



KERALA FINANCIAL CORPORATION

(KFC)

REQUEST FOR PROPOSAL

**For Appointment of Arranger for the
Proposed Non SLR Bond Issue by KFC**

RFP No: KFC/ F&A/ 2024/ 002

Dated:01.08.2024

I. Background:

The Kerala Financial Corporation (KFC), incorporated under the State Financial Corporations Act of 1951, is a public sector enterprise established with the objective to promote and accelerate the industrial growth of the state of Kerala by extending financial assistance to Micro, Small and Medium Enterprises in the manufacturing and service sectors, with 21 Branch Offices across Kerala and its Head Quarters at Thiruvananthapuram. 99% of the shares of the Corporation are owned by the Government of Kerala. The Corporation has sanctioned loans to around 65,000 enterprises till date. The Corporation is also recognized as one of the best-performing state financial institutions in India.

II. Objective of the Assignment:

KFC is in the process of mobilizing up-to Rs. 693 crore including green shoe option through bond issue for working capital requirements of the corporation. The Corporation is planning to launch the issue through private placement of NCDs on EBP of BSE as per SEBI guidelines issued from time to time. The proposed issue has a dual Credit Rating 'AA' by Acuite Ratings & Research Limited and Infomerics Valuation & Rating Pvt Limited, with credit enhancement features like DSRA/ Cash collateral and escrow mechanism.

III. Scope of Work:

The scope of work includes the following:-

1. Act as 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.
2. Assisting the issuer in complying with all legal and statutory requirements including obtaining all requisite approvals from the regulators, stock exchanges etc.
3. Co-ordinate with Trustee, RTA , Depositories, Bankers etc
4. Any matter incidental thereto for meeting the objective of a successful fund raising.

IV. Eligibility Criteria:

1. The Arranger shall be Merchant Banker, RBI registered Primary Dealer or any other registered intermediary as notified by SEBI from time to time as on the date of bid submission. Copy of the Certificate of Registration issued by SEBI shall be enclosed. Mere submission for renewal acknowledgment from SEBI will not be considered as fulfillment of eligibility criteria.
2. The Arranger shall fall in the Arranger list under "All Category" ranked by PRIME Database for the period 01.04.2023 to 31.03.2024 or under "SFI/ SLU Category" ranked by PRIME league tables for the combined last 3 Financial Years.
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:

1. The Financial Proposal shall be submitted as per the attached format (Annexure-II).
2. The 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. The Coupon and fee shall be quoted upto 2 decimal places only. IRR shall be calculated upto 4 decimal places.
3. 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 KFC. The financial bid has to be quoted in percentage terms i.e. fees as a % of amount mobilized (excluding GST).
4. Upper cap for arranger fees will be 50 paise (excluding GST).

VI. Bid Validity:

The Financial bid shall have a validity period of 15 working days from the bid submission deadline. The issue shall be uploaded on BSE EBP within 15 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

1. KFC 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.
2. 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.
3. The coupon rate shall be firm till the targeted amount (base issue size) is mobilized.
4. KFC 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.
5. 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, KFC 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, KFC 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 bidder.
6. This process shall be continued till KFC appoints such number of arrangers as necessary for ensuring that cumulative minimum commitment offered matches the base issue size.

7. In case there are more than one lowest (L1) bidder quoting the same lowest IRR, KFC shall appoint all such L1 bidders as Arrangers and in such a case, the total commitment for base issue size shall be divided equally amongst all such L1 bidders.
8. In case KFC has to appoint one or more Arrangers due to non-enhancement of minimum commitment amount by the L1 bidder and subsequent bidders (matching the L1 rate) to match the base issue size, the total commitment amount for the base issue size i.e. Rs 400 Crore shall be divided equally amongst all the selected bidders.
9. In case the base issue size is not met at the L1 rate even with one or more arrangers, then KFC will arrive at a rate and give chance to all the selected bidders to match that rate and the issue will be divided equally among the bidders who agree to that rate. Under this option KFC has the right to refix the base issue size if required.
10. The total commitment amount under the RFP shall be for the base issue size of INR 400 Crore. The green shoe option of INR 293 crore shall be exercised by KFC at its discretion on the EBP portal. Only the selected arrangers can exercise the green shoe portion at EBP and this would be at the same fees and for the amount mobilized and allotted at the EBP.
11. If any offer is received from the arrangers for an amount less than the minimum commitment amount prescribed in the tender, the same will be rejected.
12. To get arrangership to the issue, the firm has to give minimum commitment of Rs.100 crore. Any firm who is not giving the minimum commitment will not be part of the issue and will not be paid any fee.
13. In case of any dispute, the decision of the CMD, KFC shall be final and binding on all parties.

14. In case any arranger who is not participating in the bidding process, but at any time before or after the bid opening time indulges in any act which can jeopardise the bond issue, such arrangers will be banned from participating in any future bond issues of the Corporation. The decision to cancel the RFP or go for fresh bidding will be the sole discretion of KFC.

VIII. Submission & Opening of the Proposal:

1. The last date for submission of the bid is 07.08.2024 by 12.30 PM.
2. The bids shall be emailed to kfcbondissue@gmail.com.
3. 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.

4. The technical bid shall comprise of the following documents:-
 - a) Annexure-I
 - b) Registration Certificate from SEBI
 - c) League table of "All Category" ranked by Prime Database for the Financial Year 2023-24 or League table of "SFI/ SLU Category" ranked by Prime Database for the combined last 3 Financial Years
 - d) Non blacklisting declaration as per Annexure-IV
 - e) 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.
5. The Financial bid shall comprise of the following documents:-
 - a) Annexure-II
 - b) Undertaking for minimum commitment amount (Annexure-III)

6. The technical proposal will be opened at 1.30 PM on the same day i.e., Wednesday, 07th Aug 2024 after receiving the password for technical proposal from arrangers.
7. KFC will notify arrangers meeting the eligibility criteria and the financial bids of only technically qualified arrangers will be opened on the same day i.e., Wednesday, 07th Aug 2024 after receiving the password for the financial proposal from the qualifying arrangers.
8. The arrangers qualified for financial bid opening can participate in the process physically.
9. In case if there is a change in bid opening date due to unforeseen circumstances the revised date will be informed to all qualified arrangers through e-mail.
10. No bid submitted subsequent to above timeline will be considered.

IX. Payment Terms:

1. The fees to arranger shall be paid on the basis of total amount mobilized on EBP and retained and allotted by KFC. The total amount shall be the base issue size and green shoe option exercised by the KFC. Further the same fee will be payable on both base issue size and the green shoe option. The fee payment shall be made within 20 days from the allotment of the bonds.
2. 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 fee will not be paid to the arranger.
3. Within 15 minutes post-closing of the EBP bidding but before acceptance of the issue by KFC, Arrangers will provide the list of investors to whom actual allotment has been made in password protected pdf format. Further in case of any dispute or common investors in the list of more than one arranger, KFC

will take the investor confirmation from those arrangers and fee will be paid to the arranger who provides the investor confirmation.

X. Right to reject any or all proposals:

Notwithstanding anything contained herein before, KFC 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:

1. At any time after issue of the RFP documents and before the opening of the proposal, KFC may make any changes, modifications or amendments of the RFP documents.
2. If such change/modification is made, KFC reserves the right to extend the due date for submission of Bids.
3. The bidders are advised to peruse all the clauses in the RFP before quoting.

XII. Alterations:

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

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 RFP 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 Arranger to the KFC 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:

1. Multiple bids are not allowed and liable to rejection.
2. Consortium/Joint bidding is not allowed.
3. KFC reserves the right -
 - a) To negotiate with L1 bidder.
 - b) To appoint more than one arranger under this RFP process.
4. The Draft term sheet is attached as Annexure V.
5. The common IRR calculation sheet which will be used for arriving at the final IRR for selection of bidder is attached as Annexure VI .
6. The decision of KFC shall be final and shall be binding on the successful bidder(s).

Annexure – I

Format for Technical Proposal

[on the letter head of Arranger]

To,
Executive Director,
Kerala Financial Corporation,
Thiruvananthapuram, Kerala

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 / RBI Registration Certificate (duly attested by the arranger) attached (The Bidder should have valid Certificate of registration) i. Registration no. and 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 2023-24 attached	Yes/No
9	'SFI/ SLU Category' league table of Prime Database for the combined last 3 Financial Years attached	Yes/No

Place:
Date:

Signature:
Name:
Designation:
Organisation Seal:

Annexure – II**Format for Financial Bid**

[on the letter head of Arranger]

To,
Executive Director,
Kerala Financial Corporation,
Thiruvananthapuram, Kerala

Particulars	Bid
Coupon Rate (upto Two Decimal Points)	[.]%
Arranger Fees (excluding GST) (upto Two Decimal Points)	[.]%
IRR (will be considered upto Four decimal points)	[.]%
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.

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

Annexure – III

Undertaking to mobilize
[on the letter head of Arranger]

To,
Executive Director,
Kerala Financial Corporation,
Thiruvananthapuram, Kerala

Subject: Firm Commitment for mobilization/investment in the proposed Bond issue of upto Rs. 693 Crore to be issued by Kerala Financial Corporation (KFC)

Ref: Your RFP Dated [____]

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 Bond issue of Kerala Financial Corporation (KFC).

Authorized Signatory's Signature:

Name:

Designation:

Place:

Date:

Annexure – IV

Non-Blacklisting Declaration

[on the letter head of Arranger]

To,
Executive Director,
Kerala Financial Corporation,
Thiruvananthapuram, Kerala

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:

Annexure – V

Draft Term Sheet
(enclosed)

Annexure – VI

**IRR calculation sheet
(enclosed)**