



PROJECT INFORMATION MEMORANDUM
FOR
OPERATIONS AND MAINTENANCE OF THE 5-STAR
HOTEL OPPOSITE COCHIN INTERNATIONAL AIRPORT,
KOCHI, KERALA
AT
COCHIN INTERNATIONAL AIRPORT

(TENDER NO: CIAL/COML/PROJ 10/2022/1)

August 2022

COCHIN INTERNATIONAL AIRPORT LTD
KOCHI AIRPORT PO
COCHIN - 683 111.

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List of Abbreviations

BOH	Back of the House
CIAL	Cochin International Airport Limited
FY	Financial Year
GDP	Gross Domestic Product
MEP	Mechanical, Electrical, and Plumbing
O&M	Operations and Maintenance
PIM	Project Information Memorandum
PPP	Public Private Partnership
RFP	Request for Proposal
SPV	Special Purpose Vehicle
USD or US\$	US Dollar

1. Introduction

1.1. About CIAL¹

Cochin International Airport serves the city of Kochi in Kerala. It is the first Greenfield International airport to be built in Public-Private Partnership mode. Located at Nedubassery, about 25 kms northeast of the city centre, the Cochin International Airport is the 3rd busiest airport in India in terms of handling international passengers - it handled 2.20 million² international passengers during FY2021-22. On overall basis (i.e., domestic, and international passengers handled), Cochin International Airport is the 9th busiest airports in India. During pre-COVID levels, Cochin International Airport handled more than 10 (ten) million passengers for a consecutive period of 2 (two) years (i.e., during FY2017-18 and FY2018-19). It is the largest and busiest airport in Kerala catering to about 61.8% of the air traffic in the state. CIAL is located in an area of 1,300 acres and is well connected with other modes of transport. The main Railway line in the city is from Kanyakumari to Delhi and this passes through the airport. The airport is located near to 3 National highways (NH 544, NH 49, and NH 17). CIAL features a combination of both modern facilities and traditional architecture unique to Kerala.

Figure 1: Cochin International Airport front view



CIAL is the World's first airport fully powered by solar energy. The eco-friendly initiative of CIAL won international accolades including "The Champions of the Earth Award-2018" from United Nations. There are 24 airline companies operate from the airport, which facilitates direct connectivity to GCC, Sri Lanka, Singapore, Thailand, and Malaysia. CIAL occupies an area of 1,300 acres and is strategically situated near to three National Highways NH 544, NH 17, and NH 49. The main railway line from Kanyakumari to Delhi passes through the airport and the Cochin Sea Port is also situated close by. The airport was designed to handle any type of wide-bodied aircraft and features modern facilities combined with traditional architecture unique to Kerala.

1.2. Brief Summary of Bidding Process

CIAL intends to select an operator, to undertake the O&M of the 5-star hotel project, through single stage two-part bidding process. A brief overview of the bidding process is provided below.

1. A **single stage bidding process** has been proposed to select an operator to operate and maintain the 5-Star Hotel project.
2. The **draft O&M Agreement** shall be made available to interested bidders, as per the provisions of the RFP, other key dates are provided in the RFP document.
3. Process overview:
 - a) The RFP, which contains key provisions for qualification (technical - O&M and financial), brief scope of work proposed to be undertaken along with the PIM.

¹ <https://cial.aero/contents/viewcontent.aspx?linkId=80&linkLv1Id=50>
<https://www.aai.aero/en/business-opportunities/aai-traffic-news>
² <https://www.aai.aero/en/business-opportunities/aai-traffic-news>

- b) In accordance with the provisions of the RFP, the interested bidders are required to pay a non-refundable fee towards cost of the bidding process, pursuant to which the interested bidder will be provided access to (i) the draft O&M Agreement, and (ii) participate in the pre-bid conference and seek clarifications.
- c) The selected bidder shall be the bidder offering the highest financial consideration in accordance with the provisions of the RFP document.

2. Salient features of the Project

2.1. Project Location




*Kerala*³

Kerala is often called the “**Gateway of South India**” with 44 rivers, 34 lakes, canals, ponds, and paddy fields. Kerala has consistently ranked first among states in many Human Development Indicators like as literacy, life expectancy, and child mortality. Average per capita income in Kerala is 1.6 times higher than National average making it a fast-developing state⁴.

Kochi

Kochi, also known as Cochin, with its wealth of historical associations and its unique setting perfectly reflects the eclecticism of Kerala. The older parts of Fort Kochi and Mattancherry are a blend of medieval Portugal, Holland and an English country village grafted onto the tropical Malabar Coast - a radical contrast to the bright lights of mainland of Ernakulam. On the western coast of India, Kochi is characterized by a peculiar topography of water sheets and lagoons that have been formed by the interaction of the sea, river, and land. The city connectivity to other parts of the state is summarized in the table below:

Table 1: Transport Network in Kochi city

Road 	Major Highways: Major Highways passing through Kochi include: <ul style="list-style-type: none"> ➤ National Highway 66 to Kozhikode, Kanyakumari. ➤ National Highway 544 to Thissur, Coimbatore and Salem. ➤ National Highway 966A and National Highway 966B inside Kochi.
Rail 	There are 4 major stations in the city including Ernakulam Junction, Ernakulam Town station, Aluva and Tripunithura stations.
Air 	Cochin International Airport serves the city with connectivity to major cities of the country and many international destinations.

³ https://www.keralatourism.org/tourismstatistics/tourist_statistics_2019_book20210306071249.pdf

⁴ Average per capita income in Kerala is 1.6 times higher than National average making it a fast-developing state

2.2. Site Location⁵

The site area available for the Hotel project is 4 acres at half a kilometer away from the Terminal 3 of CIAL. The site has all the required facilities like connectivity and other infrastructure. This combined with its proximity to the Airport makes it a very attractive location for a hotel.

Figure 2: Area map of the project



Table 2: Site details

Parameters	Features
Site location	Nedumbassery
Space/Land Availability	4 acres of land is available
Land zoning and regulations	Height regulations due to the proximity to airport.
General development regulations	Panchayat regulations (Kerala Municipal Building Rules)

2.3. Project Features

The Hotel is being constructed as a 5-star hotel across the project site. It is a Basement + Ground + 6 floor structure with terrace. The Hotel is envisioned to have all the necessary facilities to provide the guests with a vast range of Amenities and sophisticated accommodations. Some of the facilities planned and being constructed in the Hotel are enlisted as below:

- All Day Dining & Alfresco (105 seating)
- Banquet hall (440sq.m), meeting rooms
- Swimming pool & Pool bar
- Lift and Fire Escape Stairs
- Fully Air-conditioned
- Uninterrupted view of the airport terminals on one side and the mountains on the other
- Car Parking for 220 cars
- A well-connected security and surveillance at key points like entry/exit for the Safety of Guests

Floor Details

The Basement floor will be occupied with car park. First floor will have Banquette Hall with Pre function and BOH areas, Two Meeting Rooms, AC Plant Room and Hot water plant room. Second floor will have 20 guest rooms with back of the house (BOH) area, corridors, swimming pool, Gym, and spa. third, fourth, fifth and sixth floors will have 23 guest rooms with BOH areas and corridors in each floor. Terrace floor will have Restaurant, Kitchen and Bar

Figure 3: Site Plan



⁵ Information provided by CIAL

Table 3: Area assessment of the project

S. No.	Item	CIAL Hotel
1.	Proposed Site Area	4 acres
2.	Total Built-up Area	18,985.90 sqm
3.	Total No of Rooms	112
Parking		
1.	Basement (No)	31
2.	Ground Level (No)	213

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The floor plans of the Hotel being constructed are shown below.

Figure 4: Ground floor plan



Sl. No	Space	Area (sq.m)
1	Entrance drop-off	7 m wide
2	Plaza	4 m wide
3	Hotel waiting lobby	150 sqm
4	Banquet lift lobby	75 sqm
5	Hotel reception	180 sqm
6	Hotel lift lobby	50 sqm
7	All day dining	320 sqm
8	Alfresco	140 sqm
9	Public toilet	70 sqm
10	Deli	90 sqm
11	Back of house	-
12	Ramp to basement	-
13	Ramp from basement	-
14	Service dock	-

Figure 5: First floor plan



Sl. No	Space	Area (sq.m)
1	Banquet lift lobby	40 sqm
2	Hotel waiting area	-
3	Drop off	-
4	Banquet lobby	45 sqm
5	Pre function	210 sqm
6	Hotel lift lobby and meeting room pre function	52 sqm
7	Meeting room 1	65 sqm
8	Meeting room 2	60 sqm
9	Banquet	440 sqm
10	Public toilet	100 sqm
11	Back of house	-
12	Roof overextended All day dining	-

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Figure 6: Second floor plan



Sl. No	Space	Area (sq.m)
1.	Hotel lift lobby	60 sqm
2.	Guest rooms	20 keys
3&4	Gym	70 sqm
5	Service lift lobby	20 sqm
6	Corridor	2 m wide
7&8	Pool	21 x 17 m
9	Pool deck	-
10	Pool bar	-
11	Changing rooms and toilet	35 sqm
12&13	Maid's room and MEP	15 sqm
14	Cooling Towers	-

Figure 7: Third floor plan



Sl. No	Space	Area (sq.m)
1	Hotel lift lobby	60 sqm
2	Guest rooms	23 keys
3	Public lift lobby	20 sqm
4	Corridor	2 m wide
5	Pool deck below	-
6	Service lift lobby	15 sqm
7	Maid's room and MEP	15 sqm
8	MEP areas	-
9	Back of house areas	-

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Figure 8: Fourth & Fifth floor plan



Sl. No	Space	Area (sq.m)
1	Hotel lift lobby	60 sqm
2	Guest rooms	23 keys
3	Public lift lobby	20 sqm
4	Corridor	2 m wide
5	Pool deck below at 2 nd floor	-
6	Service lift lobby	15 sqm
7	Maid's room and MEP	15 sqm
8	MEP areas	-
9	Back of house areas	-

Figure 9: Sixth floor plan



Sl. No	Space	Area (sq.m)
1	Hotel lift lobby	60 sqm
2	Guest rooms	23 keys
3	Public lift lobby	20 sqm
4	Corridor	2 m wide
5	Service lift lobby	15 sqm
6	Maid's room and MEP	15 sqm
7	Back of house areas	-
8	Refugee area	-

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Figure 10: Terrace floor plan



Sl. No	Space	Area (sq.m)
1	Hotel lift lobby	20 sqm
2	Public lift lobby	22 sqm
3	Corridor	3.2 m wide
4	Bar	150 sqm
5	Open air Specialty restaurant	430 sqm
6	Specialty restaurant	150 sqm
7	BoH areas	-

2.4. Estimated project cost

The Operator is required to incur capital expenditure for implementation of the 5-star hotel project. The estimated project cost is provided in the table below:

Table 4: Estimated project cost

Capex Breakup	By private operator
	INR crore
Interior works & Signage	31.2
IT & Audio Visual	6.5
Kitchen equipment	5.15
Furnishing of Lobby & Restaurant	3.0
TV & Fridge	1.25
Landscaping & Parking	1.5
Sewage Treatment Plant	1.0
Miscellaneous items	2.0
Base project cost (A)	51.60
Other charges - contingency, escalation and financing costs	8.90
Total estimated project cost	60.50

2.5. Access to the Project

The site is easily assessable due to the proximity to two essential roads leading to the airport (Airport Road and Airport-Matoor Road).

Figure 11: Access to the project site



3. Business Landscape

Given the unique advantages of the Hotel, it is expected to have a potential customer base from three main sources. They are Business travelers, Leisure travelers and Airline crew.⁶

Leisure Travelers: Among all the districts Ernakulam has been registering maximum of both Domestic and Foreign Tourist Arrivals. Among all the destinations in Kerala, Kochi receives the maximum footfall with 15% of visits of the state. Main tourist attractions in and around Kochi include Fort Kochi, Alappuzha, Munnar, Athirampally waterfalls etc.

Business Travelers: Kochi is the commercial and industrial capital of the state. Presence of a major port, chemical and fertilizer industries, smart city mission, IT Infopark makes Kochi a potential destination for several business travelers. Located near to the airport, the CIAL hotel with the convention center is suitable for hosting Trade expos, major business meets, Conferences. The people coming to these events will be more likely to reside in the hotel.

Airline Crew: Based on the proximity to the Airport and high-class amenities planned, CIAL Hotel has unique advantage in securing share of Airline crew.

3.1. Tourism Potential - India

Tourism sector has been developing and is now the fourth largest industry after fuels, chemicals, and food. India is a host to several major attraction including scenic, cultural, educational, and spiritual attractions to both domestic and Foreign tourists. As a result, India is ranked 34th in Travel and Tourism Competitiveness Report 2019 published by the World Economic Forum. It contributes nearly USD 200 Billion to Indian GDP and is expected to reach USD 500 billion in 2028. This growth in tourism in India has encouraged the development of Hospitality industry across the country. Indian Aviation sector has also seen a rapid growth in the past three years. It is the third largest Domestic aviation in the world. According to a report titled 'Travel market in India', published by RedCore, the travel market in India, worth ~ US\$ 75 billion in FY20, is projected to reach US\$ 125 billion by FY27.⁷

3.2. Tourism Potential - Kerala⁸

The rise in both tourism and air travel gives the hospitality industry near the airport a unique advantage. Hotels can be found near the Airports in many major cities in India. Especially in a city like Kochi, where there is steady flow of tourists and business travelers round the year. Hotels located close to the airport are the preferred accommodations for business travelers, people in between transit, tourists staying for a shorter period and the airline crew.

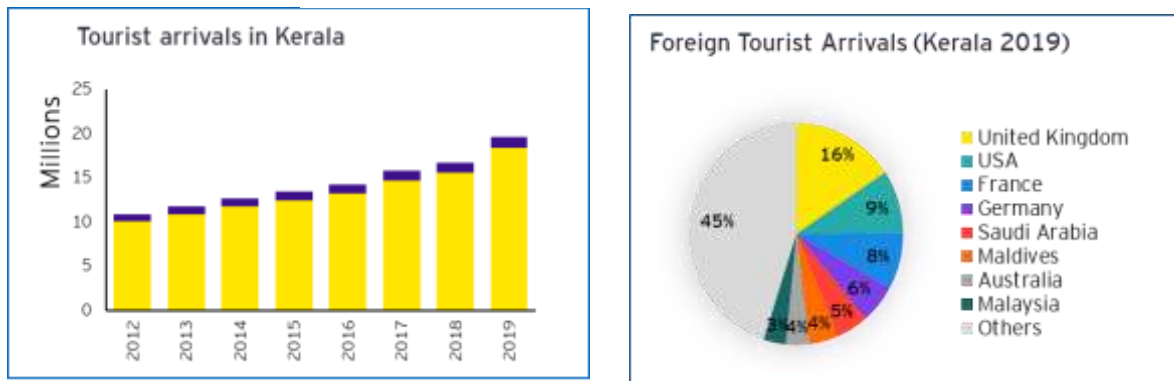
Kerala is popularly known as the God's Own Country for its diverse tourist attractions. Kerala on the southern-most tip of India is known for its excellent tropical weather and networked by 44 rivers, 34 lakes, canals, ponds, paddy fields. It lies between the Arabian sea on its west and the Western Ghats on its east.

⁶ EY Research

⁷ <https://www.ibef.org/industry/tourism-hospitality-india>

⁸ https://www.keralatourism.org/tourismstatistics/tourist_statistics_2019_book20210306071249.pdf

Figure 12: Analysis of tourists in Kerala

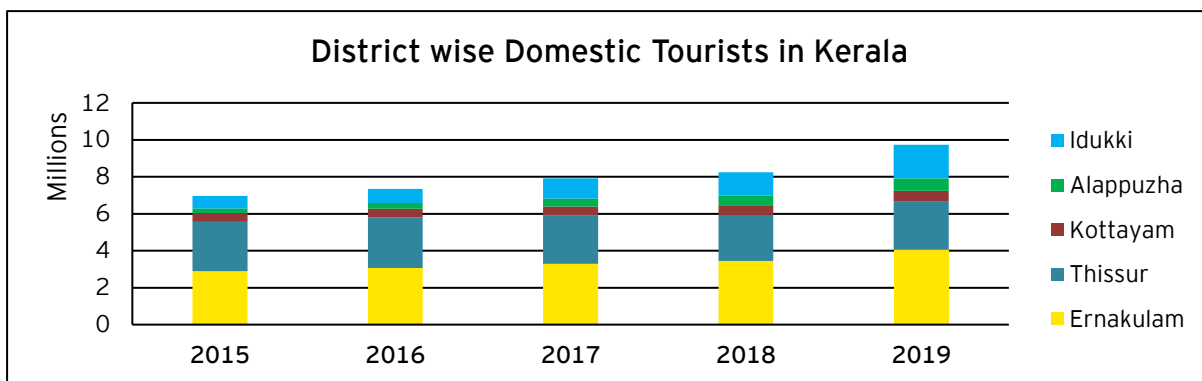


Kerala tourist statistics shows that foreign tourist's arrival to Kerala during 2019 is 11.9 lakhs an increase of 8.52% over the previous year's figure of 10.96 lakhs. Domestic tourist arrival to Kerala during 2019 is 183.84 lakhs. It shows an increase of 17.81% over previous year's statistics. Foreign exchange earnings for the year 2019 is Rs.10,271 crores. Total Revenue (including direct & indirect) from Tourism during 2019 is Rs. 45010.7 Crores, showing an increase of 24.14% over the last year's figure. The key Tourism statistics shows a positive trend in the Kerala tourism industry.

Domestic Tourist Arrivals:

Among domestic tourist, the people coming for business tours/meetings/seminars in Ernakulam are more likely to stay in the proposed hotel. For the last five years, the district which recorded highest domestic tourist arrivals in the state is Ernakulam followed by Thrissur. The number of domestic tourists that visited Ernakulam district increased to 40,60,134 in 2019 from 34,46,889 tourists in 2018. The domestic tourist arrivals of few major districts are shown in the figure below.

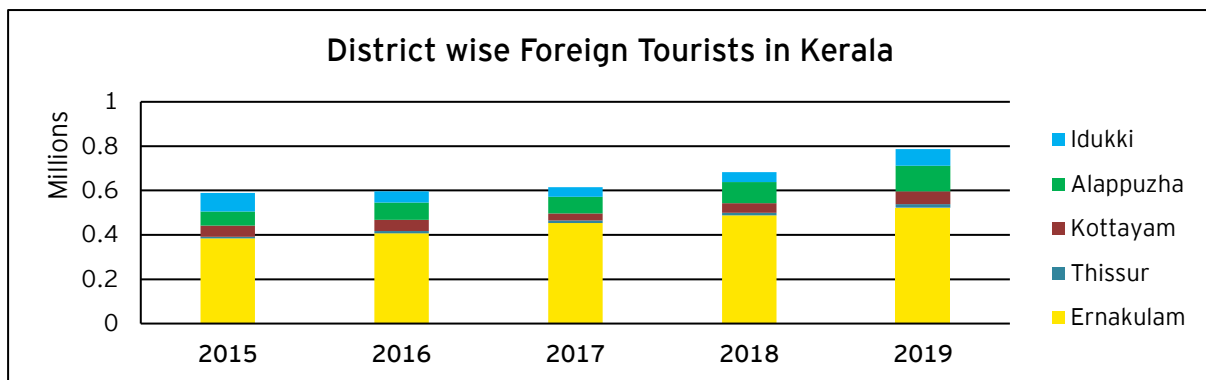
Figure 13: District wise Domestic Tourists in Kerala



Foreign Tourist Arrivals:

The proposed hotel is likely to attract several foreign tourists for their stay, when they arrive or depart, as it is near to Airport. For the last five years, the district which recorded highest foreign tourist arrivals in the state is Ernakulam. The number of foreign tourists that visited Ernakulam district increased to 5,22,232 in 2019 compared to 4,88,175 tourists 2018. The foreign tourist arrivals of few major districts are shown in the figure below.

Figure 14: District wise Foreign Tourists in Kerala

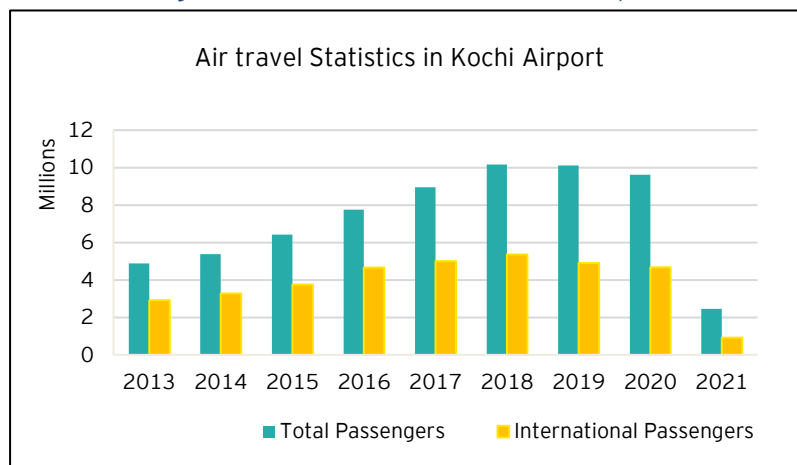


3.3. Air Travel to Kochi⁹

CIAL is an international Airport serving flights from Kochi to major cities in India and several destinations internationally. The passengers visiting Kochi Airport in the pre-Covid era of FY 2019-20 was more than 9.6 Million. CIAL recorded a cumulative annual growth rate of nearly 20% in the initial 8 years and thereafter at 12% with annual passenger traffic touching 10.1 million in 2017-18.

The International Travelers contribute to major share of the passengers in Kochi Airport. They constituted 55% to 60% of overall traffic before the pandemic. Kochi Airport has non-stop passenger flights scheduled to 32 destinations in 12 countries. The Longest being ~5,000 kms flight from Kochi to London Heathrow Airport. Popular destinations from Kochi include Dubai, Abu Dhabi, Kuwait, and Riyadh in the Middle east Asia.

Figure 15: Air Travel Statistics in Kochi Airport:



Kochi is well connected to all the major cities in India including Bengaluru (335 flights / month), Mumbai (230 flights / month), New Delhi (219 flights / month), Hyderabad (196 flights / month) and Chennai (120 flights / month). There are nine airlines operating domestically from the Kochi airport including Indigo, Air-India Express, Air India, Go First, Spicejet, AirAsia India, Alliance Air, Vistara.

⁹ <https://www.aai.aero/en/business-opportunities/aai-traffic-news>
<https://www.flightconnections.com/flights-from-kochi-cok>

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3.4. Major Tourist Destinations in Kerala¹⁰

Backwaters in Kerala are the most captivating tourist attractions. These were once Kerala's trade highways. Alappuzha, Kollam, Kumarakom and Kochi are famous among the tourists for their houseboats and palm lines backwaters.

As it is a coastal state, Kerala is home to several spectacular beaches like Kovalam, Varkala, Chowara, Chavakkad, Nattika, Cherai, Kizhunna and Poovar. Kerala is surrounded by the Western Ghats on side with various scenic hill stations along the state. As shown in the picture, these hill stations are often close to various wildlife sanctuaries with exotic and rare species of flora and fauna. There are a total of 14 wildlife sanctuaries, 2 tiger reserves and 6 National Parks in Kerala.

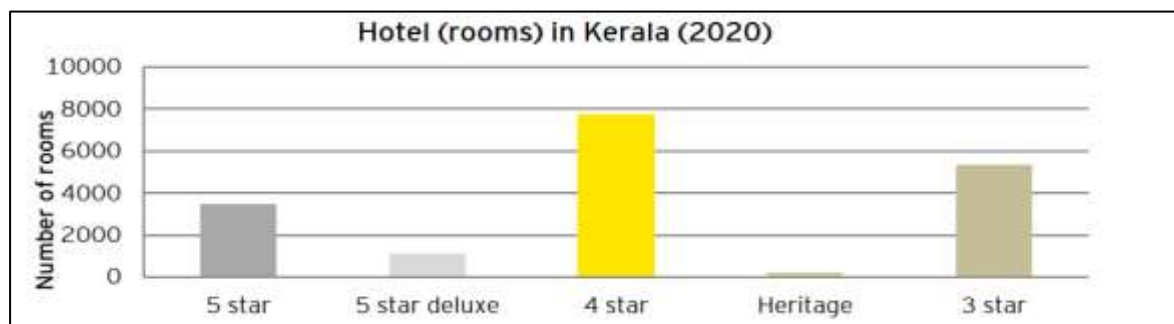
The state as several historical monuments which showcase the history and architecture of Kerala. The Bekal fort (shaped like a giant keyhole) of Kasaragod is the best-preserved Fort in the whole of Kerala. The Dutch cemetery, Fort Immanuel, and the Mattancherry Palace in Fort Kochi show the colonial influence in Kerala's architectural style.



3.5. Hospitality Sector in Kerala

Existing Hotel Rooms analysis of Kerala state: As shown in the figure, the state has most 4-star hotel rooms followed by 3-star hotel rooms.¹¹

Figure 17: Hotel Rooms Analysis of Kerala

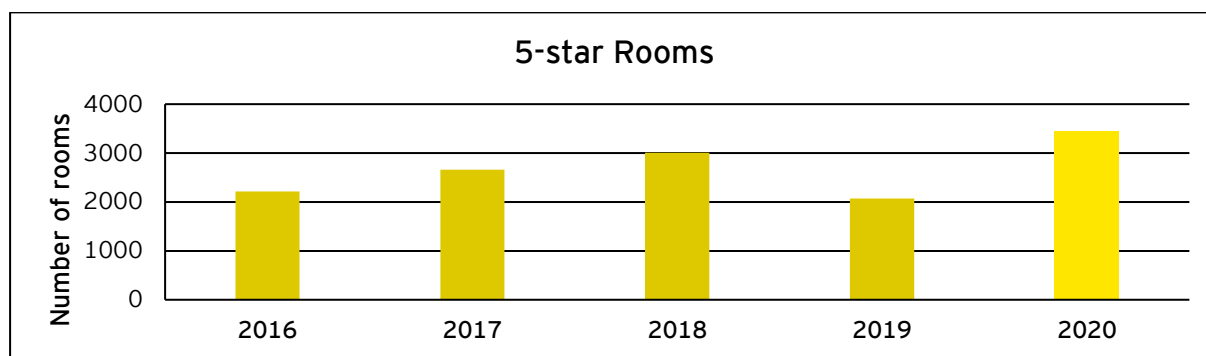


The development of hotel establishments in the 5-star segment increased further between the years 2016 and 2020.

¹⁰ <https://www.keralatourism.org/destination/>

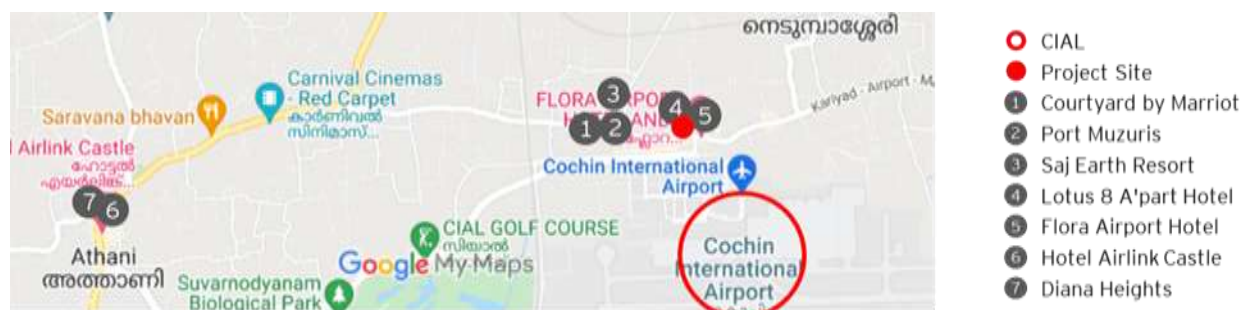
¹¹ https://www.keralatourism.org/tourismstatistics/tourist_statistics_2019_book20210306071249.pdf

Figure 18: 5-star rooms development in Kerala



The hotels that are in direct competition to the proposed CIAL Hotel are the existing 5-star and 5-star deluxe hotels near CIAL (nearest to the site). The Figure below depicts the map of Kochi indicating hotels near the project vicinity. ¹²

Figure 19: Map of the Hotels near CIAL



The distances of the hotels from the proposed CIAL Hotel are provided in the table below:

Table 5: Hotels near the project site

Hotel room rentals	Classification	Distance from Airport (kms)
Courtyard by Marriot	5-star	2
Port Muzuris	5-star	2
Saj Earth Resort	5-star	2
Lotus 8 A'part Hotel	4-star	2.5
Flora Airport Hotel	4-star	2
Hotel Airlink Castle	5-star	4.5
Diana Heights	5-star	4.5

3.6. Conferences in Kochi

There are several conferences that happen in Kochi around the year. There are many upcoming conferences being held in Kochi in 2022 (40 in April (after 13th of April), 108 in May, 115 in June). The hotel has a Banquet hall and 2 meeting rooms planned which will attract these customers looking to hold a conference in Kochi.¹³

¹² EY Research

¹³ <https://www.conferencealerts.in/kochi.php>

4. Brief Outline of Transaction Structure

Encouraging private sector in implementation of infrastructure assets, allows the Concessioneing Authority to concentrate on its core responsibility of delivering public services while facilitating mutually beneficial agreements with private investors. It is proposed that the Hotel project would be undertaken primarily on design, build, operate, maintain, and transfer basis. CIAL proposes to engage a reputed private sector hotel operator (hereinafter referred to as “the Operator” or “the Concessionaire”) to design, finance and develop the interior of the hotel project and undertake the operations and maintenance thereof. The Operator will also be given the right to utilise spaces inside the hotel for commercial or retail or office purposes

The proposed project structure defines the role between key project stakeholders as follows:

- **Role of CIAL**
 - CIAL will undertake the civil construction and MEP works of the proposed hotel.
 - CIAL will provide license rights to the developer for the entire license period.
- **Role of the Operator**
 - Preferred bidder will undertake the works including Interior works & signage, external glazing, equipment (IT and kitchen, in-room), furnishing of lobby & restaurant, landscaping & parking, cleaning mechanism for exterior, as per terms defined in the license agreement
 - Preferred bidder would collect revenues from (i) hotel rentals, other commercial/retail rentals, car parking and any other source(s).
 - Preferred bidder does not retain any ownership rights over the land.
 - During the license period, the Preferred bidder would bear the operating costs associated with maintaining this infrastructure; and
 - At the end of the license period, the Private sector will transfer the site and project assets to CIAL.
- **License Agreement**
 - CIAL (the “Authority”) shall award the Operations and Maintenance of 5-Star Hotel Project to the private operator (a partner) on PPP basis through an international tendering process for a specified license period i.e., 30 years. Further, to implement the operations and maintenance of the project, the O&M contractor shall establish a Special Purpose Vehicle (SPV) company.
 - Concessionaire will be responsible for designing, upgrading and construction of interior of the Hotel and operation and maintenance thereof

Figure 20: Proposed Project Structure



5. Key Contractual Terms

An outline of major tenets of strategy is given in the below table:

Parameter	Description
Draft O&M Agreement	
Agreement to be executed as	License.
Parties to the agreement	Cochin International Airport Limited and the Special Purpose Vehicle (incorporated by the Preferred Bidder).
Term/ duration	The duration of the license agreement shall be for 30 years. No automatic extension will be provided to the Special Purpose Vehicle, However, CIAL may undertake a fresh bidding process wherein the Special Purpose Vehicle will be provided a right of first refusal in accordance with the terms of the draft O&M Agreement.
Performance Bank Guarantee (PBG)	INR 6.5 crores, other provisions specified in the bidding documents.
Bidding parameter	Revenue share (to be quoted as a % of total revenues earned by the operator).
Other financial consideration	Annual guarantee payable annually, specified in the bidding documents.
Request for proposal	
Bidder	Can be a single entity.
Technical capacity	<ul style="list-style-type: none"> Bidder to showcase credentials of operation and maintenance (O&M) of 5 star hotels as per Ministry of Tourism guidelines/ or any other relevant International organization. Should have relevant experience of O&M of 5 star in 7 years out of the last 10 years. Should have atleast 1 operational 5 star and above hotel project. Bidder to showcase project(s) totaling to 250 keys across 5 star hotels with atleast one project of 5 star hotel with a room capacity of 100 keys. Credentials of associates (parent, subsidiary) of the bidder can be used.
Financial Capacity	<ul style="list-style-type: none"> Networth: bidder shall have a positive networth (based on the last audited financial report for the immediately preceding financial year). In case the audited financial report for the immediately preceding financial year is under preparation, the requirement is to be met for the financial year prior to the immediately preceding financial year. Turnover: bidder shall have an average annual turnover of INR 65 crores for past 5 (five) financial years preceding the Bid Due Date. To meet financial criteria, the bidder shall not be allowed to use the networth and turnover of its associate (parent, subsidiary) companies/entities.
Bid security	<ul style="list-style-type: none"> INR 1.5 crores.

6. Annexure A

Work Progress Photographs





COCHIN INTERNATIONAL AIRPORT LIMITED

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