



भारतीय विमानपत्तन प्राधिकरण AIRPORTS AUTHORITY OF INDIA

Ref. No. : AAI/VOBZ/COMCL/DFS

Date : 19.02.2024

To
M/s. PRG Shipping Private Limited,
Old No. 216 New No. 236, 1st Floor,
Thambu Chetty Street, Chennai – 600001.

Sub : **LOIA for “RFP To Develop, Operate and Maintain Duty Free Outlets at International Terminal Building, Vijayawada Airport”.**

Dear Sir,

We are pleased to inform you that Competent Authority has accepted your bid for “RFP To Develop, Operate and Maintain Duty Free Outlets at International Terminal Building, Vijayawada Airport” in response to E Bid No. 2023_AAI_169787_1, dated 05.10.2023.

The LOIA for “RFP To Develop, Operate and Maintain Duty Free Outlets at International Terminal Building, Vijayawada Airport” is hereby awarded to M/s PRG Shipping Private Limited for a period of 07 (Seven) years on the following terms & conditions.

1. This LOIA will be part & parcel of agreement. The concessionaire needs to convey his acceptance within 07 days from the date of disposal of this LOIA.
2. **Concession Term** : The Concession Term shall commence on the earlier of :
 - (a) 61st day from the start date of Gestation Period or the commencement of the business, whichever is earlier, unless extended by the Authority.
 - 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.
3. **Concession Fee** : The Concession Fee is the Quoted Minimum Rate per International Passengers (Arriving plus Departing) USD 1.00 or Minimum Monthly Guarantee (MMG), whichever is higher plus applicable taxes and charges.
All other factors of Concession Fee, including escalation would be as per Chapter 5.4 of RFP Document and Article 10 of Concession Agreement.
4. **Other Charges payable to AAI** : The Concessionaire shall pay to the Authority, the following additional charges in relation to the Concessionaire Managed Premises (Duty Free Outlets) in accordance with the Concession Agreement.

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Commercial Department Email – vobz.comml@aai.aero Phone -0866 2846014

विजयवाडा हवाई अड्डा
VIJAYAWADA AIRPORT

विजयवाडा - 521 102
VIJAYAWADA - 521 102

दुरभाष : 0866-2846729
Phone : 0866-2846729

फैक्स : 0866-2846757
Fax : 0866-2846757

- a) Common Area Maintenance (CAM) Charges.
- b) Utility Charges, as per metered actual consumption.
- c) The Concessionaire shall pay to the Authority, the following amounts in relation to each of the Warehouse / Service 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.

All other factors of charges will be as per Chapter 5.5 of RFP Document.

5. **Business Incubation Period** : 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 19.02.2024**, unless extended in writing by the Authority.

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 4.2** of RFP for more details.

6. **Access Date** : “Access Date” for Concessionaire Managed Locations shall mean the date on which the Concessionaire is handed over physical possession of any or all of the Location(s) 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 Selected Bidder fails to take over Concessionaire Managed Locations within the 60 (Sixty) days of LOIA, the 61st day from LOIA shall be deemed to be the access date.

7. **Gestation Period** : 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 5.14 of RFP Document.

8. **Security Deposit : (Phase – I)**

On or before the date of execution of the Concession Agreement the selected bidder shall deposit with AAI, Bank Guarantee (BG) / Cash - through RTGS / Demand Draft equivalent to eight (8) months Monthly Concession Fee of the First Year or MMG for the first concession year, whichever is higher.

SD amount is determined on the basis of “Concession fee based on Quoted Rate Per International Passenger [arriving + departing] for the immediately preceding month of issuance of the LOIA” **OR** “MMG for the first concession year”, whichever is higher.

Handwritten signature and date:
19/02/24

Monthly Concession Fee is calculated based on total International Passenger data for the month of December, 2023, since on the date of issue of LOIA, December month passenger traffic data is being earliest available preceding month data in AAI Website, which is considered as available preceding month traffic data.

In this case, Monthly Concession Fee INR 2,23,794.75 becomes higher than the MMG. MMG comes to INR 1,43,083.75 (INR 83.35 x MMG USD 1725.30).

[Quoted Rate per International being USD 1 and by conversion to INR, quoted rate comes to INR 83.35 for the month of December, 2023 (As per Dollar Rate of AIMS). Monthly Concession Fee for the month of December comes to INR 2,23,794.75 (i.e. INR 83.35 x 2685 nos international passengers for the month of December, being earliest available preceding month data in AAI website, which is considered as available preceding month traffic data)].

The amount of Security Deposit in Phase – I (i.e. up to 4th Year) will be INR 17,90,358/- (Indian Rupees Seventeen Lakh Ninety Thousand Three Hundred Fifty Eight Only), i.e. equivalent to eight months Monthly Concession Fee (being higher than MMG) based on total International Passenger for the month of December, 2023 (On the date of issue of LOIA, December passenger traffic data is available in AAI Website, which is considered as available preceding month traffic data).

All other parameters of Security Deposit (including preparation of Bank Guarantee for submission of SD and SFMS guidelines) will be as per Chapter 5.7 of RFP Document and Article 7 of Concession Agreement.

9. **Submission of required permissions / approvals & Certificates :**

The Concessionaire shall obtain all the requisite statutory / regulatory permissions/approvals, certifications etc. to open and operate Duty-Free outlet at Vijayawada International Airport within Business Incubation Period. A copy of all such required permissions / approvals & certificates need to be submitted to the office Airport Director, Vijayawada Airport within Business Incubation Period, i.e. within 60 days from issue of LOIA.

10. **Concessioned Premises Layout Plan :** The concessioned layout premises is 12.15 sqm which is shown in Schedule A of RFP Document.

11. **Payment of Concession Fee and Commercial Bills :** 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,

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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 as per guidelines provided in Article 19 of Concession Agreement.

12. Obligation during Business Incubation Period by the Concessionaire :

As per guidelines provided in Chapter 4 of RFP, the agrees and undertakes that within the Business Incubation Period, or any shorter time period specified below, unless extended in writing by the Authority, it shall fulfil all of the following conditions unless waived in writing by the Authority.

Provided that if an extension is needed due to a fault of the Concessionaire/ Selected Bidder as determined at the sole discretion of the Authority and provided by the Authority, damages at the rate of INR 5,000/- shall be appropriated from the Earnest Money Deposit (EMD) / Security Deposit, as applicable, for each day of extension provided and utilized for each obligation that is delayed.

- a) The Concessionaire shall submit the Security Deposit as mentioned in Para 8 of this LOIA prior to signing of the Concession Agreement;
- b) The Concessionaire shall execute the Integrity Pact as per the Draft Integrity Pact forming part of RFP Document as per **Form-VII** prior to signing of the Concession Agreement;
- c) The Concessionaire 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. Any delay shall attract damages at the rate of **INR 5,000/- per day** of delay, as provided in **Clause 4.2.1** of RFP document;
- d) The Concessionaire shall, at its own risk and cost, obtain all Applicable Permits under the Applicable Laws which are required to execute and perform the Concession Agreement and submit copies thereof to the Authority;
- e) The 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;
- f) The Concessionaire shall submit its proposed layout plan by utilizing the indicative / tentative Locations Layout Plan as provided in Schedule A within **seven (7) working 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 Concessionaire Managed 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

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shall be required to address the non-compliance and submit revised 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 Locations Layout Plan. The Selected Bidder/ Concessionaire shall be required to address remaining non-compliances, if any, and obtain final approval of the 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 4.2.1** of this RFP;

- g) The 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.

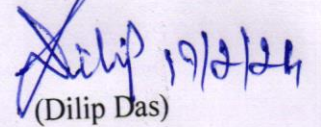
All other details regarding obligations to be fulfilled by the Concessionaire are mentioned in Chapter 4.2 of RFP Document.

All other terms & conditions will be governed as per guidelines provided in RFP Document, vide E-Bid No. 2023_AAI_169787_1, dated 05.10.2023.

Accordingly, 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. Further Acceptance of this LOIA is required to be conveyed to this office within seven (7) working days from the date of disposal of this LOIA.

Thanking you,

Yours faithfully,


(Dilip Das)

AGM (Commercial)
for Airport Director,
Vijayawada Airport.

Copy to :

1. GM(Commercial), AAI CHQ for kind information please.
2. Regional Executive Director, SR, for kind information please.
3. Jt. G.M (Commercial), SR for kind information please.
4. Jt. G.M. (Finance), Vijayawada Airport for kind information please.
5. HoD (Engg-Elect), Vijayawada Airport for kind information please.
6. HoD (Engg-Civil), Vijayawada Airport for kind information please.
7. HoD (Ops), Vijayawada Airport for kind information please.
8. HoD (Security), Vijayawada Airport for kind information please.

दिलीप दास / DILIP DAS
सहायक महाप्रबंधक (वाणिज्य) / AGM(Commercial)
भा.वि.प्रा. विजयवाड़ा अंतरराष्ट्रीय हवाई अड्डा
AAI, VIJAYAWADA INTERNATIONAL AIRPORT-521102