

Kerala Infrastructure Investment Fund Board

2nd Floor, Felicity Square,
Statue - 695001
Thiruvananthapuram, Kerala, India.
www.kiifb.kerala.gov.in

Dated March 05, 2018

To,

[.]

Dear Sir / Madam,

Sub: Request for proposal ("RFP") for acting as Lead Managers for raising funds through issue of Rupee denominated bonds overseas

Introduction

Kerala Infrastructure Investment Fund Board (KIIFB) is a statutory body created by the Government of Kerala under the Kerala Infrastructure Investment Fund Act, 1999, as a special purpose vehicle for channelizing investments for large infrastructure projects in the state.

Comprehensive amendments were carried out to the Act in 2016 providing a new structure and outlook to the Board.

The amendments empowered the Board to raise money through financial instruments approved by SEBI and RBI. As per the amended KIIF Act, a minimum threshold of Rs 100 crore is prescribed for projects seeking financing from KIIFB.

Amendments, inter alia, also provided for reconstitution of the Board with the Chief Minister as the Chairman and the Finance Minister as Vice Chairman. The Chief Secretary, Government of Kerala, is a member of the Board.

A key feature incorporated vide the 2016 amendment was the creation of the Fund Trustee and Advisory Commission (FTAC) as an oversight mechanism for ensuring transparency in functioning of the Board.

FTAC is statutory requirement to assess fund utilization and repayment capability of KIIFB and submit a Fidelity Certificate, twice a year, certifying that the funds have been used appropriately and the Board has adequate resources for meeting debt obligations. At present FTAC is chaired by Mr. Vinod Rai, Former Comptroller and Auditor General of India. Ms Usha Throat, Deputy Governor (Retd.), Reserve Bank of India, and G Padmanabhan, Executive Director (Retd.), Reserve Bank of India, act as members.

Borrowings of KIIFB have the advantage of being backed by sovereign guarantee of the Government of Kerala and debt servicing is supported by a statutorily mandated revenue stream whereby the entire petroleum cess and fifty per cent of the motor vehicle tax collected in the state of Kerala is transferred directly to KIIFB.

Further, a repayment agreement will be signed between KIIFB and the sponsoring government department in cases where revenue generating projects are financed by KIIFB. Details of projects funded by KIIFB are listed on our website.

Request for Proposal

1. KIIFB intends to explore the possibility of raising funds from overseas markets, through Rupee denominated offshore bond issuance, up to INR 50 billion in accordance with the terms and conditions of RBI. The timing of issuance shall be decided by KIIFB in consultation with the Lead Managers, to be appointed for the purpose. The draft terms of the proposed issue is as per **Annexure A** to this letter.
2. The scope of work of the Lead Manager (s) would include all aspects of arranging the bond issuance including
 - 2.1.1. Advise KIIFB and coordinate with the appointment of all third parties to the issuance
 - 2.1.2. Advise and coordinate with Credit rating agencies / intermediaries of the Masala Bond issue including obtaining rating for the issuer\issue.
 - 2.1.3. Coordinate with legal counsels / trustee's and other third parties to facilitate the preparation of all transaction and related documentation
 - 2.1.4. Help KIIFB secure required regulatory / statutory approvals and compliances.
 - 2.1.5. Drawing up the strategy for deal execution, marketing, road shows, logistics, listing, etc
 - 2.1.6. Any matter incidental thereto for meeting the objective of a successful fund raising

This is an indicative scope of work and hence any other work not mentioned but necessary for the successful issue of Masala Bonds is deemed to be included.

3. KIIFB seeks proposal of your Bank / Financial Institution to act as the Lead Manager / Joint Lead Manager for the proposed rupee denominated overseas bond issue. The Technical Proposal, Financial Proposal and an undertaking should be uploaded on the e-procurement portal of the Government of Kerala (<https://etenders.kerala.gov.in>) in the format indicated below:-

- 3.1.1. Technical Proposal of the Lead Manager in the manner and format prescribed as per **Annexure B**.
 - 3.1.2. Financial Proposal in the manner and format prescribed in **Annexure C**.
 - 3.1.3. Undertaking in the manner and format prescribed in **Annexure D**.
 - 3.1.4. The technical proposal shall be evaluated in a judicious manner at the sole discretion of KIIFB and marks shall be awarded out of a total of 100 maximum marks.
 - 3.1.5. The financial proposal of only those Banks / Financial Institutions shall be opened which qualify under technical evaluation i.e. banks / financial institutions who satisfy the minimum qualification marks in each of the parameters in the technical bid and score 70 marks and above in the overall technical proposal evaluation. Please note that proposals with any conditionality will be summarily rejected
 - 3.1.6. The lowest financial offer as per Annexure C shall be assigned L1 rank, the second lowest L2 and so on. In case there is a tie in the financial offer, then the bidder having a higher ranking in the technical criteria shall be given priority.
 - 3.1.7. Further if there is a tie in technical criteria also, then both banks / financial institutions will be offered the role of Joint Lead Manager.
 - 3.1.8. KIIFB will offer the remaining banks or financial institutions an opportunity to match the L1 bid, in ascending order of their financial bid. Such other banks or financial institutions who agree to match L1 bid will be appointed as the Joint Lead Managers along with the L1 Bank (s) or Financial Institutions.
 - 3.1.9. In case more than one bank is appointed, then the fee shared quoted by L1 shall be shared by the banks. However, the number of such banks who may be appointed as Joint Lead Managers would be at the sole discretion of KIIFB.
- 3.2. Your proposal should be uploaded on the e-procurement portal of the Government of Kerala latest by 3 pm on March 31, 2018 and shall remain valid for 45 days thereafter. The proposal should be signed by the authorized officers of your bank / financial institution. The proposals received after the due time and date, will be summarily rejected.
 - 3.3. The opening and evaluation of the technical proposal will be held on April 02, 2018. The results of the technical evaluation will be informed to the bidders on

the same day. The evaluation of the financial proposal will be held on April 03, 2018 and appointment of Lead Managers will follow in due course.

- 3.4. KIIFB reserves the right to accept or reject any or all the offers received without assigning any reason.
- 3.5. KIIFB reserves its right to raise funds in any currency, through alternative markets / modes viz. term Loans / syndicated loans from offshore markets, and loans / bonds or any other mode, in domestic market of India.
- 3.6. KIIFB will be free to appoint any number of Lead Managers and form a group of Joint Lead Managers.
- 3.7. In case the bonds are not issued, the Lead Manager(s) shall not be paid any fees and each party shall bear its own costs and expenses
- 3.8. KIIFB reserves the right to terminate the mandate to Lead Manager(s) by giving 15 days prior notice in writing at any point of time.
- 3.9. For any clarification on the RFP, you may feel free to contact Joint Fund Manager, on email ID jfm.fa@kiifb.org / phone number + 91 94461 78652.

Thanking You,
Yours faithfully,

Dr. K.M Abraham
CEO, KIIFB

Annexure A – Broad Terms of Issue

Issuer	Kerala Infrastructure Investment Fund Board
Amount	Up to INR 50 billion
Type	Offshore Rupee denominated bonds
Facility	Senior Unsecured Issue
Maturity	5 Years or such other maturity in line with RBI guidelines at the time of the issue
Repayment	Bullet repayment on the Date of Maturity
Interest Payment	INR denominated, Semi-annual payment, USD settled
Credit Rating	Rated Issuance by “S&P / Moodys / Fitch” or Unrated
Listing	Singapore Stock Exchange / London Stock Exchange or such other exchange
Guarantee	Guarantee by Government of Kerala
Payment Obligation	All payment obligations of KIIFB i.e. both the Interest & Principal repayment shall be paid in INR, while being settled in USD or such other currency as permitted Fee obligation and any other expenses to the Lead Managers will be paid in USD or INR.
Purpose	Financing of major infrastructure projects including PPP projects in the state of Kerala across sectors like Transport, Water Sanitation, Energy, Social & Commercial Infrastructure, IT & Telecommunication, etc
Regulation	In accordance with approval from RBI and under Regulation S format
Governing Law	English Law.

Annexure B - Technical Proposal

Offer for issue of Rupee Denominated Bonds (Masala Bonds) up to INR 5000 Cr

To,
CEO, KIIFB
2nd Floor, Felicity Square,
Statue - 695001
Thiruvananthapuram, Kerala, India.

Dear Sir / Madam,

We submit our offer as below to act as the Lead Manager for offering of Rupee Denominated Bonds (Masala Bonds) by your company for up to INR 5000 Crore in multiple tranches

Details of Bank / Financial Institution

Name	
Address	
Contact Person	
Contact Number	
Email ID	

Technical Bid

	Experience as Lead / Joint Lead Managers in handling foreign currency public bond issues of Indian entities from 1st January 2015 to bid submission date	Max. Marks	Minimum Qualification Marks
	<ul style="list-style-type: none">• Number of Issues	36	20
Marking criteria: Each issue will be awarded 4 marks			

	Experience as Lead / Joint Lead Managers in handling offshore rupee denominated public bond issues (masala bond) of Indian entities from 1st April 2016 to bid submission date	Max. Marks	Minimum Qualification Marks
2	<ul style="list-style-type: none">• Number of Issues	24	4
Marking criteria: Each issue will be awarded 4 marks			

	Experience , Capability and resources for transaction management & other issue related activities for public offshore bond issues of Indian entities from 1st January 2015 to bid submission date	Max. Marks	Minimum Qualification Marks
3	<ul style="list-style-type: none"> Acted as a dealer for setting up of MTN Programme involving documentation and listing on the exchange 	6	-
	<ul style="list-style-type: none"> Acted as Credit Rating Advisor for an Issuer by liaising with International Credit Rating Agencies (S&P/ Moodys/ Fitch) 	6	
	<ul style="list-style-type: none"> Operation capabilities & experience in liaising with the Common Depository to enable receipt of issue proceeds and delivery of Notes 	6	
	Total Marks	18	6
Marking criteria: 3 marks will be awarded for each issue handled in the capacity of a dealer for MTN programme or as an advisor for credit rating or acted as Settlement Manager			

	Presence in International Location	Max. Marks	Minimum Qualification Marks
4	Regulated / Licenses or Permission under/from appropriate laws/regulators UK, Europe, UAE, Singapore and Hong Kong	12	6
Marking criteria: 3 marks for each country with regulatory permission			

	License to operate in India and offer Investment Banking or Security Services	Max. Marks	Minimum Qualification Marks
5	Details of branch / representative office / tie up with local banks / institutions	10	5
Marking criteria: 5 marks for each branch / representative office / tie up with local banks / institutions			

We accept all the terms and conditions as mentioned in the RFP. In the event of any contradiction in the terms and conditions as mentioned in the RFP and our offer to the Company, KIIFB's decision shall be final.

Date:
Place:

Name & Signature of Bidder's Authorized Signatory with stamp

Notes to Annexure B -

1. Only public bond issues (i.e. bond issues arranged through a book building process and distributed to qualified institutional buyers or specialized investors with issue size of at least USD 100 Million) to be considered for evaluation
2. Relevant proof / documents to be submitted along with the technical bid for all evaluation parameters
3. Transaction wise details indicating date, particulars of Issuer, amount raised, tenor and coupon to be enclosed
4. Minimum qualification marks should be obtained in each criteria as mentioned above to qualify in the technical bid
5. Financial bids of only those Banks / financial institutions with marks of 70 and above in overall technical bid will be considered for further evaluation
6. Foreign currency refers to USD, Euro, GBP, Yen, etc

Annexure C – Financial Proposal

Offer for issue of Rupee Denominated Bonds (Masala Bonds) up to INR 5000 Cr

To,
CEO, KIIFB
2nd Floor, Felicity Square,
Statue - 695001
Thiruvananthapuram, Kerala, India.

Dear Sir / Madam,

We submit our offer as below to act as the Lead Manager for offering of Rupee Denominated Bonds (Masala Bonds) by your company for up to INR 5000 Crore in multiple tranches

Details of Bank / Financial Institution

Name	
Address	
Contact Person	
Contact Number	
Email ID	

Financial Bid

Sl. No	Particulars	
1	Lead Manager fee (flat fee in bps)	
2	Total Amount in USD	

All 3rd party expenses which are standard for an issuance of this nature will be paid by KIIFB. However, if the JLM intends to charge for any service other than what is enumerated above, then the same may be indicated below -

Any other expenses (details to be specified)	Amount in USD
Description \ Details	

We accept all the terms and conditions as mentioned in the RFP. In the event of any contradiction in the terms and conditions as mentioned in the RFP and our offer to the Company, KIIFB's decision shall be final.

Date:

Name & Signature of Bidder's Authorized

Place:

Signatory with stamp

Notes to Annexure C -

1. The "Total Amount in USD" should not be less than USD 1
2. Conversion factor of 1 USD = INR 65 to be used for calculation purposes
3. Assume issue size of INR 2000 Crore for purpose of calculating the Amount in USD for Lead Manager fee (Fee in bps * INR 2000 Crore)
4. The Lead Manager/s will be paid after successful issuance of the Masala Bond
5. Final issue size will be decided at the sole discretion of KIIFB. Final fee paid to Lead Manager/s will be based on the actual issuance size i.e. (bps quoted * issue amount)
6. KIIFB will appoint the International Legal Counsel and Domestic Legal Counsel for the proposed issue in due course.
7. All third party payments including fees for International Legal Counsel, Domestic Legal Counsel, Trustee, Credit Rating Agencies, Process Agent, Registrar, Paying Agent, etc shall be paid by KIIFB and the same is not required to be quoted as part of the financial bid
8. Payment related to Road Show expenses will be reimbursed on actual basis.
9. Fees for listing and compliance on Singapore Stock Exchange / London Stock Exchange will be borne by KIIFB separately.
10. All expenses should be indicated as single figures. If a range or percentage is indicated, then upper cap will be considered for evaluation purpose. Bidders will have to quote under all heads. In case of no expenses, Nil shall be mentioned.
11. Expenses mentioned must be inclusive of all applicable taxes and / or regulatory deductions.
12. A performance fee may be considered at the sole discretion of KIIFB after successful execution of the transaction.

Annexure D – Undertaking by Bidders

Offer for issue of Rupee Denominated Bonds (Masala Bonds) up to INR 5000 Cr

To,
CEO, KIIFB
2nd Floor, Felicity Square,
Statue - 695001
Thiruvananthapuram, Kerala, India.

Dear Sir / Madam,

We undertake that: -

- 1) The proposal submitted shall remain valid for a period of at least 45 days from the last date for submission of proposal
- 2) In the event of cancellation or withdrawal of the proposed issue, no costs and expenses shall be payable and/or reimbursable except actual amount of road show expenses incurred
- 3) Expenses as quoted in the financial proposal shall be payable to arranger only after completion of the bond issue
- 4) No other costs/expenses/taxes/levies shall be payable by the KIIFB except as mentioned in the Financial Proposal
- 5) In the event of more than one Lead Manager, then the Bank or Financial Institution shall be jointly and severally responsible for the performance of its obligations
- 6) Submission of the proposal by the bidders shall constitute acceptance by the bidders of all the terms and conditions mentioned in this Request for Proposal.
- 7) KIIFB reserves the right to raise funds in any currency through alternate markets/ modes i.e. offshore loans, domestic bonds / loans.

We accept all the terms & conditions as mentioned in the RFP. In the event of any contradiction in the terms and conditions as mentioned in the RFP and our proposal/offer, the decision of KIIFB shall prevail.

Date:
Place:

**Name & Signature of Bidder's Authorized
Signatory with stamp**