

F.No. AV-20015/12/2019-AD
Government of India
Ministry of Civil Aviation
AD Section

R.G. Bhawan, SJ Airport, New Delhi
Dated: 1st July, 2021

To,
MD & CEO
Bangalore International Airport Limited,
Kempegowda International Airport, Bengaluru
Bengaluru-560300

Subject: Extension of term of the Concession Agreement in respect of Kempegowda International Airport, Bengaluru.

- Ref:** 1. Concession Agreement dated 5th July 2004 and 20th November, 2006.
2. BIAL Letter No. BIAL/MD&CEO/2019-20 dated 17th September, 2019.
3. BIAL Letter No. BIAL/MD&CEO/2019-20 dated 18th November, 2019.
4. MoCA Letter No. AV.20015/12/2019-AD dated 26th November, 2019.
5. GoK Order No. IDD 120 DIA 2019 dated 16th October, 2020.
6. GoK Letter No. IDD 120 DIA 2019 dated 20th October, 2020.
7. BIAL Letter No. BIAL/MoCA/MD & CEO dated 22nd October, 2020.
8. BIAL Letter No. BIAL/SEC/2020-21 dated 3rd March, 2021.

Sir,

This is with reference to the Concession Agreement signed on 5th July, 2004 between Government of India, acting through the Secretary, Ministry of Civil Aviation (MoCA) and Bangalore International Airport Limited (BIAL) for Development, Construction, Operation and Maintenance of Kempegowda International Airport, Bengaluru (KIAB).

2. Bangalore International Airport Limited had requested Government of India for extension of Term of Concession, with the approval of their Board having Chief Secretary, Government of Karnataka (GoK) as its Chairman, by notifying its intentions and decision to exercise its option of extending the term of Concession Agreement for further period of 30 Years as provided in Article No 13.7.1 of the Concession Agreement, vide letter dated 17th September, 2019 (**Annexure-I**). This request was followed with another representation from BIAL vide letter dated 18th November, 2019 (**Annexure-II**).

3. The submissions made by BIAL were examined in this Ministry and following have been noted:

- i. Article 3.1.1 of the Concession Agreement grants right and privilege (Concession) to BIAL for carrying out the Development, Design, Financing, Construction, Commissioning, Maintenance, Operation and Management of the Airport (excluding the right to carry out the Reserved Activities and to provide communication and navigation surveillance/air traffic management services

which are required to be provided by AAI). This Concession Agreement (CA) had been accorded approval of the Union Cabinet on 20th January, 2004.

- ii. As per Article 13.7.1 of CA, unless terminated earlier in accordance with Article 4.3.1, Article 13.4, or by mutual agreement between the Parties in writing, Concession Agreement shall continue in full force and effect from its commencement in accordance with Article 4 of the CA until the thirtieth (30th) anniversary of the Airport Opening Date, whereupon the term of the Agreement shall at the option of BIAL be extended for a further period of thirty (30) years.
 - iii. The Airport Opening Date, when the airport project was completed and commenced commercial operations, has been recorded as 24th May, 2008 (**Notification at Annexure-III**), which-in-turn sets the present term of the Concession Agreement upto 23rd May, 2038. As per the provisions of Article 13.7.1, BIAL may at any time prior to the twenty-seventh (27th) anniversary of the Airport Opening Date i.e. 23rd May, 2035, seek extension of the term of the Concession Agreement by another 30 years.
 - iv. As per its letter dated 22nd Oct, 2020 (**Annexure-IV**), BIAL has communicated that extension of CA is very critical to BIAL in view of significant investment being done for the large expansion of the airport and related infrastructure, required to meet the growing demands of aviation sector and economic growth in Karnataka. The extension is also essential from lenders perspective with expectations to have a clear term period available beyond the project loan repayment period for borrowings.
4. In view of the foregoing, MoCA, vide letter No. AV.20015/12/2019-AD dated 26th November, 2019 (**Annexure-V**), had sought comments /recommendations of the Government of Karnataka (GoK), being an important stakeholder and shareholder in BIAL. GoK, vide letter dated 20th Oct 2020 (**Annexure-VI**) informed MoCA about the GoK's concurrence to the proposal of BIAL for extension of Concession Agreement for a further period of 30 years from 24th May 2038 onward, subject to the conditions as envisaged in GoK Order dated 16th Oct., 2020.
5. GoK, vide Order dated 16th October, 2020 (**Annexure-VII**), accorded its approval for Extension of Concession Agreement for a further period of 30 years from 24th May, 2038 and revision of Land Lease Agreement co-terminus with the Concession Agreement, subject to the following:
- a. The Site Cost to be increased from present Rs.211.78 crores to a maximum of Rs.302.15 crores by including the costs towards Interest paid on HUDCO Loan(capitalized till handing over of the land) & additional compensation as & when paid to the landowners/losers (to be included the payment is made) and made effective from 24.05.2022.
 - b. The rate of Annual Increment to the Lease Rental be fixed at 6% per annum in the Extended Concession Period which becomes operational w.e.f. 24.05.2038 (i.e., commencement of the 31st year of the Airport Opening Date of 24.05.2008).
 - c. To execute revised Land Lease Agreement for extending the period of concession for a further period of 30 years from 24.05.2038 and subject to (a) & (b), above.
 - d. To communicate to Ministry of Civil Aviation, Government of India about the concurrence of Government of Karnataka on the proposal to extend the term of

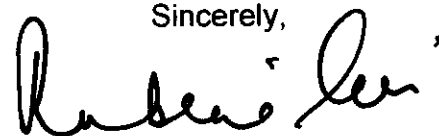
Concession Agreement for a further period of 30 years from 24.05.2038 onwards.

6. Based on the approval and recommendations of GoK, MoCA sought and received a confirmation from BIAL, vide their letter dated 3rd March 2021 (Annexure-VIII) informing that its Board in its meeting held on 14th August, 2020 had accorded its approval for the revisions/modifications suggested by KSIIDC to Land Lease Agreement (including but not limited to Site cost, rate of annual increment etc.).

7. In view of the above position, Ministry of Civil Aviation, with the approval of the Competent Authority is pleased to extend the term of Concession Agreement with BIAL, as signed on 05th July, 2004 (as amended in 2006), for a further period of 30 years w.e.f. 24th May, 2038, until 23rd May, 2068, in accordance with the provisions contained in Article 13.7.1 of the Concession Agreement. This approval is subject to the following:

- A. Following Articles of Concession Agreement shall have no further force and effect from the thirtieth (30th) anniversary of the Airport Opening Date:
- i. Article 5.1.2 (Obligations of GoI),
 - ii. Article 5.5 (Existing Airport),
 - iii. Article 7.7 (Commissioning),
 - iv. Article 8.17.2 (Minimum Disruption),
 - v. Article 10.2 (Airport Charges), and
 - vi. Article 15.5 (Change in Law).
- B. The extension of the term will not affect any change in the Rights of Government of India, including the receipt of 4% concession Fee as per Clause 3.3 of CA.
- C. The Definition of Major Airport shall be in accordance with the Airports Economic Regulatory Authority of India Act, 2008 (as amended from time to time).
- D. BIAL shall adhere to the conditions envisaged by Government of Karnataka's order dated 16th Oct 2020.
- E. BIAL shall fulfill all the requirements as per the Concession Agreement dated 5th July 2004 (as amended in 2006).

Sincerely,



(Rubina Ali)

Joint Secretary to the Government of India

Copy to:

1. The Chief Secretary, Government of Karnataka, Vidhan Souda, Bengaluru
2. The Principal Secretary, Infrastructure Development, Ports & Inland Water Transports Department, Vikas Soudha, Bengaluru
3. The Managing Director, KSIIDC, Khanija Bhavan, Bengaluru
4. The Chairperson, AERA, AERA Building, SJ Airport, New Delhi
5. The Chairman, Airports Authority of India, R.G. Bhawan, New Delhi
6. The DG, DGCA, Safdarjung Airport, New Delhi
7. The DG, BCAS, Janpath, New Delhi

Copy also to:

1. PS to HMCA
2. Sr. PPS to Secretary(CA)
3. All Joint Secretaries of MoCA
4. All Divisions of MoCA



BIAL/MD&CEO/2019-20

17/09/2019

To,

Ministry of Civil Aviation,
Government of India
Rajiv Gandhi Bhawan
New Delhi 110003

Attention: Secretary, Ministry of Civil Aviation

Respected Sir,

Sub: Regarding Extension of Concession of Term of the Concession Agreement in respect of Kempegowda International Airport, Bengaluru.

Ref: Concession Agreement dated 5th July 2004 and dated 20th Nov. 2006

This is with reference to the Concession Agreement entered into between Government of India, acting through Secretary, Ministry of Civil Aviation and Bangalore International Airport Limited ("BIAL") for development, construction, operation and maintenance of Kempegowda International Airport at Bengaluru.

As you may be aware, Kempegowda International Airport, Bengaluru is the 3rd busiest and the fastest growing airport in the country. The airport traffic is growing at double digit and handled 33.3 million during FY 2018-19. In line with this tremendous growth in civil aviation sector, BIAL is currently embarking on huge expansion projects including building of 2nd Runway, 2nd Terminal & related infrastructure as provided in the Concession Agreement.

Article 13.7.1 of the Concession Agreement provides that, at any time prior to the twenty-seventh (27th) anniversary of the Airport Opening Date, the term of the Concession Agreement shall at the option of BIAL be extended for a further period of 30 years.

BIAL in its board meeting dated 9th Aug. 2019, chaired by the Chief Secretary, Government of Karnataka, deliberated the need for exercising the option of extending the term of the Concession Agreement for a further period as provided for in the Concession Agreement keeping in view the large expansion of airport and related infrastructure and significant investment required to meet the growing demand in the aviation sector and regional development. Accordingly, a decision has been taken in the board to submit a letter exercising the option to extend the term of the concession Agreement.



Kempegowda
INTERNATIONAL
AIRPORT
BENGALURU

By way of this letter, BIAL hereby notifies Government of India, its intention and decision to exercise its option of extending the term of the Concession Agreement for a further period of 30 years as provided for in Article No. 13.7.1 of the Concession Agreement.

Look forward to your concurrence on the matter and continued support.

Yours Sincerely
for Bangalore International Airport Limited

Hari Marar
Managing Director & CEO

Copy to: Chief Secretary, Government of Karnataka.

481220/2019/Secretary Office-MOCA

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 Bengaluru - 560 300, India.
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 www.bengaluruairport.com
 CIN U45203KA2001PLC028418

**BIAL/MD&CEO/2019-20****18/11/2019**

To,

Ministry of Civil Aviation,
 Government of India
 Rajiv Gandhi Bhawan
 New Delhi 110003

Attn: Secretary Ministry of Civil Aviation

Sub: Regarding Extension of Concession of Term of the Concession Agreement in respect of Kempegowda International Airport, Bengaluru (KIAB).

Ref: 1. Concession Agreement dated 5th July 2004 and dated 20th Nov. 2006
 2. BIAL/ MD&CEO/ 2019-20 dated. 17.09.2019.

Respected Sir,

This is with reference to the Concession Agreement entered into between Government of India, acting through Secretary, Ministry of Civil Aviation and Bangalore International Airport Limited ("BIAL") for development, construction, operation and maintenance of Kempegowda International Airport (KIAB) at Bengaluru and our letter cited in ref.2.

As you may be aware, *KIAB is the 3rd busiest and the fastest growing airport in the country. KIAB has witnessed Cumulative Average Growth Rate (CAGR) of more than 10% since Airport Opening Date. BIAL is rated as one of the most successful PPP models in infrastructure field in Karnataka. The Board lead by Chief Secretary, Government of Karnataka, BIAL has pioneered in developing state of the art airport infrastructure, to serve the growing demand for capacity enhancement and to enhanced passenger experience.*

- ↓ The *vision & values* of BIAL shareholders as well as management has ensured huge *investments required for large scale expansion projects are met through internal accruals & debt* there by ploughing shareholders dividend back to business in 8 out of 10 years of business.
- ↓ BIAL through its *highest standard of passenger facilities & service* has ensured KIAB a dominant position in world aviation map.
- ↓ *The Airport Service Quality (ASQ)* survey rating of KIAB has always been very high which clearly demonstrates our commitment to provide world class service to passengers & other users.
- ↓ BIAL's core principle of *collaboration & consultation* with airlines/aviation partners, commercial concessionaires and all sovereign functions has become a benchmark in the industry.
- ↓ *Technology driven digital initiatives* are nurtured at BIAL in partnership with IT giants like Accenture, IBM & Unisys.

Registered Office: Administration Block, Kempegowda International Airport, Bengaluru - 560 300

LEED® Gold Certified Terminal, Golden Peacock Award - Environment ACI Airport Carbon Accreditation Level-3, Certified Model Employer - Ministry of Labour & Employment (GoI) Golden Peacock Award - Training Dream Company to Work for World HRD Congress



- ↓ **Sustainability** remains key pillar of our operations through continuous advancement done in areas like Water management, Energy management, Environment management & Waste management.
- ↓ BIAL has taken **Corporate Social Responsibility** to new heights by making meaningful/constructive contribution through both infrastructure & programmatic intervention to the larger eco-system around the airport.

Article 13.7.1 of the Concession Agreement provides that, at any time prior to the twenty-seventh (27th) anniversary of the Airport Opening Date, **the term of the Concession Agreement shall at the option of BIAL** be extended for a further period of 30 years. By way of this letter, **BIAL hereby notifies Government of India, its intention and decision to exercise its option of extending the term of the Concession Agreement.**

This extension is not only necessary but essential in view of the large expansion of airport and related infrastructure and significant investment required to meet the growing demand in the aviation sector and economic growth of the state of Karnataka. The extension is also critical from lenders expectations to have a clear term period available beyond the project loan repayment period for all our future borrowings.

We would wish to submit that during **the tender process** of development of this greenfield airport, **to attract huge investments & to make this a long-term viable project, assurance was provided to the prospective bidders for a longer concession period.** This commitment was subsequently reflected in the Concession Agreement by the way of Article 13.7.1, where an **un-conditional lease term extension option for additional 30years** was offered to the airport operator.

It is also important to note that the National Civil Aviation Policy (NCAP) 2016 while proposing various new initiatives, categorically talks about abiding by the provisions of existing concession agreements and contracts in the sector. At this crucial time when India is aggressively marketing for more foreign investments, to uphold and to attract more private and international investments its necessary to honor the contractual arrangements.

In light of the above facts, we look forward to your concurrence on the matter and continued support.

Yours Sincerely
for **Bangalore International Airport Limited**

Hari Marar
Managing Director & CEO

Copy to: The Chief Secretary, Government of Karnataka.

721753/2021/AD Section-MOCA-MOCA

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REGD. NO. D. L.-33004/99



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)

प्राधिकार से प्रकाशित
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नई दिल्ली, बुधवार, मई 21, 2008/वैशाख 31, 1930
NEW DELHI, WEDNESDAY, MAY 21, 2008/VAISAKHA 31, 1930

नागर विमानन मंत्रालय

अधिसूचना

नई दिल्ली, 21 मई, 2008

का.आ. 1181(अ).—सांविधिक आदेश संख्या 1170(अ) के तहत अधिसूचित तथा दिनांक 16 मई, 2008 की समसंख्यक फाइल के तहत जारी अधिसूचना के आंशिक परिवर्तन में केन्द्र सरकार एतद्वारा अधिसूचित करती है कि बँगलोर अंतर्राष्ट्रीय हवाई अड्डा, देवनहल्ली में पूर्व अधिसूचित अनुसार 23 मई, 2008 को 00.01 बजे के स्थान पर 24 मई, 2008 को 00.01 बजे आरंभ होगा।

[फा. सं. ए.वी. 20014/001/2008-ए.डी.]

अरुण मिश्रा, संयुक्त सचिव

MINISTRY OF CIVIL AVIATION

NOTIFICATION

New Delhi, the 21st May, 2008

S.O. 1181(E).—In partial modification to the notification issued *vide* file of even number dated 16th May, 2008 and notified *vide* S.O. 1170(E), the Central Government hereby notifies that the Bangalore International Airport at Devanahalli would be commissioned with effect from 00.01 hours of 24th May, 2008, instead of with effect from 00.01 hours of 23rd May, 2008 as notified earlier.

[F.No. AV. 20014/001/2008-AD]

ARUN MISHRA, Jt. Secy.