



Infrastructure Corporation of Andhra Pradesh Limited (INCAP)

**REQUEST FOR PROPOSAL (RFP)
(International Competitive Bidding)**

Volume 2: Terms of Reference (ToR) and Project Profile

**SELECTION OF THE DEVELOPER FOR DEVELOPMENT OF INTERNATIONAL
CONVENTION CENTRE AT APIIC GROUND, HARBOUR PARK LAND,
VISAKHAPATNAM, ANDHRA PRADESH UNDER PUBLIC PRIVATE PARTNERSHIP
(PPP) MODE**

(February 2017)

(BID DUE DATE: 31-03-2017)

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1 Terms of Reference (ToR)

1.1 About the Project

Andhra Pradesh Industrial Infrastructure Corporation (APIIC) intends to select an experienced developer through its nominated Tendering Authority, Infrastructure Corporation of Andhra Pradesh (INCAP) for developing a Convention Centre at APIIC Ground, Harbour Park Land, Visakhapatnam in Andhra Pradesh. The Bidder may submit the Bid independently or as a Consortium not exceeding two members. This document details the Project features, Project Site location, Minimum Development Obligations and Minimum Service Obligations of the Bidder.

1.2 Andhra Pradesh – India’s Sunrise State

1.2.1 General overview

The new state of Andhra Pradesh (AP) was formed on 2nd June 2014. Andhra Pradesh is the 8th largest state in the country in terms of area. The state has well-developed social, physical and industrial infrastructure backed by quality power supply, numerous airports, ports and IT infrastructure.

Andhra Pradesh is the tenth largest state in the Country, in terms of population. The percentage of urban population to the total population in the State was 29.47% in 2011 as compared to 24.13% in 2001. Andhra Pradesh’s geographical position and rich history gives it unique strengths which not many states in India have. These include – a long coastline of 974 kilometres, over 30 thousand temples, prime Buddhist sites spread across the State, and fertile lands drained by two mighty rivers of the country i.e. Godavari and Krishna; upcoming metropolises like Vishakhapatnam and Vijayawada and an opportunity to create a world class capital anew.

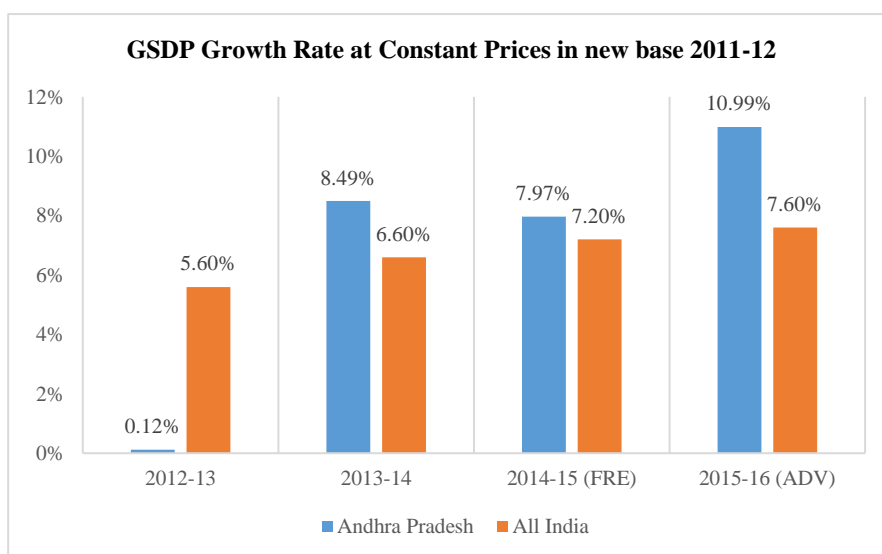
Given this vast potential of the state, the Government of Andhra Pradesh wishes to facilitate investments in the state by identifying areas of opportunity which can promote and/or support tourism in the state.

1.2.2 Economic profile of the State

The Government of Andhra Pradesh’s vision is to be amongst the top 3 states in India by 2022, the top state in India by 2029, and to be the most preferred global destination by 2050. The Government is taking steps to provide an environment conducive to economic and social growth in the state. These include formulation of investment friendly policies; creating world-class infrastructure; improving governance and taking necessary steps to attract investments into the state. Promotion of tourism infrastructure and services at potential destinations is one amongst the many initiatives being taken up by the Government on a priority basis.

Implementation of appropriate policies and programmes by the state has

enabled the state to register an impressive growth rate of 10.99% in the GSDP for the year 2015-16, compared to India’s growth rate of 7.60%.



Andhra Pradesh contributed around 4.04% share to the cumulative FDI inflows of India in FY 2015-16. Rich in natural and human resources, the state is keen to leverage its strengths through district specific growth strategies and achieve double digit growth targets. While focus will be on coast-led growth, manufacturing, agro-processing, pharma, development of physical infrastructure like ports, airports and river ways are some of the key areas identified for pushing the growth significantly. Sector specific strategies have been developed to achieve desired inclusive growth.

1.3 Tourism in Andhra Pradesh

Tourism in India has grown by leaps and bounds over the years, with each region of India contributing something to its splendour and exuberance. The 'Incredible India' campaign which showcases the best that India has to offer to tourists, now commands worldwide attention.

Andhra Pradesh has the distinction of being a leading tourism destination in India. The state is a microcosm of India within itself – offering unmatched tourism potential to investors and tourists. It offers multitude of theme-based options to tourists to explore it across its length and breadth. As part of its Tourism Mission strategy, the state offers nine major tourism themes:

- i. Beach & Water based tourism
- ii. Eco-tourism
- iii. Buddhist tourism
- iv. Religious tourism
- v. Heritage tourism
- vi. Meetings, Incentives, Conferences, and Exhibitions (MICE) & infrastructure development
- vii. Recreation/adventure
- viii. Spiritual/wellness
- ix. Medical

These nine major themes are further categorized into 42 sub-themes.

1.3.1 Tourist arrival trend

Andhra Pradesh is presently the third most visited state in terms of domestic tourist arrivals. Following table highlights the district wise tourist arrival in AP in FY 2015:

District	2015 Arrivals					
	Rank	Domestic (Million)	%	Rank	International	%
Chittoor	1	38.37	31.6%	3	9,231	3.9%
East Godavari	2	17.44	14.3%	9	507	0.2%
Krishna	3	14.41	11.9%	6	4,626	1.9%
Srikakulam	4	11.51	9.5%	8	582	0.2%
Visakhapatnam	5	11.44	9.4%	2	69,483	29.2%
West Godavari	6	8.29	6.8%	11	96	0.0%
Kurnool	7	5.22	4.3%	10	219	0.1%
Guntur	8	4.75	3.9%	7	1,135	0.5%
Kadapa YSR	9	3.60	3.0%	13		0.0%
Vizianagaram	10	3.04	2.5%	5	5,981	2.5%
Nellore	11	2.12	1.7%	4	8,141	3.4%
Prakasam	12	0.71	0.6%	12	6	0.0%
Anantapuram	13	0.69	0.6%	1	137,847	58.0%
		121.59			237,854	

Source: Ministry of Tourism, 2016

1.4 Overview of Visakhapatnam city

Visakhapatnam is the commercial and business hub of the state of Andhra Pradesh. It contributes to 14% of the state's GSDP, which is the highest amongst all the districts. Visakhapatnam along with the three neighbouring districts of Srikakulam, Vizianagaram and East Godavari contribute to over 30% of state's GSDP. Visakhapatnam has an international airport and also has deep draft ports. A larger international airport along with an aerotropolis is planned for development near Visakhapatnam.

The State Government has initiated steps to develop Visakhapatnam as a mega city with good quality civic infrastructure facilities. The United States of America was keen to develop Visakhapatnam as a smart city, had agreed to be the lead partner in this initiative and awarded a funding grant to support Visakhapatnam's urban renewal. Greater Visakhapatnam Smart City Corporation has been formed to undertake works related to the Smart City initiative. The metro-rail project for Visakhapatnam is already at an advanced stage of planning. The Detailed Project Report has been prepared.

A new Indian Institute of Management was started in Visakhapatnam and many more prestigious national and the international level institutions are expected to follow suite. Visakhapatnam as an industrial hub is home to thriving petrochemical complex and is base for a steel plant which gives fillip to metals and mining sector of the state. Visakhapatnam is also home to manufacturing and R&D facilities of various pharmaceutical majors. Tech Mahindra expanded its operations in Visakhapatnam, Wipro has been allotted land for setting up a Special Economic Zone and many other IT/ITeS companies have evinced interest in setting up operations in the city. Further, the district is the starting point of the Vizag Chennai Industrial Corridor and has been short-listed as a node. This coupled with ITIR will attract investors to the district leading to transformational development in the region.

The district is also endowed with scenic beaches and lies close to Araku Valley Hills and the Buddhist Circuit which offers significant tourism potential making it an attractive locale of basing a convention centre. As per the Andhra Pradesh Tourism Mission, Visakhapatnam district has 39 tourist spots which are the highest amongst all districts.

1.4.1 Demographic characteristics of Visakhapatnam city

The total population of Visakhapatnam is 4.3 mn with urban population of 2.0 mn which is projected to grow by 50 % by 2031. Visakhapatnam's total urban population accounts for 47.0% of the State's total urban population and contributes 52.5 % towards total rural population of Andhra Pradesh.

The city of Visakhapatnam has an area of 534 sq. km, with the economy based on ports, industries & minerals. The city is also an education hub for three (3) districts. The city has a huge young population with 68% of the total being less than 40 years of age. The total city population is concentrated in 25% of the area i.e. 146 sq. km, with population density of 13,000 persons per sq.km in built-up area.

1.4.2 Connectivity

Road: Visakhapatnam is well connected with roads which have a length of 6,598 km of which 112 km of National Highways run through the district connecting the important places within it.

Rail: Visakhapatnam district is well connected with all the Indian metro destinations and it is a Divisional Headquarter of East Coast Railway.

Air: Visakhapatnam airport is well connected with other parts of the country like New Delhi, Kolkata, Mumbai, Bhubaneswar, Chennai etc. International connectivity is limited but is increasing rapidly with more carriers starting international flights from the airport.

Visakhapatnam Port Trust: Visakhapatnam has a natural harbour and it is one of the Major Ports in India. The Port handles imports & exports of heavy cargo and various commodities.

1.4.3 Social Infrastructure

Visakhapatnam is a place of importance for tourism and the important tourist places in the vicinity include Simhachalam, Kailashgiri, Vuda Park, Lumbini Park, Ramakrishna Mission, Ramakrishna Beach, Mudasarlova, Dolphins nose, Ross hill, Victory at Sea, Kali temple, Kurupam tomb, Submarian Museum, Visakha Museum, Yarada Beach, Mutyalammalem Beach, Rushikonda Beach, Thotla konda, Bovi konda, Araku Valley, Borra caves etc.

1.4.4 Industrial Infrastructure

- A. **Visakhapatnam Special Economic Zone:** VSEZ, formerly known as VEPZ, was established in the year 1989 in a sprawling 360 acres of prime land, VSEZ offers state of the art infrastructure coupled with liberal package of incentives, concessions and support services. The export-friendly administrative set up ensures disposal of all approvals and clearances instantly. The facility consists of developed plots, industrial sheds/trading sheds and standard design factory complex.
- B. **Jawaharlal Nehru Pharma City:** The Pharma City has been developed by the Ramky Group spread across 2,400 acres in Parwada mandal, which is 20 km away from Visakhapatnam city and created for the promotion of bulk drugs, pharmaceuticals and chemical industries.
- C. **AP SEZ:** APSEZ is multi-product SEZ developed over an area of 5,595 acres of land at Achutapuram and Rambilli mandals of Visakhapatnam District. It one of the most prominent SEZs in the state.

1.4.5 Commercial & Retail activity

- Visakhapatnam has been gaining significance on the real estate front and has emerged as one of the key Tier II cities in India. The city is being recognized as an attractive destination for IT/ITES development. The industrial growth, promotion of the service sector by the government, investor interest seen in the past few years continues unabated and has triggered a strong demand for real estate across all sectors. There have been noticeable developments observed in the last 2-3 years with respect to the real estate developments in the city. The property prices have gone up by more than 20% since the formation of the state and are now showing a stable increase. Good quality of life, low cost of living and several planned infrastructure development projects are amongst the important reasons attracting national and international corporate entities for directing their investments into the city. Many major projects in retail segment have become operational in the past 3 years.
- With the promotion for establishment of IT companies by APIIC at IT & ITes SEZ in Rishikonda & Madhurawada areas, prominent companies have taken up development of built to suit spaces. The other major commercial areas for office space in the City are Satyam Junction, Seethammadhara, Dwaraka Nagar, Daba Gardens, Siripuram, Dutt Islands, VIP road etc.

1.5 Applicable incentives, subsidies and benefits

The Convention Centre project may be eligible for incentives, subsidies and benefits as per the Andhra Pradesh Tourism Policy 2015-20. These include:

S. No.	Incentive category	Incentives		
a	Complementary/Linkage Infrastructure <ul style="list-style-type: none"> • Access Roads • Water supply point • Power Supply 	Total Project Cost < Rs 50 crores	Total Project Cost from Rs 50-100 crores	Total Project Cost from Rs 100 - 200 crores
		Up to a maximum of 5% of total project cost or Rs	Up to a maximum of 7.5% of total project cost or Rs 5 crores,	Up to a maximum of 15% of total project cost or Rs 10 crores,

S. No.	Incentive category	Incentives		
	<ul style="list-style-type: none"> Sewerage Connection 	2 crore, whichever is less	whichever is less	whichever is less
b	Land Conversion Charges	Waiver of Non-Agriculture Land Assessment (NALA) tax or Land Use Conversion charge, as applicable		
c	Registration and Stamp duty	100% reimbursement on Registration and Stamp duty for all Tourism Infrastructure Projects		
d	VAT/CST/SGST	5% for all new Tourism Infrastructure projects from date of commencement of operations.		
e	Luxury Tax	100% exemption of Luxury Tax for all new Tourism Infrastructure projects for a period of 3 years from date of commercial operations		
f	Entertainment Tax	100% exemption of Entertainment Tax for first 3 years from date of commercial operations		
g	Energy Tariffs	Tariff as per the rates provided in the “H.T. Category-III: Airports, Railway Station and Bus Stations” in the Andhra Pradesh Electricity Regulatory Commission (APEREC) Tariffs		

1.6 Minimum Development Obligations

1.6.1 Scope

The Project is conceived as a combined development with 3 main elements:

- International Convention cum Exhibition Centre
- Five Star Hotel
- Mega Commercial Complex

A site of 9.12 acres (Project Site) at Sy.No 1011/1A1 & A2 of Waltair Ward, Visakhapatnam; has been considered for the development of the Project Assets. The scope of the Project includes Development, Design, Financing, Construction, Marketing, Operation & and Maintenance of the Project Assets at the Project Site for a Lease Period of 33 years as per the terms and conditions stipulated in the Lease cum Development Agreement i.e. Volume III of the RFP document.

1.6.2 Project components & Minimum Development Obligations

The Project shall include development of an **International Convention cum Exhibition Centre and a Five Star Hotel** as per norms and guidelines provided by Ministry of Tourism, Government of India (GoI) and as per applicable local by-laws. The Developer would be given the option to plan and design the Project Assets conforming to the applicable relevant building by-laws, regulations/ norms / standards for respective project components including arranging approvals from the competent authorities. The nature of the Project Assets (Minimum and Optional) that shall be allowed as part of the Project will form part of the **Minimum Development Obligation**.

S. No.	Minimum Development Obligations	Details of the Minimum Development Obligation
1	Convention Centre	i. 5,000 pax capacity appropriate seating, Wi-fi connected spaces, lounge spaces, kiosks, plenary hall, kitchen, utilities, docks, stores, good equipment and audio visual system etc. ii. Other basic facilities such as Reception, Information Counters, Public Facilities, Eating Stalls as per the requirement and norms. iii. Facility to interpret 6 languages and wireless IR receivers of minimum 2000 numbers

S. No.	Minimum Development Obligations	Details of the Minimum Development Obligation
		iv. Convention Centre shall be maintained by the Hotel Chain operating the Hotel component
2	Exhibition Centre	<ul style="list-style-type: none"> i. Exhibition space of minimum 50,000 sq. ft. having covered air conditioning is to be developed ii. Exhibition Centre should have public utility zone, stalls, tap point for electricity, cables etc., for each stall iii. Exhibition Centre shall be maintained by the Hotel Chain operating the Hotel component
3	5 Star Hotel	200 rooms , banquet areas, lobby spaces, restaurants, gym, health centre, pool etc.
3.1	Rooms & Suites Amenities	Typical room shall include the following minimum features: <ul style="list-style-type: none"> a. Air conditioned rooms b. Bathrooms with bathtubs or cubical glass showers c. Telephone lines with direct dial d. Electronic safes e. Tea / coffee maker f. LCD television g. Mini bar h. Writing table j. Hair Dryer in room
3.2	Restaurants and Bar Amenities	The hotel should have following dining options (for at least 75 pax per restaurant/ bar): <ul style="list-style-type: none"> a. One all-day multi-cuisine coffee shop cum restaurant b. Two specialized cuisine restaurants c. One Lounge Bar serving wine and liquor
3.3	Health Club and gymnasium	Executive Health Club which includes Gymnasium, Swimming Pool, Spa & Health Club.
3.4	Other amenities/facilities	<ul style="list-style-type: none"> a. Room service b. Travel desk c. Money Changer d. Laundry facilities e. Business centre f. Meeting rooms g. Kids entertainment centre h. First aid facilities including doctor on call i. Indoor & Outdoor Recreation Facilities
4	Mega Commercial Complex	<ul style="list-style-type: none"> i. Total area should be a minimum of 600,000 square feet ii. Shall necessarily include space for retail shopping, showrooms, cinema screens & food court.
5	Parking	With a parking for minimum 1500 cars and appropriate parking for buses, two wheelers etc.
6	Services	Transformer yard, STP, electrical switch yard, DG sets etc.
7	Landscape	Gardens & lawns, pathways & social spaces
8	Gate Entrance Complex	Administration, tickets counters, security etc.
9	Administration offices	Office spaces for stakeholders

1.7 Minimum Service Obligations

Indicator	SLA
Star rating	Maintenance of minimum 5 Star rating throughout the Lease Period as certified by The Hotel & Restaurant Approval & Classification Committee (HRACC) of Ministry of Tourism, Government of India
Cleanliness	Waste Bin every 25 metres
	Litter free premises
Accessibility	Hotel should be 100% compliant to the needs of differently-abled

1.8 Miscellaneous terms and conditions

The detailed scope of services to be undertaken by the selected Bidder is as below:

1.8.1 Before commencement of construction

Prior to commencement of construction of any of the Project Assets, the Developer:

- a) Shall obtain all Applicable Permits and approvals from the Authority & concerned local authorities, necessary to commence construction of such Project Assets;
- b) Shall carry out the design and construction of the Project Assets in strict compliance with all applicable laws in particular, applicable Building Codes and standards and good industry practices.
- c) Appoint its representative duly authorized to deal with the Authority in respect of all matters connected to or arising out of or in relation to the Lease cum Development Agreement
- d) Shall be solely responsible and liable for development and implementation of the Project Assets. The Authority shall not be responsible in any manner whatsoever to either the Developer or its contractors for any default or failure by the Developer to comply with statutory requirements of design and construction.

1.8.2 During construction

- a) The Developer shall:
 - i. Strictly follow the guidelines on quality as set out in applicable building codes and the norms stipulated in the Andhra Pradesh Detailed Standard Specification (APDSS).
 - ii. Ensure that the construction of the Project Assets is undertaken with minimal inconvenience to people in the neighbourhood areas, affected directly or indirectly by the Project during construction
 - iii. Take necessary precautions to minimize accidents and respond to the emergency as quickly as possible and comply with all applicable safety standards.
 - iv. Take precautions to avoid inconvenience or damage or destruction or disturbance to any third party rights and properties during the construction or excavation or transport activity.
 - v. Provide signals, protective structures, fences and alarm systems in dangerous areas, to prevent injury of the workers and other people employed at the site.
 - vi. Be in compliance with the Applicable Laws and Applicable Permits obtained for the Project including the clearances obtained from the Government Agency
 - vii. Ensure compliance to applicable regulations and laws including but not limited to payment of minimum wages, submission of returns and payment under Buildings & Other Construction Workers Act, payment of insurance, provision of fire safety measures, measures to prevent accidents, and compliance with rules governing storage of explosives

- viii. The Authority shall in no way be responsible or liable for any of the claims, damages or any proceedings arising in connection with the execution of the Project or Project Assets as the land will be handed over to the Developer on execution of the Agreement and the Developer shall solely be liable in this regard.
- ix. The Developer shall arrange for all the material requirements for the Project and disposal of all material wastes. The Applicable Permits in this regard would have to be obtained by the Developer. All excess and unsuitable excavated materials shall be piled at appropriate dumping places or otherwise disposed of by the Developer.

1.9 Project milestones and timelines

The project shall be divided into following milestones:

S. No.	Milestone to be achieved	Details
1	Acceptance of Letter of Intent (LoI)	Within 15 days of receipt
2	Signing of Lease cum Development Agreement	Within 30 days of acceptance of LoI
3	Financial Closure (as evidenced by a letter from a scheduled bank/ financial institution)	Within 60 days of signing of the lease cum development agreement
4	Possession of Land and registering of Lease Deed	On compliance to Conditions Precedent of Lessee
5	Physical grounding of works	Within 150 days of signing of the Lease cum Development Agreement
6	Lessee should achieve Commercial Date of Operations within	Within 24 months of signing of the Lease cum Development agreement

- In case any milestone specified in the bid document is not completed as per the timeline specified, Department may give grace period of 3 months. The period may be extended beyond 3 months at the discretion of the Authority.

2 Scope Data Sheets

2.1 Scope Data Sheet for Development of the project

2.1.1 Project Information

S. No.	Item	Details
1	Area of the land (Acres)	9.12
2	Minimum Estimated project cost	INR 756 crore
3	Land basic value as per basic market value	INR 45,000/- per square yard
4	Location	APIIC Ground, Harbour Park, Waltair Ward
5	Survey No.	1011/1A1 & A2 of Waltair Ward
6	District	Visakhapatnam

2.1.2 Site location from important city landmarks:

S. No.	Landmark	Approximate distance from the Project Site
1	Visakhapatnam airport	14.3 km
2	Visakhapatnam railway station	4.6 km
3	Ramakrishna Beach	0.5 km
4	Jagadamba Junction (CBD)	2.7 km