

KIIFB Masala Bond Issue – International Credit Rating

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 Quote ("RFQ") for undertaking International Credit Rating for proposed offshore Rupee denominated bonds (Masala Bonds)

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 Quote

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 one or more tranches 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. For better appreciation draft terms of the proposed issue is as per **Annexure A**.
2. KIIFB seeks quotes from your institution to engage with KIIFB and provide an international credit rating for KIIFB's proposed Masala bond
3. The proposal shall be uploaded on the e-procurement portal of the Government of Kerala (<https://etenders.kerala.gov.in>) and shall be in the format as specified in **Annexure B**.
4. Your quotes must be comprehensive and include all heads. In the event of mandating one or more rating agencies, there will be no additional payment made to each rating agency over and above their financial quote.
5. Your quotes should be uploaded on the e-procurement portal of the Government of Kerala, latest by 3 pm on 19th March, 2018 and shall remain valid initially for 45 days and thereafter, with the agreement of both parties, for a further period of 45 days after the completion of the initial period. The proposal should be signed by the authorized officers of your institution. The proposals received after the due time and date, will be summarily rejected.
6. The opening and evaluation of the quotes will be held on 21th March 2018 and rating agencies will be intimated in due course
7. KIIFB reserves the right to –
 - 7.1. Select or reject any or all of the quotes received at its sole discretion
 - 7.2. Select one or more rating agencies based on the quotes provided and subsequent discussions with each of the rating agencies
 - 7.3. Keep the rating confidential and not disclose it to public

- 7.4. Decide whether to opt for annual surveillance and issue rating at the time of issuance of the proposed masala bond
- 7.5. Proceed with an unrated issuance irrespective of engaging with rating agencies for an initial credit rating exercise
8. For any clarification on the RFQ, you may feel free to contact Anie Jula Thomas, 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 as KIIFB may decide
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
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 – Quotation Format

Quote for International Credit Rating of Rupee Denominated Bonds (Masala Bonds) of up to INR 5000 Cr

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

Dear Sir / Madam,

We submit quote to undertake an international credit rating for offering of Rupee Denominated Bonds (Masala Bonds) by your company for up to INR 5000 Crore in one or more tranches

Details of Credit Rating Agency

Name	
Address	
Contact Person	
Contact Number	
Email ID	

Financial Quote

Parameters	Fee in USD				
	Year 1	Year 2	Year 3	Year 4	Year 5
Initial Credit Rating		--	--	--	--
Annual Surveillance Fee					
Miscellaneous Expenses (to provide details if any under different heads)					
Issue Fee (charged on actual issuance in bps)		--	--	--	--

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

Date:
Place:

**Name & Signature of Authorized
Signatory with stamp**