notified by the Authority from time to time.

(ii) Common Area Maintenance (CAM) charges.

(iii) Utility Charges, as per metered actual consumption.

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C. If required by the Concessionaire and agreed to by the Authority, the 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.

7. **Business Incubation Period (As per definition of RFP Document)** : Business Incubation Period shall mean a period of **60 days** from the date of issue of this Letter of Intent to Award (LOIA), i.e. 60 days from 20.03.2023, unless extended in writing by the Authority. Provided that if such an extension is needed due to a fault of the Concessionaire and it is provided by the Authority, damages at the rate of INR 5,000/- shall be appropriated from the Security Deposit/ Earnest Money Deposit (EMD) for each day of extension provided and utilized for each obligation that is delayed. The Selected Bidder will be under obligation during this period to complete the formalities and meet the obligations as specified in this RFP and draft Concession Agreement. Refer Clause 4.1.1 of this RFP for more details.

8. **Access Date (As per definition of RFP Document)** : “Access Date” for each location as a part of the Concessionaire Managed Locations shall mean the date on which the Concessionaire is handed over physical possession of such location designated in the RFP (after completion of the contractual formalities like acceptance of the LOIA, submission of security deposit, signing of agreement, etc.) within the Business Incubation Period and after issuance of the Handover Notification by the Authority for such location. In case the Concessionaire fails to take over such locations by the later of seven (7) days after the issuance of Handover Notification by the authority for such location and the expiry of the Business Incubation Period, then the date which is later of seven (7) days after the issuance of Handover Notification by the Authority for such location and the expiry of the Business Incubation Period shall be deemed to be the Access Date for such location.

A handing over/taking over report is to be signed by the Concessionaire with AAI in respect of each location(s) handed over as per Schedule-F of Appendix-II of RFP.

9. **Gestation Period (As per Chapter 5.13 of RFP Document)** : “Gestation Period” for each location shall mean a period commencing on the Access Date in respect of each location as part of Concessioned Premises and expiring on the 61st day from Access Date of such location or commencement of business on that location whichever is earlier, unless extended by the Authority. All other factors of Gestation Period will be governed as per Chapter 5.13 RFP Document.

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10. Security Deposit (As per Article 7 of RFP Document) : Phase – I

On or before the date of execution of the Concession Agreement the Selected Bidder shall deposit with AAI, Bank Guarantee (BG) equivalent to eight (8) months' QMG of the first Concession Year (Determined on the basis of projected Passenger Traffic for the first Concession Year), with validity of four (4) years from the date of commencement of the Concession. The amount of BG has been

worked out from QG per PAX for first concession year and Projected Passenger Traffic for first Concession Year with following formula:

Amount of BG = ((QG per PAX for 1st Concession Year × Proj. Domestic PAX for 1st Concession Year) + (QG per PAX for 1st Concession Year × 2 × Proj. International PAX for 1st Concession Year)) × 8 /12.

BG Amount will be = ((Rs. 24.48 x 18035618) + (Rs. 24.48 x 2 x 6224652)) x 8/12, i.e., Rs. 49,75,14,000/- (Rupees Forty-Nine Crore, Seventy-Five Lakhs and Forteen Thousand Only).

The Bank Guarantee (BG) to be submitted in accordance with the bank details as follows:

CORPORATE NAME	- AIRPORTS AUTHORITY OF INDIA.
BANK NAME	- ICICI BANK.
IFSC CODE	- ICIC0000007.
BG ADVISING MESSAGE	- IFN 760COV (BG ISSUE). IFN 767COV (BG AMENDMENT).
UNIQUE IDENTIFIER CODE	- AAICHENNAI to be mentioned in field 7037 of BG advising message code.

While submitting the documents to BG issuing bank, the successful bidder also to submit letter to the issuing bank as per format provided in Appendix – IV. Along with the original BG document, successful bidder to attach copy of SFMS BG confirmation message sent by the BG issuing bank to ICICI bank.

An additional SD of Rs.10 lakhs to be deposited towards all types of utilities (such as Electricity, Water, etc.)

All other parameters of Security Deposit will be as per relevant chapter of RFP Document.

- 11. Concessioned Premises Layout Plan :** The concessioned layout premises is **2423.20 sqm** which is shown in **Schedule A** of RFP Document.

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12. **Payment of Concession Fee and Commercial Bills (As per Article 10.4 of RFP Document)** : The Authority shall raise an invoice to the Concessionaire for Monthly Concession Fee, Space Rent and CAM Charges, in accordance with the terms and conditions of this Agreement, by 10th of the succeeding month to which billing pertains. Irrespective of receipt of any invoice from the Authority, the Concessionaire shall be bound to remit the Monthly Concession Fee, Space Rent, CAM Charges by the **25th of the same month** (i.e. the succeeding month to which billing pertains). Any delay in the aforementioned payments shall attract an interest on the delayed amounts at the rate of 9% per annum from the respective due date for up to 30 days of delay. In the event, the delay in payment is for more than 30 days, an interest

@18% per annum shall be charged from the due date, for the entire delayed period. In case, the default persists on the 31st day counted from the due date, Authority shall have the right to issue a written notice notifying the Concessionaire of the default. The Authority shall be entitled to terminate the Concession after fourteen (14) working days of such written notice by issuing a Notice of Termination in accordance with Clause 19.1.1 of the Concession Agreement.

13. **Obligation during Business Incubation Period by the Concessionaire (As per Chapter 4.1.1 of RFP Document)** :

As per Chapter 4 of RFP Document, the concessionaire needs to complete the following process during Business Incubation Period:

- a) The Selected Bidder shall execute the Integrity Pact as per the Draft Integrity Pact forming part of this RFP as per Technical Form-17 of Appendix-I prior to signing of the Concession Agreement;
- b) The Selected Bidder shall execute the Concession Agreement as per the provisions of the Bidding Documents not later than thirty (30) days from commencement of the Business Incubation Period. In case of Consortium, the Concession Agreement shall have to be executed between the SPV and the Authority. Any delay shall attract damages at the rate of Rs.5,000/- per day of delay, as provided in Clause 4.1.1 of this RFP;
- c) The Selected Bidder/ Concessionaire shall, at its own risk and cost, obtain all Applicable Permits under the Applicable Laws which are required to execute -

Handwritten signature and date:
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and perform the Concession Agreement and submit copies thereof to the Authority;

- d) The Selected Bidder/ Concessionaire shall, at its own risk and cost, obtain the security clearances required to carry out commercial activities in the security restricted area from the Bureau of Civil Aviation Security (BCAS) or any other relevant Governmental Authority and submit copies thereof to the Authority;
- e) The Selected Bidder shall submit its proposed layout plan by utilizing the indicative / tentative Concessionaire Managed Locations Layout Plan as provided in Schedule A within seven (7) days of commencement of the Business Incubation Period. Such a layout plan shall also include the reasonably required quantity or capacity for any utilities required along with locations of any physical connections such as sewage, exhausts, etc. The Authority may take a maximum of fourteen (14) working days to assess compliance. In case the Authority notifies of non-compliance, then the Selected Bidder/ Concessionaire shall be required to address the non-compliance and submit revised Concessionaire Managed Locations Layout Plan within the limitations of Location Layout Plan Approval Protocol for approval by the Authority. The Authority may take a maximum of seven (7) working days to assess compliance of the revised Concessionaire Managed Locations Layout Plan. The Selected Bidder/ Concessionaire shall be required to address remaining non-compliances, if any, and obtain final approval of the Concessionaire Managed Locations Layout Plan from the Authority. The responsibility of demonstrating compliance and obtaining the requisite approvals within thirty (30) days from the commencement of the Business Incubation Period shall rest with the Selected Bidder/ Concessionaire. Any delay shall attract damages at the rate of Rs.5,000/- per day of delay, as provided in Clause 4.1.1 of this RFP;
- f) The Selected Bidder/ Concessionaire shall demonstrate that the planned interior and exterior designs of the Concessionaire Managed Locations comply with the Design Guidelines (as provided in Schedule L). The Authority may take a maximum of fourteen (14) working days to assess compliance. In case the Authority notifies of non-compliance, then the Selected Bidder/ Concessionaire shall be required to address the non-compliance and submit revised Concessionaire Managed Locations Layout Plan for approval by the Authority. The Authority may take a maximum of seven (7) working days to assess compliance of the revised Concessionaire Managed Locations Layout Plan. The Selected Bidder/ Concessionaire shall be required to address remaining non-compliances, if any, and obtain final approval of the Concessionaire Managed Locations Layout Plan from the Authority.


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Any delay shall attract damages at the rate of Rs.5,000/- per day of delay, as provided in Clause 4.1.1 of this RFP;

- g) **The Selected Bidder/ Concessionaire shall produce binding agreements signed with Brand owners (list of brands provided in Appendix-V) as per Technical Form-5 of Appendix-I of the RFP within thirty (30) days of issue of LOIA, as mentioned below:**

Category-A and below (Applicable for Chennai International Airport - 4 Million passengers per annum and above) at least 3 Branded Outlets.

The Selected Bidder agrees to pay damages at the rate of Rs. 5,000/- per day for any delay beyond thirty (30) days of issue of LOIA to produce binding agreements with the required number and type of Brands (international / national / local) as per the category of the Airport, in accordance with the terms and conditions of the RFP.

In case the Airport moves to a higher category, such as from category B to category A as per AAI's classification, the Authority may require the Concessionaire to comply with the requirement applicable to the higher category; Brands not falling within the indicative list provided under Appendix-V, may also be considered and permitted by Authority at post award stage at its sole discretion, to which bidder / concessionaire must obtain approval / permission of Authority in writing within business incubation period.

The Selected Bidder agrees that in case it fails to submit the binding agreements within 60 days from the date of issue of LOIA then the LOIA shall stand automatically cancelled without any further reference and the Selected Bidder shall not make any claim to the Authority and the Authority shall be free to debar the Selected Bidder as per the conditions of this RFP.

- h) The Selected Bidder/ Concessionaire shall apply for necessary approvals and clearances of security program from the Bureau of Civil Aviation Security (BCAS) or any other relevant Governmental Authority, and any other clearance as may be notified from time to time and submit copies thereof to the Authority.

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14. Scope of Concession

The concessionaire shall strictly adhere to the scope of Concession as per RFP including the list of permitted items as mentioned at clause 5.2.5.

All other terms & conditions will be governed as per guidelines provided in RFP Document [E-bid No. 2023_AAI_144328_1 dated 06.02.2023].

This LOIA is only a communication conveying the intent of AAI, Chennai Airport to award the Concession to the Selected bidder, M/s. FLDEC SYSTEMS PRIVATE LIMITED, consortium of M/s. FLDEC SYSTEMS PRIVATE LIMITED (Lead member) and M/s. Vidvedaa Ornaterior Pvt Ltd.

In case of any difference between this LOIA and RFP Document, the RFP Document shall prevail over LOIA.

It is requested to mobilize your resources and efforts for completion of all procedures during business incubation period and commencement of business within gestation period please.

Thanking you,

Yours Sincerely,

Sd/-

(M. Selvanayagam)
Jt.GM (Commercial)
for Airport Director

Copy to :

1. The ED (Commercial), AAI, R.G. Bhawan, Safdarjung Airport, New Delhi – 110003, for kind information please.
2. The GM (Commercial), AAI, CHQ for kind information please.

Internal

GM(Ops) / GM (F&A) / GM (E-E) /GM (Project)/ JGM (E-C) / DGM (Fire)/ Manager (Law)/ Manager (C.C)/PA to APD - For kind information please.

CSO- For information and onward submission of a copy to BCAS, Chennai Please.


(M.Selvanayagam)
Jt.GM(Commercial)

