



KERALA INFRASTRUCTURE INVESTMENT FUND BOARD

(a body corporate constituted by the Kerala Infrastructure Investment Fund Act, 1999 (as amended by the Kerala Infrastructure Investment Fund (Amendment) Act, 2016) and incorporated on November 11, 1999 in Kerala)

Registered Office: 2nd Floor, Felicity Square, M G Road, Statue, Thiruvananthapuram – 695 001 | Corporate Office: 2nd Floor, Felicity Square, M G Road, Statue, Thiruvananthapuram – 695 001

Telephone: 0471-2780900 | Website: <https://kiifb.org/> | Email address: financeadmin@kiifb.org | CIN: Not Applicable | PAN: AAAJK0192K | Fax: NIL

INFORMATION MEMORANDUM AND PRIVATE PLACEMENT OFFER LETTER BY WAY OF PRIVATE PLACEMENT (THE “ISSUE”) BY KERALA INFRASTRUCTURE INVESTMENT FUND BOARD (THE “ISSUER”) FOR ISSUE OF UNSECURED, RATED, REDEEMABLE, TAXABLE, LISTED NON-CONVERTIBLE DEBENTURES COMPRISING SEVEN STRPPs 'A' THROUGH 'G' OF A FACE VALUE OF INR 1,00,000/- (INDIAN RUPEES ONE LAKH ONLY) EACH (“FACE VALUE”) (WITH EACH BOND CARRYING A FACE VALUE OF INR 7,00,000 (INDIAN RUPEES SEVEN LAKH ONLY)), SUCH THAT THE AGGREGATE ISSUE SIZE OF THE DEBENTURES DOES NOT EXCEED AN AMOUNT OF UPTO INR 1,499,96,00,000 (INDIAN RUPEES ONE THOUSAND FOUR HUNDRED NINETY NINE CRORE NINETY SIX LAKH ONLY) (“DEBENTURES”). THIS ISSUANCE WOULD BE UNDER THE ELECTRONIC BOOK MECHANISM FOR ISSUANCE OF DEBT SECURITIES ON PRIVATE PLACEMENT BASIS AS PER SEBI CIRCULAR SEBI/HO/DDHS/P/CIR/2021/613 DATED 10 AUGUST 2021 (AS AMENDED FROM TIME TO TIME) (“SEBI OPERATIONAL CIRCULAR”) ISSUED BY SEBI UNDER SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 (AS AMENDED FROM TIME TO TIME). THE ISSUER INTENDS TO USE BSE LIMITED (“BSE”) ELECTRONIC BIDDING PLATFORM (“BSE-BOND EBP”) FOR THIS ISSUE. THIS INFORMATION MEMORANDUM IS BEING UPLOADED ON THE BSE BOND- EBP TO COMPLY WITH THE SEBI OPERATIONAL CIRCULAR READ WITH THE OPERATIONAL GUIDELINES FOR ISSUANCE OF SECURITIES ON PRIVATE PLACEMENT BASIS THROUGH THE ELECTRONIC BOOK MECHANISM ISSUED BY BSE DATED 28 DECEMBER 2022 (AS AMENDED FROM TIME TO TIME) AND AN OFFER WILL BE MADE TO SUCCESSFUL BIDDERS IN ACCORDANCE WITH THE APPLICABLE LAW

THIS INFORMATION MEMORANDUM DATED DECEMBER 19, 2023 (“INFORMATION MEMORANDUM”) IS PREPARED IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 ISSUED VIDE NOTIFICATION NO. SEBI/LAD-NRO/GN/2021/39 DATED 9 AUGUST 2021 AS AMENDED FROM TIME TO TIME.

NEITHER THE ISSUER NOR ANY OF ITS MEMBERS HAVE BEEN DECLARED AS A WILFUL DEFAULTER.

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

Security Name	“KIIFB Domestic Bonds ”
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.
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) with stable outlook by India Ratings & Research ACUITE Provisional AA (CE) with stable outlook by Acuite Ratings & Research
Rating Agencies	India Ratings and Research Private Limited and Acuite Ratings and Research Limited
Base Issue Size	Rs. 1499.96 Crores
Option to retain over subscription	Nil
Aggregate Issue Size	Rs. 1499.96 Crores
Objects of the Issue	To augment the long-term resources of the Issuer
Details of the utilization of the Proceeds	The issue proceeds shall be used for providing financing to infrastructure projects in the State of Kerala as approved by KIIFB Board.
Coupon Rate	TBD (X.XX%)
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. 1499.96 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>
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 disclosed in the Offer Document/ Information Memorandum	<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 and all the amounts credited / to be credited therein - Hypothecation over KIIFB Bond Servicing Account 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>

<p>Debt Service Reserve Account (DSRA)</p>	<p>The Issuer would be required to open a designated escrow account - “Debt Service Reserve Account” to maintain the required DSRA Amount 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>
<p>Corpus Fund</p>	<p>Issuer is having a corpus fund of INR 2498.42 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 DSRA impairment or other requirements of the bond issuance as stipulated below.</p> <p>Provided that, if situation arises to replenish the DSRA 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 DSRA 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 DSRA within 5 days from the date of notice served by Debenture Trustee to KIIFB on T+1 to fully replenish the DSRA 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 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 2498.42 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” 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	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 1 st April till 31 st December every year on a regular basis.
	<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 servicing cycle of the outstanding bonds to the KIIFB Bond servicing Account until the required debt servicing amount for the said quarter is fully built in the KIIFB Bond Servicing Account.</p> <p>For the period of 1st January to 31st March the issuer, by way of</p>

	<p>standing instruction, shall transfer an upfront amount on 1st January each year to the KIIFB Bond Servicing Account 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 bond servicing account, 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 Escrow Account and DSRA 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 • 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	<p>The bonds would have further collateral support by way of Unconditional & Irrevocable guarantee as a continuing obligation by the Government of Kerala.</p>

<p>Structured Payment Mechanism</p>	<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 until the required debt servicing amount for the said quarter is fully built in the KIIFB Bond Servicing Account. 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 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 Bond Servicing Account 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 bond servicing account 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 DSRA to bridge the gap.</p> <p>This event of DSRA impairment should be immediately notified to the Government of Kerala by the Debenture Trustee on the next day.</p>

<p>Remedial Action Consequential to Impairment of DSRA</p>	<p>In case of any event, on any payout date (T) leading to the funds available in DSRA being lower than the “Required DSRA Amount” (as defined above in DSRA section), a notice would be served to KIIFB by the Debenture Trustee on the next day (T + 1) to fully replenish the DSRA impairment through transfer of requisite amount from the corpus fund within 5 days (T + 6).</p> <p>In the event of DSRA 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 DSRA 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 DSRA 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>
<p>Guarantor</p>	<p>Government of Kerala</p>
<p>Step Up Coupon Rate</p>	<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-] (i.e., A+ or below) (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-] (i.e. A+ or below, 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 rating¹² downgrade.</p>

	<p>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	<ul style="list-style-type: none"> a. Non-payment of any bond servicing obligation on due date. b. Failure to adequately restore the DSRA 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,
	<ul style="list-style-type: none"> 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, 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

	<p>by nature required to be repeated at any time during the term and is not cured within 15 working days,</p> <ul style="list-style-type: none"> i. 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. m. Winding up of the Issuer, including initiation of any proceedings. 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, o. Any material adverse event, as defined in the Transaction Documents and such default is not cured within 15 working Days. 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. 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 DSRA from the corpus fund arises for the 3rd consecutive quarter. 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>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: (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 Expense Fund	<p>As per the newly-introduced regulation 26(7), the Issuer has 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>

	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.
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