

Appointment of Financial Consultant

Kannur International Airport

EOI Document

Nodal Agency
Kerala Industrial Infrastructure Development Corporation
KINFRA HOUSE, Sasthamangalam,
Trivandrum 695010

CONTENTS

1. Introduction 2
2. Objective of Process 3
3. Scope of the Assignment 3
 - 3.1 Project Documentation 4
 - 3.2 Project structuring 4
 - 3.3 Selection of Private Sector Investor(s) / Developer(s) 5
 - 3.3.1 Preparation of Qualification & Selection documents: 5
 - 3.3.2 Assistance in the Preparation of Legal Documents 6
 - 3.3.3 Marketing Strategy 6
 - 3.3.4 Selection of Investor(s) / Developer(s) 7
 - 3.3.5 Induction of Private Sector Investor(s) /Developer(s) 7
4. Eligibility Criteria 8
 - Key Personnel 8
 - Conditions of Eligibility of Applicants 8
5. EOI submission format 10
6. Formats for submission of EOI 10

1. Introduction

Government of Kerala (GOK) proposes to establish an international airport at Kannur. GoK has selected the site and has obtained the in-principle approval of Government of India to establish the proposed airport. GOK intends to develop the project on public private partner(s)ship (PPP) format.

GoK had appointed KINFRA as the nodal agency for implementing the project. Land acquisition work is in progress at Kannur.

GOK / KINFRA had engaged an experienced agency for the preparation of a techno economic feasibility report and the project has been formulated on the basis of the report prepared by the Consultant.

In this context, GOK/ KINFRA proposes to select a Financial Consultant/ firm of Financial Consultants , with proven track record as Financial Consultants in Airport Projects, including Greenfield Airport Projects, as Financial Consultants for the Kannur Airport project, through competitive tendering process by inviting bids from interested parties selected by KINFRA.

2. Objective of Process

The objective of the process is to engage a **Financial Consultant**, who will be handholding GOK/ KINFRA to develop the Kannur International Airport Project, from now leading to the selection of a private sector developer(s) / investor(s), till its technical and Financial closure. The consultant shall develop appropriate revenue model and assist in successfully concluding the bid process. The Financial Consultant may be requested to extend the services beyond the contract period on a retainer basis.

3. Scope of the Assignment

The broad scope of work, inter-alia, shall cover all the activities connected with the review of the project, drawing up of all Financial documents, development of appropriate revenue models, agreements, etc, preparation of bid documents, review of bid documents, negotiations, marketing of the project, identification/ selection of a private sector developer(s)/ investor(s)

and the financial closure of the airport project and conclusion of a JV agreement. The selected Consultant is expected to adequately detail these activities / components as part of their Technical Proposal.

The Consultant is also free to suggest any alternatives / changes to meet the objectives better, provided that such changes are properly justified. The Financial Consultant shall work in perfect coordination with the technical and legal consultants so that the objective of successfully concluding the JV agreement / financial closure is achieved.

The Consultant may also be required to continue his services on a retainer basis for a period of one year after the expiry of the initial assignment.

3.1 Project Documentation

Wherever standard documents and formats have been approved by Ministry of Civil Aviation, Government of India, in this regard, those shall be used by the Consultant.

The following documents have to be prepared during the project development stages:

- i. Review report/ Inception report based on the Techno economic feasibility study already done by GOK / KINFRA.
- ii. Selection related documents such as Expression of Interest / Request for Qualification (RFQ) documents Project Information Memorandum (PIM) and Request for Proposal (Bid) documents.
- iii. Project revenue model and financial structuring and funding proposals.
- iv. Marketing strategy
- v. Review report of bidder documents and financial advice.
- vi. Adequate and quality Financial advice on all matters connected with bid evaluation, agreements etc.
- vii. Notes on Memorandum and Article of association of the SPV, Agreements with Government of India, Shareholders agreement, Land Lease agreement, other frame work agreements, and State Support Agreement (if any), revenue sharing agreements etc,

3.2 Project structuring

1. Based on the detailed techno-economic feasibility, already prepared for the Government, the Financial Consultant shall review and appraise the viability of the project. The Consultant may recommend

appropriate Revenue models/ financial structuring to leverage the strengths of the project and to strategically position the project for investment.

2. The Consultant shall also suggest suitable project structure considering optimal benefits to Government of Kerala and suitable shareholding pattern among GoK / Government agencies and the selected developer(s) keeping in mind strategic decision making as well as proper management of the Airport. This will be based on the new Airport Policy of Civil Aviation Ministry, Govt. of India. The Bid Evaluation criteria shall be fixed for maximization of benefits as well as assuring world-class airport management services for the Airport as well as adherence to all the orders issued by GoI/ GoK in this regard. All the project risks shall be appropriately allocated to each stakeholder based on the capacity and willingness of the stakeholder, who is best able to carry such risk.
3. Based on its appraisal, the Consultant shall recommend an appropriate strategy and implementation format. The Consultant shall prepare a revenue model for the Project which shall indicate the possible capital structure, likely sources of financing, the costs of financing, the cash flow, debt service, return on investment etc. (the "Revenue Model"). This would also include sensitivity analysis in relation to the major parameters of the Revenue Model. The Revenue Model shall include explanatory note, justification, assumptions, criteria, charts, tables, financial data etc

3.3 Selection of Private Sector Investor(s) / Developer(s)

3.3.1 Preparation of Qualification & Selection documents:

The Consultant shall:

- i. Prepare a Project Information Memorandum (PIM), on the basis of which Expression of Interest (EOI) / Request for Qualification (RFQ) would be sought from interested investor(s) and project developer(s). In addition to the PIM, the EOI document would also solicit specific structured information with respect to the capabilities, experience and financial standing of the applicants, which express interest. Evaluation criteria for pre-qualification would also be stated in the EOI / RFQ document;

- ii. Evaluate the EOI / RFQ responses and prepare a shortlist of pre-qualified bidders.
- iii. Prepare Request for Proposal (RFP) documents, which would contain project data, specifications, objectives & scope of the project, performance standards & qualification criteria, form of project contracts & instruction to Bidders and an executive summary of the detailed techno-economic feasibility report.
- iv. Work in perfect coordination with the technical and legal consultants appointed for the project by GOK/KINFRA.
- v. Prepare or assist to prepare all such documents that are essential for the RFQ / RFP and bid evaluation.

3.3.2 Assistance in the Preparation of Legal Documents

- i. Assist the legal consultants in preparation of a Shareholders' Agreement, which would define the relationship between the private sector investor(s) and the Government (as a shareholder) and obligations and liabilities of each shareholder.
- ii. Assist in the preparation of the Memorandum and articles of association of the SPV.
- iii. Assist in the preparation of Revenue sharing agreements.
- iv. Assist in preparation of other agreements that may be required in relation to land lease, state support, debt financing and for creating security for debt and
- v. Assist in negotiation / finalization and proper execution of the aforementioned agreements / contracts including evaluation of bids, draft of LOI etc.

3.3.3 Marketing Strategy

- i. To provide input and assist GOK / KINFRA in posing the Project with multi pronged market strategy, which would include, Publication of bid notice in national / international newspapers and magazines.
- ii. Putting the bid notice on web sites of state government, KINFRA, Kannur Airport and other relevant sites.

- iii. Sending invitation letters along with press notification to all the prospective bidders of national / international, including strategic investor(s), infrastructure developer(s), major air port developer(s), major consultants, and banking and non-banking Financial institutions and other relevant entities.
- iv. Sensitizing all the companies who had responded to the various infrastructure projects in India.
 - v. Publication of brochures and multimedia presentations, if required.
 - vi. One-on-One discussions with potential bidders.
- vii. Conducting domestic and international road shows for the project promotion and campaigning, that will significantly enhance the response to the bidding and competitiveness to the project.
- viii. Continuous follow-up with the parties who expressed the interest and purchased the bid documents till the due date for the bid submission.

3.3.4 Selection of Investor(s) / Developer(s)

- i. GOK/KINFRA, with advice from the Consultant, would put in place a transparent and equitable selection process that would factor in the experience and abilities of investor(s). The process would target experienced, competent and capable investor(s) / developer(s) / operators in India and abroad.
- ii. The Consultant would advise on the entire selection process.
- iii. The Consultant would assist GOK / KINFRA in issue of bid documents, interactions with bidders, site visits and pre-bid conferences including similar airport visits, if required in India and abroad.
- iv. Techno-commercial evaluation of bids received including evaluation of qualifications and submission of Bid Evaluation Report recommending preferred developer(s). Assist in award of Project to the selected developer(s).

3.3.5 Induction of Private Sector Investor(s) /Developer(s)

- i) The induction of the successful private sector investor(s) / developer(s) comprises essentially of preparing an acceptable revenue model, Financial structuring and formulating and negotiating the Shareholders' Agreement between GoK and the selected developer(s).
- ii) The Consultant shall assist GOK / KINFRA to formulate the BOO Agreement and to negotiate and finalize the Shareholders Agreement with the selected private sector investor(s) / developer(s).

4. Eligibility Criteria

Key Personnel

The Consultancy Team shall consist of the following key personnel who shall discharge their respective responsibilities as specified below:

Key Personnel	Responsibilities
Financial Expert-cum-Team Leader (the "Financial Expert")	He will lead, co-ordinate and supervise the team for the Consultancy and shall be responsible for development of Revenue Model and shall assist in preparation of Bid Documents and marketing strategy, including successful selection of the private developer(s).
Sector Experts	He will bring in aviation sector experience to the team and be responsible for analyzing the revenue model, bid document etc.

Conditions of Eligibility of Applicants

Applicants must read carefully the minimum conditions of eligibility (the "Conditions of Eligibility") provided herein. EOI of only those Applicants who satisfy the Conditions of Eligibility will be considered for issue of RFP documents.

To be eligible for consideration of its EOI, the Applicant shall fulfill the following:

(A) Technical Capacity: The Applicant shall have, over the past 7 (seven) years, participated as Financial Consultant in a minimum of one airport project costing over Rs.500 Crores.

(B) Financial Capacity: The Applicant shall have received a minimum income of Rs. 25 crores per annum from professional fees during each of the three years preceding the Proposal Due Date.

(C) Availability of Key Personnel: The Applicant should have/ had the Financial Expert on its roll for more than 12 months. It shall offer and make available all Key Personnel meeting the requirements specified in Sub-clause (D) below.

(D) Conditions of Eligibility criteria for Key Personnel: Each of the Key Personnel must fulfill the Conditions of Eligibility specified below:

Key Personnel	Educational Qualification	Length of Professional Experience	Experience on Eligible Assignments
Financial Expert	MBA/ CA/ ICWA CFA or equivalent	25years	He should have led the assignment team in preparation of Revenue Model and/or Bid Documents for five Eligible assignments
Sector Expert	Post-graduate degree/diploma in management, economics, finance, commerce or engineering	20 years in aviation sector	He should have worked as a sector expert in five Eligible Assignments.

The Applicant shall enclose with its EOI, certificate(s) from its Statutory Auditors stating its revenues from professional fees during the past three years and the payments received in respect of each of the Eligible Assignments specified in the Proposal.

Any entity which has been barred by the Central / State Government in India, or any entity controlled by them, from participating in any project, and the bar subsists as on the date of Proposal, would not be eligible to submit a Proposal.

An Applicant should, in the last three years, have neither failed to perform on any agreement, as evidenced by imposition of a penalty by an arbitral or

judicial authority or a judicial pronouncement or arbitration award against the Applicant, nor been expelled from any project or agreement nor have had any agreement terminated for breach by such Applicant.

5. EOI submission format

1. Applicants meeting the eligibility criteria may submit their expression of interest with the details of the applicant, details of eligibility etc using the formats given below along with a covering letter in their official letter head duly signed by an authorized person.
2. There is no registration fees payable at the time of submitting the EOI
3. Eligible applicants shall submit the expression of interest in a sealed envelope marked "**Expression of interest – Financial Consultant – Kannur International Airport**", to The Managing Director, KINFRA, "KINFRA House", Sasthamangalam, Trivandrum 695010, on or before 1st December 2008, along with all supporting documents.
4. No documents submitted through e-mail or fax shall be accepted.
5. KINFRA reserves the right to accept or reject any of the EOI and submission of the EOI shall not automatically make the applicant eligible to receive the Request for Proposal.

For more details you can contact:

Sr.Co-ordinator
Mobile No. +91 9495989360

Kerala Industrial Infrastructure Development Corporation
KINFRA House, T C 31/2312, Sasthamangalam
Trivandrum – 6950 10

Tel: +91-471-2726585, Fax: 2724773
E mail:kinfra@vsnl.com



6. Formats for submission of EOI

Particulars of the Applicant

(To be provided for each of the consortium members on letter heads)

- 1.1 Title of Consultancy : **Financial Consultant**
- 1.2 Title of Project : **Kannur Airport Project**
- 1.3 State the following:
 - i) Name of Company or Firm:
 - ii) Technical status (e.g. incorporated private company, unincorporated business, partnership etc.):
 - iii) Country of incorporation:
 - iv) Registered address:
 - v) Year of Incorporation:
 - vi) Year of commencement of business:
 - vii) Principal place of business:
 - viii) Brief description of the Company including details of its main lines of business, experts associated with the applicant, their experience etc. Particulars of individual(s) who will serve as the point of contact/ communication with KINFRA / GOK:
 - (a) Name:
 - (b) Designation:

- (c) Company:
- (d) Address:
- (e) Telephone Number:
- (f) E-Mail Address:
- (g) Fax Number:

ix) Name, Designation, Address and Phone Numbers of Authorised Signatory of the Applicant:

- Name:
- Designation:
- Company:
- Address:
- Phone No.:
- Fax No. :

1.4 For the Applicant state the following information:

i) In case of non - Indian company, does the company have business presence in India?

Yes/No

If so, provide the office address(es) in India.

ii) Has the Applicant been penalized by any organization for the poor quality of work in the last five years?

Yes/No

iii) Has the Applicant ever failed, in last five years, to complete any work awarded to it by any public authority/ entity in last five years?

Yes/No

iv) Has the Applicant been blacklisted by any Govt. department/Public Sector Undertaking in the last five years?

Yes/No

v) Has the Applicant suffered bankruptcy/insolvency in the last five years?

Yes/No

Note: If answer to any of the questions at ii) to v) is yes, the Applicant is not eligible for this consultancy assignment.

1.5 Does the Applicant's firm/company combine functions as a Technical Consultant along with the functions as a contractor and/or a manufacturer?

Yes/No

If yes, then for this work does the Applicant agree to limit the Applicant's role only to that of a Technical Consultant and to disqualify themselves, their associates/ affiliates and/or parent organization subsequently from work on this project in any other capacity (including tendering relating to any goods or services for any part of this project) other than that of Technical Consultant for KINFRA / GOK?

Yes/No

1.6 Does the Applicant intend to borrow or hire temporarily, personnel from contractors, manufacturers or suppliers for performance of the Advisory Services?

Yes/No

If yes, does the Applicant agree that it will only be acceptable as Technical Consultant, if those contractors, manufacturers and suppliers disqualify themselves from subsequent execution of work on this project (including tendering relating to any goods or services for any other part of the project) other than that of the Technical Consultant?

Yes/No

If yes, have any undertakings been obtained (and annexed) from such contractors, manufacturers, etc. that they agree to disqualify themselves from subsequent execution of work on this project and they agree to limit their role to that of Technical Consultant for KINFRA / GOK only?

Yes/No

Signature of the Applicant with Seal.

Financial Capacity of the Applicant

S. No.	Financial Year		Annual Revenue -Professional Income (Rs. in million)
1.	2007-08		
2.	2006-07		
3.	2005-06		
4.	2004-05		
5.	2003-04		

Certificate from the Statutory Auditors

This is to certify that _____ (name of the Applicant) has received the payments shown above against the respective years on account of professional fees.

Name of Authorised Signatory:

Designation:

Name of firm:

Date:

(Signature of the Authorised Signatory)

Seal of firm

Eligible Assignments of Applicant

Name of Applicant:	
Name of the Project:	
Description of services performed by the Applicant firm:	
Name of client and Address:	
Name, telephone no. and fax no. of client's representative:	
Estimated capital cost of projects handled.	

Brief description of the scope of work	
Start date and finish date of the services (month/year):	
Particulars of key persons associated with the assignment and their qualification and Experience.	
Brief description of the project:	
<p>Certified that the information given above are true and correct.</p> <p>Signature Authorised Person Name and Designation Date: Place.</p>	

Notes: Use separate sheet for each Eligible Project. Attach a single page summary containing the brief particulars of each project. Provide a copy of a certificate from the client evidencing the assignment.