



Defining the Future

KERALA INFRASTRUCTURE INVESTMENT FUND BOARD

(A Statutory Board under Finance Department, Government of Kerala)

E-TENDER NOTIFICATION REQUEST FOR PROPOSAL (RFP)

for:-

Appointment of Credit Rating Agency for Issue of Bonds for Rs.2000 crore

**Thiruvananthapuram
12th April 2017**

© Kerala Infrastructure Investment Fund Board (KIIFB)
Finance Department, Government of Kerala.

Schedule for submission of Tender / Proposal in response to this RFP:

Sl.	Event	Schedule
1	RFP can be downloaded from E-procurement portal of Government of Kerala <i>https://etenders.kerala.gov.in</i> and the website of KIIFB <i>http://www.kiifb.kerala.gov.in</i>	10 am on 13 th April, 2017 to 5 pm on 28 th April 2017
2	The clarifications, if any required, shall be given by Kerala Infrastructure Investment Fund Board (KIIFB) in the pre-bid meeting to be held at the office of KIIFB at 'India Heights Building', Vazhuthacaud, Thiruvananthapuram.	2.00 pm to 4.00 pm, 21 st April, 2017
3	Last date and time for submission of Bids.	Upto 5.00 pm on 28 th April, 2017
4	Opening of pre-qualification proposals	11.00 am on 3 rd May, 2017
5	Financial Bids of the technically qualified Bidders will be opened at the office of KIIFB at 'India Heights Building', Vazhuthacaud, Thiruvananthapuram.	11.00 am on 9 th May, 2017

A. Background

Kerala Infrastructure Investment Fund Board (KIIFB) is a Special Purpose Vehicle (SPV) created under the Finance Department, Government of Kerala to mobilize financial resources for investment in major infrastructure projects in the State with minimum project size over Rs.100 crore. Both social and physical infrastructure projects are included with a view to setting a parallel pace of rapid social and economic development in Kerala. KIIFB intends to harness its resources through multiple investment avenues which include modern investment structures such as Infrastructure Investment Trust (InVIT), Infrastructure Debt Fund (IDF), Alternate Investment Fund (AIF); financial instruments such as General Obligation Bonds, Land Bonds, Infra Bonds, etc.; tailor-made investment packages through existing financial agencies like Kerala State Financial Enterprises Ltd. (KSFE), Kerala Financial Corporation Ltd.(KFC), Kerala State Industrial Development Corporation Ltd.(KSIDC), etc.; grants, annuities and other guaranteed payments from Government; returns from investments, loans from domestic/bilateral/multilateral financial institutions, etc.

Opportunity for direct investment in infrastructure will be abundant through the various projects envisaged, viz. Agro Parks, Industrial Parks, Information Technology Parks, Cultural Complexes, Sports Facilities, Film City, Film Festival Complex, Major Roads, Bridges, High Speed Rail Corridors, Ports, Airports, etc.

With the wide range of investment and employment opportunity envisaged KIIFB will spearhead an unprecedented fast-paced all-round development in the State.

The Revised Budget Speech of the State Government for the Financial Year 2016-17 has suggested an overall investment target of Rs.1,00,000 crore for the next five years to tide over the investment gap. KIIFB has already initiated the investment process by approving the first tranche of 48 projects worth over Rs.4004 crore. These projects are ready for implementation and off-take of funds is expected shortly. The second tranche of projects worth over Rs.8040 crore have also been recently approved by the Board for funding. Among the various fund mobilisation options, the Board has proposed issuing General Obligation Bonds to meet the imminent requirement of funds. With this objective in view, KIIFB intends to appoint a suitable Rating Agency for rating the proposed Bond Issue.

B. Tentative details of the proposed Bond Issue

Issuer	Kerala Infrastructure Investment Fund Board
Instrument	Privately placed, Rated, Listed, Redeemable Non Convertible Bonds ("Bonds").
Issue size	Rs.2000 crores.
Face value	Rs. 1 lakh
Issue price	At par
Tenor	10 years.
Put / Call option	It will vary on tranche and structure will be intimated at the time of issue opening.
Redemption	It will be decided in each tranche at the time of issue opening.
Settlement Mode	DEMAT
Listing On	NSE and BSE
Purpose	Investment in public infrastructure projects funded by KIIFB.

C. Scope & Deliverables

1. The domestic credit rating for private placement of bonds for an amount of Rs.2,000 crore to be issued by KIIFB.
2. The annual surveillance by the Credit Rating Agency for the tenor of the bond.

D. Access to RFP documents & E-Tendering instructions.

1. KIIFB invites proposals from all credit rating agencies currently registered with the Securities & Exchange Board of India (SEBI). RFP can be downloaded from the E-procurement portal of Government of Kerala <https://etenders.kerala.gov.in> and the website of KIIFB <http://www.kiifb.kerala.gov.in> from 10 am on 13th April, 2017 onwards to 5 pm on 28th April 2017.
2. All proposals are accepted only through online E-Procurement mode via the E-Procurement portal of Government of Kerala, for which the Bidders should obtain Digital Signature Certificate from any of the Empanelled Certifying Authorities as mentioned in the E-Procurement portal.
3. After registering with E-Procurement Portal, in case of any difficulties in downloading RFP document, bidders may contact the persons whose contact details are given in the e-Procurement Portal or the RFP document. For technical assistance regarding E-Tender visit the website <https://etenders.kerala.gov.in> for further guidance.
4. Bidders may consider the time involved in payment of Earnest Money Deposit (EMD) and submission of proposals through E-Procurement Portal. The E-Procurement portal screen is unavailable immediately after the last date and time mentioned in the RFP document for submission of proposals. KIIFB / Government shall not be held responsible for any delay or technical problems in submission of proposals.
5. Bidders may consider the banking transaction time for online transfer of Earnest Money Deposit. KIIFB / Government shall not be held responsible for non-payment/non transfer of Transaction Fee / Earnest Money Deposit on time or for any technical difficulties, bank holiday etc., that may occur during the entire transaction.

E. General Instructions for Bidding

1. The Proposals which do not satisfy the eligibility criteria mentioned hereunder shall be rejected.
2. The Bidder shall furnish non-interest bearing EMD (Earnest Money Deposit) of Rs. 2 lakh [Rupees Two lakh only] which shall be paid in a single transaction using the

on-line modes specified in the E-Procurement Portal. The EMD prescribed shall be submitted by each of the bidders. Bids not accompanied by the prescribed EMD shall be disqualified and rejected. The Bidders shall also provide their bank account details for the refund of EMD.

3. Non-fulfilment of any pre-qualification criteria would amount to disqualification and the particular Financial Bid will not be opened.

4. KIIFB may disqualify any Bidder at any stage, if it comes to the notice of KIIFB at a later date that any information/certificate/document furnished/produced by the Bidder is factually incorrect/false.

5. KIIFB reserves the right to reject all or any of the Proposals of the Bidders without assigning any reason thereof. Further, KIIFB is not bound to accept the lowest quotation for fee, if in the sole opinion of the KIIFB, it is considered necessary to protect the interest of KIIFB.

F. Bidding Procedure

1. A Single stage-Two envelope/ cover system shall be followed for the submission of Proposals:

- Pre-qualification Proposal
- Financial Bid

2. The 'Pre-qualification Proposal' and 'Financial Bid' documents shall be uploaded in the E-procurement portal in the format given in Annexure I and Annexure II respectively.

3. 'Pre-qualification Proposal' shall be evaluated first. The Financial Bid of the qualified Bidders will be evaluated thereafter.

4. For the 'Pre-qualification Proposal', the following would be considered:-

- The Bidder should have a currently valid certificate of registration as a Credit Rating Agency from SEBI.
- The Bidder should have been operating as a Credit Rating Agency holding a valid certificate of registration from SEBI for at least the last 10 years.

- The Bidder should have undertaken credit rating of debt issues amounting to at least Rs.10,000/- crore of State Level Financial Corporations/Public Sector undertakings/ State Government Undertakings in the last three financial years.

5. For the evaluation of the 'Financial Bid', the Bidder who has quoted the lowest price as per the Schedule of Rates (SoR)/Bill of Quantities (BoQ) would be awarded the mandate. The lowest Bidder would be selected on the basis of least cost calculated as sum of the SoR/BoQ item no.1(initial rating fees for one year) and Net Present Value of SoR/BoQ item no. 2 (annual surveillance fees for 9 years discounted at the rate of 10% p.a.).

6. KIIFB may also, at its sole discretion, select a second Credit Rating Agency for the proposed scope of work on the same terms and conditions as the first selected Credit Rating Agency. While selecting the second Credit Rating Agency, KIIFB may first approach the Credit Rating Agency which quoted the second lowest fee and if such agency is not able to match the fee quoted by the lowest bidder, then approach the third lowest and so on.

7. In case of any dispute, the decision of the Chief Executive Officer, KIIFB shall be final and binding on all parties.

8. All cases / proceedings relating to any dispute or claim arising out of the tender shall be falling in proper court having jurisdiction in Thiruvananthapuram.

9. The Financial Bid should be valid for a period of 90 days from the date of its opening. The Bidder should submit the Financial Bid along with unconditional acceptance of terms and conditions of the bid in the requisite format and should not contain any condition proposed by the Bidder. Any conditional bid is liable for rejection.

10. The proposals shall reach the Chief Executive Officer, Kerala Infrastructure Investment Fund Board, latest by 5.00 p.m. on 28th April, 2017. Any bid received after the due time and date shall not be considered for selection.

11. The 'Pre-Qualification Proposals' of the Bidders shall be opened at 11.00 a.m. on 3rd May, 2017 at the office of KIIFB and the 'Financial Bids' of the qualifying Bidders shall be opened at 11.00 a.m. on 9th May, 2017 at the office of KIIFB.

12. Bidders will not be permitted to alter or modify their Financial Bid after expiry of the deadline fixed for submitting the Proposal.

13. KIIFB at its sole discretion can reject Partial Tenders, Conditional Tenders and other procedurally defective Tenders.

E. Other Conditions of Tender

1. The mandated Credit Rating Agency shall give unconditional acceptance to the terms and conditions mentioned herein and would be required to enter into confidentiality agreement with KIIFB as per the attached format. The Bidder shall also give unconditional agreement to the confidentiality agreement to be eligible for bidding.

2. In case the mandated Credit Rating Agency is unable to complete the transaction successfully as per the scope of work within the scheduled time period due to reasons other than those attributable to KIIFB, then KIIFB shall have the right to cancel the contract without any financial implication to KIIFB and shall not consider such Credit Rating Agency for future rating assignments of KIIFB for a period of two years. The "Performance Security" proposed hereunder shall also be forfeited.

3. The successful Bidder will be required to deposit in favour of KIIFB "Performance Security" equivalent to 5% of the agreed fee.

4. The fees quoted shall be firm and fixed till completion of the assignment and shall be inclusive of all taxes, levies and duties except Service Tax, if any, payable in India.

5. No modification of SoR/BoQ will be permitted and the Bidder should quote strictly as per the SoR/BoQ format.

6. KIIFB reserves the right to make changes/modifications to any condition prescribed herein prior to the last date for submission of bids. Any changes /modifications made will be updated in the e-Procurement portal and in the website of KIIFB only. If such change/modification is made, KIIFB reserves the right to extend the due date for submission of Bids.

F. Time Period of Completion of Assignment.

The mandated Credit Rating Agency will intimate KIIFB about all the required information within seven days from date of award.

The time period of completion of proposed initial rating of KIIFB will be 5 (five) weeks from the date of submission of all required information sought in writing from KIIFB within the above said seven-day period.

G. Payment Terms

1. 100% of initial rating fees will be released only after submission of Credit Rating Certificate fulfilling the terms and conditions as laid down in this RFP and after completion of the work by the Credit Rating Agency.
2. Annual Surveillance fees would be payable after completion of Surveillance exercise and submission of Annual Surveillance report by the Bidder for that year.
3. The fees would be payable within 30 days from the date of receipt of the invoice.
4. No additional out-of-pocket expenses would be payable. No expense other than the fees as quoted would be payable by KIIFB for the entire scope of work.

H. Pre-Bid Meeting

Pre-bid meeting shall be held at 2.00 pm to 04.00 pm on **21st April, 2017** at the address given below:-

Kerala Infrastructure Investment Fund Board

India Heights Building,

Govt. Women's College Road,

Vazhuthacaud, Thycaud P.O.

Thiruvananthapuram - 695014

I. Contact person

For any query and for submission of proposals, kindly contact the following officer:

The Joint Fund Manager

Kerala Infrastructure Investment Fund Board

4th Floor, India Heights Building

Govt. Women's College Road

Vazhuthacaud, Thycaud P.O.

Thiruvananthapuram - 695014

Phone Nos. (0471)-2780903 / 2780904,

(Mob.) 9446898137/ 7710058199

Email id. financeadmin@kiifb.org

Annexure I
Pre-qualification Proposal
Criteria

S. No.	Qualifying Criteria	Document to be Produced
1	The Bidder should have a currently valid certificate of registration as a Credit Rating Agency from SEBI	Self certified copy of valid SEBI Registration Certificate.
2	The Bidder should have been working as Credit Rating Agency holding a valid certificate of registration from SEBI for at least the last 10 years.	Self certified copy of valid SEBI Registration Certificate for the last 10 years.
4	The Bidder should have undertaken credit rating of debt issues amounting to at least Rs.10,000/- crore of State Level Financial Corporations/Public Sector undertakings/ State Government Undertakings in the last three financial years.	Duly signed on the letter head of the Bidder by authorized signatories along with supporting documents.

Annexure II
SCHEDULE OF RATES / BILL OF QUANTITIES

Sr. No.	Description	Amount in Rs.
1.	Initial Rating Fees	
2.	Annual Surveillance Fees for 09 (nine) years after completion of initial rating period, discounted at the rate of 10% per annum.	
	Total	

Note

1. Lowest Bidder will be the Bidder with lowest Total.
2. Total shall be calculated upto two decimal places only.
3. In case the Total for two or more Bidders is equal, the Bidder with lower initial rating fee will be considered as the lowest Bidder. If the initial rating fee quoted is also the same, a meeting of such lowest Bidders will be called and the Bidder who agrees to reduce the bid by the maximum will be selected.

(Authorised Signatory)

(Name & Designation)

Stamp of Bidder

Annexure III

(To be given on the letter-head of the Bidder)

**LETTER OF UNCONDITIONAL ACCEPTANCE OF
THE KIIFB'S PROPOSED BOND ISSUE**

Ref.No.

Date:

The Chief Executive Officer
Kerala Infrastructure Investment Fund Board
4th Floor, India Heights Building
Govt. Women's College Road
Vazhuthacaud, Thycaud P.O.
Thiruvananthapuram - 695014

Dear Sir,

Sub: Unconditional undertaking

We(name of Bidder)are hereby giving unconditional undertaking that we accept all the terms and conditions with regard to credit rating for Kerala Infrastructure Investment Fund Board's proposed Bond issue for Rs.2000 crore as stated in the RFP.

We further submit that (name of Bidder)will work as per requirement of KIIFB for successful completion of the proposed Bond issue.

The undersigned is authorised to sign and submit the bid.

(Authorised Signatory)
(Name & Designation)
Official Seal of Bidder

**Annexure IV
DRAFT CONFIDENTIALITY AGREEMENT**

This Agreement is made on this day theof2017, by and between:

Kerala Infrastructure Investment Fund Board. (hereinafter called as 'KIIFB' or Client) established under the Kerala Infrastructure Investment Fund Act, 1999 and Credit Rating Agency,..... (herein after referred as the CRA).

RECITALS

WHEREAS, the Client has provided or will provide information to the CRA for the purpose of facilitation of the assessment to be made by the CRA with regard to the issue of Bonds by the Client.

As part of its work, the CRA will receive certain strictly confidential or propriety information, including, but not limited to data, records, reports, correspondence, notes, studies, documents and contract formats, and other information disclosed about the Client disclosed directly or indirectly by the client and / or its respective affiliates, consultants, advisors and management (the "Confidential Information").

Any Confidential Information disclosed by the Client and / or any of its respective affiliates, management, consultants, directors, advisors or any agents under this agreement, irrespective of whether it is marked confidential or not shall be treated by the CRA as confidential.

In consideration for the Client agreeing to disclose the information to the CRA, CRA hereby undertakes and agrees as follows:

1. CRA undertakes that any information which the Client discloses to the CRA or to any director, officer, employee, agent or other representative of the CRA, in any form which in any way is required CRA's work/service with Client shall be retained in strict confidence and shall not be disclosed or caused or permitted to be disclosed or discussed, published, reproduced or otherwise directly or indirectly to any third party without obtaining the prior written approval of the Client and shall not be used by the CRA for any reason other than to conduct the work assigned to him by the client.

The obligation of CRA to retain Information received in confidence shall not apply to:-

- a). Information which now or hereafter enters the public domain beyond the control of the CRA and without its violation of this Agreement; or
- b) Such information, which the CRA discloses under operation of law or legal process;

Provided, however, that (i) the burden shall be on the CRA to prove the applicability of one or more of the foregoing exceptions by documentary evidence should the Client question the applicability of such exceptions;(ii) as to exception (b), CRA provides the Client with prompt written notice of any request or legal proceeding through which CRA may be required to disclose such Information under operation of law, rule or legal process.

2. The CRA agrees to use the Confidential Information solely for the purpose of the work assigned for and for no other purpose.

3. The CRA agrees not take copies of the Confidential Information without the prior written request of the Client.

4. The CRA agrees to transmit the Confidential Information only to those directors, officers, employees, agents or other representatives who need access to the Confidential Information for the purpose of carrying out its work for the Client and who are informed by the CRA of the confidential nature of the Confidential Information and who agree to be bound by the terms of this Agreement. CRA further agrees to be responsible for any breach of this Agreement by the CRA or any director, officer, employee or other representative of Credit Rating Agency.

5. The CRA agrees that all Confidential Information and documents disclosed to the CRA hereunder shall be and remains exclusive property of the Client. Any tangible form of the Confidential Information including, but not limited to, documents, papers, computer diskettes and electronically transmitted Information shall be destroyed by the CRA or returned together with all copies thereof to the Client promptly upon its request. If such tangible form of the Confidential Information is destroyed, a certification of such destruction executed by a duly authorized officer of the CRA shall be delivered to the Client.

Kerala Infrastructure Investment Fund Board

(CRA)

By

By.....

Name.....

Name.....

Designation.....

Designation.....

Witness

Witness

1.

1.

2.

2.