



KERALA INFRASTRUCTURE INVESTMENT FUND BOARD
(KIIFB)

REQUEST FOR PROPOSAL

For
Appointment of Merchant Banker/Arranger for
mobilization of funds through proposed
Domestic Bonds
to be issued by
KIIFB

RFP No. FA-6/2027/2021/KIIFB

Dated: 11/03/2024

I. Background:

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.

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 one-rupee additional cess on each litre of petrol and diesel 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.

II. Objective of the Assignment:

Kerala Infrastructure Investment Fund Board (KIIFB) is in process of mobilizing upto INR 850 crore through Domestic bond issue for the following end-use.

- (a) providing financing to infrastructure projects in the State of Kerala as approved by KIIFB's

board of members including but not limited to for acquisition of immovable assets for setting up such infrastructure projects;

(b) repayment of any financial indebtedness availed by KIIFB; and

(c) any other objectives of KIIFB pursuant to the KIIF Act, 1999 (as amended).

III. Scope of Work:

The scope of work includes the following:-

- Act as Merchant Banker/Arranger for the proposed bond issue and **raise the minimum commitment amount of Rs. 100 Crore**. An undertaking to mobilize the minimum commitment amount shall be furnished by the bidder.
- Assisting the issuer in complying with all legal and statutory requirements including obtaining all requisite approvals from the regulators, stock exchanges etc.
- Any matter incidental thereto for meeting the objective of a successful fund raising

IV. Eligibility Criteria:

1. The Merchant Banker/Arranger shall hold valid SEBI Registration Certificate duly enabling them to perform the activities as set out in the scope of work – Copy of the Certificate of Registration issued by SEBI to be enclosed. The Merchant Banker/Arranger shall submit an undertaking and represent that their registration with SEBI enables them to undertake activities as per the scope of work as set out in the RFP.
2. The Merchant Banker/Arranger shall be in Top 50 ranking of 'All Category' league table of Prime Database of financial year 2022-23.
3. The Merchant Banker/Arranger should not have been blacklisted by any Government / Government Agency / PSU or any regulatory authority as on the date of bid submission. Declaration with respect to the same have to be submitted as per Annexure-IV

Note: Non fulfillment of any of the above eligibility criteria amounts to disqualification and 'Financial bid' of such bidder will not be opened.

V. Financial Proposal:

The Financial Proposal shall be submitted as per the attached format (Annexure-II).

Financial proposal includes Coupon rate, Arrangers' Fees, IRR and Firm commitment amount. Evaluation of bids will be done on overall IRR basis including coupon and arranger fees.

Fees shall include all costs associated with the assignment but should be exclusive of goods and service tax (GST) which shall be paid separately as per the applicable rate by KIIFB. The financial bid has to be quoted in percentage terms i.e. fees as a % of amount mobilized (excluding GST). The fees may be quoted in maximum upto two decimal places.

VI. Bid Validity:

The Financial bid shall have a validity period of 7 working days from the bid submission deadline.

The issue shall be uploaded on BSE EBP within 7 working days from the last day of bid submission.

Note: However the above timelines may be extended by mutual understanding between the issuer and the shortlisted bidder.

VII. Selection Process

- KIIFB will open the Technical proposal first. The firms which completely meet the above eligibility criteria shall be considered to be technically qualified. The 'Financial Bid' of the technically qualified arranger will be opened thereafter.
- Final selection would be done on the basis of lowest bid (L1), wherein an eligible and technically qualified bidder who has quoted the lowest 'IRR' would be designated as L1.
- The coupon rate shall be firm till the targeted amount (base issue size) is mobilized.
- KIIFB may, at its sole discretion, select such number of arrangers other than L1, as necessary, for ensuring that the minimum amount committed by the selected arrangers matches the base issue size at L1 price.
- All offers would be tabulated in chronological manner i.e., L1, L2, L3 and so on, after that bidders would be informed accordingly. If L1 offer is not for full base issue amount, KIIFB may ask L1 bidder to increase its commitment amount upto base issue amount and 15 minutes will be provided to the L1 bidder to increase the commitment amount. In case L1 bidder doesn't increase commitment amount, KIIFB will ask other bidders to match L1 rate in chronological manner and 15 minutes will be provided to match the L1 rate to each subsequent bidders.
- This process shall be continued till KIIFB appoints such number of arrangers as necessary for ensuring that cumulative minimum commitment offered matches the base issue size.
- In case of any dispute, the decision of the Chief Executive Officer, KIIFB shall be final and binding on all parties.

VIII. Submission & Opening of the Proposal:

- The last date for submission of the bid is 03.00 PM, 13.03.2024.
- The arranger shall submit their Technical and Financial proposal as per the RFP, on separate emails in orderly manner:

Email 1 – Technical Proposal (as per Annexure I) with a unique password protected document.

Email 2 – Financial Proposal (As per Annexure II) with a unique password protected document.

No common password to be used. No hard copy submission has to be made.

- The technical bid shall comprise of the following documents:-
 1. Annexure-I
 2. Merchant banking license from SEBI
 3. League table of 'All Category' of Prime Database for the financial year 2022-23
 4. Non blacklisting declaration as per Annexure-IV
 5. Undertaking for SEBI registration as per Annexure -V
 6. Authorization letter/power of attorney/resolution passed by the board of directors or any committee to determine the signing power of the official signing the proposal.
- The Financial bid shall comprise of the following documents:-
 1. Annexure-II
 2. Undertaking for minimum commitment amount (Annexure-III)
- The technical proposal will be opened at 04.00 PM on the same day i.e., 13.03.2024 after receiving the password for technical proposal from arrangers.
- KIIFB will notify arrangers meeting the eligibility criteria and the financial bids of only technically qualified arrangers will be opened on the same day after receiving the password for the financial proposal from the qualifying arrangers.

- The arrangers qualified for financial bid opening can participate in the process physically or through VC.

IX. Payment Terms:

- a) The fees shall be paid on the basis of total amount mobilized on EBP and allotted by KIIFB. The total amount shall be the base issue size and green shoe option exercised by the KIIFB. Further the same fee will be payable on both, base issue size and the green shoe option. The fee payment shall be made within 15 days from the allotment of the bonds.
- b) Arranger will be discharged of its obligation if there is a live bid on EBP system equivalent to or more than the amount committed by that arranger whether or not any amount allotted to the arranger. However, in such a case, the arranger fee will be paid to the arrangers on the total amount including green shoe option exercised in proportion to their commitment amount.

X. Right to reject any or all proposals:

Notwithstanding anything contained herein before, KIIFB reserves the right to accept or reject any or all proposal(s) and to annul the selection process at any time without assigning any reasons there for and without any liability or any obligation whatsoever for such acceptance or rejection or annulment.

XI. Modification/Clarification of Tender Documents:

- At any time after issue of the RFP documents and before the opening of the proposal, KIIFB may make any changes, modifications or amendments of the RFP documents.
- Any changes /modifications made will be updated in the KIIFB's website only. If such change/modification is made, KIIFB reserves the right to extend the due date for submission of Bids.
- The bidders are advised to peruse all the clauses in the Specification and Instruction to RFP before quoting.

XII. Alterations:

No alterations in the tender will be permitted after its submission.

XIII. Force Majeure:

If at any time during the continuance of this contract, the performance in whole or in part of any obligation under this contract shall be prevented or delayed by reasons of any war, hostility, acts of public enemy, acts of civil commotion, strike, lock outs, sabotages, fire, flood explosions, epidemics, quarantine restrictions or other acts of God (hereinafter referred to as eventualities) then provided notice of the happening of any such eventuality is given by the contractor to the KIIFB within the reasonable time from the date of occurrence thereof, neither party shall, by reasons of such eventuality be entitled to terminate this contract, nor shall have any claim for damages against the other in respect of such non-performance or delay in performance and deliveries under this contract shall be resumed as soon as practicable after such eventuality has come to an end or ceased to exist.

XIV. Other Terms and Conditions and Reservation of Rights:

- Multiple bids are not allowed and liable to rejection
- Consortium/Joint bidding is not allowed
- KIIFB reserves the right -
 - a) To negotiate with highest points bidder.
 - b) To appoint more than one arranger under this RFP process.
- The decision of KIIFB shall be final and shall be binding on the successful bidder(s).

Format for Technical Proposal

[on the letter head of Arranger]

1.	Name of Bidder	
2.	Registered Address	
3.	Address for Communication	
4.	Contact Person Details i) Name ii) Mobile No. iii) Fax iv) E-mail Id.	
5.	Copy of SEBI Registration (duly attested by the arranger) attached (The Bidder should have valid Certificate of registration) i. Registration no. & Category ii. Date of Registration	Yes/No
6.	Whether undertaking is furnished with respect to point no. 3 of the eligibility criteria	Yes/No
7.	Whether undertaking for minimum commitment amount has been provided	Yes/No
8.	‘All Category’ league table of Prime Database of Financial year 2022-23 attached (The Bidder should be in the Top 20 ranking for privately placed debt instruments)	Yes/No
9.	Whether undertaking for SEBI registration has been provided	Yes/No

Place:

Date:

Signature:

Name:

Designation:

Organisation Seal:

Format for Financial Bid

[on the letter head of Arranger]

Particulars	Bid
Coupon Rate (upto Two Decimal Points)	[.]%
Arranger Fees (excluding GST) (upto Two Decimal Points)	[.]%
IRR (will be considered upto 2 decimal point)	[.]%
Firm Commitment Amount (Minimum Commitment of Rs. 100 Crore and multiples of Rs. 10 Crore)	Rs. [.] Crore
Contact Details of Authorised Person	i) Name ii) Designation iii) Mobile No. iv) E-mail Id.

Signature:**Name:****Designation:****Organisation Seal:****Place:****Date:**

Undertaking to mobilize
[on the letter head of Arranger]

To,
The Chief Executive Officer,
Kerala Infrastructure Investment Fund Board,
Thiruvananthapuram

Subject: Firm Commitment to mobilize for the Domestic Bond issue of KIIFB
Ref:

Dear Sir,

We, [Name of the bidder], hereby undertake to mobilize on firm commitment basis a minimum amount of Rs. [Commitment amount in Crores] for the Domestic Bond issue of KIIFB.

Authorized Signatory's Signature:

Name:

Designation:

Place:

Date:

Non-Blacklisting Declaration
[on the letter head of Arranger]

To,
The Chief Executive Officer,
Kerala Infrastructure Investment Fund Board,
Thiruvananthapuram

Dear Sir,

We, [Name of the bidder], hereby declare that our company has not been blacklisted by any Government / Government Agency / PSU or any regulatory authority as on the date of bid submission.

Authorized Signatory's Signature:

Name:

Designation:

Place:

Date:

Undertaking for SEBI registration
[on the letter head of Arranger]

To,
The Chief Executive Officer,
Kerala Infrastructure Investment Fund Board,
Thiruvananthapuram

Subject: Undertaking for SEBI registration for the Domestic Bond issue of KIIFB
Ref:

Dear Sir,

We, [Name of the bidder], hereby undertake that our registration with SEBI enables us to undertake activities as per the scope of work as set out in the RFP for the Domestic Bond issue of KIIFB.

Authorized Signatory's Signature:

Name:

Designation:

Place:

Date:

Annexure – VI

Draft Term Sheet
(enclosed)

Term Sheet of Kerala Infrastructure Investment Fund Board (KIIFB) Bond Issue

Security Name	“KIIFB Domestic Bonds -Series II”
Issuer	Kerala Infrastructure Investment Fund Board, a statutory body created by the Government of Kerala under the Kerala Infrastructure Investment Fund Act, 1999
Type of Instrument	Unsecured, Rated, Listed, Redeemable, Taxable, Non-Convertible Bonds in the form of non-convertible debentures supported by Unconditional & Irrevocable Guarantee by the Government of Kerala as a principal debtor & not merely as a surety (Debentures) .
Nature of Instrument	Unsecured
Seniority	Senior
Mode of Issue	Private Placement
Listing	Proposed on the Wholesale Debt Market (WDM) Segment of BSE with the timelines of T+3 trading days as specified by the Securities and Exchange Board of India (SEBI) vide its circular dated 30 th November, 2022.
Rating of the Instrument	Provisional IND AA(CE)/Stable by India Ratings & Research Pvt Ltd ACUITE Provisional AA (CE) by Acuite Ratings & Research Ltd
Rating Agencies	India Ratings & Research Pvt Ltd Acuite Ratings & Research Ltd
Base Issue Size	Rs. 849.94 Crores
Option to retain over subscription	Nil
Aggregate Issue Size	Rs. 849.94 Crores
Objects of the Issue	To augment the long-term resources of the Issuer

Details of the utilization of the Proceeds	<p>(a) providing financing to infrastructure projects in the State of Kerala as approved by KIIFB's board of members including but not limited to for acquisition of immovable assets for setting up such infrastructure projects;</p> <p>(b) repayment of any financial indebtedness availed by KIIFB; and</p> <p>(c) any other objectives of KIIFB pursuant to the KIIF Act, 1999 (as amended).</p>
Coupon Rate	TBD
Coupon Payment Frequency	Quarterly
Coupon Type	Fixed
Day Count Basis	Actual/Actual Interest shall be computed on an "actual/actual basis". Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days- a-year basis.
Tenor	4 – 10 years under 7 different sub-series from A to G
Redemption	<p>The issue of Rs.849.94 crore would comprise of 7 Sub-Series (A to G) as mentioned above of sequentially, redeemable bonds in equal quarterly amount.</p> <p>Each of the Sub-Series 'A' to Sub-Series 'G' would be redeemed in 4 equal quarterly installments of 3.57% of the aggregate issue size, with redemption of Sub-Series 'A' commencing from the end of 13th quarter, Sub-Series 'B' commencing from the end of 17th quarter and so on.</p> <p>The tenor for the Debentures shall be 4-10 years under 7 different STRPPs/ sub-series .</p>
Redemption Premium/ Discount	NA
Issue Premium/ Discount	NA
Face Value per Bond	Face value of Rs. 7,00,000/- Per Bond comprising of 7 sub-series 'A' to 'G' with face value of Rs 1,00,000/- each.
Discount at which security is issued and the effective yield as a result of such discount.	NA
Put option Date	Applicable in case of rating downgrade event as mentioned below under "Step Up Coupon Rate" section.
Put option Price	Applicable in case of rating downgrade event as mentioned below under "Step Up Coupon Rate" section.
Call Option Date	NA

Call Option Price	NA
Put Notification Time	Applicable in case of rating downgrade event as mentioned below under "Step Up Coupon Rate" section.
Call Notification Time	NA
Issuance Mode of the instrument	Demat only
Trading Mode of the instrument	Demat only
Business Day Convention	<p>"Business Day/Working Day" means all days on which commercial banks in Thiruvananthapuram and Mumbai are open for business.</p> <p>If the coupon payment date falls on a Sunday or a holiday, the coupon payment shall be made on the next working day. However, the dates of the future payments would continue to be as per the schedule originally stipulated in the offer document.</p> <p>If the maturity date of the debentures, falls on a Sunday or a holiday, the redemption proceeds shall be paid on the previous working day along with interest accrued on the bonds until but excluding the date of such payment.</p> <p>If a leap year (i.e. February 29) falls during the tenor of the debentures, then the number of days shall be reckoned as 366 days (actual/ actual day count convention) for the entire year.</p>
Record Date	<p>15 days prior to each Coupon Payment Date and Redemption Date.</p> <p>In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.</p>
Depository	National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)-
Description regarding Security (where Applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ Mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the bond holder over and above the coupon rate as specified in the Trust Deed and	<p>Unsecured.</p> <p>Supported by Unconditional & Irrevocable Guarantee by the Government of Kerala as a principal debtor & not merely as a surety. However, the bonds shall be secured by:</p> <ul style="list-style-type: none"> - Hypothecation over Debt Service Reserve Account II and all the amounts credited / to be credited therein - Hypothecation over KIIFB Bond Servicing Account II and all the amounts credited / to be credited therein - Security Interest over the Permitted Investments - Hypothecation in the form of lien over the Fixed Deposit- <p>The bonds shall also be credit enhanced by an undertaking with respect to the Corpus Fund.</p>

disclosed in the Offer Document/ Information Memorandum	
Debt Service Reserve Account	<p>The Issuer would be required to open a designated escrow account</p> <p>- “Debt Service Reserve Account” to maintain the required debt service reserve amount (DSRA) exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bond holders).</p> <p>“Required DSRA Amount” – An amount equivalent to the interest obligation of one succeeding quarter & principle redemption amount of one quarter. The issuer would need to maintain the Required DSRA Amount on rolling basis and the initial DSRA amount so calculated would need to be deposited atleast one day prior to the date of pay in.</p> <p>Although redemption shall start from the 13th quarter, the DSRA of one quarter principle redemption amount starting from 13th Quarter along with the interest obligation of one succeeding quarter shall be created upfront only.</p> <p>The DSRA would be in the form of cash or cash equivalent (investment in Permitted Instruments).</p>
Corpus Fund	<p>Issuer is having a corpus fund of INR 3327.01 Cr Cr as on the date of this term sheet and amounts in the corpus fund has been invested in State Special Treasury Savings Bank Account for which the issuer has absolute beneficial ownership.</p> <p>The Issuer would give an undertaking that they would not impair this corpus fund in any way during the tenor of the debentures provided that the corpus fund shall be utilized/ impaired only to the extent of replenishment of Debt Service Reserve Account impairment or other requirements of the bond issuance as stipulated below.</p> <p>Provided that, if situation arises to replenish the Debt Service Reserve Account II from the corpus fund for the 3rd consecutive quarter, the debenture trustee shall issue notice to the Issuer on the immediately next day after the payout date (i.e. T+1) to repay the entire outstanding amount of the debentures including principal and/or interest from the corpus fund within 7 days from the date of such notice, failing which it shall be construed as an Event of Default.</p> <p>Further, the Issuer would need to give an unconditional and irrevocable undertaking that in the event of Debt Service Reserve</p>

	<p>Account II getting impaired for meeting any debenture servicing requirement on any payout date (T), the Issuer would arrange to release requisite funds from the corpus to fully reinstate the Debt Service Reserve Account II within 5 days from the date of notice served by Debenture Trustee to KIIFB on T+1 to fully replenish the Debt Service Reserve Account II from the corpus fund i.e. T+6.</p> <p>Further, in case any bond holder exercises the put option as mentioned below under step up coupon section, KIIFB shall repay the full outstanding amount to the bond holders exercising their put option in relation to the bonds including principal and interest from the said corpus fund within 7 days from the date of closure of the timelines of 30 days given to the bond holders for exercising the put option, failing which the same will be construed as an event of default.</p> <p>Further, in case of Cross default/ Acceleration under agreements for any financial indebtedness of the issuer or its subsidiaries, issuer shall repay to the bond holders the entire amount of the outstanding bonds from the corpus fund within 7 days from the date of occurrence of such cross default/acceleration under agreements, failing which it shall constitute an Event of Default (EOD) for the bonds. –</p> <p>Further, the said corpus fund shall be utilized proportionately towards requirements of the present bond issue of Rs.849.94 Crores, domestic bond issuance of Rs. 1499.96 Crores, green bond issuance of Rs. 300.02 crore and any further bond issuances and the aggregate amount of such total bond issuances including the present bond issuance shall be up to the maximum of 80% of the outstanding corpus fund.</p> <p>In case of any further enhancement of corpus fund (i.e., in excess of INR 3327.01 Cr Cr), KIIFB shall be free to borrow through bonds up to 80% of the enhanced value of corpus fund over & above present stipulated limit.</p>
Escrow Account/KIIFB Bond Servicing Account	The Issuer would be required to open a designated escrow account - “KIIFB Bond Servicing Account I” exclusively for the benefit and charged to the Debenture Trustee (on behalf of the bond holders).
Daily Transfer of Funds to KIIFB Bond Servicing account	<p>Daily allocation of Motor Vehicle Tax and Petroleum cess pursuant to section 7 of KIIF Act is being received by KIIFB into the “Collection Account” maintained with the collection bank during the 9 Months period commencing from 1st April till 31st December every year on a regular basis.</p> <p>The Issuer would, starting from the 1st day of each quarterly servicing cycle remit, by way of irrevocable standing instruction to the collection bank, on every working day, an amount equivalent to 2% of the aggregate servicing requirement for such quarterly</p>

	<p>servicing cycle of the outstanding bonds to the KIIFB Bond Servicing Account II until the required debt servicing amount for the said quarter is fully built in the KIIFB Bond Servicing Account II.</p> <p>For the period of 1st January to 31st March the issuer, by way of standing instruction, shall transfer an upfront amount on 1st January each year to the KIIFB Bond Servicing Account II equivalent to the amount required towards the aggregate daily transfer amounts for the said period.</p> <p>The said irrevocable standing instruction shall be given upfront by the Issuer to the bank for the entire tenure of the bonds i.e. 10 years.</p> <p>On the first day of every quarterly payment cycle, Issuer shall also maintain a Fixed Deposit in a Scheduled Public Commercial Bank, at least to the extent of the interest obligation on immediately succeeding quarterly payout date & principle redemption amount of one quarter and create/maintain charge/lien on the same in favour of the Debenture Trustee at all the times.</p> <p>Although redemption shall start from the 13th quarter, the DSRA of one quarter principle redemption amount starting from 13th Quarter along with the interest obligation of one succeeding quarter shall be created upfront only.</p> <p>The initial FD shall be created one day before the pay-in date. The Debenture Trustee would have an irrevocable authorization from the Issuer to liquidate an amount out of the said Fixed Deposit to the extent of any shortfall in the KIIFB Bond Servicing Account II, 7 days prior to any quarterly servicing date i.e. T-7 day. The said Fixed Deposit shall be created by the Issuer from the receivables of the Issuer from allocation of MVT & Petroleum cess.</p>
Permitted Investments	<p>The funds in the KIIFB Bond Servicing Account and Debt Service Reserve Account II till such time being utilized would be allowed to be invested in permitted investments in Fixed Deposits with Scheduled Commercial Banks and units of Debt Mutual Fund Schemes of highest possible investment grade rating as defined below:</p> <ul style="list-style-type: none"> • Fixed Deposits with nationalized/ Public Sector banks featuring in the top 10 PSU banks in terms of total asset size and having either short term rating of A1+ or a long-term rating of AAA • Fixed Deposits with private sector banks featuring in the top 10 private sector banks in terms of total asset size and having short term rating of A1+ and a long-term rating of AAA

		<ul style="list-style-type: none"> Investments in units of debt mutual funds schemes of highest possible investment grade rating. <p>These investments would be made & liquidated by the Debenture Trustee as per the instruction of the Issuer from time to time.</p>
Collateral Support Structure		The bonds would have further collateral support by way of Unconditional & Irrevocable guarantee as a continuing obligation by the Government of Kerala.
Structured Payment Mechanism		<p>The Issuer would be required to adequately fund the KIIFB Bond Servicing Account through periodic transfer of funds received by it from MVT and Petroleum cess allocation. The Issuer would, starting from the 1st day of each quarterly servicing cycle remit, by way of irrevocable standing instruction to the collection bank, on every working day an amount equivalent to 2% of the aggregate servicing requirement for such quarterly servicing cycle of the outstanding bonds to the KIIFB Bond Servicing Account II until the required debt servicing amount for the said quarter is fully built in the KIIFB Bond Servicing Account II. The Debenture Trustee shall independently monitor the amounts required for servicing of the bonds (principal and/or interest as the case may be) in the KIIFB Bond Servicing Account II 7 days prior to the relevant servicing date (T-7).</p> <p>The Debenture Trustee should independently monitor the adequacy of availability of such fund in the KIIFB Bond Servicing Account II 7 days prior to the relevant servicing date (T-7), and in case of any inadequacy, fund the same through liquidation of the Fixed Deposit to the extent of such shortfall.</p> <p>However, if due to any reason, it is not possible to fully fund the KIIFB Bond Servicing Account II by T-5th day, the Debenture Trustee should advise the Issuer to immediately bridge the shortfall, under intimation to the State Government.</p> <p>In the event of shortfall still persisting on T-3rd day, the Debenture Trustee would transfer the requisite funds from the Debt Service Reserve Account II to bridge the gap.</p> <p>This event of Debt Service Reserve Account II impairment should be immediately notified to the Government of Kerala by the Debenture Trustee on the next day.</p>
Remedial Consequential Impairment of DSRA	Action to	In case of any event, on any payout date (T) leading to the funds available in Debt Service Reserve Account II being lower than the "Required DSRA Amount" (as defined above in Debt Service Reserve Account section), a notice would be served to KIIFB by the Debenture Trustee on the next day (T + 1) to fully replenish the Debt Service Reserve Account II impairment through transfer

	<p>of requisite amount from the corpus fund within 5 days (T + 6).</p> <p>In the event of Debt Service Reserve Account II not getting fully reinstated, the Debenture Trustee would notify the state government about its intention for invocation of the guarantee if the shortfall is not fully bridged within the next 21 days (T + 27).</p> <p>If the irregularity continues beyond the above timeline, the Debenture Trustee shall invoke the State Government Guarantee on the next day (T + 28) to the extent of such shortfall in Debt Service Reserve Account II from the stipulated level.</p> <p>The Deed of Guarantee would specifically provide obligation on the part of the State Government to fund the shortfall in Debt Service Reserve Account II when called upon by the Debenture Trustee, as per the above stipulated timeline. If the Guarantee obligations are not met by the State Government within 30 days of Guarantee invocation, it would be construed as an Event of Default.</p>
Guarantor	Government of Kerala
Step Up Coupon Rate	<p>In case of any rating downgrade, the Issuer shall inform the Debenture Trustee of the rating downgrade on the immediately next calendar day.</p> <p>25 basis points as step up coupon for rating downgrade (by any one of the rating agencies), from rating at the time of issuance, of every notch. For avoidance of doubt it is clarified that in case, credit rating available from each of the rating agencies are different, the lowest credit rating available shall be considered for the purpose of levying the step up coupon.</p> <p>Any rating downgrade below (AA-)(a two-notch credit rating downgrade or any subsequent credit downgrade therefrom from the credit rating allotted at the time of issuance of the bonds by a rating agency) will give each bond holder the right to either exercise additional 25 bps step up coupon rate or exercise the put option for premature redemption subject to applicable laws and regulations.</p> <p>In case rating is downgraded below (AA-), a two- notch credit rating downgrade (or any subsequent downgrade therefrom) from the credit rating allotted at the time of issuance of the bonds by a rating agency), each bond holder can exercise the put option within 30 days from the date the Issuer informs Debenture Trustee of the rating downgrade.</p> <p>For avoidance of doubt it is clarified that in the event that rating downgrade below AA- (i.e., A+ or below), occurs before the expiry of 1 (one) year from the deemed date of allotment of the Debentures and continues to exist/subsist on the day immediately following the expiry of 1 (one) year from the deemed date of allotment of the Debentures, the Debenture Holders shall have the right to exercise their put option within 30 days from expiry of 1 (one) year from the deemed date of</p> <p>allotment of the Debentures in the manner set out in the debenture</p>

	<p>documents as if such rating downgrade event occurred after expiry of one year from the deemed date of allotment of the Debentures i.e. on the day immediately following the expiry of 1 (one) year from the deemed date of allotment of the Debentures. KIIFB shall repay the full outstanding amount of the bonds to such bond holders exercising the put option, including principal and interest from the said corpus fund within 7 days from the date of closure of said timelines of 30 days, failing which the same will be construed as an event of default. Further, in respect of the bond holders that do not exercise the put option as set out above, existing step-up coupon shall be enhanced by additional 25 basis points on the bonds held by such bond holders.</p> <p>It is clarified that such higher coupon rates would be effective only from the date of downgrade.</p> <p>In case post downgrade of rating, any upgrade in future will have rates reversed effective from the date of such upgrade, subject to minimum initial coupon rate.</p>
Cross Default / Acceleration	<p>In case of Cross default/Acceleration under agreements for any financial indebtedness of the issuer or its subsidiaries, issuer shall repay to the bond holders the entire amount of the outstanding bonds from the corpus fund within 7 days from the date of occurrence of such cross default/acceleration under agreements, failing which it shall constitute an Event of Default (EOD) for the bonds.</p>
Events of Default	<ol style="list-style-type: none"> a. Non-payment of any bond servicing obligation on due date. b. Failure to adequately restore the Debt Service Reserve Account II within stipulated timelines; c. Failure to list or cessation of listing of the NCDs on the BSE; d. Insolvency, reorganization, liquidation, suspension of payment of debts, winding up, illegality, cessation of business by the Issuer; e. Any insolvency, liquidation or dissolution petition filed against the Issuer/ Pledgor/ Put Option Provider which is not discharged or stayed or withdrawn within 5 calendar days.; f. Breach of covenants and such breach is not cured within 07 Working days, g. Breach of any of the terms of the Transaction Documents by the Issuer and such breach is not cured within 07 working days; h. Repudiation of any Transaction Document, i. Illegality for the Issuer to perform any of its obligations under the Transaction Document, j. Any material act of fraud, embezzlement, misstatement, misappropriation or siphoning off of Issuer funds or revenues or any other act having a similar effect being committed by the management or an officer of the Issuer,

	<p>k. Representations or Warranties are found to be untrue or misleading when made or at the time of repetition during the term of the bonds, which Representations or Warranties are by nature required to be repeated at any time during the term and is not cured within 15 working days,</p> <p>l. Inability of the issuer to pay entire outstanding amount of bonds, in case of Cross default/ acceleration under agreements for indebtedness of the Issuer or any of their subsidiaries, from the corpus fund within 7 days from the date of occurrence of such cross default/acceleration.</p> <p>m. Winding up of the Issuer, including initiation of any proceedings.</p> <p>n. In case the rating is withdrawn or suspended, except where the step-up happens or step-up rights are exercised by the Bond holders,</p> <p>o. Any material adverse event, as defined in the Transaction Documents and such default is not cured within 15 working Days.</p> <p>p. If the Guarantee obligations are not met by the State Government within 30 days of Guarantee invocation, it would be construed as an Event of Default.</p> <p>q. Failure to repay the entire outstanding amount of the bonds from the corpus fund within 7 days from the stipulated timelines, in the situation of replenishment of Debt Service Reserve Account II from the corpus fund arises for the 3rd consecutive quarter.</p> <p>r. Failure to repay the full outstanding amount of the bond holder, exercising the put option, from the corpus fund within 7 days from the stipulated timelines.</p> <p>Other events more particularly set out in the Debenture Trust Deed</p>
Remedies	<p>In the event of occurrence of the event of default mentioned above, the Debenture Trustee shall give a final notice to the Issuer and the State Government clearly stating its intention to invoke the Security and enforce its rights under the Deed of Guarantee:</p> <p>(a) for events of default where cure period is provided as above and is not cured within the stipulated cure period; and (b) for all other events of default, a period of not more than 3 working days from the date of such notice.</p> <p>Upon continuation of such event, beyond the time stipulated above, the Debenture Trustee shall invoke the Security and the Guarantee of the State Government on the next day.</p> <p>The invocation of Security and Guarantee for any default would cover the entire liabilities remaining outstanding in these bonds.</p>
Creation of Recovery	As per the newly-introduced regulation 26(7), the Issuer has

Expense Fund	<p>created the recovery expense fund ("REF") for an amount equivalent to 0.01% of the final issue size subject to a maximum amount of INR 25 lakhs in the manner specified by SEBI and have inform the Debenture Trustee about the same.</p> <p>An amount equal to 0.01% of the relevant issue size subject to a maximum amount of INR 25 lakhs shall be utilized towards the REF with the BSE/NSE as per the time lime prescribed by the SEBI.</p>
Roles and responsibilities of Debenture Trustee	In accordance with applicable law and the Transaction Documents
Governing Law and Jurisdiction	The bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of the Courts at the city of Thiruvananthapuram only.
Default in Payment	In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the respective Coupon Rate payable on the bonds, on such amounts due, for the defaulting period.
Delay in Listing	In case of delay in listing of the debt securities with the timelines of T+3 trading days as specified by the Securities and Exchange Board of India (SEBI) vide its circular dated 30 th November, 2022, the Issuer shall pay penal interest of 1% p.a. over the coupon rate for the period of delay to the bond holder (i.e. from date of allotment to the date of listing)
Delay in Execution of Trust Deed/ Security Creation (where applicable)	In case of delay in execution of Trust Deed and Charge documents, the Issuer will refund the subscription with agreed rate of interest or will pay penal interest of atleast 2% p.a. to the bond holders, over and above the agreed coupon rate till these conditions are complied with at the option of the bond holder.
Trustees	M/S Catalyst Trusteeship Ltd
Registrar	M/S Cameo Corporate Services Ltd