Regd No. 28/1988

अण्डमान तथा निकोबार द्वीपसमूह समन्वित विकास निगम लिमिटेड
(सरकारी उपक्रम)

अ.नि.द्वी.स.वि.नि.
ANIIDCO

ANDAMAN AND NICOBAR ISLANDS
INTEGRATED DEVELOPMENT CORPORATION LTD
(A Government undertaking)

Sub: - Inviting suggestions for development model for commercial complex project at Mohanpura, Port Blair.

ANIIDCO proposes to develop a plot of land measuring 10,000 sq. mtrs at Mohanpura, Port Blair for commercial complex-cum-multiplex and hotel project through private sector participation. ANIIDCO has engaged M/s Mahindra Consulting Engineers Ltd. for development of the project. A brief containing the project details prepared by the consultant is enclosed.

For deciding the model of the project, the Corporation invites suggestions which may be sent to the undersigned by 06/08/2012.

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1-734/ANIIDCO/06-07/Vol-IV/1543
Date:16/07/2012

DEVELOPMENT OF A COMMERCIAL COMPLEX – CUM – MULTIPLEX AND 3 STAR HOTEL AT MOHANPURA, PORT BLAIR.

Brief Project Details

A. Background

The Andaman & Nicobar Islands Integrated Development Corporation Limited (ANIIDCO) is the premier Government Undertaking of the Union Territory (UT) of Andaman & Nicobar Islands, mandated to facilitate the uniform economic development of the Islands by commercially exploiting the natural resources in a environmentally friendly manner. ANIIDCO is primarily focusing on five key sectors, namely Fisheries, Tourism, Finance, Industry and Supplies.

As part of its mandate, the Company is keen to develop the tourism and recreational infrastructure of the Islands in order to develop the region as a high end and environmentally sustainable Tourism destination. To give a boost to the tourism prospects of Port Blair, the capital of the UT and also for creating a high end Recreational Zone for the burgeoning local population, ANIIDCO has drawn up plans for a commercial development in Mohanpura, a prime commercial location in Port Blair, comprising of a Family Entertainment Zone – cum – Shopping Mall and Hotel. The Company has possession of close to 1.00 hectare (about 2.46 acres or 9,994.57 sq. mtrs) of land in the northern part of the town, in close proximity to major tourist destinations like the Cellular Jail and the Rajiv Gandhi Water Sports Complex.

Located adjacent to the Phoenix Bay Jetty, the site is perceived to be ideal for development of a Commercial Complex – cum – Multiplex and 3 Star Hotel. As the proposed development is expected to be commercially viable, the Project is envisaged to be implemented in "Design, Build, Finance, Operate and Transfer" (DBFOT) mode, by bringing in a financially sound and technically competent private investor. There will be two distinct components in the project, namely

1. The Commercial Complex – cum – Multiplex; and
2. The 3 Star Hotel

The Commercial Complex is slated to be a high end Shopping Facility of the kind that is not seen in Port Blair. It is expected to include components like Shopping Complex, a Two – screen Miniplex, an Entertainment Zone and multi-cuisine Food Court.

The proposed Hotel is slated to be positioned as a high end 3 Star Hotel, having at least 60 keys. It is proposed to be provided with facilities like Restaurants, Bar, Banquet Halls, etc. meeting the 3 – Star standards of the Ministry of Tourism (MoT), Government of India (GoI).

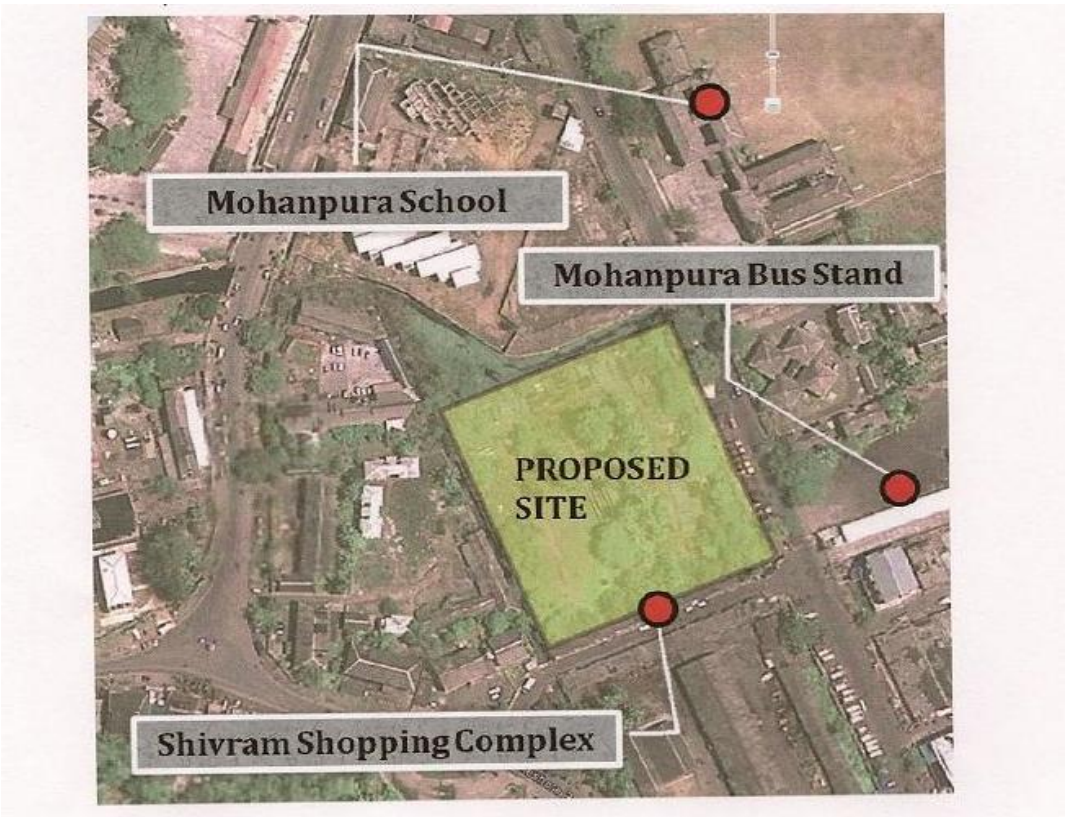
In order to conceptualize the Project and structure it for implementation in the DBFOT mode, ANIIDCO decided to engage a Project Development Advisor. Through a due process of bidding, Mahindra Consulting Engineers Limited (MACE), Chennai, belonging to the Mahindra Group, was selected and appointed as the Consultant for this assignment.

B. Market assessment, Concept planning and Techno-commercial Feasibility Study.

In its role as the Project Development Advisor for the Project, Mahindra Consulting Engineers Limited (MACE) has undertaken a Market – Demand Assessment, Concept Planning and techno-commercial Feasibility Study. The Consultants are also assisting ANIIDCO in completing the bid process, leading to the selection of a successful bidder. The Consultants have completed the studies and the Project Information Memorandum will be issued to the Bidders during RFP Stage.

C. Location

The map below shows the site location for the Project



The proposed site for the Project is spread over an area of 2.447 acres and is located in Mohanpura in the heart of Port Blair, the Capital of the Union Territory of Andaman and Nicobar Islands. The site is surrounded by Mohanpura School, Mohanpura Bus Stand and Shivram Shopping Complex as indicated in the above schematic.

D. Project Concept

The foremost aim in the setting up of the Proposed Project in Mohanpura is to cater to the recreational and shopping requirements of the local population as well as the growing number of foreign and domestic Tourists, visiting the Islands.

The Shopping Complex, apart from the various retail outlets, shall also comprise of an additional Food Zone / Food Court. It has been observed that a state-of-the-art Shopping Complex is non-existent in the Andaman and Nicobar Islands. The development of a state of the art Shopping Complex with all the modern facilities and amenities is the need of the hour to serve the needs of the visitors and locals alike.

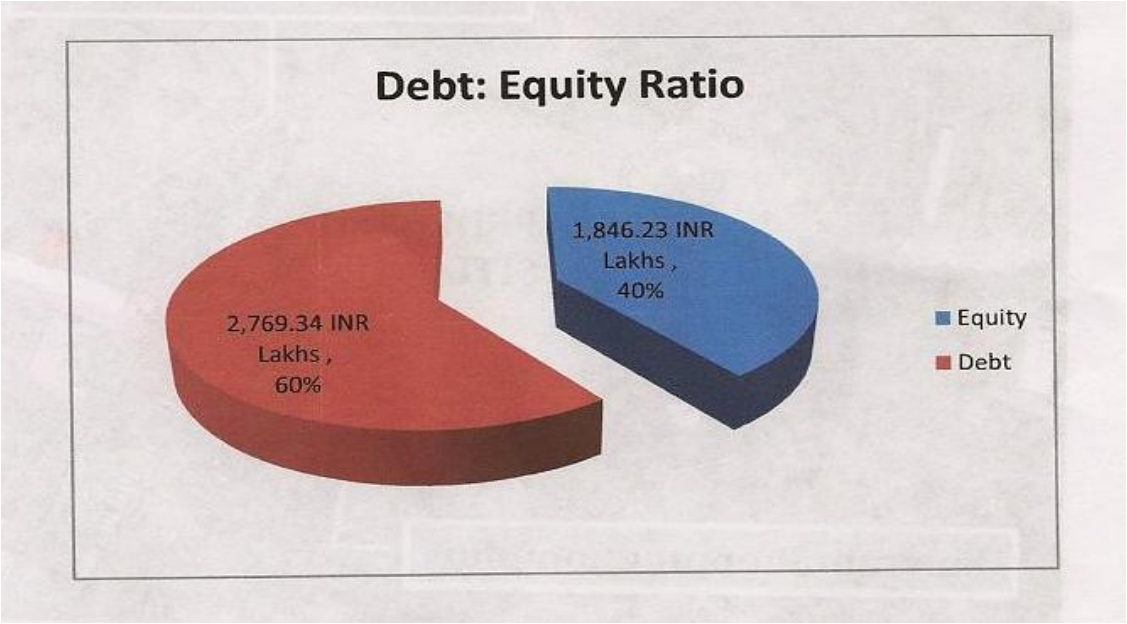
The 2 – screen Multiplex / Miniplex is another significant recreational activity which is having great potential, considering the heterogeneous population of Andaman and Nicobar Islands. The development of Multiplex is mainly aimed at the local population of the South Andaman District for the provision of leisure and entertainment activity. The heterogeneous population of Andaman and Nicobar Islands would be an ideal location for the setting up of Multiplex for the screening of various multi lingual movies.

It has been observed through primary surveys that there is a felt need for sufficient recreational facilities, especially for the high end tourists and the local population. Modern Fun Zone, including Bowling Alley, Snooker Pool etc are essential to enhance the attraction of Port Blair among high end Tourists of both domestic and foreign nature alike. The development of these facilities could also be a huge crowd attraction among the local population as these would be a first of its kind venture in the region. It has been observed that the Islands lack high quality multi-cuisine Restaurants, the development of Food Courts would meet the need. The proposed Food Court could enable tourists and the local population to have access to a wide range of ethnic cuisines of very high quality.

The construction and development of 3 Star Hotel is also an important feature of the proposed recreational facilities at Mohanpura region of Port Blair in the Andaman and Nicobar Islands. This would eventually enhance the tourism industry in the region of Andaman and Nicobar Islands and a steady increase in the number of tourists shall be witnessed.

E. Project Cost & Means of Finance

Total Project Cost		
SL NO	Description	Cost in Rs Lakhs
1	Land	99.50
2	Buildings	3,701.27
3	Preliminary Expenses	30.00
4	Pre-operative Expenses	594.76
5	Contingency @ 5%	190.04
	Total Project Cost (INR Lakhs)	4,615.56



F. Key Assumptions for Financial Analysis

SL NO	Particulars	Assumptions
1.	**General Assumptions**	
a.	No. of working days	365 days
b.	No. of months	12 months
c.	Construction Period	2 years
d.	Operation Period	60 years
2.	**Interest on Term Loan**	
a.	Rate of Interest	13%
b.	Repayment Period	15 years
3.	**Occupancy Rate**	
a.	Commercial Complex	
i.	Year 1	60%
ii.	Year 2	80%
iii.	Year 3	90%
iv.	Year 4 onwards	100%
b.	Hotel	
i.	Year 1	50%
ii.	Year 2	60%
iii.	Year 3 onwards	70%
4.	**Basis for Revenue Calculation**	
a.	Lease Rate for Shops	35.00 INR per sq.ft
b.	Lease Rate for Multiplex	45.00 INR per sq.ft
c.	Lease Rate for Common Area	2.00 INR per sq.ft
d.	Tariff for Hotel	
i.	Standard Room	3,000 INR per day
ii.	Deluxe Room	4,500 INR per day
iii.	Banquet Hall	30,000 INR per event
iv.	No. of events per year	60 events
e.	Income from Food & Beverages	40% of Total Hotel
f.	Parking Fee	75.00 INR per day
g.	Revenue Escalation	5.00% per year
5.	**Basis for Operating Costs Estimation**	
a.	**Manpower for Commercial Complex-cum- Multiplex**	
i.	Manager	1
ii.	Executive	6
iii.	Skilled Technicians	6

iv.	Unskilled Labor	12
v.	Security	8
b.	**Manpower for Hotel**	
i.	General Manager	1
ii.	Manager	3
iii.	Supervisor	6
iv.	Labor	22
v.	Housekeeping	24
vi.	Security	4
c.	**Salaries & Wages**	
i.	General Manager	INR 60,000 per month
ii.	Manager	INR 30,000 per month
iii.	Executive	INR 15,000 per month
iv.	Skilled Technicians	INR 10,000 per month
v.	Unskilled Labor	INR 7,500 per month
vi.	Security	INR 8,000 per month
d.	Salary Escalation	6.00% per year
e.	Utilities such as Power & Water for Commercial Complex	To be paid by the end user
f.	Utilities Escalation for Hotel	3% per year
g.	Repair & Maintenances	0.50% of CAPEX
h.	Insurances	0.75% of CAPEX
i.	Miscellaneous Expenses	0.25% of CAPEX
j.	Food & Beverages (F&B) Expenses	50% of revenue from F & B
k.	Escalation of Overhead Expenses	2.00% per year
l.	Annual Lease Rental	25,000 per year
m.	Revenue Share to ANIIDCO	10.00% of total revenue per year
6.	Basis for Financial Analysis	
a.	Depreciation (Straight line Method)	1.67%
b.	Depreciation (Written Down Value Method)	5.00%
c.	Income Tax	33.22%
d.	Discounting Factor for NPV	12.00 %

G. Key Financial Indicators

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Debt Service Coverage Ratio (DSCR)	3.55
Project IRR	21.70%
Equity IRR	25.22%
Payback Period	8 years
Earning to ANIIDCO (NPV @ 12%)	INR 1,315.76 lakhs

H. Implementation period

The total period for implementation of the Project is estimated to be 24 months.

I. Project Structure

The Project shall be developed with a private Developer, selected through a transparent bid process. The selected Bidder shall implement and operat the Project through a specially formed Company, a "Special Purpose Vehicle" (SPV). The model of development is on "Design, Build, Finance, Operate and Transfer" (DBFOT) basis. The "Lease" to run the facility shall be offered to the Highest Bidder, who will be selected through a Two-stage Bid Process. The first stage is the Request for Qualification (RFQ), wherein a stipulated number of bidders will be qualified on the basis of their Technical Capacity and Financial Capacity. The Request for Proposal (RFP) and the Draft Lease Agreement (DLA) shall be issued to those Bidders, who qualify in the RFQ stage.

The term of the Lease is 60 years. Land will be provided to the Successful Bidder at an Annual License fee, which will be the "bid variable". The qualified Bidder quoting the highest Premium on the

Annual License Fee indicated by ANIIDCO shall be the Highest Bidder winning the Lease.

J. Success factor

- Andaman and Nicobar Islands – A Well Known Tourism Destination, More than 195,396 visitors in 2010 and on the increasing trend.
- Demand from Influence Zone, Domestic Tourist and Foreign Tourist well established in the study
- Proactive Government Polices for Tourism Development
- The project is conceived as a unique blend of Tourism and first of its kind modern amenities in this region
- The State of the Art facility with Modern and Latest Generation design standards
- A long felt need for high end shopping facilities in Andaman and Nicobar Islands in India
- Strategically located in terms of Tourism potential – Port Blair being the most developed city of Andaman and Nicobar Islands and a much sought after tourist destination by the International community and domestic tourist from Indian Mainland.
- Project viability studies shows a good opportunity.
- Unique project structuring offers flexibility in development .
- Success models of DBFOT across different parts of the country.