

**SUBJECT NO : 06**

**Sub: Engg. – VUDA – Proposals for setting up of IT Tower – Domain specific Innovation and Incubation Centre on IT/ITES in marine petroleum and power by STPI in Association with VUDA behind VUDA office complex, Siripuram, Visakhapatnam – Draft subject placed before Board for perusal and to take a decision – Reg.**

- Ref: 1 Lr.No.STPI-V/C258/2008-2009, Dt.25-03-2009, 27-11-2009, 01-08-2011, 25-04-2012 and 04-02-2014.
- 2 Meeting held in the Chambers of VC, VUDA on 26-2-2010 and 28-02-2012.
- 3 VUDA Board Resolution No.44, Dt.8-5-2012.
- 4 Rc.No.3 /2013-2014 /EE-VI /VUDA, Dt. 27-11-2013 of Engineering wing of VUDA to STPI.
- 5 T/O. Lr.Rc.No. 3/2013-2014/EE-VI/VUDA, Dt.20-2-2014 entrusting the Architectural Design Consultancy Services to M/s. SMG Design Inc.,
- 6 Telephonic Discussions held with Prl. Secretary, MA & UD Dept., Hyderabad and VC & MD, APIIC, Hyderabad on 20-2-2014 on the subject matter.
- 7 D.O.Lr.No.13/VC&MD/APIIC/2014, Dt.8-3-2014 of VC & MD, APIIC received on 17-03-2014

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**Brief History:**

Vide reference 1<sup>st</sup> cited above, it is informed that STPI is an autonomous society under the Dept., of IT Ministry of Communications and IT, GoI and STPI, Visakhapatnam has started its operations in 1999 and at present, STPI is running its operations from VSEZ, Duvvada including 48 seater incubation facility and most of the industry present is operating in the city. Accordingly, it is felt that incubation centre in the heart of city of Visakhapatnam will act as life line for SME (IT & ITES) to grow. As per G.O.Ms.No.295 of IT & C Dept., of GoAP Dt.13-9-2005, it is decided to develop incubation Centres jointly with STPI in Visakhapatnam in an area of 1.2 Acres of land and requested VUDA to identify the location suitability in the city of Visakhapatnam for developing the incubation facility so that the SMEs (IT & ITES) in Visakhapatnam can avail the state of the art infrastructure which is the life line for their export growth. It is also understood that VUDA building at Siripuram has some space vacant and also ideal for incubation facility for SMEs and hence, requested to allot

the vacant space at VUDA building to STPI on long term basis so as to start the incubation facility and STPI PoP (Point of Presence) on immediate basis and requested to consider and respond favourably for the above initiative.

The STPI has further requested to provide the details of charges including the rental charges per Sq.Ft per month so as to initiate the process of taking the approval of the project for setting up STPI incubation centre in 3<sup>rd</sup> floor of existing VUDA Building with a request for making it notional rent so as to provide the incubation facility to the SMEs for a reasonable and competitive price.

Subsequently, STPI has told that it is intending to set up IT/ITES Domain Specific Incubation and Innovation Centre on Marine, Power, Petroleum domain to encourage SMSEs in the city with build up space of around 1 lakh Sq.Ft and a detailed proposals need to be worked out jointly with VUDA and there were discussions held on two subject.

- I. Establishing Domain Specific Incubation and Innovation Centre on Marine, Power and Petroleum Domain based on the letter from STPI, Dt.23-2-2012.

- II. Setting up a POP on roof top of VUDA Building at Siripuram.

On the first issue, it is requested to STPI to submit a letter stating the amount of investment and proposed specifications of built up space along with other required amenities so that VUDA may ask their empanelled architects to prepare a plan for the building and to arrive at the project cost. After finalization of the project cost, the modalities and revenue sharing model can be worked out jointly by STPI and VUDA.

On the second issue, it is informed that STPI proposals was in-principle approved for setting up of POP on the roof top of VUDA Building subject to clearance from the Airport Authority of India and other statutory authorities and informed that the rentals and other financials will be intimated shortly to STPI.

Vide letter Dt.25-04-2012, the STPI has submitted the following details with the approval of the competent authority.

1. STPI proposes to build the IT Park/ Tower in the land proposed by VUDA in the city centre adjacent to the existing VUDA Building.
2. The IT Tower is proposed to be built up in the similar fashion as other leading IT parks have been developed. It can accommodate Small and Medium companies from day one with its ready-to-occupy, fully furnished space and also it can provide raw space to bigger companies to build other facility in customized way.

- a. Fully Furnished Space.

Facilities available: fully furnished with false ceiling and ceramic tile flooring, plug and play work stations with power and networking, manager cabins, CEO cabin, server room, pantry area, dining area, wash rooms, air conditioning UPS back up, DG backup, internet connectivity, fire alarms etc.

- b. Semi furnished space: False Ceiling, Flooring, Dining area, Air Conditioning, UPS backup, DG backup, provision of internet connectivity, washrooms.

- c. Raw Space: A/C duct, provision for electricity, wash rooms.

In addition, there will be common facilities like parking area, cafeteria, recreation room, gym, conference rooms etc. Accordingly, STPI has requested VUDA to work out the cost of the project including land cost and the building with above amenities so that the modalities for setting up domain specific IT park can be discussed and finalized.

#### **VUDA Board Decision:**

Hence, when the subject matter was placed before the Board, on 08-5-2012, on this subject with the proposals of constructing main building without interior finishes but including all exterior amenities and the total estimated project cost is about Rs.15.00 Crores per Sq.Ft. On this proposals, after a lengthy discussion, the VUDA Board has instructed the Vice-Chairman, VUDA to finalize the project and place the same before the next board meeting.

Accordingly, EoI for preparation of schematic line drawings quoting the consultancy charges for various projects including this project was invited from Empanelled Architects of the VUDA vide Rc.No.621/2012-2013/CE/VUDA, Dt.28-07-2012 and accordingly, M/s. SMG Design Inc., of Hyderabad has submitted the preliminary drawings with a build up space of 1.11 Lakhs Sq.Ft in a site area of 2588.56 Sqm in two cellars + ground + nine

floors. Since it satisfied the maximum requirements, the presentation was arranged to the STPI in the month of August, 2013 and accordingly, the design is said to be satisfying the requirements. The developments were informed to the JD and OI, STPI, Visakhapatnam with the request to give consent on the following aspects so that VUDA can go ahead with the project.

- Amount that can be contributed by STPI.
- Willingness in partnering the project as per the proportionate amount contributed by STPI, provided the build up space given to STPI on lease basis for agreed period.
- Ensuring for arrangement of clients for occupancy of the space created.
- Acceptance of the design construction of IT Tower.
- To come up with modalities for entering for MoU between VUD and STPI.

#### **IN-PRINCIPLE CONSENT BY STPI:**

On the above letter, vide letter Dt.04-02-2014, the STPI has responded that their competent authority has accorded the in-principle approval for setting up the Domain Specific Innovation and Incubation Centre on IT/ITES in Marine, Petroleum and Power by STPI in association with your proposed IT Park / Tower behind VUDA office complex at Siripuram, Visakhapatnam with the request for working out the modalities by signing MoU for the joint participation in the establishment of IT park / Tower by VUDA and STPI.

Accordingly, a meeting was held with all concerned officials of VUD and STPI on 06-02-2014 to discuss further points to arrive at the modalities. During the meeting, STPI has informed orally that the STPI is ready to deposit with VUDA Rs.16.00 Crores for the said project and told to prepare the proposals with draft terms and conditions of the MoU so as to forward to their head office for approval.

Accordingly, it is decided to entrust the architectural consultancy work of the proposed IT Tower to M/s. SMG Design Inc., Hyderabad as per the requirements @ 2.5% consultancy fee + service tax as applicable as per the prevailing rules in vogue in VUDA. The draft MoU have to be submitted for the approval for the VUDA Board and the Government in Ma & UD Dept., and then subsequently will be shared with STPI Authorities before entering into formal agreement.

To arrive at the modalities with the proper elucidation of the solid financials of the project after discussion of the matter with Principal Secretary, MA & UD Dept., Hyderabad / Chairman, VUDA and VC, MD, APIIC, Hyderabad / Member, VUDA Board on 20-2-14, it is intended to utilize the services available with the APIIC

project wing on the ways ahead towards the preparation of the draft MoU and accordingly, details were submitted to APIIC.

Thereafter, VC and Managing Director, APIIC vide their letter in the reference 7<sup>th</sup> cited above, informed that APIIC is willing to collaborate with VUDA in place of STPI if it is acceptable to VUDA. It is also stated that APIIC is already constructing four IT Towers in the state of which, one is at Madhurawada, Vsp. Actually two IT Towers were proposed in Vsp, one at Madhurawada and another in the main city. But due to increase in cost of Madhurawada IT Tower, the second one has been deferred. Thus, there is already an active proposal for developing an IT Tower in Vsp City before APIIC. All these IT Towers are fully funded by the ITE&C Dept., of Govt., and it will be possible to tap that funds for construction of VUDA IT Towers also.

In case, VUDA agrees to partner with APIIC, it is suggested that an SPV be created between VUDA and APIC. The project land of 2571 Sq.Mts will be transferred to the SPV at an agreed price. The land cost will be treated as equity of VUDA and no further cash investment is required by VUDA.

The project cost will be contributed by APIIC in the form of equity or debt or through Government grant of ITE& C Dept., The SPV will be structured between VUDA and APIIC in the share holding ratio of land cost vs. Project cost. The Board of the SPV Company will consist of representatives of VUDA and APIIC in their shareholding ratio. The VC, VUDA can be Chairman of the SPV. APIIC will execute the project through the SPV Company. APIIC will extend its Engineering, Marketing and other support services to the SPV Company. Once the project is implemented, the SPV Company will manage the property. Some portion of the built up space can be utilized for commercial purpose to make the project financially viable.

In the above circumstances, the subject matter is placed before VUDA Board for perusal and to take a decision on the above.

Sl. No.	Subject No.	Subject	Resolutions
4	3	Engg-VUDA-Details of works for which Revised AS accorded & deviations occurred during execution Subject placed before Board for perusal & approval Reg.	<b>Subject to the Verification and confirmation by VC, VUDA on the genuineness of the additional expenditure, the proposal is agreed.</b>
5	4	Engg - VUDA - Conversion of Visakhapatnam to Bheemli Beach Road into four lanes - Proposal of R & B Department - Meeting the cost of land acquisition and shifting of utilities by VUDA - Providing funds to a tune of Rs.18.90 Crores from VUDA - Draft subject placed before VUDA Board for approval - Reg.	<b>Reviewed the earlier decision and agreed to provide the funds as instructed by Government.</b>
6	5	Engg- VUDA- Erosion of Sea - Partial collapse of compound wall on Southern and Eastern sides of Kursura Submarine Museum and caving in of footpath at R.K. Beach - Public concern & apprehension - Visit to CWPRS, Pune by team of officers from VPT, VUDA, GVMC & AU for the development of scheme towards short term & long term measures to be taken up - Board subject placed before Board for perusal and ratification - Reg.	<b>Ratified the expenditure for the visit to CWPRS, Pune; VC is instructed to pursue with GVMC for arriving at permanent measures.</b>
7	6	Engg. - VUDA - Proposals for setting up of IT Tower - Domain specific Innovation and Incubation Centre on IT/ITES in marine petroleum and power by STPI in Association with VUDA behind VUDA office complex, Siripuram, Visakhapatnam - Draft subject placed before Board for perusal and to take a decision - Reg.	<b>Progress of project with STPI is very slow and hence, decided to partner with APIIC; work out further modalities.</b>

*[Handwritten signature]*  
 10/11/2014