



ZURICH AIRPORT SELLS 5% STAKE IN BENGALURU AIRPORT TO FAIRFAX FOR \$48.9 MN

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Zurich Airport has inked an agreement to sell its 5 per cent minority shareholding in Bengaluru International Airport Ltd (BIAL) to the Prem Watsa-backed Fairfax Holdings for \$48.9 million.

Subject to customary regulatory approvals, the deal is expected to be completed within the third quarter of 2016. While there has been no word on the agreement from Fairfax, Zurich Airport has announced it on its website.

BIAL owns and operates Kempegowda International Airport Bengaluru (KIAB) under a 30-year concession agreement from the Indian Government, with an option for a further 30-year extension.

KIAB, which began operations in 2008, is among the first greenfield airports in India built under a public-private partnership. It is now India's third largest airport.

Since the start of construction in 2005, Zurich Airport has transferred its operational expertise to BIAL through an Operations, Management & Services Agreement.

With the conclusion of the maintenance contract in 2015, Zurich Airport's role has been reduced to a minority shareholder, leading to the decision to monetise the remaining 5 per cent stake in BIAL. In 2009, Zurich Airport had sold 12 per cent of its shareholding in BIAL to GVK Power & Infrastructure Ltd.

Ownership pattern

The GVK Group, which had acquired a 29 per cent stake from L&T and Zurich Airport and 14 per cent from Siemens Project Ventures in the past, recently divested its 33 per cent stake in the airport to Fairfax Financial Holdings Ltd for ₹2,149 crore, to pare its corporate debt.

GVK's stake is now 10 per cent, while Fairfax is the largest shareholder with a 38 per cent stake (including the Zurich Airport stake). Siemens has a 26 per cent stake, while the Airports Authority of India and the Karnataka government hold 13 per cent each.

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