

Kannur International Airport Limited



RFP No:-KIAL/COO/60/2020-21

**Request for Proposal (RFP) for Selection of an Agency
to Build and Operate Five / Four Star Hotel**

at

Kannur International Airport

December 2020

Page 1 of 13

Kannur International Airport Limited
CIN: U63033KL2009PLC025103
Registered Office: Kara-Peravoor, Mattannur, Kannur - 670702
Ph: (+91) 490 2481000, Website: www.kannurairport.aero

DISCLAIMER

The information contained in this Request for Proposal document (the “RFP”) or subsequently provided to Bidder(s), whether verbally or in documentary or any other form by or on behalf of the Kannur International Airport Limited, hereinafter called “Kannur Airport”, or any of their employees or advisors, is provided to Bidder(s) on the terms and conditions set out in this RFP and such other terms and conditions subject to which such information is provided.

This RFP is neither an agreement/offer nor an invitation by the Kannur Airport to the prospective Bidders or any other person. The purpose of this RFP is to provide interested parties with information that may be useful for them in making their financial offers pursuant to this RFP (the “Bid”). This RFP includes statements, which reflect various assumptions and assessments arrived at by the Kannur Airport in relation to the Project. Such assumptions, assessments and statements do not purport to contain all the information that each Bidder may require. This RFP may not be appropriate for all persons, and it is not possible for the Kannur Airport, its employees or advisors to consider the investment objectives, financial situation and particular needs of each party who reads or uses this RFP. The assumptions, assessments, statements and information contained in this RFP may not be complete, accurate, adequate or correct. Each Bidder shall therefore conduct its own investigations and analysis and shall check the accuracy, adequacy, correctness, reliability and completeness of the assumptions, assessments, statements and information contained in this RFP and obtain independent advice from appropriate sources.

Information provided in this RFP to the Bidder(s) is on a wide range of matters, some of which depends upon interpretation of law. The information given is not an exhaustive account of statutory requirements and should not be regarded as a complete or authoritative statement of law. The Kannur Airport accepts no responsibility for the accuracy or otherwise for any interpretation or opinion on law expressed herein.

The Kannur Airport, its employees and advisors make no representation or warranty and shall have no liability to any person, including any Bidder under any law, statute, rules or regulations or tort, principles or restitution or unjust enrichment or otherwise for any loss, damages, cost or expense which may arise from or be incurred or suffered on account of anything contained in this RFP or otherwise, including the accuracy, adequacy, correctness, completeness or reliability of the RFP and any assessment, assumption, statement or information contained therein or deemed to form part of this RFP or arising in any way in this Bid Stage.

The Kannur Airport also accepts no liability of any nature whether resulting from negligence or otherwise howsoever caused arising from reliance of any Bidder upon the statements contained in this RFP.

The Kannur Airport may in its absolute discretion, but without being under any obligation to do so, update, amend or supplement the information, assessment or assumptions contained in this RFP. Such changes if any shall be published in the website of Kannur International Airport Ltd. (www.kannurairport.aero).

The issue of this RFP does not imply that the Kannur Airport is bound to select a Bidder or to appoint the Selected Bidder or Selected Bidder, as the case may be, for the Project and the Kannur Airport reserves the right to reject all or any of the Bidders or Bids without assigning any reason whatsoever.

The Bidder shall bear all the costs associated with or relating to the preparation and submission of its Bids including but not limited to preparation, copying, postage, delivery fees, expenses associated with any demonstrations or presentations which may be required by the Authority or any other costs incurred in connection with or relating to its Bid. All such costs and expenses will remain with the Bidder and the Kannur Airport shall not be liable in any manner whatsoever for the same or for any other costs or other expenses incurred by a Bidder in preparation or submission of the Bid, regardless of the conduct or outcome of the Bidding Process.

1. Introduction

Background and Project Information:

Kannur International Airport Limited is a public limited company set up by the Government of Kerala to build, own and operate Kannur International Airport. This is the fourth international airport in Kerala.

The airport commenced operations on 9th December 2018 and handled 1.58 million passengers and 15100 Aircraft Movements in FY 2019-20. In the said Financial Year, four airlines - Indigo, Go Air, Air India Express and Air India operated at Kannur International Airport.

The major passenger traffic in the region comprises emigrants flying predominantly to the Middle East. Almost 50% of Kerala emigrants are from districts such as Kasaragod, Kannur, Kozhikode, Wayanad and Malappuram. Thus, the catchment area for the airport comprises the districts of Kannur, Kasaragod, Wayanad and other parts of North Kerala (Malappuram and Kozhikode) and covers a broader region comprising Dakshin Kannada (Mangaluru region), Coorg, Mysuru, Ooty, etc.

Kannur Airport has a vision to make the Airport one of the highest international standards with emphasis on safety and security, functionality and flexibility, environmentally sustainable practices, high level of service for the passengers, providing modern architecture and efficient and environment-friendly operations.

Pursuant thereto, Kannur Airport is inviting proposals for the Selection and Appointment of an Agency to Build and Operate a Five/Four Star Hotel (hereinafter as “Project”) at Kannur International Airport.

Kannur Airport has earmarked land for the Five/Four Star Hotel at Kannur International Airport to provide better facilities to the public at large and Air Travellers in particular.

2. Request for Proposal:

Kannur Airport intends to select a reputed and experienced agency to Build and Operate a Five/Four Star Hotel at Kannur International Airport as detailed in Annexure - I.

Accordingly, Kannur Airport is hereby inviting proposals from reputed, resourceful and experienced Bidders having experience in carrying out such services as defined in Annexure – I to submit their proposal for consideration and evaluation pertaining to “Selection and Appointment of an Agency to Build and Operate a Five/Four Star Hotel at Kannur International Airport”.

3. **Scope of the Services / Facilities:**

The Selected Bidder shall plan, develop, design, build, finance, operate, maintain and manage, the Hotel of 150 to 200 Rooms in accordance with the Applicable Laws, Good Industry Practices, and Set Up Plan approved by Kannur Airport, as well as arrangement of requisite finance, equipment, machinery, security, licences and other clearances and permits as required at its own costs as set out in Annexure-I. If any services, functions or responsibilities are not specifically described herein or in any other related document(s) which are an inherent, necessary, ancillary and/ or customary part of the Services or are reasonably required for proper performance of the Services in accordance with the RFP, they shall be deemed to be included within the scope of services as if such services, functions or responsibilities were specifically described in this RFP.

4. **Key Terms and Conditions:**

4.1 **RFP Document Fee:**

The RFP documents can be downloaded from Kannur Airport’s website www.kannurairport.aero. The bidder shall pay Kannur Airport a sum of INR 25,000/- (Rupees Twenty Five Thousand Only inclusive of GST) (the "RFP Document Fee") as the cost of the RFP process which is non-refundable. The Bidder shall deposit the RFP Document Fee by RTGS/NEFT to Kannur Airports’ Bank Account and the details of remittance should be attached along with the proposal.

Bank Account Details

Beneficiary Name : KANNUR INTERNATIONAL AIRPORT LIMITED
Beneficiary Bank : SOUTH INDIAN BANK, MATTANNUR
Account Number : 0782073000000001
RTGS / IFSC CODE : SIBL0000782

4.2 **Location Details:** Land of Kannur Airport within airport premises.

4.3 **Area Available:** 2 acres or more as may be required by the bidder.

4.4 **Concession Term:** The Concession Agreement shall be valid for 30 years from the date of Letter of Award. The Selected Bidder will be given Right of First Refusal (ROFR) for another 30 years. However, interested Bidder may propose any other mechanism for extension for another 30 years term.

4.5 **Concession Fee:**

The Concession Fee will consist of Rent for the land allotted by Kannur Airport as well as Revenue Share as described below:

- a. The lease rent at Kannur International Airport is Rs. 726/- per Sqm per annum (effective 9th Dec 2020) plus applicable taxes with an annual compounded escalation of 10% from subsequent years.
- b. Kannur Airport desires interested bidders to quote the Lease Rent (Concession Fee) per Sqm per annum (as set out in Annexure II- Financial Bid). Lease Rent is subject to a compounded annual escalation of 10% per annum.
- c. In addition to the Lease Rent, Kannur Airport expects that the Selected Bidder will pay 7.5% of the Gross Revenue ("Revenue Share Percentage earned from all the sources") from the Commercial Operation Date which will increase by 2.5% every year till it reaches 20%. After that, it will remain 20% of the Gross Revenue till the Concession term of 30 years.
- d. All Applicable Taxes (including GST) shall be paid by the bidder in addition to the Lease Rent and Revenue Share.

4.6 **Security Deposit:**

- a. Kannur Airport expects Selected Bidder to pay an interest free refundable Security Deposit of Rs. 1.50 Cr for each acre of land required.
- b. 50% of Security Deposit shall be paid within 07 days from the date of issue of the Letter of Award (LoA) by RTGS / NEFT to Kannur Airport's Bank account and the remaining 50% shall be paid within 15 days from the date of issue of LoA by way of Bank Guarantee

Page 6 of 13

in favour of Kannur Airport valid for a period of 40 months. However, the Selected Bidder shall replace the Bank Guarantee (BG) with Cash Deposit on or before completion of 30 months, failing which Kannur Airport shall encash the BG and appropriate the same towards Security Deposit. The Security Deposit shall be interest free and the Selected Bidder agrees and acknowledges that Kannur Airport shall not be liable to pay any interest on the Security Deposit.

4.7 Eligibility Criteria of Bidders:

For determining the eligibility of bidders for their technical qualification, the following shall apply:

- a. The Bidder for qualification may be a single entity or a group of entities/existing joint venture, coming together to implement the Project (“Consortium”). However, no Bidder applying individually or as a Member, as the case may be, can be a member of another Bidder. The term ‘Bidder’ used herein would apply to both a single entity and a Consortium.
- b. A Bidder may be a private entity, government owned entity or any combination of them with a formal intent to enter into an agreement to form a Consortium.

4.7.1 Eligibility Criteria – Technical:

- a. The Bidder shall be into the Hotel Business and should own and operate at least one 3 Star Hotel in India in the past three financial years.

OR

It is desirable that the Bidder should have developed infrastructure project of worth Rs. 300 Crore in last 5 Financial Years and may enter into an agreement with a technical partner having experience in Managing and Operating a minimum 3 Star Hotel.

- b. It is desirable that the companies/firms, who prima facie have technical and financial capability, may submit their proposal.

4.7.2 Eligibility Criteria – Financial:

- a. It is desired that the Bidder should have an average annual Turnover of Rs. 50 Crore (Rupees Fifty Crore only) in the last 3 Financial Years and
- b. Positive Net Worth as on March 31, 2020 in accordance with the audited financial statements. For this purpose “Net Worth” means paid up share capital plus free reserves, excluding revaluation reserve, less accumulated losses and miscellaneous expenses yet to be written off, if any

4.8 Submission of Business Plan:

The interested bidder shall submit a detailed Business Plan for entire term showing Investment, Development Plan, Revenue Projections, Breakeven, etc.

4.9 Construction Period:

The Selected Bidder shall complete minimum 50 Rooms of the Hotel to be operational on or before completion of two years from the date of issuance of LoA. Remaining rooms shall be completed and be operational on or before completion of 4 years from the date of issuance of LoA.

The Selected Bidder shall pay only "One Third" of the Concession Fee plus applicable taxes for first two years and "Two Third" of the Concession Fee plus application taxes from 3rd till completion of 4th Year (from the date of LoA).

4.10 Penalty on Delayed Construction:

The Selected Bidder has to complete the Construction of the Hotel within 2 years after issue of the Letter of Award (LoA). On failure to complete the same within the given period, the Selected Bidder shall pay Rs.1 Lakh (Rupees One Lakh) for each one week (seven days) delay from the expected date of completion as per the LoA/ RFP.

4.11 Real Time Data Sharing:

The Selected Bidder shall develop a state of the art technology framework in accordance with applicable laws and best industry practices to ensure that the relevant sales and other requested data is transferred to Kannur International Airport on real time basis.

The Selected Bidder shall facilitate extraction of relevant transaction data automatically from the source of transaction by Kannur Airport on a daily basis or at such other intervals, as specified by Kannur Airport.

4.12 Condition on Employment of people from Evictee category:

The Selected Bidder shall endeavour to employ local personnel based on their qualifications and shall further endeavour to give preference in employment to members of the evictee families (not more than one person from each family), whose houses have been acquired in establishing the Airport as per the list of families provided by Kannur Airport to the Selected Bidder.

In addition, the Selected Bidder shall give priority in employing other local candidates, based on their qualifications provided such employment shall be subject to qualification and selection process adopted by the Selected Bidder for employment of personnel for various posts.

4.13 Timelines for Document Submission:

Schedule	Timelines
Date of issue of RFP	2 December 2020
Last date for clarifications (if required) from Bidder(s)	8 December 2020, 1700 hrs
Pre Bid Meeting (through Video Conference)	11 December 2020, 1100 hrs
Clarifications of Bidders' queries	16 December 2020, 1700 hrs
Presentation by interested Bidders	18 December 2020, 1100 hrs
Last date of submissions of Proposals	24 December 2020, 1700 hrs

4.14 Issuance of RFP Document:

Bidders shall download the RFP document from Kannur Airport website and submit the proposals along with the RFP Document Fee as set out in Clause 4.13 (Timelines) to Kannur Airport through e-mail commercial@kannurairport.aero. Corrigendum/amendment(s)/ notification(s) related to this RFP document will be published on the Kannur Airport website www.kannurairport.aero. Kannur Airport shall not entertain any Correspondence / Proposal from any other interested Bidder(s) after the last date of submission of Proposal as set out hereinabove.

5. Submission of Documents:

The Bidder has to submit valid documents related to Technical & Financial eligibilities as mentioned in Clause 4.7 of this RFP along with Financial Bid as set out in Annexure II.

SCOPE OF WORK/ SERVICES

Kannur International Airport Limited (Kannur Airport) is engaged in the business of operating and maintaining an international airport at Kannur, Kerala ('Kannur Airport').

- For the Five /Four Star Hotel, bare land will be provided by Kannur Airport outside the terminal building. The land area earmarked is 2 acres. More acres can be provided if the party requires it in writing.
- The works carried out by the Selected Bidder shall match with the aesthetic and general features of the airport ensuring quality as per the International Standards. The finishing schedule as well as details shall be submitted to Kannur Airport for approval, the Selected Bidder shall be bound to incorporate the comments/ suggestions put forward by Kannur Airport at no cost. In addition to this, the Selected Bidder shall provide 2 rooms to Kannur Airport or its staff upon its demand at a subsidized rate of 50 % of the declared tariff. At least 1 room shall be readily available to Kannur Airport all throughout the concession period at this subsidized rate.
- The Selected Bidder has to make their own arrangement for electricity, water and other utilities. The expense towards the same shall be borne entirely by the Selected Bidder. The Selected Bidder shall execute the Concession Agreement for the package.
- The Concession Agreement shall be valid for 30 years from the date of Letter of Award. The Selected Bidder shall transfer the location and property including Hotel and other related facilities to Kannur Airport after the Concession period on demand of Kannur Airport. The Selected Bidder will be given Right of First Refusal (ROFR) for another 30 years. However, interested Bidder may propose any other mechanism for extension for another 30 years term.
- It is deemed that the invested amount by the Selected Bidder on establishing the facilities for the concession is returned with reasonable benefits to the Selected Bidder by the end of Concession Term; hence the Selected Bidder shall transfer all the facilities in good operating condition to Kannur Airport at zero cost at the end of Concession Term. An assessment shall be made by Kannur Airport/ any competent technical personnel/ agency appointed/ nominated by Kannur Airport to evaluate the condition of facilities by the end of concession term and additional/ maintenance/ refurbishing works (if any) for the continued operation

shall be identified and assessed. The cost for all such works shall be deducted from the Interest Free Security Deposit (IFSD) of the Selected Bidder and the Selected Bidder shall be eligible for only the remaining amount at the end of Concession Term.

- The Selected Bidder shall comply with the applicable statutory standards of the business, prescribed by the State and Central Regulatory Agencies, at all times. The bidders must note that they would be required to follow other prevalent applicable regulations of the Local, State and Central Regulatory Agencies, in addition to stipulations fixed by Kannur Airport.
- The Selected Bidder shall give intimation to Kannur Airport of the tariffs being charged for the rooms, as well as food and beverages to be served in the Hotel or other services provided.
- The Selected Bidder shall be fully responsible for obtaining all types of permissions / licences from State Govt. / Local bodies etc for carrying out the business of Hotel / Restaurant, Bar, etc.
- **Other Services / Facilities in the Five / Four Star Hotel.**
 - i. Entry to the Hotel Rooms will be access controlled.
 - ii. Comfortable sitting arrangements in lobby i.e. Chairs, Table, Table Lamp, etc.
 - iii. Wheel chairs – for Senior Citizens /Handicapped
 - iv. Wi-Fi- all areas.
 - v. Business Centre/Enclosure with phone, laptop facility
 - vi. Television
 - vii. Instrumental Music
 - viii. Locker facility/Luggage rack.
 - ix. Newspapers and magazines – to be displayed at the Reception Desk of the Hotel for use of customers.
 - x. Travel desk – for ticket, hotel, cab booking licence to sell travel packages as advised by Kannur Airport, etc.
 - xi. Other facilities such as printing, photocopy, retail of other items,etc.
 - xii. All additional facilities to be provided in Restaurant, Bar, Coffee shop, Laundry, room services, etc.
 - xiii. Any other facility as advised by Kannur Airport.
 - xiv. Interested Bidder is free to propose services / facilities which are not covered hereinabove.

FINANCIAL BID

Name of Project: Request for Proposal (RFP) for Selection of an Agency to Build and Operate Five / Four Star Hotel at Kannur International Airport.

Name of the Bidder: _____

Name of Project	Area Required (Sqm)	Lease Rent Quoted (Per Sqm per annum)
Build and Operate Five / Four Star Hotel at Kannur International Airport.		

Note: The above quoted rates are excluding all applicable taxes (including GST).

Signature: _____

Date: _____